WISDOM GROUP

Wisdom Marine Lines Co., Limited

(incorporated in the Cayman Islands as an exempted company with limited liability)

Offering of 36,000,000 Common Shares in the form of 7,200,000 Global Depositary Shares
Offer Price: US$5.46 per Global Depositary Share

We, Wisdom Marine Lines Co., Limited (the "Company") are selling 36,000,000 common shares of our company, par value NT$10 per share (each, a "Common Share"), in the form of 7,200,000 global depositary shares (each, a "GDS") evidenced by global depositary receipts (the "Offering"). Each GDS represents the right to receive five Common Shares. Payment for the GDSs offered and sold in this Offering will be in U.S. dollars at a price of US$5.46 per GDS (equivalent to NT$32.12 per Common Share, translated at the exchange rate of NT$29.418 to US$1.00 based on the Taipei Forex Inc. Taiwan Dollar 11:00 Fixing Rate on November 4, 2013). The Common Shares are listed and admitted for trading on the Taiwan Stock Exchange (the "TWSE") of the Republic of China (the "ROC"). On November 4, 2013, the closing price for the Common Shares on the TWSE was NT$35.30 per share.

This document constitutes a prospectus relating to the Company prepared in accordance with the prospectus rules (the "Prospectus Rules") of the UK Financial Conduct Authority (the "Financial Conduct Authority") made under Section 73A of the Financial Services and Markets Act 2000 (the "FSMA"). This prospectus will be made available to the public in accordance with the Prospectus Rules.

The Company will apply to the Financial Conduct Authority for a block listing of 7,200,000 GDSs to be admitted to the official list of the U.K. Listing Authority (the "Official List"), and to the London Stock Exchange plc (the "LSE") to admit such GDSs for trading under the symbol WML on its main market for listed securities (the "Main Market") through its International Order Book (regulated market segment) (the "IOB"). The IOB is a regulated market for purposes of the Markets in Financial Instruments Directive 2004/39/EC. Admission to the Official List, together with admission to the Main Market ("Admission"), constitutes listing on a stock exchange. Admission and unconditional trading of the GDSs through the IOB is expected to take place on or about November 13, 2013. All dealings in the GDSs prior to the commencement of unconditional dealings will be of no effect if Admission does not take place and will be at the sole risk of the parties concerned.

Delivery of any withdrawn Common Shares will only be made by JPMorgan Chase Bank, N.A., Taipei Branch, as custodian for the Depositary (the "Custodian") through the book-entry system maintained by the Taiwan Depository & Clearing Corporation (the "TDCC"). Requests for exchange of such shares in book-entry form for shares in physical form may be made only (i) through a broker or custodian which is a participant in the TDCC and (ii) in accordance with and subject to the requirements and procedures of the TDCC.

INVESTING IN THE GDSs INVOLVES RISKS THAT ARE DESCRIBED IN "RISK FACTORS" BEGINNING ON PAGE 17 OF THIS PROSPECTUS.

The GDSs and the Common Shares represented thereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). The GDSs are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act. For a description of restrictions on transfers of the GDSs and the Common Shares represented thereby, see "Description of the Global Depositary Shares" and "Transfer Restrictions."

We are concurrently conducting an offering of up to US$60,000,000 zero coupon convertible bonds due 2018 (the "Bonds").

J.P. Morgan Securities plc, the sole global coordinator and bookrunner and initial purchaser (the "Initial Purchaser") expects to deliver the GDSs in book-entry form through Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), and Clearstream Banking, société anonyme ("Clearstream") on or about November 12, 2013.

Sole Global Coordinator and Bookrunner

J.P.Morgan

Prospectus dated November 5, 2013

We accept responsibility for the information contained in this prospectus (the "Prospectus"), and having taken all reasonable care to ensure that such is the case, declare that the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import. Information contained in each of the sections entitled "Market Price Information," "Industry Overview", "Appendix A — The Securities Market of the ROC" and "Appendix B — Foreign Investment and Exchange Controls in the ROC" has been derived from government and other public sources. Such information is sourced in the text or footnotes where it appears. This information has been accurately reproduced in the Prospectus and, as far as we are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information presented in this Prospectus inaccurate or misleading. However, such information has not been verified by the Initial Purchaser or any of the Initial Purchasers' affiliates or advisors in connection with this offering.

This Prospectus, including the financial information included herein, is in compliance with the Prospectus Rules of the FSA, which comply with the provisions of Directive 2003/71/EC (the Prospectus Directive") for the purpose of giving information with regard to the Company and the GDSs.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the GDSs in any jurisdiction in which such offer or solicitation is unlawful. The distribution of this Prospectus and the offer, sale and delivery of the GDSs in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by us and the Initial Purchaser to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the GDSs or the possession or distribution of this Prospectus (in preliminary or final form) in any jurisdiction where additional action would be required for such purposes. The GDSs may not be offered or sold, directly or indirectly, in the ROC. For a further description of certain restrictions on offering and sales of the GDSs and what persons the Offering will be made to, see "Plan of Distribution" and "Transfer Restrictions."

No person is authorized in connection with the issue, offering or sale of the GDSs to give any information or to make any representation not contained in this Prospectus and any information or representation not contained herein must not be relied upon as having been authorized by us or the Initial Purchaser. Neither the delivery of this Prospectus nor any sale or allotment made in connection with the issue of the GDSs shall, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

The GDSs and the Common Shares represented thereby have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

No representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Initial Purchaser as to the accuracy or completeness of the information contained in this Prospectus or any other information supplied in connection with the GDSs or the Common Shares and nothing contained herein is, or shall be relied upon as, a promise or representation by the Initial Purchaser as to the past or the future. Each person receiving this Prospectus acknowledges that such person has not relied on the Initial Purchaser in connection with its investigation of the accuracy of such information or any investment decision and each such person must rely on their own examination of the Company and the merits and risks involved in investing in the GDSs.

Each purchaser of the GDSs must comply with all applicable laws and regulations in each jurisdiction in which it purchases, offers or sells the GDSs or distributes this Prospectus and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the GDSs under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither we nor the Initial Purchaser shall have any responsibility thereof.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

In any Member State of the European Economic Area ("EEA") that has implemented Directive 2003/71/EC (together with any applicable implementing measures in any Member State, the "Prospectus Directive"), this communication is only addressed to, and is only directed at, qualified investors in that Member State within the meaning of the Prospectus Directive.

This Prospectus has been prepared on the basis that all offers of GDSs will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the EEA, from the requirement to produce a prospectus for offers of GDSs. Accordingly any person making or intending to make any offer within the EEA of GDSs which are the subject of the placement contemplated in this Prospectus should only do so in circumstances in which no obligation arises for the Company or the Initial Purchaser to produce a prospectus for such offer. Neither the Company nor the Initial Purchaser have authorized, nor do they authorize, the making of any offer of GDSs through any financial intermediary, other than offers made by the Initial Purchaser which constitute the final placement of GDSs contemplated in this Prospectus.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

This Prospectus is only being distributed to and is only directed at: (i) persons who are outside the United Kingdom; (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act (Financial Promotion) Order 2005 (the "Order"); and (iii) high net worth entities falling within Article 49(2)(a) to (d) of the Order, all such persons together being referred to as "relevant persons." The GDSs are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such GDSs will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Prospectus or any of its contents.

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SUMMARY

Summaries are made up of disclosure requirements known as 'Elements.' These elements are numbered in Sections A - E (A.1 - E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable.'

	Section A — Introduction and Warnings	
A.1	Warning	• This summary should be read as introduction to the prospectus; • any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor; • where a claim relating to the information contained in the prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated; and • civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Consent by the issuer of person responsible for drawing up the prospectus for the use of the prospectus for subsequent resale of securities or final placement of securities through financial intermediaries	Not applicable, the Company is not engaging any financial intermediaries for any resale of securities or final placement of securities after publication of this Prospectus.

	Section B — Issuer	
B.31/B.1	The legal and commercial name of the issuer	Wisdom Marine's legal and commercial name is Wisdom Marine Lines Co., Limited.
B.31/B.2	The domicile and legal form of the issuer, the legislation under which the issuer operates and its country of incorporation	Wisdom Marine is an exempted company with limited liability incorporated under the laws of the Cayman Islands.

B.31/B.3	A description of, and key factors relating to, the nature of the issuer's current operations and its principal activities, stating the main categories of products sold and/or services performed and identification of the principal markets in which the issuer competes	Wisdom Marine is the largest publicly listed dry bulk shipowner in Taiwan by number of vessels, with a focus on handysize bulk carriers. As at June 30, 2013, Wisdom Marine had a fleet of 111 vessels, 24 of which are newbuildings on order. Its fleet included 48 handysize vessels, of which 13 are handysize newbuildings to be delivered between 2013 and 2016, giving it one of the largest handysize fleets owned by any public company in the world. Wisdom Marine's primary business is the acquisition, ownership, management and operation of its fleet. Wisdom Marine generates charter hire income from chartering its vessels on time charters of generally over one year, and freight income by placing its self-operated vessels on shorter-term voyage charters. Wisdom Marine generally looks to fix the majority of its fleet on time charters with high quality counterparties, while maintaining some degree of exposure to the spot charter market. All of its capesize and panamax vessels are on time charters of between three to 15 years. In 2010, 2011, 2012, and the six months ended June 30, 2013 80.7%, 87.4%, 85.1% and 89.3% of its revenue, respectively, are generated from time charter business. The two major factors that affect its charter hire rate are the vessel types and the shipping market conditions. Furthermore, different types of dry bulk vessels are suitable for different types of cargo products and routes, and are therefore subject to different shipping market conditions. Under its time charter business, Wisdom Marine placed majority of its bulk vessels to leading Japanese and European charterers who take full control of the operation of the vessels, including choice of loading and discharge ports and the travelling routes. Although there are no fixed routes for the vessels on long-term time charters, most of them are used for transportation of dry bulk cargo worldwide along major global trade routes. Under its voyage charter business, Wisdom Marine's self-operated vessels are mostly deployed on intra-Asia trade routes, covering South-East Asia, China, India and Middle East regions. Wisdom Marine's dry bulk vessels carry cargoes ranging from major bulks such as iron ore and coal to minor bulks such as grains, logs, cement, fertilizer and steel products. Wisdom Marine handles all aspects of commercial and technical management for its fleet in-house. Wisdom Marine also provides management services for external third-party owned vessels, including, commercial management, technical management, daily operations, repair and maintenance, crew training and management, and arrangement of insurance coverage.

		The operating costs incurred in Wisdom Marine daily operation comprise mainly of depreciation expenses, wages and personnel expenses, cost of materials, expenses for chartering services. Under time charters, the charterer bear all voyage expenses, including the cost of fuel oil, port and canal charges. Under voyage charters, Wisdom Marine bears the voyage expenses. Wisdom Marine is responsible for the technical operation and navigation of its owned fleet under both time charter and voyage charter, including the crew wages, insurance, repairing and maintaining the vessels, the costs of lubricants, consumable materials and parts, tonnage taxes and other miscellaneous expenses.
B.31/B.4a	A description of the most significant recent trends affecting the issuer and the industries in which it operates	The most significant recent trends affecting the issuer and the shipping industry include: the demand for shipment of dry bulk cargoes, which is governed by the demand for the various commodities, and the supply of vessels which are capable of transporting such cargoes. ***Growth of the demand for certain dry bulk cargos.*** Iron ore, coal and grain are the three main constituents of the dry bulk shipping industry followed by some minor bulk commodities. Iron ore, coal and minor bulks have shown a growth in past years. Furthermore, the demand for dry bulk commodity, which governs the demand for shipment of dry bulk cargoes, from China and emerging markets has been strong. According to Maritime Strategies International Ltd. ("MSI"), China's growth helped foster a wider rebound in the other Asian economies, particularly Japan, Korea and Taiwan. As a result there has been substantial growth of dry bulk trade, especially to and from the Pacific region. ***The expansion of the current fleet size.*** According to MSI, the supply of vessels which are capable of transporting such cargoes is a factor affecting the financial performance of ship owners. Partially in response to the increase in demand, the supply of vessels has been on an increase.

B.31/B.4b	A description of any known trends affecting the issuer and the industries in which it operates	The known trends affecting Wisdom Marine and the shipping industry include: ***The Cyclical Nature of the Shipping Industry*** The shipping industry in which Wisdom Marine operate is subject to cyclical fluctuations and the state of the shipping industry cycle is influenced by a number of factors, including the supply of vessels and demand for shipping capacity. The supply of vessels in the global fleet is primarily dependent on the construction and delivery of newbuildings, the scrapping of older vessels, slippage of scheduled orderbook, and to a lesser extent, the lay-up of existing vessels. The demand for shipping capacity is dependent on global and regional economic and political conditions, the globalization of manufacturing, developments in international and regional trade, demand for commodities for goods, changes in transportation patterns, changes in regulatory regimes governing vessels and shipping, currency exchange rates, weather, holiday seasons and competition from alternative product sources. Changes in the supply of vessels and demand for shipping capacity in turn affect the charter hire rate and freight rate and, consequently, Wisdom Marine's revenue and profitability. ***Fleet Capacity and Composition and Charter Hire Rates*** Wisdom Marine's revenue is fundamentally a function of the total shipping capacity that it deploys and charter hire rate that Wisdom Marine is able to achieve. Wisdom Marine's shipping capacity, in return, is a function of the capacity of its vessel fleet as increased by acquisition of vessels, either through the construction of newbuildings or the purchase of second-hand vessels, and reduced through the sale of vessels and the scrapping of older vessels. Wisdom Marine's charter hire rate is impacted by two major factors, which are the type of vessels in its fleet and the shipping market conditions. Different types of dry bulk vessels are suitable for different types of products and routes, and are therefore subject to different shipping market conditions. The shipping market conditions are consequently a function of vessel supply and demand for shipping capacity. Wisdom Marine expects its revenue will continue to grow as the newbuildings are delivered and put into operation. On the other hand, the fleet expansion also increases Wisdom Marine's operating costs. In addition, any fluctuations in charter hire rates of Wisdom Marine's existing vessels and newbuildings would also consequently affect its revenue and profitability.

Management of Charter Portfolio

Wisdom Marine's results of operations are affected by its operating strategy, in particular its ability to obtain an optimal portfolio of charter contracts. Wisdom Marine has adopted a prudent chartering strategy, generally aiming to fix the majority of its fleet on time charters varying from six months to 18 years with high quality counterparties, while maintaining some degree of exposure to the spot charter market by deploying its self-operated vessels on voyage charters from which Wisdom Marine generates freight revenue. An accurate understanding of market trends is essential for Wisdom Marine to capture market opportunities and to employ its vessels in both long-term and short-term time charters as well as voyage charters, thereby to increase its revenue. Because the market trends are not always predictable, Wisdom Marine's business judgement in making chartering strategy will affect its results of operations.

Vessel Operating Expenses

Vessel operating expenses apply to Wisdom Marine's self-owned fleet and include crew wages and related costs, insurance premium, expenses relating to repairs and maintenance, costs of lubricant and fuel oils, spare parts and consumable stores, tonnage taxes and other miscellaneous expenses. Wisdom Marine's vessel operating expenses have historically increased and will continue to increase as a result of the increase in the size of its self-owned fleet. Wisdom Marine believes it had achieved and will maintain lower than industry average operating expenses through the benefits from economies of scale for the size of its fleet, modern and high quality Japanese-built vessels and operational expertise. However, Wisdom Marine's ability to effectively control vessel operating expenses will affect its results of operations and profitability in the future.

Acquisition of Vessels

The acquisition of vessels, including both construction of newbuildings and purchase of second-hand vessels, requires substantial amounts of capital. The price of vessels is driven by the demand for shipping capacity as well as the cost of construction. An increase in the demand for shipping capacity leads to an increase in the orders placed for construction of newbuildings and sourcing of second-hand vessels, which in turn drives up the price of vessels. Therefore, management's decision as to when to construct newbuildings or acquire second-hand vessels is important. Furthermore, the acquisition of vessels has a significant impact on Wisdom Marine's capital commitments and cash flow.

		Financing Costs From time to time Wisdom Marine uses bank and other borrowings and financial leases to finance its capital expenditures, in particular for newbuildings and acquisition of vessels, and other working capital needs. Any increase in interest rate and funding costs or failure to secure additional financing, if needed, could have a material adverse effect on Wisdom Marine's business, financial condition, results of operations, prospects, and ability to satisfy its obligations under its indebtedness.
B.31/B.5	If the issuer is part of a group, a description of the group and the issuer's position within the group	Wisdom Marine owns 100% of shares of Wisdom Marine Lines S.A. (Panama) and Wisdom Marine International Inc., which owns 100% of shares of Well Shipmangement and Maritime Consultant Co., Ltd. Wisdom Marine Lines S.A. (Panama) as a first-tier subsidiary of Wisdom Marine, owns a group of subsidiaries, through which Wisdom Marine own each of its vessels. Wisdom Marine conducts substantially all of its operations through its subsidiaries.
B.31/B.6	In so far as is known to the issuer, the name of any person who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law, together with the amount of each such person's interest. Whether the issuer's major shareholders have different voting rights if any. To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control	Mr. Chun-Sheng Lan is the controlling shareholder of Wisdom Marine, and will continue to be Wisdom Marine's controlling shareholder after the Offering. Mr. Lan is the chairman of Wisdom Marine. Mr. Lan owns 41.9% of Wisdom Marine's total issued Common Shares as of February 21, 2013. The second largest shareholder of Wisdom Marine is Pescadores Co., Ltd, which owns 9.6% of Wisdom Marines' total issued Common Shares as of February 21, 2013. Mr. Chun-Sheng Lan is also the chairman of Pescadores Co., Ltd. Other than the above, there are no shareholders holding an interest of 5% or more in the Company, and the Company is not aware of any person who, directly or indirectly, jointly or severally, exercises or, immediately following the Offer, could exercise control over the Company. All Common Shares have the same voting rights.

B.31/B.7	Selected historical key financial information regarding the issuer, presented for each financial year of the period covered by the historical financial information, and any subsequent interim financial period accompanied by comparative data from the same period in the prior financial year except that the requirement for comparative balance sheet information is satisfied by presenting the year-end balance sheet information. This should be accompanied by a narrative description of significant change to the issuer's financial condition and operating results during or subsequent to the period covered by the historical key financial information	The financial information set forth below for the years ended December 31, 2010, 2011 and 2012, and as of and for the six months ended June 30, 2012 and 2013 has been extracted without material adjustment from the audited and reviewed financial statements of the Wisdom Marine, and has been prepared and presented under IFRS as issued by the International Accounting Standards Board (the "IASB") . Our financial statements have been prepared and presented in accordance with IFRS.

	Year Ended December 31,			Six Months ended June 30,	
	2010	2011	2012	2012	2013
	(in US$ millions, except per share data)				
Consolidated Statement of Comprehensive Income:					
Operating revenue	191.7	256.9	283.9	140.0	136.2
Raw material cost	29.3	34.5	44.1	20.9	21.7
Expenses for hired services	12.6	11.0	11.7	5.9	5.5
Wages and personnel expenses	35.6	48.0	56.3	27.2	30.8
Depreciation and amortization	43.8	62.4	80.0	37.2	45.4
Other operating cost	3.4	4.8	5.9	2.7	3.2
Total operating cost	124.7	160.7	198.0	93.9	106.6
Gross profit from operations	67.0	96.2	85.9	46.1	29.6
Operating expenses	4.3	4.3	4.3	2.0	2.5
Profit from operating activities	62.7	91.9	81.6	44.1	27.1
Total non-operating income and losses					
Interest income	0.9	1.2	1.0	0.6	1.2
Disposal of property, plant and equipment	—	2.5	1.0	1.0	3.3
Gain on valuation of financial instruments at fair value through profit or loss	—	—	2.5	3.2	1.3
Foreign exchange gain	—	—	8.3	2.9	6.9
Other income and gains	1.0	0.3	1.3	0.6	1.5
Interest expense	9.9	17.0	22.5	10.4	10.7
Foreign exchange loss	3.8	6.4	—	—	—
Impairment losses	1.3	—	—	—	—
Investment losses	—	—	—	—	—
Loss on valuation of financial instruments at fair value through profit or loss	12.9	3.3	—	—	—
Other expense	0.4	0.4	0.3	0.2	—
Total other income and losses	1.9	4.0	14.1	(2.3)	3.5
Profit before income tax	36.1	68.9	72.9	41.8	30.6
Income tax expense (benefit)	(0.001)	0.001	0.1	—	—
Profit for the year	36.1	68.9	72.8	41.8	30.6
Other Comprehensive income	(46.0)	(31.6)	114.5	21.9	136.8
Total Comprehensive income	(9.9)	37.3	187.3	63.7	167.4
Owners of the Company	35.8	68.3	71.0	41.0	29.3
Non-controlling interests	0.3	0.6	1.8	0.8	1.3
Per Share Data					
Basic earnings per share	0.13	0.2	0.18	0.10	0.07
Diluted earnings per share	0.12	0.18	0.18	0.10	0.07

	Year Ended December 31,			Six Months ended June 30,	
	2010	2011	2012	2012	2013
	(in US$ millions, except per share data)				
Consolidated Balance Sheet Data:					
Total current assets	75.3	106.4	76.5	101.1	67.2
Property and equipment	1,103.4	1,435.9	1,811.3	1,637.3	1,924.0
Held to maturity financial assets - noncurrent	—	5.3	10.8	7.6	8.0
Other financial assets - noncurrent	0.1	3.9	4.6	3.9	4.2
Hedge derivative financial assets - noncurrent	1,103.4	1,435.9	1,811.4	—	26.2
Long-term lease receivables	—	—	25.0	—	29.8
Total non-current assets	1,115.6	1,445.3	1,863.5	1,648.8	1,992.3
Total assets	1,190.9	1,551.7	1,940.1	1,749.9	2,059.5
Total current liabilities	164.8	182.4	189.5	200.5	225.4
Bonds payable	—	—	18.5	18.2	—
Total non-current liabilities	807.4	1,102.0	1,314.2	1,236.8	1,252.2
Total liabilities	972.3	1,284.4	1,503.7	1,437.2	1,477.6
Total stockholders' equity	218.6	267.3	436.3	312.7	581.9
Consolidated Cash Flow Data					
Net cash provided by operating activities	94.2	133.6	147.5	73.4	68.7
Net cash used in investing activities	(549.6)	(414.5)	450.8	(213.2)	(144.8)
Net cash provided by financing activities	504.9	303.9	311.8	161.3	61.9
Effect of exchange rate changes	(39.1)	(18.9)	(9.6)	(3.9)	12.1
Net increase (decrease) in cash and cash equivalents	10.4	4.0	(1.0)	17.7	(2.1)
Cash and cash equivalents, beginning of the year	15.8	26.2	30.2	30.2	29.1
Cash and cash equivalents, end of the year	26.2	30.2	29.1	47.8	27.0
Other Data:					
EBITDA[1]	106.5	154.3	161.7	81.3	72.5

(1) EBITDA = Profit from operating activities plus depreciation and amortization. EBITDA should not be considered as alternatives to net profit or any other performance measure derived in accordance with IFRS or as alternatives to cash flow from operating activities or as measures of the liquidity.

There has been no significant change in the financial condition or operating results of the Group during the period covered by the historical key financial information.

There has been no significant change in the financial condition or operating results of the Group since June 30, 2013, being the date to which the latest unaudited financial results of the Group were prepared.

B.31/B9	Where a profit forecast or estimate is made, state the figure	Not applicable; the Prospectus does not include a profit forecast or estimate.

B.31/B10	A description of the nature of any qualifications in the audit report on the historical financial information	Not applicable; there are no qualifications in the audit reports on the historical financial information.

B.31/D.4	Key information on the key risks that are specific to the issuer	Wisdom Marine is exposed to the high volatility in revenues and costs in the shipping industry. The dry bulk shipping market is intensely competitive. The products in the dry bulk shipping market are almost homogeneous, because there is very little differentiation between shipping companies based on the capacity to carry seaborne cargoes. As the ships can easily be moved to any area of the world, shipping companies may not be limited geographically and are thus competing for business on a worldwide scale. Due to this market structure, most of the shipping companies, including Wisdom Marine, lack pricing power and accept the market price, which is influenced by economic and political events that are largely outside the control of shipping companies. As a result, when the market price is low, such lack of pricing power could lead to a decrease in the company's profitability and have a negative adverse impact on the Wisdom Marine's results of operations. Due to fluctuations in the level and pattern of global economic activity and oil prices, as well as heavy competition, Wisdom Marine has experienced high volatility in freight rates and costs. Fluctuations in freight rates affect its revenues, vessel charter rates and vessel values, and it experiences fluctuations in its costs resulting from changes in the cost of fuel oil, crew expenses, port charges and currency exchange rates. Changes in marine regulatory regimes in the ports at which its vessels call also may increase its costs. In the past, such fluctuations have had a negative adverse effect on Wisdom Marine's results of operations when its costs incurred has increased more significantly than its revenue. Time charter income accounts for a majority of Wisdom Marine's revenue. In 2010, 2011, 2012, and six months ended June 30, 2013, 80.7%, 87.4%, 85.1% and 89.3%, respectively, of Wisdom Marine's revenue, are generated from its time charter business. The volatility in the charter hire rates is likely to result in volatility in Wisdom Marine's operating results to the extent that it enters into new charter agreements or renew existing agreements during a time when charter rates are weaker, which may result in a decrease in Wisdom Marine's profitability and adversely affect its results of operations.
		Wisdom Marine is exposed to changes in spot market rates for drybulk carriers at the time of entering into charter contracts. If the dry bulk shipping market is in a period of depression when its vessels' charters expire, Wisdom Marine may be forced to re-charter them at reduced rates or even possibly at a rate whereby it incur a loss, which would reduce its earnings or make its earnings volatile and adversely affect its results of operations.

B.32	Information about the issuer of the depositary receipts	J.P. Morgan Chase Bank, N.A., as the depositary (the "Depositary"), entered into a deposit agreement for the issuance of the GDSs. The Depositary is a national banking association, organized under the laws of the United States and with its main office in Columbus, Ohio, United States of America. JPMorgan Chase Bank, N. A. is the principal banking subsidiary of JPMorgan Chase & Co. The Depositary was organised as a national banking association under the National Bank Act on 13 November 2004. Previously, it had been a banking corporation incorporated under the Banking Law of New York. The Depositary is subject to the regulation of, and supervision by, the Office of the Comptroller of the Currency. The registered office of the Depositary is located at 1111 Polaris Parkway, Columbus, Ohio, United States of America.

	Section C — Securities	
	C.13 Information about the underlying shares	
C.13/C.1	A description of the type and the class of the securities being offered and/or admitted to trading, including any security identification number	The securities underlying the GDSs are Wisdom Marine's Common Shares, bearing the following security identification numbers: TWSE stock code: 2637 Wisdom Marine's Common Shares have been publicly traded in Taiwan since 2010.
C.13/C.2	Currency of the securities issue	The currency of Wisdom Marine's Common Shares is New Taiwan dollars.
C.13/C.3	The number of shares issued and fully paid and issued but not fully paid. The par value per share, or that the shares have no par value	Pursuant to its Memorandum and Articles of Association, Wisdom Marine's has an authorized share capital of NT$6,000,000,000, divided into 600,000,000 Common Shares, each with a par value of NT$10.0. As of the date of this Prospectus, there are 415,063,002 Common Shares issued, each with a par value of NT$10.0. All issued Common Shares of Wisdom Marine are fully paid and outstanding.

C.13/C.4	A description of the rights attached to the securities	All the Wisdom Marine's Common Shares has the same par value and provide identical rights to the holders' of Common Shares. By the Companies Law, Wisdom Marine's Articles of Association, and the relevant law of the ROC, each Common Share gives its holder the right to: • freely transfer the share without the consent of other shareholders; • receive dividends in accordance with the its Articles of Association and certain ROC regulatory requirements, subject to the shareholder approval; • participate in annual general meetings and vote on all matters within the shareholder's competence, in accordance with the agenda of the respective meeting; • vote by proxy; • buy the new shares issued in proportion to the number of shares held by them, except in certain situations; and • participate in the election and dismissal of members of the board of directors.
C.13/C.5	A description of any restrictions on the free transferability of the securities	The GDRs and the Common Shares will be subject to certain restrictions on transfer designed to ensure compliance with the provisions of relevant laws in certain jurisdictions applicable to the transferor and/or the transferee. Under ROC law, the holders of the Common Shares may freely transfer the Common Shares, which they owned free and clean of liens and encumbrances, without the consent of other shareholders and Wisdom Marine.
C.13/C.6	An indication as to whether the securities offered are or will be the object of an application for admission to trading on a regulated market and the identity of all the regulated markets where the securities are or are to be traded	The Common Shares underlying the GDSs are listed and admitted for trading on the TWSE of the ROC which is not a regulated market in the EEA and the Common Shares will not be subject to an application for admission to a regulated market.

C.13/C.7	A description of dividend policy	Pursuant to our Memorandum and Articles of Association and certain ROC regulatory requirements, Wisdom Marine is generally not permitted to distribute dividends or make other distributions to shareholders for any year in which it has no current or retained earnings. Before Wisdom Marine can distribute a dividend or make any distribution to shareholders from profits, it must first apply our profits to losses incurred in previous years and pay all outstanding taxes, and set aside 10% of our annual net income, less prior years' losses, if any, and applicable taxes as legal reserve, unless the legal reserve amounts to its authorized capital. Any remaining profits plus accumulated retained earnings may be distributed as dividends to the shareholders, taking into consideration financial, business and operational factors. The distribution of dividends is subject to the condition that cash dividends shall not be less than 20% of total dividends. Dividends are paid after shareholder approval has been received.
	C.14 Information about the depositary receipts	
C.14/C.1	A description of the type and the class of the securities being offered and/or admitted to trading, including any security identification number	The GDSs will be issued pursuant to the Deposit Agreement. Each GDS represent an interest in five Common Shares on deposit with JPMorgan Chase Bank, N.A., Taipei Branch as Custodian. Application will be made for the GDSs to be admitted to the Official List and to the LSE to admit the GDSs to trading on the Regulated Market through its IOB. The security numbers for the Securities are as follows: ISIN: US97717T1060 SEDOL: BFTWP40 Common Code: 098509143 CUSIP: 97717T 106 LSE GDS trading symbol: WML
C.14/C.2	Currency of the securities issue	The currency of the GDSs will be US$.
C.14/C.4	A description of the rights attached to the securities	Under the Deposit Agreement, holders of GDSs are entitled to the right to instruct the Depositary to vote five Common Shares, subject to the relevant law. Holders of GDSs will receive cash dividends or other distributions in proportion to the number of underlying Common Shares that GDSs represent.
C.14/C.5	A description of any restrictions on the free transferability of the securities	The GDRs and the Common Shares will be subject to certain restrictions on transfer designed to ensure compliance with the provisions of relevant laws in certain jurisdictions applicable to the transferor and/or the transferee. The ROC law does not impose transfer restrictions on the transfer of the GDSs by their holders.

C.14	Describe the exercise of and benefit from the rights attaching to the underlying shares, in particular voting rights, the conditions on which the issuer of the depositary receipts may exercise such rights, and measures envisaged to obtain the instructions of the depositary receipt holders — and the right to share in profits and any liquidations surplus which are not passed on to the holder of the depositary receipts. Description of the bank or other guarantee attached to the depositary receipt and intended to underwrite the issuer's obligations	Under the Deposit Agreement, one GDS carries the right to instruct the Depositary to vote five Common Shares, subject to the relevant law. The Depositary has agreed to pay to holders of GDSs the cash dividends or other distributions it or the custodian receives on Common Shares or other deposited securities, after converting any cash received into U.S. dollars and, in all cases, making any necessary deductions provided for in the Deposit Agreement. Holders of GDSs will receive these distributions in proportion to the number of underlying Common Shares that GDSs represent. As soon as practicable after receipt from the Company of notice of any meeting or solicitation of consents or proxies of holders of Common Shares or other deposited securities, the Depositary shall deliver to the registered GDR holders (a) the information in the notice of such meeting sent by the Company; (b) a statement that each registered holder on the record date set by the Depositary therefor will, subject to any applicable provisions of Cayman Islands law, be entitled to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the Common Shares or other deposited securities underlying such holder's GDRs; and (c) a statement as to the manner in which instruction in respect of such matter may be given by holders.

	Section D — Risks	
D.4	Key information on the key risks that are specific to the issuer	Wisdom Marine is exposed to the high volatility in revenues and costs in the shipping industry. The dry bulk shipping market is intensely competitive. The products in the dry bulk shipping market are almost homogeneous, because there is very little differentiation between shipping companies based on the capacity to carry seaborne cargoes. As the ships can easily be moved to any area of the world, shipping companies may not be limited geographically and are thus competing for business on a worldwide scale. Due to this market structure, most of the shipping companies, including Wisdom Marine, lack pricing power and accept the market price, which is influenced by economic and political events that are largely outside the control of shipping companies. As a result, when the market price is low, such lack of pricing power could lead to a decrease in the company's profitability and have a negative adverse impact on the Wisdom Marine's results of operations. Due to fluctuations in the level and pattern of global economic activity and oil prices, as well as heavy competition, Wisdom Marine has experienced high volatility in freight rates and costs. Fluctuations in freight rates affect its revenues, vessel charter rates and vessel values, and it experiences fluctuations in its costs resulting from changes in the cost of fuel oil, crew expenses, port charges and currency exchange rates. Changes in marine regulatory regimes in the ports at which its vessels call also may increase its costs. In the past, such fluctuations have had a negative adverse effect on Wisdom Marine's results of operations when its costs incurred has increased more significantly than its revenue. Time charter income accounts for a majority of Wisdom Marine's revenue. In 2010, 2011, 2012 and six months ended June 30, 2013, 80.7%, 87.4%, 85.1% and 89.3%, respectively, of Wisdom Marine's revenue, are generated from its time charter business. The volatility in the charter hire rates is likely to result in volatility in Wisdom Marine's operating results to the extent that it enters into new charter agreements or renew existing agreements during a time when charter rates are weaker, which may result in a decrease in Wisdom Marine's profitability and adversely affect its results of operations. Wisdom Marine is exposed to changes in spot market rates for drybulk carriers at the time of entering into charter contracts. If the dry bulk shipping market is in a period of depression when its vessels' charters expire, Wisdom Marine may be forced to re-charter them at reduced rates or even possibly at a rate whereby it incur a loss, which would reduce its earnings or make its earnings volatile and adversely affect its results of operations.

D.5	Key information on the key risks that is specific to the securities	There is a risk that an active and liquid market for the GDSs may not develop. In addition, dividends may not be paid in the future, and GDS holders may be subject to limitations or delays on their ability to repatriate earnings from distributions made on the GDSs. There exists further risk for GDSs holders that there are potential difficulties in depositing Common Shares or that the value of the Common Shares may be diluted by possible future sales of GDSs or Common Shares. In addition, potential difficulties may arise for PRC investors because under current ROC laws, the Common Shares underlying the GDSs cannot be transferred to or for the benefit of PRC persons who are not qualified investors in accordance with ROC law.

	Section E — Offer	
E.1	The total net proceeds and an estimate of the total expenses of the issue/offer, including estimated expenses charged to the investor by the issuer or the offeror	Wisdom Marine anticipates the net proceeds which it will receive from this Offering, after deducting underwriting commission and estimated offering expenses of US$1.2 million payable for the Offering, to be approximately US$38.1 million. There are no commissions, fees or expenses to be charged to investors by the Company under the Offering.
E.2a	Reasons for the offer, use of proceeds, estimated net amount of the proceeds	Wisdom Marine intends to use 63% of the net proceeds to acquire new vessels, and the remaining 37% of the net proceeds to repay our bank borrowings. Wisdom Marine anticipates the net proceeds which it will receive from this Offering, after deducting underwriting commission and estimated offering expenses of US$1.2 million payable for the Offering, to be approximately US$38.1 million.
E.3	A description of the terms and conditions of the offer	The Offering consists of an offering of Common Shares in the form of GDSs outside the United States in reliance on Regulation S. The Offer Price is US$5.46 per GDS. The Admission Date is on or about November 13, 2013. The GDS Closing Date is on or about November 12, 2013.
E.4	A description of any interest that is material to the issue/offer including conflicting interests	Not applicable; there are no specific interests, including conflicting interests, that would be material to the Offering.

E.5	Name of the person or entity offering to sell the security. Lock-up agreements: the parties involved; and indication of the period of the lock up	Wisdom Marine, Mr. Chun-Sheng Lan (together with his spouse, Mrs. Mei-Ru Lan Chen and children under the age of 20, Mr. Kae-Wei Lan and Mr. Kae-Jen Lan), Pescadores Co., Ltd., Unicorn Maritime Agency Co., Ltd., Hui Wen Investment Co., Ltd., Chin Kuei Investment Co., Ltd., Mr. Mike Tzu-Lung, Mr. Fukui Masayuki and Jinzhou Investment Co., Ltd have agreed that, for a period of 90 days from the date of the Prospectus, Wisdom Marine and they will not, without the prior written consent of J.P. Morgan Securities plc, offer, sell, contract to sell or otherwise dispose of or hedge any of the Common Shares or any securities convertible into or exchangeable for the Common Shares. J.P. Morgan Securities plc in its sole discretion may release any of the securities subject to these lock-up agreements at any time without notice.
E.6	The amount and percentage of immediate dilution resulting from the offer. In the case of a subscription offer to existing equity holders, the amount and percentage of immediate dilution if they do not subscribe to the new offer	Not applicable for holders GDRs since this is an initial offering of GDRs. For holders of underlying Common Shares of the Company, immediately following the offering, such holders will be diluted by up to 9.8 per cent, assuming that the Company offers 45,000,000 Common Shares in the offering.
E.7	Estimated expenses charged to the investor by the issuer or the offeror	Not applicable, there are no commissions, fees or expenses to be charged to investors by the Company under the Offering.

RISK FACTORS

An investment in the GDSs involves significant risks. You should carefully consider the risks described below and the other information in this Prospectus, including our consolidated financial statements and related notes, before you decide to buy the GDSs. If any of the following risks actually occur, our business, prospects, financial condition and results of operations could be materially harmed, the trading price of the GDSs could decline and you could lose all or part of your investment. In particular, any potential investor in, or purchaser of, GDSs should pay particular attention to the fact that we are governed by the legal and regulatory environment in the Cayman Islands and the ROC, which in some respects, may differ from that which prevails in other countries.

Risks Relating to Our Business

We are exposed to the high volatility in revenues and costs common in the shipping industry.

The shipping industry is intensely competitive and can be influenced by economic and political events that are largely outside the control of shipping companies. We compete with companies that have greater resources than we have, or who may be better positioned to adapt to changes in market or economic conditions. Consequently, there can be no assurance that we will be able to deploy our vessels on economically attractive terms, maintain attractive freight rates, pass cost increases through to our customers or otherwise successfully compete against our competitors. Any failure to remain competitive in the shipping industry could have an adverse effect on our results of operations and financial condition.

In addition, the products in the dry bulk shipping market are almost homogeneous, because there is very little differentiation between shipping companies based on the capacity to carry seaborne cargoes. As the ships can easily be moved to any area of the world, shipping companies may not be limited geographically and are thus competing for business on a worldwide scale. Due to this market structure, most of the shipping companies, including us, lack pricing power and accept the market price, which is influenced by economic and political events that are largely outside the control of shipping companies. As a result, we are exposed to the high volatility in revenues. When the market price is low, such lack of pricing power could lead to a decrease in the company's profitability and have a negative adverse impact on the our results of operations.

Due to fluctuations in the level and pattern of global economic activity and oil prices, as well as heavy competition, we have experienced high volatility in freight rates and costs. Fluctuations in freight rates affect our revenues, vessel charter rates and vessel values, and we experience fluctuations in our costs resulting from changes in the cost of fuel oil, crew expenses, port charges and currency exchange rates. For example, changes in marine regulatory regimes in the ports at which our vessels call also may increase our costs. When our costs incurred increased more significantly than our revenue, such fluctuations may adversely affect out results of operations and financial condition.

Our revenue is influenced by a number of factors that are difficult to predict with certainty, including global and regional economic conditions, developments in international trade, changes in seaborne and other transportation patterns, the effects of global climate change on developing economies and agricultural production, weather patterns, port congestion, canal closures, political developments, armed conflicts, acts of terrorism, embargoes and strikes. Demand for our transportation services is influenced by the demand for the goods shipped, including iron ore, steel products, agricultural commodities, metal concentrates and aggregates, which in turn is affected by general economic conditions, commodity prices and competition.

Charter hire rates for bulk vessels are volatile and have declined significantly since their historic highs and may continue to decrease in the future, which may adversely affect our earnings.

We operate our vessels in markets that have historically exhibited seasonal variations in demand and, as a result, in charter hire rates. The bulk and break-bulk shipping industry is cyclical with high volatility in charter hire rates and profitability. The degree of charter hire rate volatility among different types of bulk vessels has varied widely. Fluctuations in charter rates result from changes in the supply and demand for vessel capacity and changes in the supply and demand for the major commodities carried by water internationally. Because the factors affecting the supply and demand for vessels are outside of our control and are unpredictable, the nature, timing, direction and degree of changes in industry conditions are also unpredictable.

The Baltic Dry Index (the "BDI"), an index published by The Baltic Exchange of shipping rates for 26 key drybulk routes, showed relative weakness in 2012 and recorded an average level of 920, compared to a ten-year average level of 3,504. Additionally, during 2012, the Baltic Dry Index remained volatile, reaching a high of 1,624 on January 3, 2012 and a low of 647 on February 3, 2012. While the BDI has since increased, there can be no assurance that the drybulk charter market will increase further, and the market could decline.

This volatility in the charter hire rates may result in volatility in our operating results to the extent that we enter into new charter agreements or renew existing agreements during a time when charter rates are weaker, which may result in a decrease in our profitability and adversely affect our results of operations. Our ability to recharter our dry bulk vessels upon the expiration or termination of their current time charters and charter new vessels as they are delivered to us, and the charter rates payable under any renewal or replacement charters will depend upon, among other things, the current state of the dry bulk shipping market. We are exposed to changes in spot market rates for drybulk carriers at the time of entering into charter contracts. If the dry bulk shipping market is in a period of depression when our vessels' charters expire, we may be forced to re-charter them at reduced rates or even possibly at a rate whereby we incur a loss, which may reduce our earnings or make our earnings volatile.

We anticipate that the future demand for our bulk vessels will be dependent upon economic growth in the world's economies, including China and India, seasonal and regional changes in demand, changes in the capacity of the global bulk fleet and the sources and supply of bulk cargo to be transported by sea. The capacity of the global bulk carrier fleet seems likely to increase and there can be no assurance that economic growth will resume or continue. Adverse economic, political, social or other developments could have a material adverse effect on our business and operating results.

In the highly competitive international shipping industry, we may not be able to compete for charters with new entrants or established companies with greater resources, and as a result, we may be unable to employ our vessels profitably.

Our vessels are employed in a highly competitive market that is capital intensive and highly regulated. Competition arises primarily from other new entrants or existing vessel owners, some of whom have substantially greater resources than we do. Competition for the transportation of bulk cargo by sea is intense and depends on price, location, size, age, condition and the acceptability of the vessel and its operators to the charterers. Competitors with greater resources could enter the bulk shipping industry and operate larger fleets through consolidations or acquisitions and may be able to offer lower charter rates and higher quality vessels than we are able to offer. If we are unable to successfully compete with other bulk shipping companies, our results of operations would be adversely affected.

Our charterers may renegotiate or default on period time charters, which could reduce our revenues and have a material adverse effect on our business, financial condition and results of operations.

The ability and willingness of each of our counterparties to perform its obligations under a period time charter agreement with us will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions, the condition of the drybulk shipping industry and the overall financial condition of the counterparties. If we enter into period time charters with charterers when charter rates are high and charter rates subsequently fall significantly, charterers may seek to renegotiate financial terms or may default on their obligations. Additionally, charterers may attempt to bring claims against us based on vessel performance or cargo loading or unloading operations, and seek to renegotiate financial terms or avoid payments. Also, our charterers may experience financial difficulties due to prevailing economic conditions or for other reasons, and as a result may default on their obligations.

If a charterer defaults on a charter, we will, to the extent commercially reasonable, seek the remedies available to us, which may include arbitration or litigation to enforce the contract, although such efforts may not be successful. In 2012 and as of June 30, 2013, we have been involved in 6 charterer default disputes with our charterers in the aggregate amount of US$0.3 million, none of which will have a material adverse effect on our business operations or financial condition. Should a charterer default on a period time charter, we may have to enter into a charter at a lower charter rate, which would reduce our revenues. If we cannot enter into a new period time charter, we may have to secure a charter in the spot market, where charter rates are volatile and revenues are less predictable. It is also possible that we would be unable to secure a charter at all, which would also reduce our revenues, and could have a material adverse effect on our business, financial condition, results of operations, loan and credit facility covenants and cash flows.

We depend upon a few significant customers for a large part of our revenues and the loss of one or more of these customers could adversely affect our financial performance.

We derive a significant part of our revenues from a small number of charterers. Our top three customers accounted for 55.2% and 55.4% of our total operating revenue in 2012 and the six months ended June 30, 2013, respectively. In particular, Nippon Yusen Kaisha Group and its affiliated entities and Mitsui O.S.K. Lines, Ltd. and its affiliated entities together accounted for 49.4% and 50.6% of our total operating revenue in 2012 and the six months ended June 31, 2013, respectively.

We could lose a customer for many different reasons, including failures of the customer to make charter payments because of its financial inability, disagreements with us or otherwise, the customer's termination of its charters because of our non-performance, including serious deficiencies with the vessels we provide to that customer or prolonged periods of off-hire or in certain cases, a prolonged force majeure event affecting the customer, including damage to or destruction of relevant production facilities, war or political unrest, prevents us from performing services for that customer. If one or more of these charterers terminates its charter or chooses not to re-charter our vessel or is unable to perform under its charter with us and we are not able to find a replacement charter, we could suffer a loss of revenues that could adversely affect our financial condition and results of operations.

The charterers' payments to us under their charters are our main source of revenue. Some of our charterers are privately owned companies for which limited credit and financial information was available to us in making our assessment of counterparty risk when we entered into our charter. In addition, the ability of each of our charterers to perform its obligations under a charter will depend on a number of factors that are beyond our control. These factors may include general economic conditions, the condition of the dry bulk shipping industry, the charter rates received for specific types of vessels and various operating expenses.

Fluctuations in fuel prices, if not adequately anticipated and accounted for in our voyage charters, could adversely affect our profitability.

Fuel prices are subject to fluctuation as a result of domestic and international events, including geopolitical developments, supply and demand for oil and gas, actions by the Organization of Petroleum Exporting Countries, or OPEC, and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns. We cannot assure you that we will be able to adequately account for fuel validity in our voyage charters, which could lead to miscalculations in our pricing and would adversely affect our profitability.

The market values of our vessels may fluctuate significantly and we may incur losses when we sell vessels, which may adversely affect our earnings.

The fair market values of our vessels may fluctuate significantly. If we sell vessels at a time when vessel prices have fallen and before we have recorded an impairment adjustment to our financial statements, the sale may be at less than the vessel's carrying amount on our financial statements, resulting in a loss and a reduction in earnings.

The fair market value of our vessels may continue to fluctuate depending on a number of factors, including the types, sizes and ages of vessels, prevailing level of charter rates, the general economic and market conditions affecting the shipping industry, shipyards, cost of newbuildings, the need to upgrade secondhand and previously owned vessels as a result of charterer requirements and technological advances in vessel design or equipment.

Conversely, if vessel values are elevated at a time when we wish to acquire additional vessels, the cost of acquisition may increase and this could adversely affect our business, results of operations, cash flow and financial condition.

If the fair market value of our vessels declines, we may not be in compliance with certain provisions of our credit facility and we may not be able to refinance our debt or obtain additional financing. If we are not able to comply with the covenants in our credit facility, and are unable to remedy the relevant breach, our lenders could accelerate our debt and foreclose on our fleet. Furthermore, if vessel values fall significantly we may have to record an impairment adjustment in our financial statements which could adversely affect our financial results.

Significant indebtedness could affect our ability to finance our operations, pursue desirable business opportunities and successfully run our business in the future, and therefore make it more difficult for us to fulfill our obligations under our indebtedness.

Conditions in our industry and our strategy will require the procurement of substantial new capital to finance our operations, acquisition of new vessels, future development and growth. Historically, on average and as is typical in our industry, a substantial portion of the acquisition price of the vessels in our fleet has been funded by borrowings. As of June 30, 2013, we had approximately US$26.6 million and US$1,246.8 million of short-term and long-term borrowings (including current portions), respectively and shareholders' equity of approximately US$581.9 million. This substantial indebtedness and related interest expense could have important consequences to our company, including (i) limiting our ability to use a substantial portion of our cash flow from operations in other areas of our business, including for working capital, capital expenditures and other general business activities, (ii) requiring us to seek to incur further indebtedness in order to make the capital expenditures and other expenses or investments planned by us to the extent our future cash flows are insufficient, (iii) limiting our flexibility and our ability to capitalize on business opportunities and to react to competitive pressures and adverse changes in government regulation, our business and our industry, (iv) increasing our vulnerability to a downturn in our business and to adverse economic and industry conditions generally and (v) placing us at a competitive disadvantage as compared to our competitors that are less leveraged.

Our ability to secure additional financing, if needed, may be substantially restricted by the existing level of our indebtedness and the restrictions contained in our credit facilities. Although we have never breached any financial covenants, and we are able to continue to borrow to the extent necessary for our business, the amount of indebtedness could in the future limit our flexibility in relation to our ability to borrow or expand our business, which could have a material adverse effect on our business, financial condition, results of operations, prospects, and ability to satisfy our obligations under our indebtedness.

We are subject to complex international and domestic laws and regulations, including environmental regulations and the failure to comply with these regulations may subject us to increased liability and may result in a denial of access to, or detention in, certain ports.

Our operations are subject to numerous laws and regulations in the form of international conventions and treaties, national, state and local laws and national and international regulations in force in the jurisdictions in which our vessels operate or are registered, which can significantly affect the ownership and operation of our vessels. Compliance with such laws, regulations and standards, where applicable, may require installation of costly equipment or operational changes and may affect the resale value or useful lives of our vessels. If any of our vessels are denied access to, or are detained in, certain ports, our revenues may be adversely impacted. We may also incur additional costs in order to comply with other existing and future regulatory obligations, including, but not limited to, costs relating to air emissions, the management of ballast waters, maintenance and inspection, development and implementation of emergency procedures and insurance coverage or other financial assurance of our ability to address pollution incidents. These costs could have a material adverse effect on our business, results of operations, cash flows and financial condition. A failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of our operations. In 2012, we were imposed a fine of US$75,500 (which was later reduced to US$30,250) by the Californian competent authority for not using low sulfur fuel oil, a special requirement under the California Code of Regulations. On January 26, 2013, we were imposed a fine of US$25,000 by Turkish competent authority for violating the relevant ballast water discharge regulation. Environmental laws often impose strict liability for remediation of spills and releases of oil and hazardous substances, which could subject us to liability without regard to whether we were negligent or at fault.

Compliance with safety and other vessel requirements imposed by classification societies may be very costly and may adversely affect our business.

The hull and machinery of every commercial vessel must be classed by a classification society authorized by the vessel's' country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and the Safety of Life at Sea Convention and various UN conventions.

A vessel must undergo annual surveys, intermediate surveys and special surveys. Every vessel is also required to be drydocked twice every five years for inspection of its underwater parts.

Compliance with the above requirements may result in significant expense. If any vessel does not maintain its class or fails any annual, intermediate or special survey, the vessel will be unable to trade between ports and will be unemployable, which could negatively impact our results of operations and financial condition.

A decrease in the level of export of goods from emerging markets or an increase in trade protectionism could have a material adverse impact on our charterers' business and, in turn, could cause a material adverse impact on our results of operations, financial condition and cash flows.

Our vessels may be deployed on routes involving trade in and out of emerging markets, and our charterers' shipping and business revenue may be derived from the shipment of goods from the Asia Pacific region to various overseas export markets including the United States and Europe. Any reduction in or hindrance to the output of emerging market based exporters could have a material adverse effect on the growth rate of these emerging markets and on our charterers' business, which in turn would adversely affect our result of operations.

Additionally, any increased trade barriers or restrictions on trade would have an adverse impact on our charterers' business, operating results and financial condition and could thereby affect their ability to make timely charter hire payments to us and to renew and increase the number of their time charters with us. This could have a material adverse effect on our business, results of operations and financial condition.

Our business has inherent operational risks, which may not be adequately covered by insurance.

Our operation has certain unique risks. With a bulk carrier, the cargo itself and its interaction with the vessel can be an operational risk. By their nature, bulk cargoes are often heavy, dense, easily shifted, and react badly to water exposure. In addition, bulk carriers are often subjected to battering treatment during unloading operations with grabs, jackhammers (to pry encrusted cargoes out of the hold) and small bulldozers. This treatment may cause damage to the vessel. Vessels damaged due to treatment during unloading procedures may be more susceptible to breach to the sea. Hull breaches in bulk carriers may lead to the flooding of the vessels' holds. If a bulk carrier suffers flooding in its forward holds, the bulk cargo may become so dense and waterlogged that its pressure may buckle the vessel's bulkheads leading to the loss of a vessel. If we are unable to adequately maintain our vessels we may be unable to prevent these events. Any of these circumstances or events could negatively impact our business, financial condition and results of operations. In addition, the loss of any of our vessels could harm our reputation as a safe and reliable vessel owner and operator.

Our vessels and their cargoes are at risk of being damaged or lost because of events such as marine disasters, bad weather, mechanical failures, human error, environmental accidents, war, terrorism, piracy and other circumstances or events. In addition, transporting cargoes across a wide variety of international jurisdictions creates a risk of business interruptions due to political circumstances in foreign countries, hostilities, labor strikes and boycotts, the potential for changes in tax rates or policies, and the potential for government expropriation of our vessels. Any of these events may result in loss of revenues, increased costs and decreased cash flows to our customers, which could impair their ability to make payments to us under our charters.

In the event of a casualty to a vessel or other catastrophic event, we will rely on our insurance to pay the insured value of the vessel or the damages incurred. We cannot assure you that we will be adequately insured against all risks or that we will be able to obtain adequate insurance coverage at reasonable rates for our vessels in the future. For example, in the past more stringent environmental regulations have led to increased costs for, and in the future may result in the lack of availability of, insurance against risks of environmental damage or pollution. Additionally, our insurers may refuse to pay particular claims. Any significant loss or liability for which we are not insured could have a material adverse effect on our financial condition.

Delays or cost overruns in building new vessels, including the failure to deliver new vessels, would adversely affect our business and results of operations.

Building new vessels is subject to risks of delay (including the failure to timely deliver new vessels to customers) or cost overruns caused by financial difficulties of the shipyard building a vessel, including bankruptcy, unforeseen quality or engineering problems, work stoppages, weather interference, unanticipated cost increases, delays in receipt of necessary materials or equipment, changes to design specifications and inability to obtain the requisite permits, approvals or certifications from governmental authorities and the applicable classification society upon completion of work.

Significant delays, cost overruns and failure to timely deliver new vessels to customers could adversely affect us in several ways, including delaying the implementation of our business strategies. If the delay is too long, buyers may cancel the contract. In such circumstances, we may incur increased costs or suffer losses that are not transferrable to our customers under the contract, which may exceed the amount of deposits paid or bank guarantees of our customers.

Declines in charter rates and other market deterioration could cause us to incur impairment charges.

We evaluate the carrying amounts of our vessels to determine if events have occurred that would require an impairment of their carrying amounts. The recoverable amount of vessels is reviewed based on events and changes in circumstances that would indicate that the carrying amount of the assets might not be recovered. The review for potential impairment indicators and projection of future cash flows related to the vessels is complex and requires us to make various estimates including future freight rates, earnings from the vessels and discount rates. All of these items have been historically volatile.

We evaluate the recoverable amount as the higher of fair value less costs to sell and value in use. If the recoverable amount is less than the carrying amount of the vessel, the vessel is deemed impaired. The carrying values of our vessels may not represent their fair market value in the future because the new market prices of second-hand vessels tend to fluctuate with changes in charter rates and the cost of newbuildings. Any impairment charges incurred as a result of declines in charter rates could have a material adverse effect on our business, results of operations, cash flows and financial condition.

The aging of our fleet may result in increased operating costs in the future, which could adversely affect our earnings.

In general, the cost of maintaining a vessel in good operating condition increases with the age of the vessel. Although the average age of our dry bulk fleet was 6.1 years as at June 30, 2013, which is significantly below the average age of the global dry bulk fleet of 9.6 years, according to Maritime Strategies International Ltd. ("MSI"), as our fleet ages, we will incur increased costs. Older vessels are typically less fuel efficient and more costly to maintain than more recently constructed vessels due to improvements in engine technology. Governmental regulations and safety or other equipment standards related to the age of vessels may also require expenditures for alterations or the addition of new equipment, to our vessels and may restrict the type of activities in which our vessels may engage. We cannot assure you that, as our vessels age, market conditions will justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives.

We face periodic drydocking costs for our vessels, which can be substantial.

Vessels must be drydocked periodically for regulatory compliance and for maintenance and repair. Our drydocking requirements are subject to associated risks, including delay and cost overruns, lack of necessary equipment, unforeseen engineering problems, employee strikes or other work stoppages, unanticipated cost increases, inability to obtain necessary certifications and approvals and shortages of materials or skilled labor. A significant delay in drydockings could have an adverse effect on our contract commitments. The cost of repairs and renewals required at each drydock are difficult to predict with certainty and can be substantial. Our insurance does not cover these costs.

Maritime claimants could arrest one or more of our vessels, which could interrupt our cash flow.

Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages. In many jurisdictions, a claimant may seek to obtain security for its claim by arresting a vessel through foreclosure proceedings. The arrest or attachment of one or more of our vessels could interrupt our cash flow and require us to pay large sums of money to have the arrest or attachment lifted. In addition, in some jurisdictions, such as South Africa, under the "sister ship" theory of liability, a claimant may arrest both the vessel which is subject to the claimant's maritime lien and any "associated" vessel, which is any vessel owned or controlled by the same owner. Claimants could attempt to assert "sister ship" liability against one vessel in our fleet for claims relating to another of our vessels. Although currently we do not have any vessels under arrest, if our vessels are arrested, our operations and our cash flow could be adversely affected.

We may be subject to litigation that, if not resolved in our favor and not sufficiently insured against, could have a material adverse effect on us.

We may be, from time to time, involved in various litigation matters. These matters may include, among other things, cargo damage claims, contract disputes, personal injury claims, environmental claims or proceedings, asbestos and other toxic tort claims, employment matters, governmental claims for taxes or duties, and other litigation that arises in the ordinary course of our business. We are currently involved in the following legal proceedings: a claim filed by Fisia Italimpianti S.P.A. in First Maritime Court of Panama for cargo damage in the amount of US$1.5 million, an arbitration proceedings with WE Cox Claims Group over cargo damage claim in the amount of US$1.7 million and a claim filed by several Chinese fishermen for trespassing their scallop breeding area, which we do not believe will have a material adverse effect on our business or results of operations. See "Business — Legal Proceedings." Although we intend to defend such matters vigorously, we cannot predict with certainty the outcome or effect of any claim or other litigation matter, and the ultimate outcome of any litigation or the potential costs to resolve them may have a material adverse effect on us. Insurance may not be applicable or sufficient in all cases and/or insurers may not remain solvent which may have a material adverse effect on our financial condition.

Our business could be adversely affected by terrorist attacks, piracy and international hostilities that affect the transportation industry.

Terrorist attacks or piracy attacks against merchant ships, the outbreak of war, or the existence of international hostilities could damage the world economy, adversely affect the availability of and demand for transportation services, and adversely affect our ability to profitably operate and deploy our vessels. We operate in a sector of the economy that we believe is particularly likely to be adversely impacted by the effects of political instability, terrorist attacks, war, international hostilities or piracy.

Acts of piracy have historically affected ocean-going vessels trading in regions of the world such as the South China Sea, the Indian Ocean and in the Gulf of Aden off the coast of Somalia, with dry bulk vessels and tankers particularly vulnerable to such attacks. If these piracy attacks result in regions in which our vessels are deployed being characterized as "war risk" zones by insurers, as the Gulf of Aden temporarily was in May 2008, or Joint War Committee "war and strikes" listed areas, premiums payable for such coverage could increase significantly and such insurance coverage may be more difficult to obtain. In addition, crew costs, including due to employing onboard security guards, could increase in such circumstances. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on us. In addition, any detention hijacking as a result of an act of piracy against our vessels, or an increase in cost, or unavailability, of insurance for our vessels, could have a material adverse impact on our business, financial condition and results of operations.

In response to piracy incidents, particularly in the Gulf of Aden off the coast of Somalia, following consultation with regulatory authorities, we may station guards on some of our vessels in some instances. While our use of guards is intended to deter and prevent the hijacking of our vessels, it may also increase our risk of liability for death or injury to persons or damage to personal property. If we do not have adequate insurance in place to cover such liability, it could adversely impact our business, results of operations, cash flows, and financial condition.

Our vessels may call on ports which are identified by the United States, the European Union, or other authorities as state sponsors of terrorism and are subject to export controls and economic sanctions, which could be viewed negatively by investors.

From time to time, vessels in our fleet may call on ports located in countries identified by the United States, the European Union, or other authorities as state sponsors of terrorism and subject to export controls. Although state sponsors of terrorism designations and controls do not prevent our vessels from making calls to ports in these countries, potential investors could view such port calls negatively, which could adversely affect our reputation. Although we have never been subject to any investigations, sanctions or proceedings of similar nature by any country or authority as a result of our vessels calling on ports which have been identified as state sponsors of terrorism by the US or the other countries, investor perception of our value may be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in these and surrounding countries.

Governments could requisition our vessels during a period of war or emergency, resulting in a loss of earnings.

A government could requisition one or more of our vessels for title or for hire. Requisition for title occurs when a government takes control of a vessel and becomes her owner, while requisition for hire occurs when a government takes control of a vessel and effectively becomes her charterer at dictated charter rates. Generally, requisitions occur during periods of war or emergency, although governments may elect to requisition vessels in other circumstances. Although we would be entitled to compensation in the event of a requisition of our vessels, the amount and timing of such payments would be uncertain and there would be no guarantee that such amounts would be paid, or if paid, would fully satisfy lost profits associated with the requisition. Government requisition of one or more of our vessels may negatively impact our revenues.

We are subject to risks associated with operating internationally.

Our non-domestic operations are subject to varying degrees of regulations in each of the foreign jurisdictions in which we provide services. Local laws and regulations, and their interpretation and enforcement, differ significantly among those jurisdictions, and can change significantly over time. Future regulatory, judicial and legislative changes or interpretations may have a material adverse effect on our ability to deliver services in foreign jurisdictions. Moreover, we are subject to risk of unilateral governmental or quasi-governmental action in different jurisdictions. Such risks include sanctions that prohibit trade in particular areas, restrictive actions such as vessel arrest, local ownership requirement, compulsory acquisition of our assets with no compensation or with compensation which is below market value.

In addition to these international regulatory risks, some of the other risks inherent in conducting business internationally include, among others: (i) economic, political and social instability; (ii) potential vessel seizure, terrorist attacks, piracy, kidnapping, the expropriation of assets and other governmental actions, many of which are not covered by our insurance; (iii) currency restrictions and exchange rate fluctuations; (iv) potential submission to the jurisdiction of a foreign court or arbitration panel; (v) pandemics or epidemics that disrupt worldwide trade or the movement of vessels; (vi) import and export quotas; (vii) additional U.S. and other regulation of non-domestic operations; and (ix) the imposition of unanticipated or increased taxes, increased environmental and safety regulations or other forms of public and governmental regulation that increase our operating expenses.

Furthermore, there is a risk that countries could respond to a global economic downturn and financial crisis by resorting to protectionist measures in order to preserve domestic industries. Such measures include the raising of import tariffs, provision of subsidies to domestic industries and the creation of other trade barriers. Due to the fact that a large portion of our business is conducted worldwide and the profitability of our business is affected by the volume of global trade, if a trend towards protectionism rises, our businesses and prospects are likely to be adversely affected as the level of world trade declines.

Many of these risks inherent in conducting shipping business are beyond our control, and we cannot predict the nature or the likelihood of the occurrence or corresponding effect of any such events, each of which could have an adverse effect on our financial condition and results of operations.

Loss of our senior management or other key personnel could have an adverse effect on our business, financial condition and results of operations.

Our future success will depend, in significant part, upon the continued services of our senior management team and other key personnel who have substantial experience in the shipping industry. We believe that the experience of our senior management team is a vital component to maintain long-term relationships with our customers. The loss of the services of any of these individuals could adversely affect our future operating results, and we may have to incur significant costs to find sufficient replacements for them, if available.

We are susceptible to severe weather and natural disasters.

Given the nature and scope of our operations, we are constantly vulnerable to disruption as a result of adverse weather conditions, including hurricanes, typhoons, earthquakes and other natural disasters. For example, in October 2013, our small handysize vessel, Bingo, which has an insurance coverage of up to 110% of its book value, has been found sunk after running into typhoon Phailin, with all crew members on board rescued unharmed. The natural disasters that we may encounter may, among other things, (i) hinder our ability to effectively and timely provide scheduled service to our customers whether due to damage to our properties, to our customers' operations, or to dock or other transportation facilities; (ii) interfere with our terminal operations; (iii) damage our vessels and equipment; or (iv) result in injury or death to our employees. Any of these factors, especially to the extent not fully covered by insurance, could have an adverse effect on our business, financial condition and results of operations.

We may have difficulty properly managing our planned growth through acquisitions of additional vessels.

We intend to grow our business through the acquisition of our newbuildings. We may contract additional newbuild vessels or make selective acquisitions of additional secondhand vessels. Our future growth will primarily depend on our ability to locate and acquire suitable vessels, enlarge our customer base, operate and supervise any newbuildings we may order and obtain required debt or equity financing on acceptable terms.

A shipyard could fail to deliver a newbuilding on time or at all because of work stoppages or other hostilities, political or economic disturbances that disrupt the operations of the shipyard, quality or engineering problems, bankruptcy or other financial crisis of the shipyard, a backlog of orders at the shipyard, disputes between us and the shipyard regarding contractual obligations, weather interference or catastrophic events, such as major earthquakes or fires, our requests for changes to the original vessel specifications or shortages of or delays in the receipt of necessary construction materials, such as steel, or equipment, such as main engines, electricity generators and propellers.

A delay in the delivery to us of any such vessel, or the failure of the shipyard to deliver a vessel at all, could cause us to breach our obligations under a related charter and could adversely affect our earnings. In addition, the delivery of any of these vessels with substantial defects could have similar consequences.

In addition, we may seek to terminate a vessel acquisition contract due to market conditions, financing limitations or other reasons. The outcome of contract termination negotiations may require us to forego deposits on construction or acquisition, as applicable, and pay additional cancellation fees. In addition, where we have already arranged a future charter with respect to the terminated contract, we may incur liabilities to such charter counterparty depending on the terms of such charter.

As we expand our business, we may need to improve our operating and financial systems and will need to recruit suitable employees and crew for our vessels.

We plan to continue to expand our fleet size in order to expand our business. As at June 30, we had 24 newbuildings on order book, which will be delivered in 2013, 2014, and 2015. While we expect that our current operating and financial systems will be adequate to manage our current plans to expand our fleet size, we may need to upgrade our systems, in the longer term, which will require us to increase our capital expenditure and may cause temporary disruptions in the running of our fleet. We have no immediate plans to upgrade our financial systems, but we will continue to monitor these systems as we continue to expand our fleet in the longer term.

In addition, as we expand our fleet, we will need to recruit suitable additional seafarers and shore side administrative and management personnel. Although we have been increasing our shore staff as we expanded our fleet, we cannot guarantee that in the future we will be able to hire suitable employees as we continually expand our fleet. If we or our crewing agent encounters business or financial difficulties, we may not be able to adequately staff our vessels. If we are unable to recruit suitable employees as we expand our fleet, our financial performance may also be adversely affected.

Purchasing secondhand vessels may result in increased operating costs and reduced fleet utilization.

While we have the right to inspect previously owned vessels prior to purchase, such an inspection does not provide us with the same knowledge about their condition that we would have if these vessels had been built for and operated exclusively by us. A secondhand vessel may have conditions or defects that we were not aware of when we bought the vessel and which may require us to incur costly repairs to the vessel. These repairs may require us to put a vessel into dry dock, which would reduce our fleet utilization. Furthermore, we usually do not receive the benefit of warranties on secondhand vessels.

We, or any of our subsidiaries, may become subject to tax in jurisdictions in which we are organized or operate, which would reduce our earnings and potentially cause certain shareholders to be subject to tax in such jurisdictions.

We intend that our affairs and the business of each of our subsidiaries will be conducted and operated in a manner that minimizes taxes imposed upon us and our subsidiaries. However, there is a risk that we will be subject to income tax in one or more jurisdictions, including the United States, if under the laws of any such jurisdiction, we or such subsidiary is considered to be carrying on a trade or business there or earn income that is considered to be sourced there and we do not or such subsidiary does not qualify for an exemption.

Foreign exchange and interest rate fluctuations could have a material adverse effect on our results of operations, and our attempts to hedge against such fluctuations may be ineffective and further deteriorate our financial condition.

We generate substantially all of our revenues in U.S. dollars. In the future, we may enter into new credit facilities or newbuilding contracts that are denominated in or permit conversion into currencies other than the U.S. dollar. The use of different currencies could lead to fluctuations in our net income due to changes in the value of the U.S. dollar relative to other currencies, particularly the Japanese yen.

We selectively engage in foreign exchange hedging transactions, such as forward contracts and options, designed to minimize our exposure to foreign exchange rate fluctuations. We regularly reviews the hedging program and will make adjustments as necessary, including suspending or accelerating hedging activities based on our judgment of the efficacy of such programs under anticipated market and economic conditions. However, there can be no assurance that our foreign currency management strategy will adequately protect our financial condition or results of operations from the effects of future exchange rate fluctuations. In addition, such hedges and strategies themselves present some risk, including potential trading losses as a result of unexpected appreciations of other currencies against the US dollar, which would negatively impact our result of operations.

Additionally, an increase in prevailing interest rates would have an effect on the interest rates charged on our variable rate debt, which rise and fall upon changes in interest rates. As of June 30, 2013, all of our short-term and long-term borrowings was at variable interest rates. If the prevailing interest rates or other factors result in higher interest rates, the increased interest expense would adversely affect our cash flow and our ability to service our debt. If interest rates are higher when our debt becomes due, we may be forced to borrow at the higher rates.

The impact of future exchange rate and interest rate fluctuations on our results of operations and financial condition cannot be accurately predicted, and there can be no assurance that our attempt to mitigate the adverse effects of exchange rate and interest rate fluctuations will be successful or that such fluctuations will not in the future have a material adverse effect on our results of operations and financial condition.

Risks Relating to the ROC

Disruptions in the ROC's political environment could seriously harm our business.

Our headquarters and management are based in Taiwan. Accordingly, our financial condition and results of operations and the market price of our Common Shares or GDSs may be affected by changes in ROC governmental policies, taxation, inflation, interest rates, social instability and other political, economic, diplomatic or social developments in or affecting the ROC which are outside of our control.

In addition, Taiwan has a unique international political status. Since 1949, Taiwan and the Chinese mainland have been separately governed. The People's Republic of China claims that it is the sole government of China and that Taiwan is part of China. Although significant economic and cultural relations have been established during recent years between Taiwan and the PRC, political relations have often been strained. The PRC government has refused to renounce the use of military force to gain control over Taiwan. Furthermore, the PRC government passed an Anti-Secession Law in March 2005, which authorizes non-peaceful means and other necessary measures should Taiwan move to gain independence from the PRC. Ties between Taiwan and the PRC have improved rapidly since Taiwan President Ma Ying-jeou took office in May 2008, pledging to set aside longstanding political disputes and enhance exchanges. However, past developments in relations between Taiwan and the PRC have on occasion depressed the market prices of the securities of companies in Taiwan. Relations between Taiwan and the PRC and other factors affecting military, political or economic conditions in Taiwan could materially and adversely affect our financial condition and results of operations, as well as the market price and the liquidity of our securities.

The value of the GDSs and the Common Shares represented thereby may be adversely affected by the volatility of the Taiwan securities market.

The ROC securities market is smaller and more volatile than the securities markets in the United States and in certain European and other countries. The TWSE has experienced substantial fluctuations in the prices and volumes of sales of listed securities and has shown particular volatility following certain political events, market events, scandals, and there are currently limits on the range of daily price movements on the TWSE. In 2012, the TAIEX reached a low of 6,894.66 on June 4, 2012 and peaked at 8,144.04 on March 2, 2012. The daily closing values of the Common Shares which are listed on the TWSE, ranged from NT$37.50 per share to NT$45.35 per share in 2012. On November 4, 2013, the TAIEX closed at 8,354.14 and the daily closing value of the Common Shares was NT$35.30 per share. The TWSE has experienced problems such as market manipulation, insider trading and payment defaults. The recurrence of these or similar problems and restrictions on price movements could adversely affect the market price and liquidity of the securities listed on the TWSE, including the Common Shares. On July 25, 2012, the ROC Legislative Yuan approved the amendment to the ROC Income Tax Act, according to which capital gain of individuals from securities transactions exceeding certain threshold will be subject to income tax.

In response to major past declines and volatility in the securities markets in Taiwan, and in line with similar activities by other countries in Asia, the ROC government formed the National Stabilization Fund in 2000, which has purchased, and may from time to time purchase, shares listed on the TWSE to support these securities markets in Taiwan. In addition, other funds associated with the ROC government have in the past purchased, and may from time to time purchase, shares listed on the TWSE or other securities markets in Taiwan. In the future, market activity by government entities, or the perception that such activity is taking place, may take place or has ceased, may cause fluctuations in the market prices and liquidity of the Common Shares.

Foreign exchange approvals may be required.

Under existing ROC laws, foreign exchange approvals must be obtained from the CBC on a payment-by-payment basis for the conversion from NT dollars into foreign currencies in connection with the proceeds from the sale of subscription rights for newly issued Common Shares if the proceeds are in excess of US$100,000 per remittance. Although such approvals have been routinely granted in the past, there can be no assurance that in the future any such approvals will be obtained in a timely manner, or at all. In addition, foreign persons may, subject to certain required documents, but without foreign exchange approval of the CBC, remit outside and into the ROC foreign currencies of up to US$100,000 (or its equivalent) for each remittance. There can be no assurance that no requirement for approval of such remittance will continue being applicable in the future.

Risks Relating to the Common Shares and the GDSs

Non-ROC holders of the GDSs will be required to register with the Taiwan Stock Exchange and appoint several local agents in Taiwan if they withdraw Common Shares from our GDS program and become our shareholders, which may make ownership burdensome.

Under current ROC law, if non-ROC holders of the GDSs wish to withdraw and hold underlying Common Shares from a depositary receipt facility, they will be required to register with the Taiwan Stock Exchange (the "TWSE") for making investments in the ROC securities market prior to withdrawing Common Shares. In addition, non-ROC holders of GDSs will be required to appoint an eligible agent in the ROC to (i) open a securities trading account with a local brokerage firm (with qualification set by the FSC) and a bank account, (ii) pay ROC taxes, (iii) remit funds, (iv) exercise shareholders' rights and (v) perform such other functions as holders of GDSs may designate upon such withdrawal. In addition, non-ROC holders of the GDSs will be required to appoint a custodian bank to hold the securities in safekeeping, make confirmation and settle trades and report all relevant information. Without meeting these requirements, the withdrawing holder would be unable to hold or subsequently sell the underlying Common Shares withdrawn from the depositary receipt facility. In addition, these regulations may change from time to time. We cannot assure you that you will be able to register with the TWSE and open the requisite accounts in a timely manner or that current ROC law will remain in effect or that future changes in ROC law will not adversely affect your ability to withdraw our Common Shares from the GDR facilities.

Non-ROC holders of the GDSs who elect to withdraw Common Shares represented by their GDSs from our GDS program and register as our shareholder are required under current ROC laws and regulations to appoint an agent ("Tax Guarantor") in the ROC for filing tax returns and making tax payments on their behalf. A Tax Guarantor will be required to meet the qualifications set by the ROC Ministry of Finance and will act as the guarantor of the holder's tax payment obligations. Evidence of the appointment of a Tax Guarantor and the approval of such appointment or tax clearance certification are required as conditions to repatriating the holder's profits derived from the sale of Common Shares. There can be no assurance that non-ROC holders will be able to appoint and obtain approval for a Tax Guarantor in a timely manner.

There are legal restrictions on a PRC investor's withdrawal of deposited share represented by the GDSs.

Under current ROC laws, regulations and policy, a PRC person is not permitted to withdraw the deposited Common Shares represented by the GDSs and to register as shareholders of our company unless it is a qualified domestic institutional investor ("QDII"), provided that the total shareholding of the PRC persons with respect to our company cannot exceed 30%. In addition, there are restrictions on the amount remitted to Taiwan for investments by QDIIs, separately and jointly. Accordingly, the qualification criteria for a PRC person to make investment and the investment threshold imposed by the FSC and the TWSE might cause a GDS holder who is a PRC person to be unable to withdraw and hold our Common Shares. Under current ROC laws, "PRC person" means an individual holding a passport issued by the PRC, a resident of any area of China under the effective control or jurisdiction of the PRC (but not including a special administrative region of the PRC such as Hong Kong and Macau, if so excluded by applicable laws of the ROC), any agency or instrumentality of the PRC and any corporation, partnership or other entity organized under the laws of any such area or controlled by, or directly or indirectly having more than 30% of its capital owned by, or beneficially owned by any such person, resident, agency or instrumentality. While the transfer of the Common Shares is subject to ROC competent authority's regulations as the Common Shares are listed on the TWSE, no additional restrictions are imposed by ROC law on the PRC person, who legally withdrew the deposited Common Shares represented by the GDSs and became duly registered as an owner of the Common Shares, from transferring the Common Shares.

You may not be able to participate in future rights offerings.

We may, from time to time, distribute rights to our shareholders, including rights to acquire securities. If registration is required in any jurisdiction with respect to the offer to holders of GDSs, or sale by the Depositary, of rights or the securities or other relevant property to which such rights relate, the Depositary will not effect such offer or sale with respect to the relevant tranche of GDSs, unless we have obtained an exemption from or effected a registration, in accordance with the requirements of such jurisdiction. However, under the Deposit Agreement, we are under no obligation to register such rights, securities or other property. Accordingly, holders of GDSs may be unable to participate in rights offerings by us and may experience dilution of their holdings as a result. If the Depositary is unable to sell rights that are not exercised or not distributed or if a sale is not lawful or reasonably practicable, it will allow the rights to lapse, in which case you will receive no value for such rights.

Restrictions on the ability to deposit our Common Shares into our global depositary receipt facility may adversely affect the liquidity and price of our GDSs.

The ability to deposit the Common Shares into our global depositary receipt facility is restricted by ROC law. A significant number of withdrawals of Common Shares underlying our GDSs would reduce the liquidity of the GDSs by reducing the number of GDSs outstanding. As a result, the prevailing market price of our GDSs may differ from the prevailing market price of our Common Shares on the TWSE. Under current ROC law and the Deposit Agreements, no person or entity, including you and us, may deposit our Common Shares in our global depositary receipt facility without specific approval of the ROC Securities and Futures Bureau unless:

- we pay stock dividends on our Common Shares;
- we make a free distribution of our Common Shares;
- you exercise pre-emptive rights in the event of capital increases for cash; or
- the purchase directly by any person or through the Depositary or its agent of Common Shares on the TWSE for delivery of Common Shares under the Deposit Agreement to the Custodian or the delivery of Common Shares already held to the Custodian for deposit; provided that the total number of GDSs outstanding at any time may not exceed the number of issued GDSs previously approved by the ROC Securities and Futures Bureau (plus any GDSs created pursuant to the three bullet points above).

See "Description of the Global Depositary Shares — Deposit, Withdrawal and Cancellation."

Changes in exchange controls that restrict your ability to convert proceeds received from your ownership of GDSs may have an adverse effect on the value of your investment.

The imposition of foreign exchange controls may undermine your ability to convert proceeds received from your ownership of GDSs. Under current ROC law, the Depositary, without obtaining further approval from the CBC or any other governmental authority or agency of the ROC, may convert NT dollars into other currencies, including U.S. dollars, for:

- the proceeds of the sale of Common Shares represented by GDSs or the proceeds of the sale of Common Shares received as stock dividends which have been deposited into the global depositary receipt facility; and
- any cash dividends or distributions received on the Common Shares.

In addition, the Depositary may also convert into NT dollars incoming payments for purchases of Common Shares for deposit in the global depositary receipt facility against the issuance of additional GDSs. The Depositary is required to obtain foreign exchange approval from the CBC on a payment-by-payment basis for conversion from NT dollars into foreign currencies of the proceeds from the sale of subscription rights for new Common Shares. Although it is expected that CBC will grant this approval as a routine matter, we cannot assure you that in the future any approval will be obtained in a timely manner, or at all.

Under current ROC law, a GDS holder, after becoming a holder of Common Shares upon presentation of GDSs to the Depositary for cancellation and withdrawal of the deposited securities, without obtaining further approval from CBC, may convert from NT dollars into other currencies, including U.S. dollars, for:

- the proceeds of the sale of any underlying Common Shares withdrawn from the global depositary receipt facility or the proceeds of the sale of any Common Shares received as stock dividends;
- any cash dividends or distributions received; and
- the subscription payment for any rights offerings.

However, such holder may be required to obtain foreign exchange approval from CBC on a payment-by-payment basis for conversion from NT dollars into foreign currencies of the proceeds from the sale of subscription rights for new Common Shares. In addition, under the ROC Foreign Exchange Control Law, the Executive Yuan of the ROC government may, without prior notice but subject to subsequent legislative approval, impose foreign exchange controls for certain periods of time in the event of, among other things, a material change in international economic conditions. We cannot assure you that foreign exchange controls or other restrictions will not be introduced in the future.

Investors may face difficulties in protecting their interests because we are incorporated under Cayman Islands law and Cayman Islands law may provide different remedies to minority shareholders when compared with the laws of other jurisdictions.

Subject to the Companies Law of the Cayman Islands (the "Companies Law") and the common law of the Cayman Islands, our corporate affairs are governed by our Memorandum and Articles of Association. The laws of Cayman Islands relating to the protection of the interests of minority shareholders (including the rights of our shareholders to bring shareholders' suits against our board of directors under Cayman Islands laws) differ in some respects from those established under statues or judicial precedents in some other jurisdictions. Such differences may mean that the remedies available to our minority shareholders may be different from those they would have under the laws of certain other jurisdictions. Therefore, our shareholders may face difficulties in protecting their interests in connection with actions taken by our management, members of our board of directors or controlling shareholders than they would as shareholders of corporations of certain other jurisdictions.

A liquid market for the GDSs may not develop and there are restrictions on the transfer of the GDSs.

Prior to this offering, there has been no market for the GDSs being offered. The Initial Purchaser has advised us that it currently intends to make a market for the GDSs. However, the Initial Purchaser is not obligated to make a market and may discontinue this market-making activity at any time without notice. Such market-making activity is limited by the anti-manipulation rules under the Securities Act and the Exchange Act. The GDSs are being offered pursuant to an exemption from registration under the Securities Act and, as a result, you will only be able to resell your GDSs in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. Similarly, neither the GDSs nor the Common Shares underlying the GDSs are registered under the Exchange Act. Application will be made to the UK Listing Authority for a block listing of 7,200,000 GDSs to be admitted to the Official List of the UK Listing Authority and to the LSE for such GDSs to be admitted to trading on the Main Market of the LSE. However, there can be no assurance that we will obtain or be able to maintain such listings or that, if listed, a trading market will develop on such exchanges.

In connection with any withdrawal of any GDSs, the GDSs will be surrendered to the Depositary. Unless additional GDSs are issued, the effect of such transactions will be to reduce the number of outstanding GDSs and, if, a significant number of transactions are effected, to reduce the liquidity of the GDSs. See "Description of the Global Depositary Shares — Issuance of GDSs upon Deposit of Common Shares."

The GDSs or the Common Shares may not be publicly offered, sold, pledged or otherwise transferred in any jurisdiction where registration may be required. The Common Shares underlying the GDSs may only be publicly traded on the TWSE.

The value of your investment may be reduced by possible future sales of GDSs or Common Shares by us or our stockholders.

Each of the Company, our chairman and his affiliates, certain of our directors and executive officers has agreed that it, she or he (as the case may be) will not, nor will any entity controlled by it, her or him (as the case may be) or any person acting on its, her or his (as the case may be) behalf, during the 90 day period commencing from the date of this Prospectus, subject to certain specified exceptions, without the prior written consent of the Initial Purchaser, to offer, sell or otherwise dispose of any of the Common Shares or securities convertible into or exchangeable for Common Shares, including GDSs. See "Plan of Distribution" for a more detailed discussion of restrictions that may apply to future sales of our Common Shares or GDSs or securities convertible into the Common Shares or GDSs.

While we are not aware of any other plans by any major stockholders to dispose of significant numbers of Common Shares, we cannot assure you that one or more existing stockholders or owners of securities convertible or exchangeable into or exercisable for our Common Shares or GDSs will not dispose of significant numbers of Common Shares or GDSs. We cannot predict the effect, if any, that future sales of GDSs or Common Shares, or the availability of GDSs or Common Shares for future sale, will have on the market price of GDSs or Common Shares prevailing from time to time. Sales of substantial amounts of GDSs or Common Shares in the public market, or the perception that such sales may occur, could depress the prevailing market prices of our GDSs or Common Shares.

A holder of GDSs or its designees requesting the withdrawal of the Common Shares represented by the GDSs may be required to provide certain information to us or the Depositary, and failure to provide such information may result in a delay of the withdrawal or the conversion.

A holder of GDSs or its designees requesting the withdrawal of the Common Shares represented by the GDSs may be required to provide certain information to us or the Depositary (as the case may be), including the name and nationality of the person to be registered as the stockholder and the number of Common Shares to be acquired by such person and the number of Common Shares acquired by such person in the past through the date of the withdrawal of the Common Shares represented by the GDSs or the Conversion Date. Under applicable ROC laws, we are required to report to the Securities and Futures Bureau if the person to be registered as a stockholder (1) is a "related party" of ours as defined in the ROC Statement of Financial Accounting Standard No. 6, or (2) will hold, immediately following such withdrawal, more than 10% of the Common Shares represented by GDSs. Failure to provide such information may cause the delay of such withdrawal of the Common Shares represented by the GDSs.

THE OFFERING

The following is only a summary and is qualified in its entirety by reference to the summary of the terms of the GDSs provided in this Prospectus under "Description of the Global Depositary Shares." Capitalized terms used herein and not defined have the meaning given to them in "Description of the Global Depositary Shares."

Issuer	Wisdom Marine Lines Co., Ltd.
The GDS Offering	7,200,000 GDSs are being offered at a price of US$5.46 per GDS to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act.
GDSs offered by us...................	7,200,000 GDSs
Common shares issued and outstanding immediately before the GDS offering	415,063,002 Common Shares.
Common shares issued and outstanding immediately after the GDS offering	451,063,002 Common Shares.
The GDSs.............................	Each GDS will represent five Common Shares. The GDSs will be issued pursuant to the international deposit agreement (the "Deposit Agreement"), dated as of November 12, 2013. The GDSs will be evidenced by the master GDR (the "Master GDR") that will be issued pursuant to the Deposit Agreement. The GDSs are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act.
Closing Date	November 12, 2013.
Delivery of Common Shares represented by GDSs to the Custodian	On or prior to the Closing Date, we will deposit, or cause to be deposited on our behalf, the Common Shares to be represented by the GDSs with the Custodian, and the GDSs will be issued by the Depositary against receipt of the Common Shares and delivered to the Initial Purchaser on the Closing Date.
Form and ROC share issuance procedures	The Common Shares will be issued with par value of NT$10.00 per share and in scripless form. No later than the first business day in the ROC following the Closing Date, we will apply to the TWSE for listing of the underlying Common Shares. It is expected that the TWSE will approve the listing of the Common Shares no later than the fourth business day in the ROC following the Closing Date (such approval date being the "Share Listing Date") although we cannot assure you that such approval will be obtained by such date (if at all). Immediately upon such listing, the number of Common Shares will be credited into the Depositary's account with the custodian through the book-entry system maintained by the Taiwan Depository & Clearing Corporation ("TDCC").

Settlement............................	Euroclear and Clearstream have accepted the GDSs for settlement in their respective systems on a book-entry basis. Accordingly, except as described above, each person owning a beneficial interest in the GDSs must rely on the procedures of, and institutions having accounts with, Euroclear and Clearstream to exercise or be entitled to any rights as the holder or beneficial owner of a GDS. So long as any GDSs are settled through these book-entry settlement systems or unless otherwise required by law, ownership of beneficial interests in the GDSs will be shown on, and the transfer of such ownership will be effected only through, records maintained by Euroclear and Clearstream. See "Description of the Global Depositary Shares.
Withdrawal of Common Shares	On or after the Share Listing Date, which is approximately the fourth business day in the ROC from the Closing Date, a holder may withdraw and either (i) hold the Common Shares represented by the GDSs or (ii) request JPMorgan Chase Bank, N.A., as Depositary, acting pursuant to the Deposit Agreement, to sell or cause to be sold on behalf of such holder the Common Shares represented by such GDSs. Delivery of the withdrawn Common Shares will only be made by the Custodian through the book-entry system maintained by the TDCC. Request for exchange of such Common Shares in book-entry form for Common Shares in physical form may be made only through a broker or custodian who is a participant in the TDCC, and in accordance with and subject to the requirements and procedures of the TDCC. A holder, without obtaining further approval from the CBC, may convert NT dollars into other currencies, including U.S. dollars, in respect of the proceeds of the sale by such holder of any underlying Common Shares withdrawn from the depositary receipt facility. In connection with, and as a condition to, any such withdrawal, such GDSs will need to be surrendered to the Depositary for cancellation, and certain certifications will be required to be made by the withdrawing holder to the Depositary and to us, if applicable, and the holder will be required to pay the cancellation fees of the Depositary and any charges and taxes payable upon the transfer of the Common Shares being withdrawn. Unless additional global depositary shares are issued, the effect of such transactions will be to reduce the number of outstanding GDSs. See "Description of the Global Depositary Shares."

Additional deposit of Common Shares and issuance of additional global depositary shares.............	After the initial deposit of the Common Shares in connection with this Offering, under current ROC law and pursuant to the Deposit Agreement, no deposit of the Common Shares may be made into the depositary receipt facility, and no global depositary shares may be issued against such deposits, without specific ROC regulatory approval with the exception of the issuance of additional global depositary shares in connection with (i) dividends on, or free distributions of, Common Shares, (ii) the exercise by holders of existing global depositary shares of their pre-emptive rights in the event of capital increases for cash, or (iii) to the extent that previously issued global depositary shares have been canceled, reissuance of global depositary shares up to an aggregate amount of outstanding global depositary shares equal to the total number of global depositary shares (subject to adjustment for the issuances described in clauses (i) and (ii)) that were originally approved by the ROC Financial Supervisory Commission and issued in connection with this Offering. In the case of a deposit of Common Shares requested under clause (iii) above, the Depositary will also refuse to accept the Common Shares for deposit if such deposit is not permitted under any legal, regulatory or other restriction notified by the Company to the Depositary from time to time. Such restrictions may specify blackout periods during which deposits may not be made, minimum and maximum amounts and frequencies of deposit. "Description of the Global Depositary Shares — Deposit, Withdrawal and Cancelation" and "Appendix B — Foreign Investment and Exchange Controls in the ROC — Depositary Receipts."
Voting rights	Holders of GDSs may exercise voting rights with respect to the underlying Common Shares represented by GDSs only as described in the Deposit Agreement, as summarized under "Description of the Global Depositary Shares — Voting Rights."
Dividends............................	Holders of the GDSs will be entitled to receive dividends, subject to the terms of the Deposit Agreement and relevant ROC laws and regulations, to the same extent as holders of Common Shares, less any fees and expenses payable under the Deposit Agreement and any ROC tax applicable to such dividends. The payment and amount of dividends on the Common Shares are subject to approval by our stockholders at a meeting of stockholders. Holders of outstanding Common Shares that are held on a dividend record date will be entitled to the full dividend declared without regard to any prior or subsequent transfer of such Common Shares. Accordingly, holders of GDSs on the relevant dividend record date will, subject to the terms of the Deposit Agreement, be entitled to the full amount of any dividend declared at our relevant general meeting of stockholders. See "Dividends and Dividend Policy," and "Description of the Global Depositary Shares — Share Dividends and Other Distributions."

ROC tax	Dividends (whether cash or shares) declared by us are not ROC sourced income. Dividends payable to Non-ROC Holders (as defined in "Taxation — ROC") are not subject to ROC income or withholding tax. See "Taxation — ROC."
Markets for the Common Shares and GDSs	The only trading market for the Common Shares is the TWSE. Our Common Shares have been listed on the TWSE since December 1, 2010 under the stock code "2637." See "Market Price Information." Application will be made to the UK Listing Authority for a block listing of 7,200,000 GDSs to be admitted to the Official List of the UK Listing Authority and to the LSE for such GDSs to be admitted to trading on the Main Market of the LSE.
Use of proceeds	We anticipate the net proceeds from this GDS Offering, after deducting underwriting commission and estimated offering expenses of US$1.2 million payable by us for the Offering, to be approximately US$38.1 million. We intend to use 63% of the net proceeds to acquire new vessels, and the remaining 37% of the net proceeds to repay our bank borrowings.
Governing law	The Deposit Agreement and the Master GDR will be governed by, and construed in accordance with, the laws of the State of New York.
Transfer restrictions.	Neither the Common Shares nor the GDSs have been registered under the Securities Act and are subject to certain restrictions on transfer. See and "Transfer Restrictions."
Lock-up Agreement	We, Mr. Chun-Sheng Lan (together with his spouse, Mrs. Mei-Ru Lan Chen and children under the age of 20, Mr. Kae-Wei Lan and Mr. Kae-Jen Lan), Pescadores Co., Ltd., Unicorn Maritime Agency Co., Ltd., Hui Wen Investment Co., Ltd., Chin Kuei Investment Co., Ltd., Mr. Mike Tzu-Lung Chao, Mr. Fukui Masayuki and Jinzhou Investment Co., Ltd have agreed that, for a period of 90 days from the date of the Prospectus, we and they will not, without the prior written consent of J.P. Morgan Securities plc, offer, sell, contract to sell or otherwise dispose of or hedge any of the Common Shares or any securities convertible into or exchangeable for the Common Shares. J.P. Morgan Securities plc in its sole discretion may release any of the securities subject to these lock-up agreements at any time without notice.

EXPECTED TIMETABLE FOR THE OFFERING

Each of the times and dates is subject to change without further notices. References to a time of day are to Hong Kong time.

Latest time and date for receipt of indications of interest from investors under the Offering(1)	November 4, 2013
Announcement of the results of the Offering and Offer Price through a Regulatory Information Service announcement and notification of allocations(2)	November 5, 2013
Admission and unconditional dealings in GDSs commence	November 13, 2013
GDSs credited to J.P. Morgan Chase Bank, N.A. accounts	November 12, 2013
Despatch of definitive share certificates (where applicable)(3)	November 12, 2013

(1) This date is indicative and may at the discretion of the Initial Purchaser (with the agreement of the Company) be subject to change.

(2) The Offer Price has been determined based on market conditions and demand for the GDSs during the book-building process.

(3) Or as soon as practicable thereafter. No temporary documents of title will be issued.

RECENT DEVELOPMENTS

Unaudited Consolidated Operating Revenue

As announced on the Market Observation Post System, for July, August and September 2013, our preliminary unaudited consolidated operating revenue were US$23.2 million, US$23.4 million and US$24.3 million, respectively; our preliminary unaudited consolidated profit from operating activities were US$4.7 million, US$4.0 million and US$4.0 million, respectively; our preliminary unaudited consolidated profit before income tax were US$1.5 million, US$2.4 million and US$0.5 million, respectively; and our preliminary unaudited consolidated pre-tax profit per shares were NT$0.12, NT$0.18 and NT$0.04, respectively.

Our preliminary unaudited consolidated operating revenue, profit from operating activities, profit before income tax, and pre-tax profit per shares for July, August and September 2013 are subject to adjustment, based on, among other things, our normal closing procedures. Actual figures could differ materially from the financial data provided above.

SUMMARY FINANCIAL AND OTHER DATA

The following summary financial and other data for Wisdom Marine should be read in conjunction with the audited and unaudited consolidated financial statements of such entity, and the related notes, included elsewhere in this Prospectus.

The summary consolidated financial and other related data of Wisdom Marine as of and for the years ended December 31, 2010, 2011 and 2012 have been extracted without material adjustment from the audited consolidated financial statements of Wisdom Marine beginning on page F-5 to F-9 and F-62 to F-66. The summary consolidated financial statements of Wisdom Marine as of and for the six months ended June 30, 2012 and 2013 have been extracted without material adjustment from the unaudited interim consolidated financial statements of Wisdom Marine beginning on page F-121 to F-125. We have prepared the unaudited interim consolidated financial statements on the same basis as our audited consolidated financial statements. Our financial statements have been prepared and presented in accordance with IFRS.

	Year Ended December 31,			Six Months ended June 30,	
	2010	2011	2012	2012	2013
	(in US$ millions, except per share data)				
Consolidated Statement of Comprehensive Income:					
Operating revenue	191.7	256.9	283.9	140.0	136.2
Raw material cost	29.3	34.5	44.1	20.9	21.7
Expenses for hired services	12.6	11.0	11.7	5.9	5.5
Wages and personnel expenses	35.6	48.0	56.3	27.2	30.8
Depreciation and amortization	43.8	62.4	80.0	37.2	45.4
Other operating cost	3.4	4.8	5.9	2.7	3.2
Total operating cost	124.7	160.7	198.0	93.9	106.6
Gross profit from operations	67.0	96.2	85.9	46.1	29.6
Operating expenses	4.3	4.3	4.3	2.0	2.5
Profit from operating activities	62.7	91.9	81.6	44.1	27.1
Total non-operating income and losses					
Interest income	0.9	1.2	1.0	0.6	1.2
Disposal of property, plant and equipment	—	2.5	1.0	1.0	3.3
Gain on valuation of financial instruments at fair value through profit or loss	—	—	2.5	3.2	1.3
Foreign exchange gain	—	—	8.3	2.9	6.9
Other income and gains	1.0	0.3	1.3	0.6	1.5
Interest expense	9.9	17.0	22.5	10.4	10.7
Foreign exchange loss	3.8	6.4	—	—	—
Impairment losses	1.3	—	—	—	—
Investment losses	—	—	—	—	—
Loss on valuation of financial instruments at fair value through profit or loss	12.9	3.3	—	—	—
Other expense	0.4	0.4	0.3	0.2	—
Total other income and losses	1.9	4.0	14.1	(2.3)	3.5
Profit before income tax	36.1	68.9	72.9	41.8	30.6
Income tax expense (benefit)	(0.001)	0.001	0.1	—	—
Profit for the year	36.1	68.9	72.8	41.8	30.6
Other Comprehensive income	(46.0)	(31.6)	114.5	21.9	136.8
Total Comprehensive income	(9.9)	37.3	187.3	63.7	167.4
Owners of the Company	35.8	68.3	71.0	41.0	29.3
Non-controlling interests	0.3	0.6	1.8	0.8	1.3
Per Share Data					
Basic earnings per share	0.13	0.2	0.18	0.10	0.07
Diluted earnings per share	0.12	0.18	0.18	0.10	0.07

	Year Ended December 31,			Six Months ended June 30,	
	2010	2011	2012	2012	2013
	(in US$ millions, except per share data)				
Consolidated Balance Sheet Data:					
Total current assets	75.3	106.4	76.5	101.1	67.2
Property and equipment	1,103.4	1,435.9	1,811.3	1,637.3	1,924.0
Held to maturity financial assets- noncurrent	—	5.3	10.8	7.6	8.0
Other financial assets - noncurrent	0.1	3.9	4.6	3.9	4.2
Hedge derivative financial assets - noncurrent	1,103.4	1,435.9	1,811.4	—	26.2
Long-term lease receivables	—	—	25.0	—	29.8
Total non-current assets	1,115.6	1,445.3	1,863.5	1,648.8	1,992.3
Total assets	1,190.9	1,551.7	1,940.1	1,749.9	2,059.5
Total current liabilities	164.8	182.4	189.5	200.5	225.4
Bonds payable	—	—	18.5	18.2	—
Total non-current liabilities	807.4	1,102.0	1,314.2	1,236.8	1,252.2
Total liabilities	972.3	1,284.4	1,503.7	1,437.2	1,477.6
Total stockholders' equity	218.6	267.3	436.3	312.7	581.9
Consolidated Cash Flow Data					
Net cash provided by operating activities	94.2	133.6	147.5	73.4	68.7
Net cash used in investing activities	(549.6)	(414.5)	450.8	(213.2)	(144.8)
Net cash provided by financing activities	504.9	303.9	311.8	161.3	61.9
Effect of exchange rate changes	(39.1)	(18.9)	(9.6)	(3.9)	12.1
Net increase (decrease) in cash and cash equivalents	10.4	4.0	(1.0)	17.7	(2.1)
Cash and cash equivalents, beginning of the year	15.8	26.2	30.2	30.2	29.1
Cash and cash equivalents, end of the year	26.2	30.2	29.1	47.8	27.0
Other Data:					
EBITDA[1]	106.5	154.3	161.7	81.3	72.5

Note:

(1) EBITDA for each period is defined as profit from operating activities plus depreciation activities plus depreciation and amortization. We believe that the presentation of EBITDA enhances an investor's understanding of our financial performance. Our management uses EBITDA to assess our operating performance because it believes that EBITDA is important supplemental measure of our operating performance, and EBITDA is a measure incorporated into certain of our financial ratios (ie., interest coverage ratio) in some of our loan instruments. In addition, our management believes that EBITDA is frequently used by securities analysts, investors and other interested parties in the evaluation of companies that operate in our industry, EBITDA is not presentation made in accordance with IFRS and our use of the terms EBITDA may vary from others in our industry due to differences in accounting policies or differences in the calculation methodology of EBITDA by others in our industry. EBITDA has limitations as analytical tools, and should not be considered in insolation, or as substitutes for financial information as reported under IFRS. EBITDA should not be considered as alternatives to net profit or any other performance measure derived in accordance with IFRS or as alternatives to cash flow from operating activities or as measures of our liquidity. In particular, EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business.

PRESENTATION OF INFORMATION

The terms "Wisdom Marine," "the Company," "the Group," "we," "us" and "our" refer to Wisdom Marine Lines Co., Limited and its subsidiaries collectively.

In this Prospectus, "ROC" refers to the Republic of China, "Taiwan" refers to the island of Taiwan and other areas under the effective control of the government of the Republic of China, and the "ROC Company Law" refers to the Company Law of the ROC. The "CBC" or the "Central Bank" refers to the Central Bank of the Republic of China (Taiwan). The "MOF" or the "Ministry of Finance" refers to the Ministry of Finance of the ROC government. The "FSC" or the "Financial Supervisory Commission" refers to the Financial Supervisory Commission of the ROC government. The "Securities and Futures Bureau" or the "ROC SFB" refers to the Securities and Futures Bureau under the jurisdiction of the FSC, or its predecessor, the Securities and Futures Commission and the Securities and Exchange Commission under the jurisdiction of the MOF, as the context may require. See "Appendix A — The Securities Market of the ROC — Regulation and Supervision." "CAGR" refers to compound annual growth rate, which is calculated as "(ending value/beginning value)^(1/number of years) -1."

We publish our financial statements in United States dollars, the lawful currency of the United States. All references to "United States dollars," "U.S. dollars" and "US$" are to United States dollars, all references to "Japanese yen" and "JPY" are to the currency of Japan and all references to "New Taiwan dollars," "NT dollars" and "NT$" are to New Taiwan dollars.

Unless otherwise noted, all translations from NT dollars to US dollars were made at the average of spot rates for buying and selling published by the Bank of Taiwan as at June 30, 2013, which was NT$30.00 = US$1.00. See "Market Price and Exchange Rates Information." Such translation amounts are unaudited, and it should not be construed that the NT dollar amounts have been, or could have been, converted into U.S. dollars at that or any other rate.

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB"). Certain financial amounts presented herein may not correspond directly to our financial statements, included elsewhere herein, or may not add up due to rounding.

Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this Prospectus, statements made in press releases and oral statements that may be made by us or our officers, directors or employees acting on our behalf that are not statements of historical fact may constitute "forward-looking statements." You can identify some of these forward-looking statements by terms such as "expects," "believes," "plans," "intends," "estimates," "anticipates," "may," "will," "would" and "could" or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, business strategy, plans and prospects are forward-looking statements.

Forward-looking statements include, but are not limited to, such matters as:

- our future operating or financial results and future revenues and expenses;
- statements about pending or recent acquisitions, business strategy and expected capital spending or operating expenses;
- our ability to manage the expansion of our operations;
- statements about shipping industry trends, including charter hire rates and factors affecting supply and demand;
- our expectations about availability of vessels to purchase, the time that it may take to construct and deliver new vessels or the useful lives of our vessels;
- expectations relating to dividend payments and ability to make such payments;
- our financial condition and liquidity, including our ability to make required payments under our credit facilities, comply with our loan covenants and obtain additional financing to fund capital expenditures, acquisitions and other corporate activities;
- anticipating developments with respect to litigation;
- the risk factors discussed in "Risk Factors" beginning on page 17; and
- other matters described in this Prospectus regarding matters that are not historical facts, are only forecasts.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different than expected, expressed or implied by the forward-looking statements in this Prospectus, we advise you not to place undue reliance on those statements. We are not representing or warranting to you that our actual future results, performance or achievements will be as discussed in those statements. Further, we disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances.

ENFORCEABILITY OF FOREIGN JUDGMENTS

Cayman Islands

We are an exempted company with limited liability incorporated in the Cayman Islands. We were incorporated in the Cayman Islands to take advantage of certain benefits associated with being a Cayman Islands exempted company, such as:

- political and economic stability;
- an effective judicial system;
- a favorable tax system;
- the absence of exchange control or currency restrictions; and
- the availability of professional and support services.

However, certain disadvantages accompany incorporation in the Cayman Islands. These disadvantages include:

- our shareholders may have difficulties in protecting their interests as shareholders because judicial precedents regarding shareholders' rights are more limited under Cayman Islands law than under United States law, and because Cayman Islands law generally provides less protection to investors than corporate and securities laws of other jurisdictions such as United States; and
- Cayman Islands companies may not have standing to sue before the federal courts of the United States.

Our constitutional documents do not contain provisions requiring that disputes, including those arising under the securities laws of the United States, between us, our officers, directors and shareholders, be arbitrated.

Although there is no statutory enforcement in the Cayman Islands of judgments obtained in the federal or state courts of the United States (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments), a judgment obtained in such jurisdiction will be recognized and enforced in the courts of the Cayman Islands at common law, without any re-examination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided such judgment (a) is given by a foreign court of competent jurisdiction, (b) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given, (c) is final, (d) is not in respect of taxes, a fine or a penalty; and (e) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands.

ROC

Some of our directors and senior management and certain of the experts named in this Prospectus are residents of the ROC and some of our assets and the assets of such persons are located in the ROC. As a result, it may be difficult for investors to enforce judgments obtained outside the ROC against us or such persons in the ROC, including those predicated upon the civil liability provisions of the federal securities laws of the United States. Any final judgment obtained against us or such persons in any court other than the courts of the ROC in respect of any legal suit or proceeding arising out of or relating to our Common Shares or GDSs will be enforced by the courts of the ROC without further review of the merits only if the court of the ROC in which enforcement is sought is satisfied that:

- the court rendering the judgment had jurisdiction over the subject matter according to the laws of the ROC;

- the judgment and legal procedures resulting in the judgment were not contrary to the public order or good morals of the ROC;

- if the judgment was rendered by default by the court rendering the judgment, (i) we or such persons were duly served within a reasonable period of time within the jurisdiction of such court in accordance with the laws and regulations of such jurisdiction, or (ii) process was served on us or such persons with judicial assistance of the ROC; and

- judgments of the courts of the ROC are recognized in the jurisdiction of the court rendering the judgment on a reciprocal basis.

A party seeking to enforce a foreign judgment in the ROC would, except under limited circumstances, be required to obtain foreign exchange approval from the CBC for the remittance out of the ROC of any amounts recovered in respect of such judgment denominated in a currency other than NT dollars.

USE OF PROCEEDS

We anticipate the net proceeds from this Offering, after deducting underwriting commission and estimated offering expenses of US$1.2 million payable by us for the Offering, to be approximately US$38.1 million. We intend to use 63% of the net proceeds to acquire new vessels, and the remaining 37% of the net proceeds to repay our bank borrowings.

MARKET PRICE AND EXCHANGE RATES INFORMATION

The Common Shares commenced trading on the Taiwan Stock Exchange on December 1, 2010. The table below sets forth, for the periods indicated, the high and low closing prices and the average daily trading volume activity on the Taiwan Stock Exchange for the Common Shares and the highest and lowest of the daily closing values of the Taiwan Stock Exchange Index. On November 4, 2013, the closing price of the Common Shares on the Taiwan Stock Exchange was NT$35.30 per Common Share.

	Actual Closing Price Per Common Share		**Average Daily Trading Volume**	**Taiwan Stock Exchange Index**	
	High	**Low**		**High**	**Low**
		(NT$)	**(in thousands)**		
2011					
First Quarter	45.00	38.50	742,647	9,145.35	8,234.78
Second Quarter	45.20	41.50	457,981	9,062.35	8,478.86
Third Quarter	43.90	37.20	408,296	8,824.44	6,877.12
Fourth Quarter	38.85	34.65	326,241	7,622.01	6,633.33
2012					
First Quarter	45.35	37.50	754,092	8,144.04	6,952.21
Second Quarter	44.20	40.00	354,221	7,862.90	6,894.66
Third Quarter	44.25	39.80	448,025	7,781.91	6,970.69
Fourth Quarter	41.75	38.00	349,027	7,757.09	7,088.49
2013					
January	42.00	41.00	1,204,847	7,850.02	7,616.64
February	42.20	41.20	1,114,571	8,029.10	7,855.97
March	41.90	40.20	956.664	8,036.72	7,796.22
April	41.15	39.50	519,814	8,093.66	7,728.54
May	40.10	39.15	601,242	8,398.84	8,128.51
June	39.10	37.10	466,407	8,201.02	7,663.23
July	39.50	38.30	371,596	8,260.11	7,886.34
August	39.30	39.25	654,361	8,138.63	7,814.38
September	38.50	35.55	872,631	8,299.12	8,038.86
October	37.70	35.00	951,295	8,465.06	8,187.02

Source: Bloomberg

The Taiwan Stock Exchange has experienced substantial fluctuations in the prices of listed securities and there are currently limits on the range of daily price movements. For more information about the Taiwan Stock Exchange, see "Appendix A — The Securities Market of the ROC."

Fluctuations in the exchange rate between the NT dollar and the U.S. dollar will affect the U.S. dollar equivalent of the NT dollar price of our Common Shares on the Taiwan Stock Exchange.

The following table sets forth, for the periods indicated, information concerning the amount of NT dollars for which one U.S. dollar could be exchanged based on the average spot rates for buying and selling published by Bank of Taiwan.

	Average	High	Low	Period End
				(NT$ per US$)
2010				
First Quarter	31.92	32.17	31.72	31.80
Second Quarter	31.86	32.46	31.33	32.15
Third Quarter	31.93	32.25	31.26	31.26
Fourth Quarter	30.34	31.15	29.13	29.13
2011				
First Quarter	29.31	29.77	28.78	29.40
Second Quarter	28.83	29.28	28.51	28.73
Third Quarter	29.17	30.58	28.70	30.48
Fourth Quarter	30.25	30.68	29.86	30.28
2012				
First Quarter	29.67	30.31	29.38	29.51
Second Quarter	29.62	30.03	29.14	29.88
Third Quarter	29.83	30.18	29.29	29.30
Fourth Quarter	29.15	29.32	29.00	29.04
2013				
January	29.09	29.55	28.95	29.54
February	29.61	29.73	29.51	29.66
March	29.74	29.90	29.62	29.83
April	29.83	30.02	29.52	29.54
May	29.78	29.97	29.40	29.93
June	29.95	30.20	29.74	30.00
July	29.97	30.14	29.87	29.98
August	29.96	30.00	29.93	29.93
September	29.68	29.83	29.54	29.57
October	29.41	29.51	29.36	29.40

Source: Bank of Taiwan

We publish our financial statements in US dollars. This Prospectus contains translation of US dollar amounts into NT dollars at specific rates solely for your convenience. Unless otherwise noted, all translations from US dollars to NT dollars were made at the average of spot rates for buying and selling published by Bank of Taiwan as of June 30, 2013, which was NT$30.00 = US$1.00. No representation is made that the NT dollar or U.S. dollar amount referred to in this Offering Memorandum could have been or could be converted into U.S. dollars or NT dollars, as the case may be, at any particular rate or at all.

DIVIDENDS AND DIVIDEND POLICY

Pursuant to our Memorandum and Articles of Association and certain ROC regulatory requirements, we are generally not permitted to distribute dividends or make other distributions to shareholders for any year in which we have no current or retained earnings. Before we can distribute a dividend or make any distribution to shareholders from profits, we must first apply our profits to losses incurred in previous years and pay all outstanding taxes, and set aside 10% of our annual net income, less prior years' losses, if any, and applicable taxes as legal reserve, unless the legal reserve amounts to our authorized capital.

Any remaining profits plus accumulated retained earnings may be distributed as dividends to the shareholders, taking into consideration financial, business and operational factors. The percentage distribution of dividends and the ratio between cash dividend and stock dividend is proposed by our board of directors and approved by our shareholders at the shareholders' meeting. Pursuant to our Memorandum and Articles of Association, the distribution of dividends is subject to the condition that cash dividends shall not be less than 20% of total dividends. Dividends are paid after shareholder approval has been received.

Our dividend distribution policy is made in accordance with our Memorandum and Articles of Association, taking into various factors, including, among others, our capital, financial structure, earnings, future development and the market environment. Our current policy is that dividends shall be distributed in a steady manner taking into consideration the appropriate level of profits that should be retained or distributed in the form of cash, or both stock and cash. Subject to our Memorandum and Articles of Association, our dividend policy may be adjusted from time to time in accordance with economic and market conditions and, in particular, our future development and profitability.

Payments of cash dividends and other amounts (including cash distributions) in respect of the GDSs will be made by the depository on behalf of persons entitled thereto upon receipt of funds from our company, subject to the law of the Cayman Islands and the ROC. Payments of dividends in relation to the International GDSs will be made through Euroclear and Clearstream. Whenever we make a cash distribution for the securities on deposit with the Custodian, we will notify the Depositary and deposit the funds with the Custodian. Whenever we make a free distribution of shares for the securities on deposit with the Custodian, we will notify the Depositary and deposit the applicable number of shares with the Custodian. Upon receipt of notice of such deposit, the Depositary will either distribute to holders new GDSs representing the shares deposited or modify the GDS-to shares ratio, in which case each GDS will represent rights and interests in the additional shares so deposited. Only whole new GDSs will be distributed. Fractional entitlements will be sold and the proceeds of such sale will be distributed as in the case of a cash distribution.

Past Dividends

On June 29, 2012, our shareholders approved the distribution of a cash dividend of NT$1.5 per share in the amount of NT$537.0 million (US$17.9 million) and a capital surplus dividend of NT$1 per share in the amount of NT$358.0 million (US$11.9 million, equivalent to 35.8 million new Common Shares) in respect of the 2011 financial year. We paid this dividend on August 14, 2012.

On June 17, 2011, our shareholders approved the distribution of a cash dividend of NT$1.5 per share in the amount of NT$457.5 million and a capital surplus dividend of NT$1 per share in the amount of NT$305.0 million (equivalent to 30.5 million new Common Shares) in respect of the 2010 financial year. We paid this dividend on August 15, 2011.

On June 28, 2010, our shareholders approved the distribution of a cash dividend of NT$1.5 per share in the amount of NT$625.0 million and a stock dividend of NT$1 per share in the amount of NT$250.0 million (equivalent to 25.0 million new Common Shares) in respect of the 2009 financial year. We paid this dividend on July 29, 2011.

Our past dividends payment history is not, and should not be taken as, an indication of our potential future practice with respect to dividend payments.

CAPITALIZATION

The following table sets forth our unaudited consolidated capitalization as of June 30, 2013 on an actual basis under IFRS. This table should be read in conjunction with our unaudited consolidated financial statements as of and for the six months ended June 30, 2013, including the notes thereto, which appear in F-pages of this Prospectus. Except as otherwise disclosed in this Prospectus, there have not been any material changes in our capitalization since June 30, 2013.

	Consolidated net assets of the Group as at June 30, 2013 (Note 1) (Note 2)
	(in US$ millions)
Assets	
Non-current assets	
Held to maturity financial assets — noncurrent	8.0
Hedge derivative financial assets — noncurrent	26.2
Property and equipment	1,924.0
Long-term lease receivables	29.8
Deferred expenses	0.1
Deferred income tax assets	—
Other financial assets — non-current	4.2
Total Non-current Assets	1,992.3
Current assets	
Cash and cash equivalents	27.0
Held to maturity financial assets — current	1.0
Accounts receivable	5.2
Lease receivables	3.9
Other receivables	0.6
Other financial assets — current	8.0
Inventories	3.5
Hedge derivatives financial assets — current	2.7
Prepaid expenses	5.5
Other current assets	9.8
Total Current Assets	67.2
Total assets	2,059.5
Liabilities	
Non-current liabilities	
Long-term borrowings	1,139.8
Long-term accounts payable	42.7
Long-term lease payables	27.5
Long-term accounts payable — related parties	40.9
Guaranteed deposits	1.0
Accrued pension liabilities	0.3
Total Non-current liabilities	1,252.2

	Consolidated net assets of the Group as at June 30, 2013 (Note 1) (Note 2)
	(in US$ millions)
Current liabilities	
Short-term borrowings	26.6
Financial liabilities at fair value through profit profit or loss — current	3.4
Accounts payable	4.7
Accrued expenses	12.7
Dividend payable	23.0
Advanced receipts	16.6
Other current liabilities — others	1.4
Current portion of long-term borrowings	107.1
Current portion of long-term accounts payable	7.9
Current portion of long-term accounts payable — related parties	1.2
Current portion of corporate bonds payable	16.8
Current portion of lease payables	4.0
Total Current liabilities	225.4
Total liabilities	1,477.6
Net assets	581.9
Equity	
Common Stock	123.9
Stock Dividend to be distributed	6.6
Capital surplus — premium on capital stock	86.8
Retained earnings	185.2
Cumulative translation adjustments	146.2
Effective portion of losses on hedging instrument in a cash flow hedge	28.9
Total equity attributable to equity holders of the Company	577.6
Non-controlling interest	4.3
Total Equity	581.9
Total consolidated capitalization (Note 3)	1,749.2

(1) The financial information of the Company has been extracted without material adjustment from the unaudited financial statements of Wisdom Marine beginning on page F-121.

(2) The net proceeds of the Offer receivable by the Company is estimated to be US$38.1 million. The Company intend to use 63% of the net proceeds to acquire new vessels, and the remaining 37% of the net proceeds to repay its bank borrowings.

(3) Total consolidated capitalization includes long-term borrowings, long-term lease payables and total equity.

OPERATING AND FINANCIAL REVIEW

The following discussion should be read in conjunction with "Summary Financial and Other Data" and our audited and unaudited consolidated financial statements, including the notes thereto, appear elsewhere in the Prospectus. The audited financial information as of and for the years ended December 31, 2010, 2011 and 2012 and our unaudited financial information as of and for the six months ended June 30, 2012 and 2013 in this section have been extracted without material adjustment from our audited consolidated financial statements, beginning on page F-3 to F-118 and our unaudited financial information, beginning on page F-121 to F-172. The results may not be indicative of our results for future financial periods.

Overview

We are the largest publicly listed dry bulk shipowner in Taiwan by number of vessels, with a focus on handysize bulk carriers. We had a fleet of 111 vessels, 24 of which are newbuildings on order, as at June 30, 2013. Our fleet included 48 handysize vessels, of which 13 are handysize newbuildings to be delivered between 2013 and 2016, as at June 30, 2013, giving us one of the largest handysize fleets owned by any public company in the world.

We believe the handysize segment is highly attractive, due to the vessels' relatively small global newbuilding orderbooks, relative stability in charter rates, operating flexibility, ability to access more ports and ability to carry a more diverse range of cargoes and broader customer base.

We operated and will continue to operate in the following operating segments:

- **Time charter:** we place our vessels on time charters ranging from six months to 18 years and, to a lesser extent, on time charters on trip basis, from which we generate charter hire income on daily hire;

- **Voyage charter:** we place our self-operated vessels on voyage charters, from which we generate freight revenue on the basis of cargo type, volume and movement between ports;

- **Vessel management:** we provide technical management, crew management and insurance arrangement and other commercial services for external third-party owned vessels, from which we generate our vessel management revenue;

- **Others:** we generate other operating revenue from the receipt of demurrage charged on voyage charterers, telecommunication charges, insurance claim payments and other miscellaneous service income during the course of our shipping operations.

We experienced significant growth in our revenue and earnings during the relevant periods. Our total operating revenue increased from US$191.7 million in 2010 to US$256.9 million in 2011, and to US$283.9 million in 2012, representing a CAGR of 21.7% from 2010 to 2012. Our net profit for the year increased from approximately US$36.1 million in 2010, to US$68.9 million in 2011, and US$72.8 million in 2012, representing a CAGR of 42.0% from 2010 to 2012. Our EBITDA increased from US$106.5 million in 2010, to US$154.3 million in 2011, to US$161.7 million in 2012, representing a CAGR of 23.2% from 2010 to 2012.

For the six months ended June 30, 2013, our operating revenue amounted to US$136.2 million, representing a decrease of 2.7% over the comparable period in 2012 as a result of the distressed market conditions and declining trend in charter hire rate. For the six months ended June 30, 2013, our net profit for the period amounted to US$30.6 million, representing a decrease of 26.8% over the comparable period in 2012. Such decrease was primarily due to a decrease in our gross profit as a result of an increase in our operating costs relating to the delivery of new vessels and partly offset by an increase in our other income in the first half of 2013.

Factors Affecting Our Results of Operations and Financial Condition

Our results of operations and the period-to-period comparability of our financial results are affected by a number of external factors. Our consolidated financial statements may not be indicative of our future earnings, cash flows or financial position for numerous reasons, including those described below. Please also see "Risk Factors" for a discussion of certain risks inherent in our business.

The Cyclical Nature of the Shipping Industry

The shipping industry in which we operate is subject to cyclical fluctuations, which in turn affects our results of operations. The state of the shipping industry cycle is influenced by a number of factors, including the supply of vessels and demand for shipping capacity.

The supply of vessels in the global fleet is primarily dependent on the construction and delivery of newbuildings, the scrapping of older vessels, slippage of scheduled orderbook, and to a lesser extent, the lay-up of existing vessels. The demand for shipping capacity is dependent on global and regional economic and political conditions, the globalization of manufacturing, developments in international and regional trade, demand for commodities for goods, changes in transportation patterns, changes in regulatory regimes governing vessels and shipping, currency exchange rates, weather, holiday seasons and competition from alternative product sources. Changes in the supply of vessels and demand for shipping capacity in turn affect the charter hire rate and freight rate and, consequently, our revenue and profitability.

An over-supply of shipping capacity leads to a drop of vessel charter hire rates, which in turn affects our revenue. In addition, we may experience low fleet utilization rates during the time of higher supply capacity while fixed charges, including finance costs, depreciation and amortization are not necessarily reduced, thereby driving down our profitability. On the other hand, charter hire rates increase once shipping companies have exhausted the capacity of their existing fleet, in which case we may record increased revenue and profits.

Dry bulk cargos are used in many industries such as manufacturing and construction. The growth of the dry bulk cargo sector is therefore closely linked to the macro global economic growth. The performance of the dry bulk shipping industry is linked to the demand for the shipment of dry bulk commodities and the supply of dry bulk vessels. We believe the current demand supply scenario for the handysize segment to be the most favorable within dry bulk shipping and that the demand from China and emerging markets for dry bulk commodities will remain strong. If other major economies such as the United States, Japan and Western Europe return to more traditional rates of growth, there could be a further boost to demand for dry bulk commodities. On the supply side, the outstanding dry bulk vessel orderbook is still significant compared to existing fleet and should continue to add to fleet capacity and exert pressure on dry bulk freight rates. We believe handysize segment would be relatively better positioned in terms of oversupply given its relatively smaller outstanding orderbook. The overall handysize dry bulk fleet also has the highest average age and the highest portion of over 25-year-old vessels, which would encourage scrapping and consequently reduce overall supply.

Given the foregoing, we anticipate that the future demand for dry bulk shipping services and our results of operations will continue to be dependent upon the macro global economic growth, seasonal and regional changes in demand and changes in the capacity of the global bulk fleet. We believe our focus on handysize vessels will continue to keep us in a favorable position to achieve strong financial results.

Fleet Capacity and Composition and Charter Hire Rates

Our revenue is fundamentally a function of the total shipping capacity that we deploy and charter hire rate that we are able to achieve. Our shipping capacity, in return, is a function of the capacity of our vessel fleet as increased by acquisition of vessels, either through the construction of newbuildings or the purchase of second-hand vessels, and reduced through the sale of vessels and the scrapping of older vessels. To supplement our own shipping capacity at times of short-term increase in demand, we also charter in dry bulk vessels from third parties under bareboat charters and then sub-charter the vessels to our customers.

Our charter hire rate is impacted by two major factors, which are the type of vessels in our fleet and the shipping market conditions. Different types of dry bulk vessels are suitable for different types of products and routes, and are therefore subject to different shipping market conditions. The shipping market conditions are consequently a function of vessel supply and demand for shipping capacity. For more information on supply and demand dynamic in shipping industry, please refer to the paragraph "— The Cyclical Nature of the Shipping Industry" above.

Since our inception, our fleet had grown to 87 vessels with more than 2,866,000 DWT as of June 30, 2013 and approximately 65% of our operating days for 2013 and 43% for 2014 are under time-charter coverage. Most of our capesize and panamax vessels are on time charters of between three to 15 years and have been employed at time charter hire rates that are much higher than prevailing freight rates in the spot market. Our fleet also includes one of the largest handysize fleets owned by any public company in the world, with a combined DWT of more than 1,330,000 as of June 30, 2013, taking into account of newbuildings on our orderbook. We believe the handysize segment is the most favorable within dry bulk shipping given of the relatively small global newbuilding orderbooks for such vessels, relative stability in charter rates, operating flexibility, ability to access more ports and ability to carry a more diverse range of cargoes and hence broader customer base. In addition, our young, modern fleet of high quality Japanese built vessels is also highly favored by charterers and can generally secure employment at higher charter hire rates. We expect our revenue will continue to grow as our newbuildings are delivered and put into operation. On the other hand, our fleet expansion also increases our operating costs, including depreciation, hiring of crews, insurance and repair and maintenance expenses.

Our ability to re-charter our dry bulk vessels upon the expiration or termination of their current time charters, secure time charter employment of our upcoming newbuildings, and the charter rates payable under any renewal or replacement charters depend upon, among other things, the state of the dry bulk shipping market. Although a significant portion of our fleet are under time charter coverage and hence not directly linked to freight volatility in the spot market, we are still, to certain extent, exposed to changes in market rates for dry bulk carriers at the time of entering into or renewing charter contracts. Any fluctuations in charter hire rates of our existing vessels and newbuildings would also consequently affect our revenue and profitability.

Management of Charter Portfolio

Our results of operations are affected by our operating strategy, in particular our ability to obtain an optimal portfolio of charter contracts. We have adopted a prudent chartering strategy, generally aiming to fix the majority of our fleet on time charters varying from six months to 18 years with high quality counterparties, while maintaining some degree of exposure to the spot charter market by deploying our self-operated vessels on voyage charters from which we generate freight revenue.

Our entering into long-term time charters enables us to maintain a steady flow of revenue to cover our operating expenses. It also protects us against the fluctuation of charter hire rates during the term of the contracts, as the charter hire rates are generally fixed for the duration of the charter. We also adapt to fluctuating market demand by employing our vessels in short-term time charters or voyage charters, which enables us to profit from temporary surges in charter hire rates or freight and to maximize our return from utilization of our vessels. We manage the length of time charters by taking into account factors such as the existing market conditions, market risks and liquidity as well as our perception of the market trend going forward. We typically enter into longer term time charters when we believe the market is stable or expect it to decline and shorter term time charters or voyage charters when we expect the market rate to increase. Therefore, an accurate understanding of market trends is essential for us to capture market opportunities, thereby increase our revenue. Because the market trends are not always predictable, our business judgement in making chartering strategy will affect our results of operations.

As of June 30, 2013, approximately 51.7% and 76.4% of our vessels, in terms of capacity and number of vessels, respectively, were on time charter for a term longer than two year, while the rest were either on shorter-term time charter or voyage charter. Entering any charter of more than two-year duration would require prior approval of our board of directors. The following table further sets out a summary of time charter period in relation to our dry bulk vessels by capacity and by number of vessels as of June 30, 2013:

	Capacity Available (DWT)		Number of Vessels	
Time Charter Period[(1)]				
Less than 1 years	273,395	9.5%	15	17.3%
1 year to 3 year	472,909	16.5%	18	20.7%
3 year to 5 years	499,900	17.4%	11	12.7%
5 year to 10 years	592,463	20.7%	15	17.3%
More than 10 years	753,273	26.3%	10	11.5%
Time Charter Total	2,591,940	90.4%	67	79.3%

Note:

(1) Refers to the contract period of each charter.

Meanwhile, as of June 30, 2013, approximately 136,000 DWT and 12 vessels, accounting for 4.8% and 13.8% our vessels in terms of capacity and number of vessels, respectively, were on voyage charters.

Our ability to obtain an optimal portfolio of charters by employing our vessels in both long-term and short-term time charters as well as voyage charters has allowed us to achieve a high utilization of our vessels, stable and predictable operating cash flows and strong financial performance amid the sector volatility.

Vessel Operating Expenses

Vessel operating expenses apply to our self-owned fleet and include crew wages and related costs, insurance premium, expenses relating to repairs and maintenance, costs of lubricant and fuel oils, spare parts and consumable stores, tonnage taxes and other miscellaneous expenses. Our vessel operating expenses have historically increased as a result of the increase in the size of our self-owned fleet.

During the relevant periods, we undertook various measures to control our vessel operating expenses and to enhance our operating efficiency, including minimizing off-hire periods of our vessels and effectively arranging maintenance programs, selecting experienced crew, negotiating for discounts on procurement and maintenance contracts and reviewing our crew wages and insurance policies regularly.

In addition, our new vessels are primarily built at high quality Japanese shipyards with the rigorous specifications and are compliant with the most stringent environmental standards. The average age of our dry bulk fleet was 6.1 years as of June 30, 2013, which is significantly below the average age of the global dry bulk fleet of 9.6 years according to MSI. We believe that our modern and high specification fleet has enabled us to achieve significant cost savings in management, procurement, insurance and maintenance.

We expect that our vessel operating expenses will increase corresponding to the expansion of our owned fleet in the future. We believe we had achieved and will maintain lower than industry average operating expenses through the benefits from economies of scale for the size of our fleet, our modern and high quality Japanese-built vessels and our operational expertise. Our ability to effectively control vessel operating expenses will affect our results of operations and profitability in the future.

Acquisition of Vessels

The acquisition of vessels, including both construction of newbuildings and purchase of second-hand vessels, requires substantial amounts of capital. The price of vessels is driven by the demand for shipping capacity as well as the cost of construction. An increase in the demand for shipping capacity leads to an increase in the orders placed for construction of newbuildings and sourcing of second-hand vessels, which in turn drives up the price of vessels. Therefore, management's decision as to when to construct newbuildings or acquire second-hand vessels is important.

Our acquisition of vessels has a significant impact on our capital commitments and cash flow. In the past, we obtained a significant portion of financing from bank borrowings, majority of which was low-cost bilateral loans. As to newbuildings, we typically pay a down payment at signing of the ship-building contract, with the balance being paid throughout the construction of the vessel in stages. The normal lead-time between the placing of an order for the construction of newbuildings and the delivery is between 1.5 to 4.5 years. As to the purchase of second-hand vessels, the lead-time between the signing of the contract and delivery is much shorter, and so is our payment schedule. In either case, no revenue is generated from the vessel that we are acquiring until after its delivery. Our total capital expenditures for the acquisition of property, plant and equipment, mainly comprising newbuildings and acquisition of vessels, for the years ended December 31, 2010, 2011 and 2012 amounted to US$534.1 million, US$397.2 million and US$459.2 million, respectively.

Financing Costs

From time to time we use bank and other borrowings and financial leases to finance our capital expenditures, in particular for newbuildings and acquisition of vessels, and other working capital needs. As of June 30, 2013, the aggregate amount of our outstanding bank borrowings was US$1,273.4 million.

We have strong relationships with multiple Taiwan and international financial institutions and, as a result, we have been successful in obtaining financing throughout the shipping cycles on favorable terms to grow our fleet, given our trusted reputation, prudent business model, modern and high specification fleet and high quality charterers. Bilateral and syndicated bank loans are generally the lowest cost form of financing, and have been the main source of our financing since inception. However, we also have access to capital markets and have successfully raised capital from issuing equity and debt securities in the past.

The average finance costs on our total borrowings, lease payables and corporate bond payables for the years ended December 31, 2010, 2011 and 2012 and for the six months ended June 30, 2013 was approximately 1.1%, 1.4%, 1.6% and 1.6% per annum, respectively. Such average rate was calculated from the interest expenses for a period divided by the average of the closing balance of our total borrowings, lease payables and corporate bond payables for such period and the previous period. We believe our finance costs are below average in the global shipping industry.

Critical Accounting Estimates and Judgement

The discussion and analysis of our results of operations and financial condition is based on our audited consolidated financial statements as of and for the years ended December 2010, 2011 and 2012, and our unaudited financial statements as of and for the six months ended June 30, 2012 and 2013, which have been prepared in accordance with IFRS. Our results of operations and financial condition are sensitive to accounting methods, assumptions and estimates that underlie the preparation of our consolidated financial information. 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 be reasonable under the circumstances. Actual results may differ from these estimates as the facts, circumstances and conditions may experience change or as a result of different assumptions.

Our management team considers the following factors in reviewing the respective consolidated financial information:

- the selection of critical accounting policies; and

- the judgments and other uncertainties affecting the application of those critical accounting policies.

The selection of critical accounting policies, the judgments and other uncertainties affecting the application of those policies, as well as the sensitivity of reported results to changes in conditions and assumptions, are all factors to be considered when reviewing our audited and unaudited financial information. The following discussion addresses the accounting policies that require subjective and complex judgment, often as a result of the need to make estimates.

Useful lives and depreciation of vessels

Our management determines the estimated useful lives and related depreciation charges for our 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. The management will increase the depreciation charge where useful lives are less than previously estimated lives, or we will write down technically obsolete or non-strategic assets that have been abandoned or sold. Our senior management assessed the scrap value according to the characteristics of our vessels and the market research from Clarkson and Demolition Market.

We determine 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 our 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.

Provision for losses occurred in accidents

Provision for losses incurred in 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 future is different 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 has been changed.

Certain Items of Statement of Comprehensive Income

Operating revenue

We engage in and generate all of our revenue from our operation in the dry-bulk shipping and transportation related businesses. The following table sets forth the sources of our external revenue according to our operating segments, after elimination of inter-segment sales, for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2010		2011		2012		2012		2013	
	USD'000	%	USD'000	%	USD'000	%	USD'000	%	USD'000	%
Operating revenue										
Hire revenue	154,672	80.7	224,607	87.4	241,529	85.1	118,924	85.0	121,558	89.3
Freight revenue	30,646	16.0	23,090	9.0	33,670	11.8	16,522	11.8	10,638	7.8
Vessel management revenue	3,681	1.9	3,388	1.3	3,358	1.2	1,672	1.2	1,645	1.2
Other operating revenue	2,653	1.4	5,858	2.3	5,373	1.9	2,840	2.0	2,309	1.7
Total	191,652	100.0	256,943	100.0	283,930	100.0	139,958	100.0	136,150	100.0

During the relevant periods, we generated hire revenue from chartering our vessels on time charters ranging from six months to 18 years and, to a lesser extent, on time charters on trip basis. Under our time charters, the charterer typically pays us a fixed daily charter hire rate. The significant growth of our hire revenue during the relevant periods was primarily due to the expansion of our business operations, in particular the addition of new owned vessels on time charters.

We also generated freight revenue by placing our self-operated vessels on shorter-term voyage charters, where we charge freight based on the type and volume of cargo actually loaded on board the vessel. The change of our freight revenue during the relevant periods was primarily relating to the number of our self-operated vessels on voyage charters as well as the market conditions in dry-bulk shipping sector.

We handle all aspects of vessel management services for our fleet in-house. In addition, we generated vessel management revenue from vessel management services to third parties. Our services include technical management, crew management and insurance arrangement as well as other commercial services such as obtaining vessel charter and negotiating charter hire rate.

We also generated other operating revenue from the receipt of demurrage charged on voyage charterers, telecommunication charges, insurance claim payments and other miscellaneous service income during the relevant periods.

Our revenue on a consolidated basis is presented after elimination of inter-segment sales. As a result, only income generated from sales made to external customers are accounted for as our revenue. Our inter-segment sales during the relevant period mainly derived from the ship management services provided by our vessel management operations to our time charter and voyage charter operations.

Operating costs

Under our time charters, the charterer bear all voyage expenses, including the cost of fuel oil, port and canal charges. On the other hand, under voyage charters, we as vessel owners are responsible for the voyage expenses.

We remain responsible for the technical operation and navigation of the vessel and vessel operating expenses for our owned fleet under both time charter and voyage charter, including the crew wages, insurance, repairing and maintaining the vessels, the costs of lubricants, consumable materials and parts, tonnage taxes and other miscellaneous expenses.

We also pay commissions to unaffiliated ship brokers and to in-house brokers associated with the charterer for the relevant charter arrangements. Such commissions generally range from 1.0% to 3.75% of the total daily charter or per tonne rate of each charter. We believe that the amount and the structures of the commissions we paid are consistent with industry practice.

The following table sets forth a breakdown of our operating costs by type during the relevant periods:

	For the year ended December 31,						Six months ended June 30,			
	2010		2011		2012		2012		2013	
	USD'000	%	USD'000	%	USD'000	%	USD'000	%	USD'000	%
Cost of materials	29,318	23.5	34,537	21.5	44,087	22.3	20,881	22.3	21,737	20.4
Expenses for chartering services	12,589	10.1	11,005	6.8	11,745	5.9	5,939	6.3	5,504	5.2
Wages and personnel expenses	35,621	28.6	48,010	29.9	56,288	28.4	27,157	28.9	30,747	28.8
Depreciation expenses	43,802	35.1	62,412	38.8	80,006	40.4	37,174	39.6	45,389	42.6
Other operating costs	3,409	2.7	4,832	3.0	5,883	3.0	2,728	2.9	3,226	3.0
Operating Costs	124,739	100%	160,796	100%	198,009	100%	93,879	100%	106,603	100%

Cost of materials consist primarily the cost of fuel oil and lubricants, cost of spare parts and consumable materials, and to a lesser extent, repair and maintenance costs, survey fees, cost of paints, postage and communication costs and others.

Expenses for chartering services include primarily commissions, expenses at ports, agency costs, chartering expenses and dispatch expenses.

Wages and personnel expenses include primarily crew wages, insurance premium for our personnel, cost of food and meals, crew travel expenses, pension costs and bonuses to crew and others.

Depreciation expenses primarily consist of depreciation relating to vessel costs, dry-docking, vessel equipment and leased assets. Our vessels and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost also includes the cost of replacing part of vessels and equipment. All major components of our vessels are depreciated on a straight-line basis over the useful life of assets. Depreciation is based on cost less the estimated residual value. We also have a long-term plan for dry-docking for our fleet. Dry-docking is capitalized and depreciated until the next planned dry-docking. Other capitalized improvements on vessel or equipment are depreciated over the estimated economic life. We expect depreciation expenses will continue to increase as a result of the planned expansion of our owned fleet.

Other operating costs include hull and machinery insurance, lease payments, compensations and others.

Gross profit and Gross profit margin

Our gross profit is operating revenue less operating costs for the same period. Our gross profit for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013 was US$66.9 million, US$96.1 million, US$85.9 million and US$29.5 million, respectively. Our gross profit margin during the same periods was 34.9%, 37.4%, 30.3% and 21.7%, respectively. The change in our gross profit margin in the relevant periods was primarily relating to (i) the addition of new vessels, which were employed at different charter hire rate or freight rate, (ii) the expiration and renewal of our time charter contracts, pricing of which was determined by the prevailing shipping market conditions and (iii) the worsening market condition of dry bulk shipping during the past few years.

Operating expenses

Operating expenses consist primarily of salary and wages and travel expenses for our administrative staff, office rental, third-party service fees and other miscellaneous administrative expenses. For the years ended December 31, 2010, 2011 and 2012, our operating expenses remained at a stable level of US$4.3 million, US$4.3 million and US$4.3 million, respectively. In addition, for the six months ended June 30, 2013, our operating expenses were US$2.5 million. However, our administrative expenses as a percentage to our total operating revenue remained relatively stable during the relevant periods, primarily as a result of our efforts to enhance operating efficiencies.

Other income and losses

Our other income and losses consist of non-operating income and gains and non-operating expenses and losses. Our non-operating income and gains consist of interest income, gain on disposal of fix assets, foreign exchange gain, gain on valuation of financial instruments at fair value through profit or loss and others. Our non-operating expenses and losses consist of interest expenses, investment losses, foreign exchange loss, impairment losses, loss on valuation of financial instruments at fair value through profit or loss and others. For the years ended December 31, 2010, 2011 and 2012, our total other losses were US$26.5 million, US$22.9 million and US$8.7 million, respectively. For the six months ended June 30, 2013, our total other income was US$3.5 million.

We received interest income on our short-term and long-term interest-bearing bank deposits of US$0.9 million, US$1.2 million, US$1.0 million and US$1.2 million for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively.

Our interest expenses primarily consist of interest and administrative fees charged on our interest-bearing bank borrowings and amortized costs on liability component portion of our convertible bonds. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, our interest expenses were US$9.9 million, US$17.0 million, US$22.5 million and US$10.6 million, respectively, such increase was mainly as a result of the increase in our bank financings for the acquisition of vessels.

We also disposed certain vessels in the relevant periods and recorded gains on disposal of fixed assets from relevant transactions of US$605, US$2.5 million, US$1.0 million and US$3.3 million for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively.

Our foreign exchange gain or loss mainly reflects the depreciation or appreciation of Japanese yen, respectively, against US dollar relating to our bank deposits, financial assets, bank loans and lease payables. We recorded foreign exchange loss of US$3.8 million and US$6.4 million in the year ended December 31, 2010 and 2011, respectively. We recorded foreign exchange gain in the year ended December 31, 2012 of US$8.3 million and in the six months ended June 30, 2013 of US$6.9 million, respectively.

Our gain or loss on valuation of financial instruments at fair value through profit or loss was primarily relating to forward and currency option contracts as well as dual currency financial instruments and as a result of the depreciation or appreciation of Japanese yen against US dollar, respectively. Our loss on valuation of financial instruments at fair value through profit or loss was US$12.9 million and US$3.3 million for the years ended December 31, 2010 and 2011, respectively. Our gain on valuation of financial instruments at fair value through profit or loss for the year ended December 31, 2012 and the six months ended June 30, 2013 was US$2.5 million and US$1.3 million, respectively.

We recognized impairment losses of US$1.3 million in 2010, which was attributable to the recognition of losses in connection with the proposed sale of a motor vessel.

We incurred investment losses of approximately US$13,056 in 2011, which was attributable to disposal of certain shares of a listed company we held for long-term investment.

We had other income and gains of US$1.0 million, US$0.3 million, US$1.3 million and US$1.5 million in the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively, which primarily consist of compensation received from other parties due to their breach of contracts, including certain shipyard and charterers.

We had other expenses and losses of US$0.4 million, US$0.4 million, US$0.3 million and US$0.04 million in the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively, which primarily related to failure to collect certain receivables on bunker fuel costs.

Income tax expenses

Income tax expenses represent amounts of corporate income tax paid by us. We are not subject to any tax in the Cayman Islands and the Republic of Panama during the relevant periods, except for our subsidiaries incorporated in Taiwan, Wisdom Marine International Inc. and Well Shipmanagement and Maritime Consultant Co., Ltd. The statutory income tax rate for such two subsidiaries is 17%.

We had income tax benefit of US$1,413 in 2010. Our income tax expenses for the years ended December 31, 2011 and 2012, respectively, were US$1,012 and US$52,738, which imply an effective tax rate of 0.0015% and 0.0724%.

Consolidated Results of Operations

The following table sets forth, for the periods indicated, information relating to certain income and expenses items from our consolidated statements of comprehensive income:

	Year ended December 31,						Six months ended June 30,			
	2010		2011		2012		2012		2013	
	USD'000	%	USD'000	%	USD'000	%	USD'000	%	USD'000	%
Operating revenue	191,652	100.0	256,943	100.0	283,930	100.0	139,958	100.0	136,150	100%
Cost of materials	29,318	15.3	34,537	13.4	44,087	15.5	20,881	14.9	21,737	16.0
Expenses for hired services	12,589	6.6	11,005	4.3	11,745	4.1	5,939	4.3	5,504	4.0
Wages and personnel expenses	35,621	18.6	48,010	18.7	56,288	19.8	27,157	19.4	30,747	22.6
Depreciation expenses	43,802	22.8	62,412	24.3	80,006	28.2	37,174	26.6	45,389	33.3
Other operating costs	3,409	1.8	4,832	1.9	5,883	2.1	2,728	2.0	3,226	2.4
Operating Costs	124,739	65.2	160,796	62.6	198,009	69.7	93,879	67.2	106,603	78.3
Gross profit from operation	66,913	34.9	96,147	37.4	85,921	30.3	46,079	32.8	29,547	21.7
Operating expenses	4,267	2.2	4,317	1.7	4,325	1.6	1,969	1.4	2,464	1.8
Profit from operating activities	62,646	32.7	91,830	35.7	81,596	28.7	44,110	31.4	27,083	19.9
Interest income	880	0.5	1,249	0.5	1,033	0.4	606	0.4	1,203	0.9
Interest expenses	(9,938)	(5.2)	(16,960)	(6.6)	(22,475)	(7.9)	(10,409)	(7.4)	(10,646)	(7.8)
Gain on disposal of fixed assets	1	0.0	2,527	1.0	993	0.4	993	0.7	3,290	2.4
Foreign exchange gain	—	—	—	—	8,321	2.9	2,863	2.1	6,903	5.1
Foreign exchange loss	(3,842)	(2.0)	(6,361)	(2.4)	—	—	—	—	—	—
Gain on valuation of financial instruments at fair value through profit or loss	—	—	—	—	2,451	0.9	3,174	2.2	1,254	0.9
Loss on valuation of financial instruments at fair value through profit or loss	(12,945)	(6.8)	(3,273)	(1.3)	—	—	—	—	—	—
Impairment losses	(1,331)	(0.7)	—	—	—	—	—	—	—	—
Investment losses	—	—	(13)	(0.0)	—	—	—	—	—	—
Others income and gains	1,038	0.5	344	0.1	1,291	0.5	661	0.5	1,541	1.1
Other expenses and losses	(407)	(0.2)	(419)	(0.2)	(323)	(0.1)	(188)	(0.1)	(45)	(0.0)
Total other income and losses	(26,544)	(13.9)	(22,906)	(8.9)	(8,709)	(3.0)	(2,300)	(1.6)	3,500	2.6
Profit before income tax	36,102	18.8	68,924	26.8	72,887	25.7	41,810	29.8	30,583	22.5
Income tax expenses/(benefit)	(1)	0.0	1	0.0	52	0.0	41	0.0	—	—
Profit for the year/period	36,103	18.8	68,923	26.8	72,835	25.7	41,769	29.8	30,583	22.5

Six Months ended June 30, 2013 Compared to Six Months ended June 30, 2012

Operating revenue

Our operating revenue decreased by 2.7% from US$140.0 million for the six months ended June 30, 2012 to US$136.2 million for the six months ended June 30, 2013, primarily as a result of decrease in our freight revenue from voyage charters in the first half of 2013 of US$5.9 million.

Our hire revenue from time charters increased by 2.3% from US$118.9 million for the six months ended June 30, 2012 to US$121.6 million for the six months ended June 30, 2013, mainly attributable to the expansion of our fleet under time charter. Such increase was partly offset by a decrease in the average daily charter hire rate for our time charters due to newly entered or renewed time charters after the first half of 2012, when the prevailing time charter rate in the dry-bulk shipping market continued to experience a declining trend.

Our freight revenue from voyage charters decreased by 35.8% from US$16.5 million for the six months ended June 30, 2012 to US$10.6 million for the six months ended June 30, 2013. Such decrease was primarily attributable to a decrease in the average freight rate for our voyage charters entered after the first half of 2012.

Our vessel management revenue for the six months ended June 30, 2012 and 2013 remained at a stable level of US$1.7 million and US$1.6 million, respectively.

Our other operating revenue decreased by 17.9% from US$2.8 million for the six months ended June 30, 2012 to US$2.3 million for the six months ended June 30, 2013.

Operating costs

Our operating costs increased by 13.5% from US$93.9 million for the six months ended June 30, 2012 to US$106.6 million for the six months ended June 30, 2013, which primarily due to an increase in depreciation expenses of US$8.2 million and an increase in wages and personnel expenses of US$3.6 million in the first half of 2013.

Our cost of materials increased by 3.8% from US$20.9 million for the six months ended June 30, 2012 to US$21.7 million for the six months ended June 30, 2013. Such increase was primarily due to an increase in costs for materials and spare parts. Such increase was partly offset by a decrease in lower average costs for fuel and lubricant as a result of volume discount provided by our suppliers when our purchase volume increased along with our fleet expansion.

Our expenses for hired service decreased by 6.8% from US$5.9 million for the six months ended June 30, 2012 to US$5.5 million for the six months ended June 30, 2013, as a result of (i) a decrease in expenses at ports corresponding to a decrease in trading frequency of vessels on voyage charters and (ii) a decrease in chartering expenses due to a decrease in our charter-in vessels through time charters.

Our wages and personnel expenses increased by 12.9% from US$27.2 million for the six months ended June 30, 2012 to US$30.7 million for the six months ended June 30, 2013. Such increase was primarily due to an increase of the number of our crew as a result of the expansion of our fleet.

Our depreciation expenses increased by 22.0% from US$37.2 million for the six months ended June 30, 2012 to US$45.4 million for the six months ended June 30, 2013, primarily due to the expansion of our fleet.

Our other operating costs increased by 18.5% from US$2.7 million for the six months ended June 30, 2012 to US$3.2 million for the six months ended June 30, 2013. Such increase was primarily due to (i) an increase in premium for hull and machinery insurance as a result of the expansion of our fleet and (ii) an increase in other miscellaneous operating costs.

Gross profit from operation and gross profit margin

Gross profit decreased by 36.0% from US$46.1 million for the six months ended June 30, 2012 to US$29.5 million for the six months ended June, 2013. Our overall gross profit margin decreased from 32.9% for the six months ended June 30, 2012 to 21.7% for the six months ended June 30, 2013. Such change was primarily due to a decrease in the average daily charter hire rate for our newly entered or renewed time charters after the first half of 2012, when the prevailing time charter rate in the dry-bulk shipping market continued to experience a declining trend.

Operating expenses

Our operating expenses increased from US$2.0 million for the six months ended June 30, 2012 to US$2.5 million for the six months ended June 30, 2013, primarily due to (i) an increase in tonnage and other taxes incurred relating to our new vessels and (ii) the write-off of certain account receivables in connection with uncollectable demurrage charges.

Other income and losses

We had other losses of US$2.3 million for the six months ended June 30, 2012 and other income of US$3.5 million for the six months ended June 30, 2013. Such change was primarily because an increase in our foreign exchange gain from US$2.9 million for the first half of 2012 to US$6.9 million for the first half of 2013 and, to a lesser extent, an increase in our gain on disposal of fixed asset from US$1.0 million for the first half of 2012 to US$3.3 million for the first half of 2013.

Our interest income increased by 100.0% from US$0.6 million for the six months ended June 30, 2012 to US$1.2 million for the six months ended June 30, 2013, primarily as a result of an increase in our average outstanding balance of interest-bearing deposits in the first half of 2013.

Our interest expenses increased slightly from US$10.4 million for the six months ended June 30, 2012 to US$10.6 million for the six months ended June 30, 2013. Such increase was primarily due to an increase in the average outstanding balance of interest-bearing bank borrowings in 2012 as a result of additional financing for new vessels.

Our gains on disposal of fixed assets increased significantly from US$1.0 million for the six months ended June 30, 2012 to US$3.3 million for the six months ended June 30, 2013, primarily due to our disposal of two vessels in the first half of 2013.

Our foreign exchange gain increased by 137.9% from US$2.9 million for the six months ended June 30, 2012 to US$6.9 million for the six months ended June 30, 2013. Such increase primarily reflected the depreciation of Japanese yen against US dollar relating to our bank deposits, financial assets, bank loans and lease payables denominated in Japanese yen.

Our gain on valuation of financial instruments at fair value through profit or loss decreased by 61.3% from US$3.2 million for the six months ended June 30, 2012 to US$1.3 million for the six months ended June 30, 2013. Such decrease primarily reflected the valuation of certain currency option contracts to buy Japanese Yen when Japanese Yen continued to depreciate in the first half of 2013.

Our other income and gains increased from US$0.7 million for the six months ended June 30, 2012 to US$1.5 million for the six months ended June 30, 2013, primarily relating to compensation received from other parties due to their breach of contracts.

Our other expenses and losses for the six months ended June 30, 2012 and 2013 were US$0.2 million and US$0.04 million, respectively.

Profit for the period

As a result of the foregoing factors, our profit for the period decreased by 26.8% from US$41.8 million for the six months ended June 30, 2012 to US$30.6 million for the six months ended June 30, 2013.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Operating revenue

Our operating revenue increased by 10.5% from US$256.9 million for the year ended December 31, 2011 to US$283.9 million for the year ended December 31, 2012, primarily as a result of an increase in our hire revenue from time charters in 2012 of US$16.9 million. To a lesser extent, the increase of US$10.6 million in our freight revenue from voyage charters in 2012 also contributed to our overall revenue increase.

Our hire revenue from time charters increased by 7.5% from US$224.6 million in 2011 to US$241.5 million in 2012, mainly attributable to the expansion of our fleet under time charters. Such increase was partly offset by a decrease in the average daily charter hire rate for our time charters due to newly entered or renewed time charters in 2012, when the prevailing time charter rate in the dry-bulk shipping market was relatively lower than that in 2011.

Our freight revenue from voyage charters increased by 45.9% from US$23.1 million in 2011 to US$33.7 million in 2012. Such increase was primarily attributable to an increase of the total number of our self-operated vessels on voyage charters.

Our vessel management revenue for the years ended December 31, 2011 and 2012 remained at a stable level of US$3.4 million and US$3.4 million, respectively.

Our other operating revenue decreased by 8.5% from US$5.9 million in 2011 to US$5.4 million in 2012.

Operating costs

Our operating costs increased by 23.1% from US$160.8 million for the year ended December 31, 2011 to US$198.0 million for the year ended December 31, 2012, which primarily due to an increase in depreciation expenses of US$17.6 million, an increase in cost of materials of US$9.6 million and an increase in wages and personnel expenses of US$8.3 million in 2012.

Our cost of materials increased by 27.8% from US$34.5 million in 2011 to US$44.1 million in 2012. Such increase was primarily due to an increase in the costs for fuel and lubricants as a result of an increase in number of vessels on voyage charters, under which we bore costs of bunker fuel.

Our expenses for hired service increased by 6.4% from US$11.0 million in 2011 to US$11.7 million in 2012, as a result of an increase in expenses at ports and commissions corresponding to an increase in number of vessels on voyage charters. Such increase was partly offset by a decrease in chartering expenses for our charter-in vessels through time charters.

Our wages and personnel expenses increased by 17.3% from US$48.0 million in 2011 to US$56.3 million in 2012. Such increase was primarily due to an increase of the number of our crew and employees as a result of the expansion of our fleet.

Our depreciation expenses increased by 28.2% from US$62.4 million in 2011 to US$80.0 million in 2012, primarily due to the expansion of our fleet.

Our other operating costs increased by 22.9% from US$4.8 million in 2011 to US$5.9 million in 2012. Such increase was primarily due to (i) an increase in premium for hull and machinery insurance as a result of the expansion of our fleet and (ii) the incurrence of certain uncollectable demurrage charges and deductibles we bore under insurance claims.

Gross profit from operation and gross profit margin

Gross profit decreased by 10.6% from US$96.1 million for the year ended December 31, 2011 to US$85.9 million for the year ended December 31, 2012. Our overall gross profit margin decreased from 37.4% for the year ended December 31, 2011 to 30.3% for the year ended December 31, 2012. Such change was primarily due to (i) an increase in contribution from our voyage charter business, under which we have a different cost structure and lower profit margin as compared to time charter business, and (ii) a decrease in the average daily charter hire rate for our time charters due to newly entered or renewed time charters in 2012, when the prevailing time charter rate in the dry-bulk shipping market was relatively lower than that in 2011.

Operating expenses

Our operating expenses remained relatively stable and were US$4.3 million and US$4.3 million for the years ended December 31, 2011 and 2012, respectively, primarily due to our efforts to enhance operating efficiencies.

Other income and losses

Our total other losses decreased by 62.0% from US$22.9 million for the year ended December 31, 2011 to US$8.7 million for the year ended December 31, 2012. Such decrease was primarily because we incurred foreign exchange gain of US$8.3 million in 2012 and foreign exchange loss of US$6.4 million in 2011. We also incurred gain on valuation of financial instruments at fair value through profit or loss of US$2.5 million in 2012 and loss on valuation of financial instruments at fair value through profit or loss of US$3.3 million in 2011.

Our interest income decreased by 16.7% from US$1.2 million for the year ended December 31, 2011 to US$1.0 million for the year ended December 31, 2012, primarily as a result of (i) a decrease in our average outstanding balance of interest-bearing deposits in 2012 and (ii) a decrease in interest rate.

Our interest expenses increased by 32.4% from US$17.0 million for the year ended December 31, 2011 to US$22.5 million for the year ended December 31, 2012. Such increase was primarily due to an increase in the average outstanding balance of interest-bearing bank borrowings in 2012 as a result of additional financing for new vessels.

Our gains on disposal of fixed assets decreased by 60.0% from US$2.5 million for the year ended December 31, 2011 to US$1.0 million for the year ended December 31, 2012. Such change was a result of our disposal of one vessel in 2012 as compared to our disposal of two vessels in 2011.

We recorded foreign exchange gain of US$8.3 million for the year ended December 31, 2012 and foreign exchange loss of US$6.4 million for the year ended December 31, 2011. Such gain and loss primarily reflected the depreciation and appreciation of Japanese yen, respectively, against US dollar relating to our bank deposits, financial assets, bank loans and lease payables denominated in Japanese yen in 2012 and 2011.

We recorded gain on valuation of financial instruments at fair value through profit or loss of US$2.5 million for the year ended December 31, 2012. Such gains primarily reflected the depreciation of Japanese yen against US dollar relating to our forward and currency option contracts.

We recorded loss on valuation of financial instruments at fair value through profit or loss of US$3.3 million for the year ended December 31, 2011. Such losses primarily reflected the appreciation of Japanese yen against US dollar mainly relating to the fair value of our forward and currency option contracts as well as dual currency financial instruments.

We incurred investment losses on one-off basis for the year ended December 31, 2011, primarily attributable to the disposal of certain shares of a listed company we held for long-term investment.

Our other income and gains increased by 333.3% from US$0.3 million for the year ended December 31, 2011 to US$1.3 million for the year ended December 31, 2012, primarily relating to the compensation paid by two charterers for breach of contract in 2012.

Our other expenses and losses for the years ended December 31, 2011 and 2012 were US$0.4 million and US$0.3 million, respectively.

Income tax expenses

Income tax expenses increased from US$1,012 for the year ended December 31, 2011 to US$52,738 in 2012, primarily due to an increase in income tax expenses of our subsidiary incorporated in Taiwan, Wisdom Marine International Inc.

Profit for the year

As a result of the foregoing factors, our profit for the year increased by 5.7% from US$68.9 million for the year ended December 31, 2011 to US$72.8 million for the year ended December 31, 2012.

Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

Operating revenue

Our operating revenue increased by 34.0% from US$191.7 million for the year ended December 31, 2010 to US$256.9 million for the year ended December 31, 2011, primarily as a result of an increase in our hire revenue from time charters in 2011 of US$69.94 million in 2011.

Our hire revenue from time charters increased by 45.2% from US$154.7 million in 2010 to US$224.6 million in 2011, mainly attributable to the expansion of our fleet under time charters. Such increase was partly offset by a decrease in the average daily charter hire rate for our time charters due to newly entered or renewed time charters in 2011, when the prevailing time charter rate in the dry-bulk shipping market was relatively lower than that in 2010.

Our freight revenue from voyage charters decreased by 24.5% from US$30.6 million in 2010 to US$23.1 million in 2011, primarily attributable to a decrease in the number of our vessels on voyage charters in 2011.

Our vessel management revenue in 2011 decreased by 8.1% from US$3.7 million in 2010 to US$3.4 million in 2011. Such decrease was because that we stop providing management service in connection with supervising the construction of newbuildings for third parties since 2011.

Our other operating revenue increased by 118.5% from US$2.7 million in 2010 to US$5.9 million in 2011. Such increase was primarily due to the expansion of our fleet.

Operating costs

Our operating costs increased by 28.9% from US$124.7 million for the year ended December 31, 2010 to US$160.8 million for the year ended December 31, 2011, which primarily due to an increase in depreciation expenses of US$18.6 million, an increase in wages and personnel expenses of US$12.4 million and an increase in cost of materials of US$5.2 million in 2011.

Our cost of materials increased by 17.7% from US$29.3 million in 2010 to US$34.5 million in 2011. Such increase was primarily due to an increase in costs for spare parts and consumable materials and costs for fuel and lubricant as a result of the expansion of our fleet.

Our expenses for hired service decreased by 12.7% from US$12.6 million in 2010 to US$11.0 million in 2011, primarily as a result of a significant decrease in chartering expenses as we charted in two vessels in 2010 and only one vessel in 2011.

Our wages and personnel expenses increased by 34.8% from US$35.6 million in 2010 to US$48.0 million in 2011. Such increase was primarily due to an increase in the number of our crew and employees as a result of the expansion of our fleet.

Our depreciation expenses increased by 42.5% from US$43.8 million in 2010 to US$62.4 million in 2011. Such increase was primarily due to the expansion of our fleet.

Our other operating costs increased by 41.2% from US$3.4 million in 2010 to US$4.8 million in 2011. Such increase was primarily due to (i) an increase in premium for hull and machinery insurance as a result of the expansion of our fleet and (ii) an increase in compensation attributable to deductibles we bore under insurance claims.

Gross profit from operation and gross profit margin

Gross profit increased by 43.6% from US$66.9 million for the year ended December 31, 2010 to US$96.1 million for the year ended December 31, 2011. Our overall gross profit margin increased from 34.9% for the year ended December 31, 2010 to 37.4% for the year ended December 31, 2011. Such change was primarily due to the expansion of our fleet and an increased number of vessels on time charters at favorable charter hire rates.

Operating expenses

Our operating expenses remained relatively stable and were US$4.3 million and US$4.3 million for the years ended December 31, 2010 and 2011, respectively, primarily due to our efforts to enhance operating efficiencies.

Other income and losses

Our total other losses decreased by 13.6% from US$26.5 million for the year ended December 31, 2010 to US$22.9 million for the year ended December 31, 2011. Such decrease was primarily due to a decrease in our loss on valuation of financial instruments at fair value through profit or loss.

Our interest income increased by 33.3% from US$0.9 million for the year ended December 31, 2010 to US$1.2 million for the year ended December 31, 2011, primarily as a result of an increase in the average balance of our interest-bearing time deposits and debt securities held for investment.

Our interest expenses increased by 71.7% from US$9.9 million for the year ended December 31, 2010 to US$17.0 million for the year ended December 31, 2011, primarily due to an increase in the average outstanding balance of our interest-bearing bank borrowings in 2011 as a result of additional financing for new vessels.

Our gain on disposal of fixed assets increased significantly from US$605 in 2010 to US$2.5 million in 2011, primarily due to our disposal of two vessels in 2011.

Our foreign exchange loss increased by 68.4% from US$3.8 million for the year ended December 31, 2010 to US$6.4 million for the year ended December 31, 2011. Such changes primarily reflected the appreciation of Japanese yen against US dollar relating to our bank deposits, financial assets, bank loans and lease payables denominated in Japanese yen.

Our loss on valuation of financial instruments at fair value through profit or loss decreased by 74.4% from US$12.9 million for the year ended December 31, 2010 to US$3.3 million for the year ended December 31, 2011. Such changes primarily reflected the appreciation of Japanese yen against US dollar mainly relating to the fair value of our forward and currency option contracts as well as dual currency financial instruments.

We recognized impairment losses of US$1.3 million in 2010, which was attributable to the recognition of losses in connection with the proposed sale of a motor vessel.

We incurred investment losses on one-off basis for the year ended December 31, 2011, primarily attributable to the disposal of certain shares of a listed company we held for long-term investment.

Our other income and gains decreased from US$1.0 million for the year ended December 31, 2010 to US$0.3 million for the year ended December 31, 2011, primarily as a result of the one-off compensation we received in 2010 from certain shipyard for failure to meet delivery time.

Our other expenses and losses remained at same level of US$0.4 million for the years ended December 31, 2010 and 2011, respectively.

Income tax expenses

We had income tax benefit of US$1,413 for the year ended December 31, 2010 and we had income tax expenses of US$1,012 for the year ended December 31, 2011. The change was primarily due to the tax benefit recognized in 2010 relating to retirement pension deflation expenses.

Profit for the year

As a result of the foregoing factors, our profit for the year increased by 90.9% from US$36.1 million for the year ended December 31, 2010 to US$68.9 million for the year ended December 31, 2011.

Liquidity and Capital Resources

Our primary uses of cash are to satisfy our capital expenditure needs, including but limited to purchase of new vessels, to repay borrowings and to fund operating cost and our working capital. We have historically financed our working capital and capital expenditure needs primarily through borrowings from banking institutions, proceeds from convertible bond issuances, cash generated from operating activities and capital contributions.

Our ability to expand through the acquisition of new vessels has been largely dependent upon, and will continue to depend upon, our ability to obtain sufficient funding. If adequate financings are not available, whether on satisfactory terms or at all, we may be forced to curtail our expansion plan. In addition, our ability to meet our working capital needs from cash flows from operating activities will be affected by demands for our vessels and services, which in turn may be affected by other factors that are beyond our control, such as economic downturns and the shipping market conditions. If we do not generate sufficient cash flow from our operations to meet our working capital and liquidity requirements, we may rely on external borrowings and debt or equity securities offerings.

As of June 30, 2013, we had US$27.0 million in cash and cash equivalents. As of June 30, 2013, our total outstanding borrowings amounted to US$1,290.3 million, comprising short-term borrowings and long-term borrowings (including both current and non-current portions) and convertible bonds payable in the amount of US$26.6 million, US$1,246.8 million and US$16.8 million, respectively. Our unused credit facilities as of June 30, 2013 amounted to US$178.5 million. See "— Cash Flow" and "— Indebtedness" as below for more information.

Cash Flow

The following table is a condensed summary of our audited and unaudited consolidated cash flow statements for the periods indicated:

	Year ended December 31,			Six months ended June 30	
	2010	2011	2012	2012	2013
	USD'000	USD'000	USD'000	USD'000	USD'000
Cash and cash equivalents at beginning of the year/period	15,770	26,168	30,186	30,186	29,138
Net cash generated from/ (used) in operating activities	94,164	133,552	147,533	73,360	68,705
Net cash used in investing activities	(549,623)	(414,526)	(450,818)	(213,177)	(144,796)
Net cash provided by financing activities	504,911	303,917	311,791	161,348	61,884
Foreign exchange rate effects	(39,054)	(18,925)	(9,554)	(3,871)	12,115
Net increase/(decrease) in cash and cash equivalents	10,398	4,018	(1,048)	17,660	(2,092)
Cash and cash equivalents at end of the year/period	26,168	30,186	29,138	47,846	27,046

Cash flow from operating activities

We derive our cash generated from operating activities principally from the receipt of payments for time charter and voyage charter operations. Our cash used in operating activities is principally for expanding our fleet, maintenance and repairing of our vessels and other voyage operating expenses.

For the six months ended June 30, 2013, we had net cash generated from operating activities of US$68.7 million, primarily attributable to our net profit for the period of US$30.6 million, and non-cash depreciation and amortization charge of US$45.4 million. This was partly offset by (i) recognition of gain on disposal of property, plant and equipment of US$3.3 million in connection with vessel disposals and (ii) a decrease in advance receipts of US$2.2 million due to changes in time charter rate and increase in voyage charters.

For the year ended December 31, 2012, we had net cash generated from operating activities of US$147.5 million, primarily attributable to our net profit for the year of US$72.8 million, non-cash depreciation and amortization charge of US$80.1 million and advance receipts of US$6.9 million under time charters. This was partly offset by a decrease in financial liabilities at fair value through profit or loss of US$6.3 million relating to certain currency hedging contracts and an increase of US$2.4 million in our inventories of bunker fuel.

For the year ended December 31, 2011, we had net cash generated from operating activities of US$133.6 million, primarily attributable to our net profit for the year of US$68.9 million, the non-cash depreciation and amortization charge of US$62.5 million and recognition of non-cash loss on valuation of financial instruments at fair value through profit and loss of US$3.3 million. This was partly offset by loss on disposal of certain vessels of US$2.5 million.

For the year ended December 31, 2010, we had net cash generated from operating activities of US$94.2 million, primarily attributable to our profit for the year of US$36.1 million, the non-cash depreciation and amortization charge of US$43.9 million and recognition of non-cash loss on valuation of financial instruments at fair value through profit and loss of US$14.3 million. This was partly offset by an increase of US$4.8 million in our prepaid expenses and a decrease in financial liabilities at fair value through profit or loss of US$4.6 million relating to certain currency hedging contracts.

Cash flow from investing activities

Our cash used in investing activities is principally for the payment for acquisition of vessels, equipment and machinery.

For the six months ended June 30, 2013, we had net cash used in investing activities of US$144.8 million. This was mainly attributable to cash used in acquisition of property, plant and equipment of US$161.6 million, which consist primarily purchase costs for vessels. These cash outflows were partially offset by (i) the proceeds from disposal of property, plant and equipment of US$12.6 million in connection with the disposal of two vessels and (ii) increase of US$6.9 million in the first half of 2013 in our other financial assets, primarily consist financial assets we pledged under secured bank loans.

For the year ended December 31, 2012, we had net cash used in investing activities of US$450.8 million. This was mainly attributable to cash used in acquisition of property, plant and equipment of US$465.0 million, which consist primarily purchase costs for vessels and, to a lesser extent, increase in long-term lease receivables of US$25.0 million, which are due over one year. These cash outflows were partially offset by decrease of US$30.3 million in 2012 in our other financial assets, primarily consist security deposits we paid relating to leases for vessels.

For the year ended December 31, 2011, we had net cash used in investing activities of US$414.5 million. This was mainly attributable to cash used in acquisition of property, plant and equipment and other assets of US$401.1 million, which consist primarily purchase costs for vessels and, to a lesser extent, the increase in other financial assets of US$25.4 million, which primarily consist security deposits we paid relating to leases for vessels. These cash outflows were partially offset by proceeds from disposal of property, plant and equipment, primarily consist of vessels, of US$15.1 million.

For the year ended December 31, 2010, we had net cash used in investing activities of US$549.6 million. This was mainly attributable to cash used in acquisition of property, plant and equipment, and other assets of US$539.9 million, which consist primarily purchase costs for vessels and, to a lesser extent, increase in available for sale financial assets of US$4.9 million, which primarily consist acquisitions of bond we held for investment.

Cash flow from financing activities

We derive our cash generated from financing activities principally from proceeds from bank borrowings and convertible bonds, cash received from capital increase, and interest received on interest-bearing bank deposits. Our cash used in financing activities is principally for repayment of bank loans and dividend distributions.

For the six months ended June 30, 2013, we had net cash provided by financial activities of US$61.9 million, which mainly consists of increase in long-term borrowings of US$56.7 million and, to a lesser extent, increase in long-term account payables of US$10.1 million mainly relating to under bareboat hire and purchase arrangements. These cash flows were partially offset by the decrease in lease payables of US$2.5 million under financial leases and the decrease in guaranteed deposits received of US$1.5 million.

For the year ended December 31, 2012, we had net cash provided by financing activities of US$311.8 million, which mainly consists of increase in long-term borrowings of US$273.0 million and, to a lesser extent, increase in long-term account payables of US$41.5 million under bareboat hire and purchase arrangements and proceeds from issuance of convertible bonds of US$20.2 million. These cash inflows were partially offset by distribution of cash dividends of US$18.7 million in 2012.

For the year ended December 31, 2011, we had net cash provided by financing activities of US$303.9 million, which mainly consists of increase in long-term bank borrowings of US$279.6 million and, to a lesser extent, (i) proceeds from cash capital increase of US$27.8 million fully paid in October 2011 and (ii) increase in long-term account payables of US$13.8 million under bareboat hire and purchase arrangements. These cash inflows were partially offset by distribution of cash dividends of US$16.6 million in 2011 and decrease in our short-term borrowings of US$8.6 million.

For the year ended December 31, 2010, we had net cash provided by financing activities of US$504.9 million, which mainly consists of increase in long-term bank borrowings of US$366.2 million and, to a lesser extent, (i) proceeds from cash capital increases of US$77.5 million in connection with our initial public offering in November 2010 as well as our cash capital increase announced in 2009 and fully-paid in March 2010 and (ii) increase in lease payables of US$30.1 million under financial leases. These cash inflows were partially offset by distribution of cash dividends of US$12.3 million in 2010.

Working Capital

Working capital is critical to our financial performance and we must maintain sufficient liquidity and financial flexibility to continue our daily operations.

Our current assets primarily consist of cash and cash equivalents, inventories, notes and trade receivables, prepaid expenses as well as financial assets. Our current liabilities primarily consist of current portion of bank borrowings, accrued expenses, advanced receipts of payments, current portion of long-term accounts payable, current portion of lease payables, trade payables and other financial liabilities held for sale. As of December 31, 2010, 2011 and 2012 and June 30, 2013, we had net current liabilities, which were calculated by our current liabilities minus our current assets, of US$89.5 million, US$76.0 million, US$113.0 million and US$158.2 million, respectively.

Careful management of working capital is an important part of our operations. Short-term borrowings and current portion of long-term borrowings, principal components of our current assets, will continue to require significant amounts of working capital, particular if our business operations continue to expand. We manage our working capital by closely monitoring the level of bank borrowings as well as cash and cash equivalents. We also intend to optimize our profitability by improving operating cash flows.

Capital Expenditures

We make capital expenditures from time to time in connection with our newbuildings and vessel acquisitions as well as the acquisition of equipment and other fix assets. In addition, we will also incur capital expenditures in connection with surveys and drydockings. The following table sets forth a breakdown of our capital expenditures during the relevant periods:

	For the year ended December 31,		
	2010	**2011**	**2012**
	USD'000	**USD'000**	**USD'000**
Newbuildings and vessel acquisitions	534,137	397,157	459,211
Surveys and drydockings	5,668	3,923	5,790
Others	127	—	—
Total	548,932	401,080	465,001

We estimate that our capital expenditure will be approximately US$266.0 million and US$324.0 million for the years ended December 31, 2013 and 2014, respectively. The estimated amount of future expenditures may vary due to factors and uncertainties beyond our control. We intend to use a portion of the net proceed from the Offering and bank borrowings to fund such capital expenditures.

Indebtedness

Bank Borrowings

As of June 30 2013, we had banking facilities of US$1,273.6 million made available to us, of which US$1,273.4 million were utilized. The following table sets forth the amount of our non-current and current bank borrowings as of the dates indicated:

	As of December 31,			As of June 30,
	2010	**2011**	**2012**	**2013**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Non-current				
Long-term borrowings	750,334	1,023,649	1,182,371	1,139,760
Current				
Current portion of long-term borrowings	78,535	104,235	110,882	107,059
Short-term bank borrowings	38,046	29,493	27,177	26,587
Subtotal	116,581	133,728	138,059	133,646
Total	866,915	1,157,377	1,321,430	1,273,406

The following table sets forth maturity profile of our interest bearing bank borrowings as of the dates indicated:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
				(USD'000)
Within 1 year	116,581	133,728	138,059	133,646
Between 1-5 years	338,564	431,262	531,337	501,960
Over 5 years	411,770	592,387	652,033	637,800
Total	866,915	1,157,377	1,320,430	1,273,406

Our borrowings are denominated in US dollars or Japanese yen. Our secured bank borrowings were generally secured by our vessels and we pledge the shares of some of our subsidiaries as collateral in certain secured borrowings and contained restrictive covenants that require us to use the proceeds of such bank borrowings only to fund our capital expenditure in connection with the purchase and acquisition of vessel specified in the loan documents. The following table sets forth denominating currency and condition of our bank borrowings as of the dates indicated:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	USD'000	USD'000	USD'000	USD'000
Unsecured				
USD	8,233	12,700	19,127	20,800
JPY	13,703	21,688	19,185	13,447
Secured				
USD	145,701	155,123	325,194	376,881
JPY	699,278	967,866	956,924	862,278
Total	866,915	1,157,377	1,320,430	1,273,406

As of December 31, 2010, 2011 and 2012 and June 30, 2013, the interest rate of our loans and borrowings ranged from 0.46% to 2.44%, 0.45% to 3.69%, 0.45% to 2.89% and 0.52% to 2.78% per annum, respectively.

Convertible Bonds

On March 29, 2012, we issued unsecured zero coupon convertible bonds with an aggregate principal amount of approximately US$20.0 million (NT$600 million) denominated in New Taiwan dollars. The convertible bonds were issued at 100% of their principal amount and will mature on March 29, 2017. Holders of the convertible bonds have the right under the terms of these bonds to convert the bonds into our Common Shares from April 30, 2012 to March 29, 2017. The bondholders are entitled to a redemption option to require us to repurchase all of such bondholders' bonds at 101% of the principal amount thereof. We intend to satisfy any such payment requirement with cash flow from operating activities, bank borrowings and other sources of financing. See our financial statements attached to this Offering Memorandum for more details concerning the convertible bonds described above.

As of June 30, 2013, the outstanding principal amount of such convertible bonds was approximately US$16.8 million (NT$504 million).

As of the date of this prospectus, we are concurrently conducting an offering of up to US$60,000,000 zero coupon convertible bonds due 2018 (the "Bonds"). The Bonds will mature on November 12, 2018 at 114.06% of their principal amount. The Bonds will be our direct and unconditional obligations and will rank at least pari passu in right of payment with all our other unsecured and unsuboridnated debt, but subject to a negative pledge. The Bonds will not bear any interest. The Bonds will be convertible into our Common Shares, par value NT$10.00 per share, during the period from and including December 23, 2013 to and including November 2, 2018. Unless the Bonds have been previously redeemed, repurchased and cancelled, or converted, holders of the Bonds will have the right to require us to repurchase the Bonds at the early redemption amount on the repurchase date in the event that the Common Shares cease to be listed or admitted to trading or are suspended from trading on the TWSE for a period equal to or exceeding 30 consecutive trading days or in the event of a change of control.

Commercial Commitments and Contractual Obligations

We make contractual commitments in our ordinary course of business, primarily relating to new vessel building contracts, financial leases on our vessels, payments under sale and lease back arrangements on certain vessels. The following table sets out our major commitments as of the dates indicated:

	As of December 31,			As of June 30,
	2010	**2011**	**2012**	**2013**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Commitment relating to newbuildings	636,849	800,870	598,972	710,486
Minimum lease payment under financial lease	37,286	47,032	38,151	31,537
Bare boat hire and purchase payment	27,373	28,688	44,943	48,012

As of June 30, 2013, we had contracted for 24 new buildings, of which five new vessels, ten new vessels and nine new vessels are expected to be delivered in 2013, 2014 and 2015, respectively.

As of December 31, 2012, our contractual obligations amounted to US$2,004.6 million, arising from debt obligations, operating lease commitments and capital commitments. The following table sets forth the maturity profile of our contractual obligations as of December 31, 2012:

	Payments Due by Period			
	Total	**Less than 1 year**	**1-5years**	**More than 5 years**
				(USD'000)
Debt obligations[1]	1,320,429	138,059	531,337	651,033
Interest on debt obligations	94,541	19,391	56,100	19,050
Outstanding payments relating to newbuildings	497,861	239,152	258,709	—
Financial lease commitments	38,152	4,562	33,260	330
Interest on financial leases	4,439	1,378	3,059	2
Bare boat hire and purchase payments	44,943	7,754	29,164	8,025
Interest on bare boat hire and purchase payments	3,012	992	1,758	332
Operating lease commitments	1,256	574	683	—
Total	2,004,633	411,862	914,070	678,772

(1) Excludes required interest payments. Interest on debt obligations is reflected in a separate line in the table.

Contingent Liabilities

As of June 30, 2013, we had no material contingent liabilities. We are not involved in any current material legal proceedings, nor are we aware of any pending or potential material legal proceedings involving us. If we were involved in such material legal proceedings, it would record any loss contingencies when, based on information then available, it is likely that a loss has been incurred and the amount of the loss can be reasonably estimated.

Save as the guarantees we provided for our subsidiaries disclosed in the note "Significant commitments and contingencies" in our audited and unaudited financial information, we did not have outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities outstanding as of June 30, 2013.

Off-balance Sheet Arrangements

As of June 30, 2013, we have not entered into any off-balance sheet transaction.

Quantitative and Qualitative Information About Market Risks

We are exposed to various types of market risks in the ordinary course of our business, including fluctuations in credit risk, liquidity risk as well as fluctuations in interest rates and foreign exchange rates.

Credit Risk

Our credit risk mainly arises from cash and cash equivalent, account and other receivables, lease receivables, derivative hedge instruments and financial assets, which amounted to US$65.6 million, US$100.9 million, US$105.2 million and US$116.7 million as of December 31, 2010, 2011 and 2012 and as of June 30, 2013, respectively. The carrying amounts or the undiscounted nominal amount, where applicable, of each class of above financial assets represent our maximum exposure to credit risk in relation to the corresponding class of financial assets. Our management has implemented a credit policy and are monitored our credit risk on an ongoing basis.

To manage the risk with respect to cash and cash equivalents, our cash and cash equivalents are held in major reputable financial institutions, which our management believes are of high credit quality. According to dry-bulk shipping practice, the credit risk relating to account receivables is considered minimal as a substantial part of the time charter income is prepaid by the customers. Under time charters, the charterer is required to make payment of the charter hire ranging from 15 to 30 days in advance prior to the commencement of each charter period. Under voyage charters, approximately 95% to the full amount of freight is normally paid within three banking days after the completion of loading, with the balance paid within approximately ten working days after the completion of discharge. We also have policies in place to assess the credit worthiness of our customers to ensure that our vessels are chartered to customers with an appropriate credit history.

Liquidity Risk

We are exposed to a liquidity risk that we may not be able to meet our financial obligations, in particular bank borrowings and trade and other payables, when they fall due. Our approach to manage liquidity risk is to maintain sufficient liquidity to meet our liabilities when they fall due, under both normal and stressed situations, without incurring unacceptable losses or risking damage to our reputation. We monitor our current and expected liquidity requirements and aim to maintain flexibility by keeping sufficient cash and cash equivalents generated from operations and will consider financing major capital investment and expenditures, such as acquisition of vessels through adequate bank borrowings and other available sources of financing.

Foreign Currency Risk

We operate internationally and are exposed to foreign exchange risk from various currency exposures. A significant portion of our financial assets and liabilities are denominated in US dollars, the functional and presentation currency for our financial statements, and the Japanese yen. Our exposure to foreign exchange risk primarily relates to the acquisition new vessels and relevant bank borrowings denominated in Japanese yen. As of December 31, 2010, 2011 and 2012 and June 30, 2013, our total assets and liabilities subject to foreign exchange exposure, including bank deposits, bank borrowings, lease payments, derivatives hedge instruments and other financial assets, were US$134.3 million, US$172.9 million, US$175.2 million and US$164.0 million, respectively.

We have been monitoring our foreign exchange exposure and used foreign currency forward and currency option contracts to hedge our foreign exchange exposure. For more details, see our financial statements.

Interest Rate Risk

Our exposure to the risk of changes in market interest rates primarily relates to our interest bearing borrowings. Borrowings at variable interest rates expose us to cash flow interest rate risk while bank deposits and borrowings at fixed interest rates expose us to fair value interest rate risk. We had net assets of US$15.0 million and US$48.5 million as of December 31, 2010 and 2011, respectively, and net liabilities of US$11.2 million and US$24.5 million as of December 31, 2012 and June 30, 2013, respectively, which were fixed rate financial instruments. We had net liabilities of US$883.8 million, US$1,202.6 million, US$1,392.4 million and US$1,345.9 million as of December 31, 2010, 2011 and 2012 and June 30, 2013, respectively, which were variable rate financial instruments.

We do not account for any fixed rate financial assets and liabilities at fair value through profit or loss and we do not designated derivatives as hedging instruments under a fair value hedge accounting model, therefore, a change in interest rates at relevant reporting date would not affect our profit or loss. As of December 31, 2010, 2011 and 2012 and June 30, 2013, if there was a 100 basis point change in the average interest rates on our bank borrowings which bear variable interest rates, our profit or loss for the years ended December 31, 2010, 2011 and 2012 and June 30, 2013 would have been decreased/increased by US$8.8 million, US$12.0 million, US$13.9 million and US$13.4 million, respectively.

No Material Adverse Change

Save as described above there has been no significant changes in our financial condition and results of operations since June 30, 2013, being the date to which our latest unaudited financial results were prepared (which are included on page F-121 to F-172).

BUSINESS

Overview

We are the largest publicly listed dry bulk shipowner in Taiwan by number of vessels, with a focus on handysize bulk carriers. We had a fleet of 111 vessels, 24 of which are newbuildings on order, as at June 30, 2013. Our fleet included 48 handysize vessels, of which 13 are handysize newbuildings to be delivered between 2013 and 2016, as at June 30, 2013, giving us one of the largest handysize fleets owned by any public company in the world.

We believe the handysize and supramax segments are highly attractive, due to the vessels' relatively small global newbuilding orderbooks, relative stability in charter rates, operating flexibility, ability to access more ports and ability to carry a more diverse range of cargoes and broader customer base.

We generate charter hire income from chartering our vessels on time charters of generally over one year, and freight income by placing our self-operated vessels on shorter-term voyage charters, where the income is linked to the volume and the type of cargo carried. Our dry bulk vessels carry cargoes ranging from major bulks such as iron ore and coal to minor bulks such as grains, logs, cement, fertilizer and steel products. We handle all aspects of commercial and technical management for our fleet in-house. We also provide management services for external third-party owned vessels, from which we generate management fees.

We were founded by our Founder and Chairman Chun-Sheng Lan. Mr. Lan incorporated Wisdom Marine Lines S.A. in Panama in March 1999. In 2008, we established Wisdom Marine Lines Co., Limited in the Cayman Islands as the holding company. We have been listed on the Taiwan Stock Exchange since 2010 and trade under the stock code "2637." As at November 4, 2013, our market capitalization, based on the closing price of NT$35.30 per Common Share on the Taiwan Stock Exchange, was NT$14.7 billion (US$488.4 million).

Our Fleet

We have a young, high-specification fleet built primarily at high quality Japanese yards. We believe modern, high quality Japanese built vessels are favored by charterers and can deliver superior returns over the life of the vessel, with advantages in securing employment with high quality charterers, higher charter rates, lower operating costs and higher utilization. The average age of our dry bulk fleet was 6.1 years as at June 30, 2013, which is significantly below the average age of the global dry bulk fleet of 9.6 years, according to MSI.

The table below sets forth a summary of our current fleet as at June 30, 2013.

	Delivered (# of vessels)			Newbuilds	Total	
Vessel type	Owned	Chartered-in	Subtotal	# of vessels	# of vessels	% of Group
Dry Bulk						
Capesize	3	—	3	—	3	3%
Panamax	6	—	6	6	12	11%
Supramax	8	—	8	5	13	12%
Handy Size	29	6	35	13	48	43%
Small Handy	9	6	15	—	15	13%
Multi-purpose	16	1	17	—	17	15%
Others						
Other*	2	1	3	—	3	3%
Overall Group	73	14	87	24	111	100%

Note: We also provide management services to another 3 external third-party vessels (2 container vessels and 1 roro vessel), which are not included in our fleet summary above.

* Others include containers, wood chip vessels and car carriers.

We believe the current downturn in global dry bulk shipping market presents a highly attractive opportunity to expand our fleet and accelerate our growth, by allowing us to purchase newbuild vessels at attractive prices. We aim to continue to grow our fleet primarily through acquisition of newbuildings at high quality Japanese yards, with a focus on modern, fuel-efficient vessels that are commonly known as "eco-ships." Of our existing newbuildings as at June 30, 2013, 14 out of 24 are eco-ships.

Our Business Model

Vessel type	Average Age[1]	Avg. duration of remaining time charter[2] (yrs)	Avg. daily TC rate[3] (US$)	Time Charter Coverage (days as % of total)[4] 2013E	2014E
Dry Bulk					
Capesize	1.6	13.4	33,383	100%	100%
Panamax	1.1	4.6	12,450	88%	95%
Supramax	3.6	2.6	12,773	95%	75%
Handysize	6.2	1.8	7,988	63%	42%
Small Handy	11.4	1.0	4,745	22%	7%
Multi-purpose	4.9	4.0	7,444	80%	36%
Group Dry Bulk	6.1	3.2	9,674	65%	43%

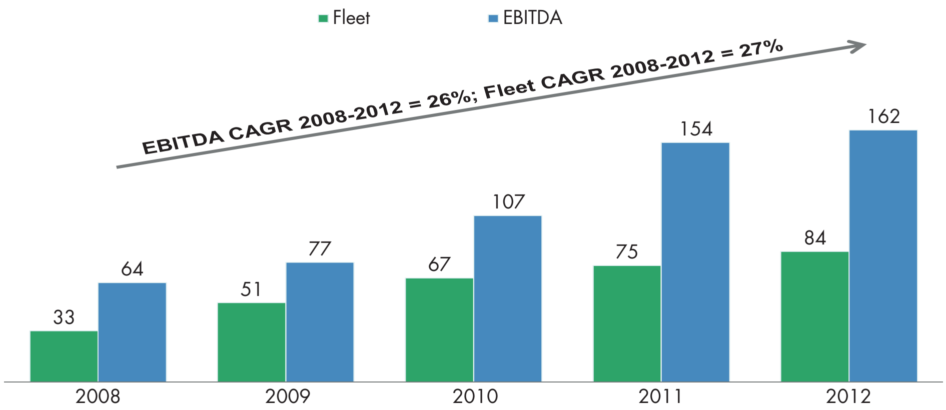
Note:

1. Average age of vessel as of June 30, 2013.
2. Includes vessels under time charter only; average duration calculated using number of days within the year covered by an existing time charter contract as of June 30, 2013, as a portion of total number of days in the year (365).
3. Only applicable to vessels with existing time charter contracts as of June 30, 2013.
4. Average charter hire rates of all vessels on time charters in each category.

We have adopted a prudent operating model, with the majority of our fleet at any one time fixed on time charters of between one to 18 years, with primarily highly creditworthy counterparties, including Japanese shipping companies such as Nippon Yusen Kaisha Group ("NYK") and Mitsui O.S.K. Lines, Ltd. ("MOL"), and global commodity traders such as Glencore International plc, Cargill, Inc. and Louis Dreyfus Group. As of June 30, 2013, approximately 65% of our operating days for 2013 and 43% for 2014 have time-charter coverage.

This approach has enabled us to generate stable and predictable operating cash flows, and consistently grow our fleet and operating profits over the past five years, despite significant volatility in the dry bulk shipping industry during this period.

Set forth below is the information regarding the fleet number of our vessels and EBITDA as of the dates or for the periods indicated.



Source: Company

* Fleet refers to number of vessels as of year end, including chartered-in vessels and management vessels.

** EBITDA = Profit from Operating Income + non-cash depreciation & amortization charges; In US millions.

Our operating model also contributed to our strong financial performance relative to other Asian listed dry bulk shipping companies during 2010, 2011 and 2012, despite the downturn in the dry bulk shipping industry, as the majority of our fleet was fixed on time-charters at rates significantly higher than the average time charter rates and spot rates over those periods.

Given the stability and predictability of our operating cash flows, our financing model has evolved to employ a level of financial leverage that is generally higher than our publicly listed peers in Asia, in order to enhance our returns on equity and facilitate our growth. The stability of our cash flows and credit quality of our charterers, combined with our reputation and strong banking relationships, have enabled us to obtain ship financing generally on highly attractive terms, including high loan-to-value ratios, long repayment tenors and low interest costs.

We intend to optimize our capital structure and reduce our financial leverage following the offering, with part of the proceeds of the offering used to repay existing indebtedness.

Competitive Strengths

We believe we possess a number of competitive strengths, which have enabled us to achieve:

— **Consistent growth in our fleet** growing to 87 existing vessels, as of June 30, 2013, since our inception in 1999.

— **Stable and consistent growth in operating cash flow and profits** in each of the past 5 years, despite significant volatility in the shipping industry over this period. We have achieved positive EBITDA growth every year since 2008, attaining a compound annual growth rate ("CAGR") of 26% between 2008 and 2012.

— **Superior profitability during the current downturn** compared with other listed dry bulk shipping companies over the past three years in terms of EBITDA margin and net profit margin. For example, we achieved an EBITDA margin of 57% and net profit margin of 26% in 2012, which was significantly higher than the average EBITDA margin of 17% and average net margin of 7% for the same year from Asian listed dry bulk shipping companies.

— **Lower operating expenses** compared with industry average for our main vessel types, handysize and supramax. In 2012, we achieved average operating expenses per day for our handysize and supramax vessels of US$3,240 and US$3,640, respectively, which are significantly below the global industry average of US$4,927 and US$5,450, according to MSI. We believe we achieved lower than industry average operating expenses due to economies of scale from the size of our fleet, the efficiency of our modern and high quality Japanese-built vessels and our operating expertise.

— **Access to ship financing on attractive terms to support our growth** — our average finance cost in 2012 was 1.6%, which we believe is significantly below industry average.

We believe our competitive strengths stem from three key areas, our fleet, our business model and our directors and management team:

1. Our Fleet

Large and diverse fleet of dry bulk vessels, with a focus on handysize and supramax bulk carriers

- We have a fleet of 111 vessels, including 24 newbuildings on order, as at June 30, 2013. We are one of the largest owners of handysize vessels amongst publicly listed companies in the world, with 48 handysize vessels, including 13 newbuildings, as at June 30, 2013.

- We believe the handysize and supramax segments are highly attractive, due to the vessels' relatively small global newbuilding orderbooks, relative stability in charter rates, operating flexibility, ability to access more ports and ability to carry a more diverse range of cargoes and broader customer base. We believe we are well positioned within these segments.

- We believe the size of our fleet provides economies of scale benefits, contributing to our lower than industry average operating costs, as compared with operating cost benchmarks published by MSI. We believe our scale confers bargaining power and bulk purchase capability, which contributes to lower costs in areas such as maintenance, insurance and procurement of supplies such as lubricants.

Young, high-specification fleet built primarily at high quality Japanese shipyards

- Our vessels are primarily built at high quality Japanese shipyards with the most rigorous specifications and are compliant with the most stringent environmental standards. As of June 30, 2013, more than 90% of our vessels are built in Japan.

- The average age of our dry bulk fleet was 6.1 years as at June 30, 2013, which is significantly below the average age of the global dry bulk fleet of 9.6 years, according to MSI.

- We believe our modern, high quality Japanese built vessels are favored by charterers and deliver superior returns over the life of the vessel, with the following advantages:

  - Securing employment with high quality charterers — given their perceived reliability and flexibility, including the ability to call at ports with the most stringent environmental requirements;

  - Higher charter rates — compared with comparable lower quality vessels, especially those with higher fuel consumption;

  - Lower operating costs — primarily lower maintenance and insurance costs; and

  - Higher utilization — lower unscheduled maintenance downtime.

- We strive to be at the forefront of the industry in adopting the latest ship designs and technology in our newbuild vessels. Approximately 58.3% of our newbuildings as at June 30, 2013 are fuel-efficient eco-ships being built at high quality Japanese shipyards. In an environment of persistent high oil prices, we believe such vessels will enjoy significant advantages in securing employment and can capture higher time charter rates from fuel cost savings for charterers.

2. Our Business Model

High degree of time charter coverage

- We have adopted a prudent chartering strategy, generally aiming to fix the majority of our fleet on long-term time charters with high quality counterparties, while maintaining some degree of exposure to the spot charter market. As at June 30, 2013, approximately 65% of our operating days for 2013 and 43% for 2014 had time-charter coverage. Most of our capesize and panamax vessels are on time charters of between three to 15 years.

- This approach has enabled us to achieve stable and predictable operating cash flows, superior financial performance during the current downcycle, and together with our strong reputation and banking relationships, access to ship financing on highly attractive terms.

High quality counterparties with whom we have long-term relationships

- We believe maintaining a diverse base of charterers with high credit quality lowers credit risk and contributes to stable cash flows and profitability. Our charterers are primarily blue chip Japanese shipping companies such as NYK, MOL, European shipping companies and global commodity traders such as Glencore International plc, Cargill, Inc. and Louis Dreyfus Group.

- Our two largest charterers at present, NYK and MOL, are both rated investment grade by Moody's. We have had long-term relationships with both of these charterers since our inception. NYK and its affiliated entities and MOL and its affiliated entities together accounted for 30.9% and 19.7%, respectively, of our total revenue in the six months ended June 30, 2013.

Access to multiple sources of financing on favorable terms

- We have strong relationships with multiple Taiwanese and other global banks, which have been the main sources of our financing in recent years.

- Our average finance cost was 1.6% in 2012, which we believe is significantly below average in the global shipping industry.

- We have consistently been able to access financing throughout the shipping cycle to grow our fleet, due to our trusted reputation, prudent business model and high quality charterers. We have been successful in obtaining financing even during industry wide contraction in global ship finance in recent years.

- Bilateral and syndicated loans are generally the lowest cost form of financing, and they have been our main source of financing since our inception. However, we also have access to capital markets, and have successfully raised capital from issuing equity and convertible bonds in the past.

3. Our Directors and Management Team

Experienced management team with strong reputation and proven track record

- We were founded in 1999 by our Founder and Chairman Chun-Sheng Lan. Mr. Lan has more than 30 years of experience in the shipping industry as both a shipowner and operator. Mr. Lan co-founded Shih Wei Navigation Co., Ltd. over 30 years ago and had served as President of Shih Wei Navigation. Prior to founding our Group, Mr. Lan was the President of First Steamship Co., Ltd., another Taiwan-listed company. Mr. Lan is the Chairman for Taiwan Committee of the ship classification society Germanischer Lloyd.

- Our executive directors and senior management team have on average over 15 years of experience in the shipping industry, with experience in all aspects of shipowning and operation, including shipbuilding and maintenance, chartering, sale and purchase, technical management and crewing, finance and insurance. We handle all aspects of commercial management and technical management for our fleet in-house.

- Our executive directors and senior management team have developed a wide network of longstanding relationships with high quality charterers and shipyards, banks, shipbrokers and insurance companies in Asia and across the world.

High standards of corporate governance

- We believe we have adopted high standards of corporate governance. Our Board of Directors is comprised of a majority of independent directors.

- Our independent directors are distinguished individuals who provide robust oversight of the Group's governance and strategic direction. Mr. Jye-Cherng Lyu was the former Minister of Finance of Taiwan and former chairman of Bank of Taiwan Co., Ltd. Mr. Iwanaga Yasuhisa served as chairman of Japanese Chamber of Commerce & Industry, Taipei and was the CEO of Sumitomo Corporation Taiwan Ltd. Mr. Yasuhisa is currently serving as a lecturer at Waseda University. Mr. Huang Jen-Chung previously served as the Vice Chairman of Evergreen Marine Group and was the Chairman of Taiwan Navigation Co., Ltd.

Strategies

Over the long term, we aim to continue to achieve consistent growth in cash flows and profits throughout the shipping industry cycle. In the near term, we aim to take advantage of the current downturn in dry bulk shipping market and position ourselves to benefit from any recovery in rates. To accomplish this objective, we intend to:

Continue to grow our fleet, focusing on the handysize segment, and newbuild eco-ships from high quality Japanese shipyards

- We believe the current downturn in global dry bulk shipping presents a highly attractive opportunity to expand our fleet and accelerate our growth by purchasing newbuild vessels at attractive prices.

- We plan to expand our dry bulk fleet with a particular focus on handysize vessels, while maintaining an appropriate level of diversification to different segments.

- We aim to continue to grow our fleet primarily through newbuildings at high quality Japanese shipyards, with a focus on modern, fuel-efficient vessels commonly known as "eco-ships." Of our existing newbuildings, 14 out of 24 are eco-ships. We may also selectively acquire Japanese built second hand vessels, should attractive opportunities arise.

- We intend to apply 62.72% of the proceeds of this Offering towards purchasing new vessels.

Maintain a prudent but flexible chartering strategy

- We intend to continue to fix the majority of our fleet on time charters of over one year in duration with high quality counterparties, to ensure stable cash flows.

- However, we intend to retain appropriate flexibility to benefit from any recovery in the spot charter market. We will continue to strategically monitor developments in the bulk shipping industry on a regular basis, and increase the number of self-operated vessels exposed to the spot market, at the appropriate time.

- For vessel types where the near term outlook for spot rates remain adverse or uncertain, we will continue to fix those on time charters.

Deepen relationships with high quality charterers and further broaden our customer base

- We intend to deepen our relationships with our major charterers with whom we have longstanding relationships, to be well positioned to secure additional chartering opportunities.

- We also intend to further develop our network and develop new relationships with cargo owners, to enhance the capability of our voyage chartering operations.

Diversify our financing channels, optimize our capital structure and prudently manage foreign exchange risk

- We plan to further diversifying our funding channels, by accessing the international capital markets and developing new commercial banking relationships.

- We intend to optimize our capital structure by reducing our financial leverage to an appropriate level. We intend to apply 37.28% of the proceeds of the offering to repay existing indebtedness.

- We will continue to prudently manage any foreign exchange risk exposure, through our hedging program.

Our Fleet Detail

As of June 30, 2013, we had a fleet of 111 vessels, 24 of which are newbuildings on order. This includes 48 handysize vessels, of which 13 are newbuildings to be delivered between 2013 and 2016, giving us one of the largest handysize fleets owned by any public company in the world, with a combined DWT of more than 1,330,000. As at June 30, 2013, our existing fleet has an aggregate carrying capacity of more than 2,866,000 DWT and an average age of 6.1 years as at June 30, 2013, which is significantly below the average age of the global dry bulk fleet of 9.6 years, according to MSI.

All of our vessels fly the Panama flag, including self-owned vessels and chartered vessels. We own each of our self-owned vessels through a separate wholly-owned subsidiary. We undertake ship management services for all of our vessels within the Group. Wisdom Marine Lines S.A., as the holding company of the subsidiaries owing or chartering the vessels, enters into contract with our wholly-owned subsidiaries who perform ship mangement.

Our wholly-owned subsidiaries, Wisdom Marine International Inc. and Well Shipmanagement and Maritime Consultant Co., Ltd. perform technical/safety management of all our fleet, under three-year term and five-year term, respectively. There are no arrangement for termination. Wisdom Marine International Inc. performs all of the commercial management of our fleet, under non-fixed term. Our arrangement with Wisdom Marine International Inc. in relation to its commercial management may be terminated with 30-day prior notice, at the option and the will of either party in writing. The remueration arrangement is based on the number of ships being managed, under terms and conditions similar to services provided by Wisdom Marine International Inc. and Well Shipmanagement and Maritime Consultant Co., Ltd. to their other third-party principals.

The table below sets forth certain information about our fleet as at June 30, 2013.

Vessel name	Capacity (DWT)	Year Built	Age (years)	Shipyard (Country)	Subsidiary owning/ chartering the vessel
Capesize					
Blue Horizon	207,867	June-12	1.05	Kawasaki Cosco (China)	Kavalan Wisdom S.A.
Clear Horizon	207,947	July-12	0.95	Kawasaki (China)	Katagalan Wisdom S.A.
Frontier Bonanza	179,435	October-10	2.69	Hyundai (Korea)	Dumun Navigation S.A.
Panamax					
Katagalan Wisdom	98,697	January-12	1.50	Tsuneishi (China)	Katagalan Marine S.A.
Katagalan Wisdom III	98,697	May-12	1.16	Tsuneishi (China)	Katagalan Line S.A.
LBC Energy	71,066	October-11	1.72	Oshima (Japan)	Vayi Wisdom S.A.
Sakizaya Ace	74,700	April-13	0.20	Sasebo (Japan)	Sakizaya Marine S.A.
Sakizaya Brave	74,700	June-13	0.05	Sasebo (Japan)	Sakizaya Line S.A.
Sakizaya Wisdom	76,457	September-11	1.80	Oshima (Japan)	Sakizaya Wisdom S.A.
Supramax					
Amis Wisdom I	61,611	August-10	2.90	Oshima (Japan)	Amis Wisom S.A.
Amis Wisdom II	61,611	September-10	2.77	Oshima (Japan)	Makatao Wisdom S.A.
Amis Wisdom III	61,527	January-11	2.42	Imabari (Japan)	Paiwan Wisdom S.A.
Amis Wisdom VI	61,456	September-11	1.83	Imabari (Japan)	Saysiat Wisdom S.A.
Dumun	58,107	December-10	2.58	Tsuneishi (China)	Dumun Marine S.A.
Guma	58,107	November-10	2.62	Tsuneishi (China)	Guma Marine S.A.
Hibiscus	48,610	June-02	11.09	Hakodate (Japan)	Cosmic Wisdom S.A.
Naluhu	58,107	October-10	2.75	Tsuneishi (China)	Rukai Maritime S.A.
Handysize					
Beagle VI	18,320	February-01	12.34	Shikoku (Japan)	Mount Wisdom S.A.
Bering ID	28,611	January-97	16.47	Naikai Zosen (Japan)	Unicorn Marine S.A.
Bunun Wisdom	37,300	October-12	0.72	Imabari (Japan)	Bunun Navigation S.A.
ID North Sea	28,367	July-09	3.94	Imabari (Japan)	
Luilang Wisdom	22,782	August-85	27.93	Kanasashi (Japan)	Luilang Wisdom S.A.

Vessel name	Capacity (DWT)	Year Built	Age (years)	Shipyard (Country)	Subsidiary owning/ chartering the vessel
Ocean Victory	28,386	July-11	1.97	Imabari (Japan)	Winsome Wisdom S.A.
Pacific Venus	18,712	March-01	12.34	Hakata (Japan)	Elite Steamship S.A.
Atayal Ace	16,805	January-13	0.41	Murakami Hide (Japan)	Atayal Mariner S.A.
Atayal Brave	16,811	June-12	1.04	Murakami Hide (Japan)	Atayal Brave S.A.
Atayal Mariner	16,813	April-12	1.22	Murakami Hide (Japan)	Atayal Mariner S.A.
Atayal Star	16,806	February-12	1.38	Murakami Hide (Japan)	Atayal Star
Babuza Wisdom	18,969	January-09	4.07	Kanasashi (Japan)	Babuza Wisdom S.A.
Beagle VII	16,822	July-07	6.00	Kanasashi (Japan)	Euroasia Investment S.A.
Daiwan Wisdom	31,967	June-10	3.06	Namura (Japan)	Taokas Marine S.A.
Golden Kiku	28,050	September-05	7.83	Shikoku (Japan)	Harmony Success S.A.
Hoanya Wisdom	21,119	April-08	5.17	Murakami Hide (Japan)	Hoanya Wisdom S.A.
Magnate	18,828	November-04	8.67	Yamanishi (Japan)	Magnate Maritime S.A.
Meta	18,612	October-87	25.69	Kurushima (Japan)	Taivoan Wisdom S.A.
Paiwan Wisdom	31,967	April-10	3.19	Namura (Japan)	Taokas Navigation S.A.
Papora Wisdom	28,050	March-09	4.30	Imabari (Japan)	Papora Wisdom S.A.
Pazeh Wisdom	18,969	February-09	4.41	Kanasashi (Japan)	Pazeh Wisdom S.A.
Poavosa Wisdom	28,324	June-09	4.06	Imabari (Japan)	Poavosa Wisdom S.A.
Poavosa Wisdom III	28,232	April-11	2.25	Imabari (Japan)	Atayal Wisdom S.A.
Poavosa Wisdom VI	28,213	October-11	1.72	Imabari (Japan)	Bunun Wisdom S.A.
Poavosa Wisdom VII	28,208	November-12	0.59	Imabari (Japan)	Poavosa International line S.A.
Poavosa Wisdom VIII	28,008	January-13	0.42	Imabari (Japan)	Poavosa Maritime S.A.
Siraya Wisdom	21,119	October-07	5.83	Murakami Hide (Japan)	Siraya Wisdom S.A.
Tao Brave	25,065	January-11	2.47	Murakami Hide (Japan)	Tao Brave S.A.
Tao Mariner	25,065	October-10	2.68	Murakami Hide (Japan)	Tao Mariner S.A.
Tao Star	25,065	August-10	2.91	Murakami Hide (Japan)	Tao Star S.A.
Tao Triumph	23,604	March-97	16.28	Saiki (Japan)	Triumph Wisdom S.A.
Taokas Wisdom	31,943	April-08	5.17	Hakodate Dock (Japan)	Taokas Wisdom S.A.
Tao Ace	25,000	May-13	0.15	Murakami Hide (Japan)	Tao Ace S.A.
Caribbean ID	28,748	January-96	17.44	Naikai Zosen	Unicorn Marine S.A.
Global Faith	28,386	February-10	3.35	Imabari (Japan)	Sao Wisdom S.A.
Small Handysize					
Arikun	8,763	June-07	6.08	Ben Kien (Vietnam)	Arikun Wisdom S.A.
Bingo*	8,732	June-07	5.92	Ha Long (Vietnam)	Unicorn Fortune S.A.
Bizen	8,721	January-08	5.50	Ha Long (Vietnam)	Unicorn Logistics S.A.
Coral Hero	9,520	September-97	15.84	Honda (Japan)	Trobian Wisdom S.A.
Genius Mariner	7,645	September-00	12.84	Watanabe (Japan)	Genius Marine S.A.

Vessel name	Capacity (DWT)	Year Built	Age (years)	Shipyard (Country)	Subsidiary owning/ chartering the vessel
Mercy Wisdom	12,764	July-03	10.01	Watanabe (Japan)	Mercy Marine Line S.A.
Unicorn Bravo	8,759	September-07	5.75	Ben Kien (Vietnam)	Unicorn Bravo S.A.
Unicorn Dolphin	7,528	August-00	12.92	Hakata (Japan)	Guma Navigation S.A.
Asia 21st Century	9,688	February-96	17.26	Hakata (Japan)	Genius Prince S.A.
Fraternity Wisdom	9,238	January-00	13.50	Watanabe (Japan)	Adixi Wisdom S.A.
Taroko	7,643	June-97	16.09	Nishi (Japan)	Taroko Wisdom S.A.
Unicorn Emerald	10,122	March-99	14.34	Shin-Kurushima (Japan)	Adixi Wisdom S.A.
Del Sol	11,410	June-98	15.09	Kitanihon (Japan)	Fraternity Marine S.A.
Jasmine Ace	8,704	December-97	15.59	Shin Kochijyuko (Japan)	Lloa Wisdom S.A.
Unicorn Logger	8,732	August-08	4.90	Ha Long (Vietnam)	Unicorn Logger S.A.
Multi-purpose					
Beagle I	17,224	November-05	7.67	Murakami Hide (Japan)	Beagle Wisdom S.A.
Beagle II	17,224	January-07	6.50	Murakami Hide (Japan)	Fraternity Ship Investment S.A.
Beagle III	17,224	March-09	4.30	Murakami Hide (Japan)	Beagle Marine S.A.
Genius Star I	10,977	October-04	8.75	Murakami Hide (Japan)	Genius Star Carriers S.A.
Genius Star II	10,977	July-05	8.00	Murakami Hide (Japan)	Winsome Wisdom S.A.
Genius Star III	12,005	February-06	7.41	Murakami Hide (Japan)	Genius Star Navigation S.A.
Genius Star IX	12,005	August-09	3.89	Kanasashi (Japan)	Log Wisdom S.A.
Genius Star VII	12,005	January-07	6.50	Kanasashi (Japan)	Harmony Transport S.A.
Genius Star VIII	12,005	September-07	5.83	Kanasashi (Japan)	Mighty Maritime S.A.
Genius Star X	12,005	July-10	2.94	Kanasashi (Japan)	GSX Maritime S.A.
Genius Star XI	13,500	September-12	0.76	Kegoya (Japan)	GS Navigation S.A.
Genius Star XII	13,400	March-13	0.33	Kegoya (Japan)	GS Global S.A.
Mimasaka	14,117	January-10	3.47	Higaki (Japan)	Mimasaka Investment S.A.
Mino	14,117	August-07	5.89	Higaki (Japan)	Favoran Wisdom S.A.
Itami	20,140	May-09	4.15	Shitanoe (Japan)	Taroko Maritime S.A.
Taikli	13,139	November-11	1.64	Kegoya (Japan)	Unicorn Successor S.A.
Izumo	20,150	December-07	5.54	Shitanoe (Japan)	Harmony Pescadores S.A. (Panama)
Other					
Dumai Express	42,692	June 1990	22.68	Sanoyas Hishino Meisyo (Japan)	Fourseas Maritime S.A. Panama
MOL Grace	18,193	March 1998	15.09	Imabari (Japan)	Unicorn Marine S.A.
Ligulao	5,295	November 2010	2.60	Kegoya (Japan)	Ligulao Wisdom S.A.

Note: We also provide management services to another 3 external third-party vessels (2 container vessels and 1 Roro vessel), which are not included in our fleet summary above.

* In October 2013, this vessel has been found sunk after running into typhoon Phailin. The vessel has an insurance coverage of up to 110% of its book value.

Summary of financing terms of our material ships

In March 2012, our subsidiary Kavalan Wisdom S.A., as the registered owner of Blue Horizon, entered into a JPY6.8 billion eight-year term loan agreement with First Commercial Bank Co., Ltd., for the purpose of financing the purchase of the vessel, Blue Horizon. The agreement has been guaranteed by us, our subsidiary Wisdom Marines Lines S.A. and our chairman Mr. Chun-Sheng Lan. The obligations of Kavalan Wisdom S.A. under this loan agreement are secured by promissory note, mortgage over this vessel, insurance and earnings from the charterhire of this vessel.

In July 2012, our subsidiary Katagalan Wisdom S.A., as the registered owner of Clear Horizon, entered into a JPY5.6 billion eight-year term loan agreement with Land Bank of Taiwan, for the purpose of financing the purchase of the vessel, Clear Horizon. The agreement has been guaranteed by us, our subsidiary Wisdom Marines Lines S.A. and our chairman Mr. Chun-Sheng Lan. The obligations of Katagalan Wisdom S.A. under this loan agreement are secured by promissory note, mortgage over this vessel, insurance and earnings from the charterhire of this vessel.

In October 2010, our subsidiary Dumun Navigation S.A., as the registered owner of Frontier Bonaza, entered into a JPY8.0 billion 15-year term loan agreement with First Commercial Bank Co., Ltd., for the purpose of financing the purchase of the vessel, Frontier Bonaza. The agreement has been guaranteed by us, our subsidiary Wisdom Marines Lines S.A. and our chairman Mr. Chun-Sheng Lan. The obligations of Dumun Navigation S.A. under this loan agreement are secured by promissory note, mortgage over this vessel, insurance and earnings from the charterhire of this vessel.

Newbuildings

We commission the construction of newbuildings primarily from leading shipyards in Japan, including Sasebo Heavy Industries Co., Ltd. (Sasebo), Imabari Shipbuilding Co., Ltd. (Imabari), Oshima Shipbuilding Co., Ltd. (Oshima), Murakami Hide Shipbuilding Co., Ltd. (Murakami Hide), Tsuneishi Shipbuilding Co., Ltd. (Tsuneishi), Namura Shipbuilding Co.,Ltd. and The Hakodate Dock Co., Ltd. We believe modern, high quality Japanese built vessels are favored by charterers and can deliver superior returns over the life of the vessel, with advantages in securing employment with high quality charterers, higher charter rates, lower operating costs and higher utilization. We aim to continue to grow our fleet primarily through newbuildings at high quality Japanese yards, with a focus on modern, fuel-efficient vessels commonly termed eco-ships, which combine computerized engine management system with aerodynamic design, including low friction paint, to improve energy efficiency. Of our existing newbuildings, 14 out of 24 are eco-ships.

The normal lead time between the placing of an order for a newbuilding and its delivery is between 1.5 to 4.5 years, depending on the specifications of the newbuilding and the availability of shipyards with appropriate resources.

The table below sets forth certain information on our newbuildings as of June 30, 2013.

Name	Yard (Country)	DWT	Delivery	Type
Tao Treasure	Murakami Hide (Japan)	25,000	August 2013	Handy
Poavosa Ace	Imabari (Japan)	28,000	Q3/2013	Handy
Daiwan Ace	Namura (Japan)	34,000	Q2-Q3/2014	Handy
Daiwan Brave	Namura (Japan)	34,000	Q2-Q3/2014	Handy
Daiwan Champion	Namura (Japan)	34,000	Q1-Q2/2015	Handy
Daiwan Dolphin	Namura (Japan)	34,000	Q1-Q2/2015	Handy
Bunun Ace	Imabari (Japan)	37,300	November 2013	Handy
Bunun Fortune	Imabari (Japan)	38,000	2014Q4~2015	Handy
Bunun Brave	Tsuneishi (Japan)	45,400	Q2/2014	Handy
Bunun Champion	Tsuneishi (Japan)	45,400	Q3/2014	Handy
Bunun Elegance	Tsuneishi (Japan)	45,400	Q4/2014	Handy
Bunun Dynasty	Imabari (Japan)	38,000	Q3-Q4/ 2014	Handy
H-152	Tsuneishi (Japan)	35,300	Q1/ 2015	Handy
Amis Ace	Oshima (Japan)	60,000	August 2, 2013	Supramax
Amis Champion	Oshima (Japan)	60,400	June 30, 2014	Supramax
Amis Dolphin	Oshima (Japan)	60,400	January 31, 2015	Supramax
Amis Elegance	Kawasaki (Japan)	55,000	January 31, 2015	Supramax
Copenship Wisdom	Imabari (Japan)	61,000	November 2013	Supramax
Scarlet Falcon	Oshima (Japan)	82,000	Q2/ 2014	Panamax
Scarlet Eagle	Tsuneishi (Japan)	82,000	Q3/ 2014	Panamax
Sakizaya Champion	Sasebo (Japan)	77,000	April 2014	Panamax
Scarlet Rosella	Oshima (Japan)	82,000	Q2/2015	Panamax
Katagalan Dolphin	Imabari (Japan)	84,000	Q3/2015	Panamax
Katagalan Elegance	Imabari (Japan)	84,000	Q3/2015	Panamax

Acquisition of Second-hand Vessels

We purchase second-hand vessels as another source of ship procurement. When we decide to acquire a vessel in the second-hand market, we typically engage well-established shipbrokers to assist us in sourcing a selected number of vessels from the second-hand market that meet our requirements.

Our Business

Our primary business is the acquisition, ownership, management and operation of our fleet. We earn revenue primarily from charter hire income and freight income derived through the chartering of our vessels to third parties who generally utilize our vessels to provide the carriage of goods services. We also earn revenue from the management of vessels owned by third parties.

We have adopted a prudent chartering strategy, generally looking to fix the majority of our fleet on time charters with high quality counterparties, while maintaining some degree of exposure to the spot charter market. All of our capesize and panamax vessels are on time charters of between three to 15 years. In 2010, 2011, 2012 and the six months ended June 30, 2013, 80.7%, 87.4%, 85.1% and 89.3%, respectively, of our revenue are charter hire income from time charters.

We consider many pricing factors for charging our charter income. Such factors typically include demand and supply in the international shipping market and the charter periods we wish to adopt, as well as the time and location of a vessel's availability, the technical features of a vessel, among other factors.

Time Charter

A time charter involves the hiring of a vessel from its owner for a period of time pursuant to a contract under which the vessel owner places its ship (including its crew and equipment) at the service of the charterer. Under a typical fixed rate time charter, the charterer periodically pays us a fixed daily charter hire rate and bears all voyage expenses, including the cost of fuel and port and canal charges. Subject to certain restrictions imposed by us in the contract, the charterer determines the type and quantity of cargo to be carried and the ports of loading and discharging. The technical operation and navigation of the vessel at all times remain our responsibility, including vessel operating expenses, such as the cost of crewing, insuring, repairing and maintaining the vessel, costs of spare parts and supplies, tonnage taxes and other miscellaneous expenses.

In accordance with the time charters that we entered into with our customers, our customers normally pay charter hire within three days after the delivery of the vessel for their first period of time charter hire, and pay on the first day of the subsequent period for the subsequent time charter hire.

In connection with the charter of each of our vessels, we incur commissions generally ranging from 1% to 3.75% of the total daily charter hire rate of each charter to third-parties, depending on the number of brokers involved with arranging the relevant charter.

We placed majority of our bulk vessels to leading Japanese and European charterers who take full control of the operation of the vessels, including deciding the loading and discharge ports and the travelling routes as long as such ports and routes do not exceed the limitation set out in our charters and do not violate any local or international law and regulation. Although there are no fixed routes for our vessels on long-term time charters, most of them are used for transportation of dry bulk cargo worldwide along major global trade routes.

As of June 30, 2013, we employed 69 out of our 87 existing vessels under fixed rate time charters.

Voyage Charter

Voyage charter are contracts by which we undertake to provide space on our vessel for the carriage of specified goods or a specified quantity of goods on a single voyage or series of voyages over a given period of time between named ports or within certain geographical areas in return for the payment of an agreed amount per unit of cargo carried. Generally, we are responsible for all operating and voyage expenses.

Under a typical voyage charter, we are exposed to the risks not only associated with the consignors and the operation of the ship, but also risks in relation to the port, the loading and discharge of cargoes and the weather.

Under voyage charters, approximately 95% to the full amount of freight is normally paid before the completion of discharge, with the balance paid within approximately 10 working days after the vessels leave the discharging port.

Our self-operated vessels are mostly deployed on intra-Asia trade routes, covering South-East Asia, China, India and Middle East regions. But our spot-market trading also extends to Africa, South America, Australia, and Europe.

Ship Management

We undertake ship management services for all of our own vessels. We have accumulated rich experience and have the capability to provide such services to third parties as well. Our services include providing technical management, arranging for insurance and providing commercial services such as obtaining vessel charters and negotiating charter hire rates for third parties. Please see the sub section "Fleet Management" below for more information on our management services.

Fleet Management

Commercial Management

Our senior management team consists of experienced shipping executives and our Taipei based management team undertakes all of the commercial management of our fleet and provides these services to third parties. Commercial management includes the negotiation of charters for vessels, managing the mix of various types of charters, such as time charters and voyage charters, and monitoring the performance of our vessels during the chartering period. We perform all of the commercial management of our fleet, including:

- ***Identifying, purchasing, and selling vessels.*** We believe that we have an established reputation in the newbuilding and sales and purchase market. Our relationships with many Japanese shipyards provide us with a direct channel to the shipbuilders without having to involve intermediary trade corporations. We believe our access to an extensive network of shipyards, ship brokers and vessel owners will provide us with an advantage in future transactions.

- ***Obtaining employment for our vessels and maintaining our relationships with our charterers.*** We believe that our commercial judgment on market trends and our reputation of extensive experience provide us with access to a broad range of high quality charterers and can employ the fleet efficiently under any market conditions.

- ***Obtaining insurance coverage for our vessels.*** We have well-established relationships with reputable marine underwriters in the Japanese and European insurance markets that provide our fleet with insurance coverage at competitive rates.

Technical Management

As we are committed to providing our customers with the highest standards of service, we perform our technical management in-house so as to ensure that we achieve the highest standards and maintain the best industry practices in safety and quality management. We also provide these services to third parties. We are qualified to perform technical management for dry bulk vessels and other cargo ships under the ISM Code. Our management team is certified by Bureau Veritas and Nippon Kaiji Kyokai. We are fully responsible for the maintenance and safety management of our self-owned fleet.

We make every effort to prevent delays at sea or in port caused by malfunctions or breakdowns. We minimize operation costs through continuous onboard supervision of our vessels and use of the vessels' crews for ship maintenance. We believe that our preventive maintenance practice has extended the lives of the vessels in our controlled fleet, minimized drydocking expenses and nearly eliminated downtimes and off-hire periods resulting from speed deficiencies, stoppages at sea and vessel breakdowns.

Daily Operations

Our experienced managers supervise and monitor our daily operations, which include supervising the operations of our vessels, providing technical support to our vessels, arranging for ship supplies, appointing port agents and resolving incidental claims arising from vessel operations.

Upon the charter of our vessels to a client, our experienced staff will exercise due diligence to ensure that the vessel engine functions well, routine maintenance has been performed, qualified crewmembers have been recruited, proper insurance has been obtained, relevant regulations have been complied with and necessary qualifications have been obtained so that our vessels remain cargoworthy and are safe to enter into particular ports.

Repair and Maintenance

We employ experienced and highly qualified staff to supervise repair and maintenance activities on our vessels. Our repair and maintenance programs can be broadly divided into three areas: shipboard maintenance, voyage and emergency maintenance and drydock maintenance. Shipboard maintenance includes the precautionary inspection of vessels and maintenance carried out by crewmembers during voyages. Voyage and emergency maintenance involves emergency repairs carried out by the crew and occasionally engine makers during voyages to maintain the smooth operation of the vessels. Drydock maintenance involves drydocking the vessel for a thorough inspection and repairing or replacing any components or equipment in order to satisfy the requirements of relevant classification societies. We have selected reliable ship servicing companies and have established long-term relationships with them for the provision of maintenance services to our vessels.

We drydock each of our vessels twice every five years for an "intermediate survey" and a "special survey" according to the requirements of the classification societies. If any defects are found, we take immediate action to repair the defects in order to ensure that our vessels remain in good condition and are in compliance with the classification society requirements.

We monitor the classification status of the vessels in our fleet on an ongoing basis as part of our basic ship management policy. In addition to the surveys required by the classification societies, we also periodically carry out a number of on-board surveys for each ship.

Crew Training and Management

We recruit most of our senior crewmembers from China and Taiwan, as we believe that senior crewmembers from these places have the requisite experience and qualifications to further improve the management of our ships. As for the other crewmembers, we typically source them from China, Indonesia, and occasionally Myanmar and the Philippines in order to benefit from a lower cost base.

We provide both induction and continuous training to our crew, including training on safety, fire fighting, rescue, oil spill response and other emergency drill exercises. Potential crew recruits undergo a selection process in order for us to ensure that the crews we hire have the required skills and experience.

Arrangement of Insurance Coverage

The operation of any drybulk vessel includes risks such as mechanical failure, collision, property loss, cargo loss or damage and business interruption due to political circumstances in foreign countries, piracy, hostilities and labor strikes. In addition, there is always an inherent possibility of marine disaster, including oil spills and other environmental mishaps, and the liabilities arising from owning and operating vessels in international trade. In order to effectively manage our risks, we are committed to obtaining comprehensive insurance coverage for our operations, including the following:

- ***Hull & Machinery and War Risks Insurance.*** We maintain marine hull and machinery, war risks insurances, which cover the risk of actual or constructive total loss, repair, damage for all of our vessels. For example, our vessels are each covered up to at least their book value or the balance of their outstanding loan with a deductible of $50,000 per vessel per incident.

- ***Protection and Indemnity Insurance.*** Protection and indemnity insurance is provided by mutual protection and indemnity associations, or P&I Associations, which insure our third party liabilities in connection with our shipping activities. This includes third-party liability and other related expenses resulting from the injury, illness or death of crew, passengers and other third parties, the loss or damage to cargo, claims arising from collisions with other vessels, damage to other third-party property, pollution arising from oil or other substances and salvage, towing and other related costs, including wreck removal. Protection and indemnity insurance is a form of mutual indemnity insurance, extended by protection and indemnity mutual associations, or "clubs." As of June 30, 2013, the limits of cover available to us were US$7.3 billion in total.

- ***Loss of Hire Insurance.*** We maintain loss of hire insurance, which covers business interruptions and related losses that result from the loss of use of a vessel. Our loss of hire insurance has a 7-day deductible and provides claim coverage for up to 60/120 (war) days per incident and up to 120 days per policy year.

Our Customers

Our customers currently include national, regional and international corporations, ranging from blue chip Japanese shipping companies such as NYK and MOL, to European shipping companies and global commodity traders such as Glencore International plc, Cargill, Inc. and Louis Dreyfus Group.

Our two largest charterers at present, NYK and MOL, are both rated investment grade by Moody's. We have had long-term relationships with both of these charterers since our inception. NYK and its affiliated entities ("NYK Group") and MOL and its affiliated entities ("MOL Group") together accounted for 30.9% and 19.7%, respectively, of our operating revenue in the six months ended June 30, 2013. Following NYK Group and MOL Group, the revenue contributed from our next five largest customers, namely Western Bulk Group, Seaside Navigation APS, Pacific Basin, Thorco and Glencore, together accounted for 20.5% of our operating revenue in the six months ended June 30, 2013.

We believe we distinguish ourselves from our competition by offering proven reliability, superior ship quality, stable operation and stellar reputation. This customer focus has enabled us, through our sales offices, to develop long-term relationships with established and well-respected industrial shippers in diverse markets. Our business model is designed to enable us to respond rapidly to our customers' changing demands, increasing the value of our services to them as offer them high flexibility to schedule production and distribution.

We maintain sales offices in Taipei, Tokyo, Shanghai and Singapore. We employ 25 sales and marketing employees who market our time charters and voyage charters and maintain our relationship with our customers. These professionals provide a competitive advantage by addressing our customers' concerns and anticipating their future needs through their personal contact with our customers. We believe that personal attention to customers has played a critical role in our growth and success.

Our Suppliers

Our principal suppliers include manning agencies, bunker fuel, lubricant and motor oils providers. Fees payable to our suppliers are usually agreed upon by contract parties after negotiation, taking into account factors such as the market rate and the reputation of suppliers. Our main bunker fuel and lubricant suppliers include Shell Marine Products Limited and Castrol Limited.

Payments to the manning companies, and bunker fuel, lubricant and motor oil providers are usually made within 30 days after we receive the invoices from them.

Competition

The dry bulk shipping market is highly competitive. The products in the dry bulk shipping market are almost homogeneous, because there is very little differentiation between shipping companies based on the capacity to carry seaborne cargoes. As the ships can easily be moved to any area of the world, shipping companies may not be limited geographically and are thus competing for business on a worldwide scale. In addition, although new investors may face technical challenges in terms of management and compliance, the comprehensive network of support services within the dry bulk shipping market enable them to subcontract most business functions, which makes it easier for new investors to enter into this market. Due to this market structure, most of the shipping companies are in lack of pricing power and accept the market price.

We compete for charters on the basis of price, vessel location, size, age and condition of the vessel, as well as on our reputation as an owner and operator. Due to the presence of numerous competitors in the market, the reputation of a company becomes even more essential when evaluating long term contractual risks. Furthermore, major customers are increasingly demonstrating a preference for modern vessels based on concerns about the environmental and operational risks associated with older vessels. Consequently, owners of large modern fleets have gained a competitive advantage over owners of older fleets.

We believe our fleet focus on handysize has well-positioned us to compete in the dry bulk shipping market. Handysize vessels are generally considered the most versatile of the dry bulk carriers given the ability to transport almost all types of bulk commodities and operate in almost all of the ports throughout the world. Among all dry bulk vessel types, Handysize vessels can carry the widest range of bulk commodities including steel products, grain, metal ores, phosphate, cement, logs, woodchips and other minor bulk commodities. Handysize vessels are particularly well-suited to ship bulk cargoes in the Asia Pacific region, which has many countries with significant coastal economies that are dependent on shipping for the transportation of goods. Unlike most larger dry bulk carriers, handysize vessels have cranes (or derricks fitted on older vessels) on deck for the loading and discharging of cargo in ports which do not have suitable shore facilities. Handysize vessels can also enter draft restricted ports which may be closed to other vessels. Since many countries in the Asia Pacific region have shallow ports and inadequate infrastructure, the use of larger vessels is frequently limited. In addition, despite the availability of deep water ports in Japan, Taiwan and Korea, the high cost of inland transportation and mountainous terrain often favor the use of handysize vessels which are able to deliver more manageable quantities of cargo closer to the point of use by making direct calls to smaller ports. Demand for the services of smaller dry bulk carriers is also driven by the demand for a considerably larger number of commodities, compared to larger vessels which are concentrated on a more focused group of commodities. Accordingly, charter rates and vessel values for these smaller ships tend to be subject to less cyclical volatility and seasonal fluctuations, with handysize vessels being the least affected of all dry bulk vessel types.

In addition, the majority of our fleet comprises of high quality Japanese-built modern vessels and the average age of our vessels is well below the average in the industry. Our business model of maintaining high time-charter coverage at favorable rates has also been proven successful in terms of achieving stable and strong profitability. As such, we believe we are well-positioned to remain highly competitive in the dry bulk shipping industry.

Employees, Crew and Shore Employees

Each of our vessels is crewed with 17 to 24 officers and seamen. Our officers and seamen are primarily Chinese. We work with 10 independent crewing agencies to staff our vessels. The crewing agencies handle each seaman's recruitment, training, travel and payroll. We ensure that all our seamen have the qualifications and licenses required to comply with international regulations and shipping conventions. We typically man our vessels with more crew members than are required by Panama in order to allow for the performance of routine maintenance duties.

Since our inception, we have not experienced any strikes or other disruptions of employment. We believe our relationships with our employees are good.

As of June 30, 2013, we had 112 regular full-time employees on a consolidated basis. Set forth below is a breakdown of our employees by their main category of activity, for the periods indicated.

Company	Department	For the Year Ended December 31, 2010	2011	2012	For the Six Months Ended June 30, 2013
Wisdom Marine International Inc.	President	1	1	1	1
	Auditing office	2	2	2	2
	Administration Department	16	17	16	16
	Business and Operation Department	22	23	26	25
	Finance Department	19	18	20	21
	Technical Department	26	29	19	14
	Supply Department	—	—	12	12
	Seaman Affairs. Department	9	9	13	13
Well Shipmanagement and Maritime Consultant Co., Ltd.	ISM Department	12	9	9	8
Total		104	105	115	112

Since our inception, we adopted a pension plan under Labor Pension Act of the ROC. Pursuant to the Labor Pension Act of the ROC, which became effective on July 1, 2005, we make a monthly contribution up to the amount of 6.0% of the employer's monthly wages to each employer's personal retirement savings accounts. We do not set aside a fund or accrue any liabilities under this retirement plan.

For some of our employees who were previously employed by other companies that adopted a pension mechanism under Labor Standards Act of the ROC, and who chooses to continue to be subject to the pension mechanism under Labor Standards Act of the ROC, we maintain and fund a defined benefit retirement plan. Under the Labor Standards Law, payments of pension benefits are calculated based on the employees' average monthly salary for the last year prior to approved retirement and base point ("b.p.") entitlement. The b.p. earned by each employee is based on 2 b.p. for the first 15 years of services and 1 b.p. from the 16th year and thereafter. As of June 30, 2013, the total amount accrued under this pension mechanism is approximately NT$1.3 million.

Subsidiaries

We conduct substantially all of our operations through subsidiaries and associated companies. We also own or will own each of our vessels through a separate wholly owned subsidiary. The following table sets forth information as of December 31, 2012 (except as otherwise indicated) regarding certain of our subsidiaries and associated companies. All amounts due from us for ownership of the capital stock held by us in all of these subsidiaries have been paid in full.

Subsidiary and Address	Capital Stock	Issued Shares	Percentage Interest Held by Wisdom Marine	Principal Business	Net Income of for the year ended December 31, 2012
					(Thousands)
Wisdom Marine Lines S.A. (Panama). MMG Tower, 16th F, 53rd E. Street, Urbanizacion Marbella, Panama City, Panama*	US$186,112,000	186,112	100%	shipping	US$72,472.0
Wisdom Marine International Inc. R.711, 7th F, No. 237, Sec.2 Fu-shin S. Rd., Daan Dis., Taipei, Taiwan	NT$100,000,000	10,000,000	100%	Ship management consulting	NT$3,707.1
Well Shipmanagement and Maritime Consultant Co., Ltd. 12F-3, No. 237 , Sec.2 Fu-shin S. Rd., Daan Dis., Taipei, Taiwan	NT$23,000,000	2,300,000	100%	Ship safety management	(NT$767.2)
Adixi Wisdom S.A.	US$10,000.0	100	100%	shipping	(US$1,287.8)
Amis international S.A.	US$10,000.0	100	100%	shipping	(US$1.9)
Amis Navigation S.A.	US$10,000.0	100	100%	shipping	(US$2.5)
Amis Star S.A.	US$10,000.0	100	100%	shipping	(US$1.9)
Amis Wisdom S.A.	US$10,000.0	100	100%	shipping	US$4,227.5
Arikun Wisdom S.A.	US$10,000.0	100	100%	shipping	(US$5.3)
Atayal Brave S.A.	US$10,000.0	100	100%	shipping	US$409.2
Atayal Mariner S.A.	US$10,000.0	100	100%	shipping	US$624.8
Atayal Star S.A.	US$10,000.0	100	100%	shipping	US$770.5
Atayal Wisdom S.A.	US$10,000.0	100	100%	shipping	US$1,657.6
Babuza Wisdom S.A.	US$10,000.0	100	100%	shipping	US$791.0
Beagle Marine S.A.	US$10,000.0	100	100%	shipping	US$358.9
Beagle Wisdom S.A.	US$3,500,000.0	100	100%	shipping	US$1,062.7
Bunun Marine S.A.	US$10,000.0	100	100%	shipping	US$16.8
Bunun Navigation S.A.	US$10,000.0	100	100%	shipping	US$489.3
Bunun Wisdom S.A.	US$10,000.0	100	100%	shipping	US$931.7
Cosmis Wisdom S.A.	US$10,000.0	100	100%	shipping	US$298.3
Dumun Marine S.A.	US$10,000.0	100	100%	shipping	US$2,275.3
Dumun Navigation S.A.	US$10,000.0	100	100%	shipping	US$7,053.9
Elite Steamship S.A.	US$10,000.0	100	100%	shipping	US$814.3
Euroasia Investment S.A.	US$10,000.0	100	100%	shipping	US$1,065.6
Favoran Wisdom S.A.	US$10,000.0	100	100%	shipping	US$539.1
Fourseas Maritime S.A. Panama	US$10,000.0	100	100%	shipping	US$1,677.4
Fraternity Marine S.A.	US$10,000.0	100	100%	shipping	(US$75.8)
Fraternity Ship Investment S.A.	US$10,000.0	100	100%	shipping	US$675.2
Genius Marine S.A.	US$10,000.0	100	100%	shipping	(US$764.9)
Genius Prince S.A.	US$10,000.0	100	100%	shipping	US$545.9
Genius Star Carriers S.A.	US$10,000.0	100	100%	shipping	US$102.5
Genius Star Navigation S.A.	US$10,000.0	100	100%	shipping	(US$471.5)
GS Global S.A.	US$10,000.0	100	100%	shipping	US$128.2
GS Navigation S.A.	US$10,000.0	100	100%	shipping	(US$804.7)
GSX Maritime S.A.	US$10,000.0	100	100%	shipping	US$671.1

Subsidiary and Address	Capital Stock	Issued Shares	Percentage Interest Held by Wisdom Marine	Principal Business	Net Income of for the year ended December 31, 2012
					(Thousands)
Guma Marine S.A.	US$10,000.0	100	100%	shipping	US$3,182.4
Guma Navigation S.A.	US$10,000.0	100	100%	shipping	(US$578.6)
Harmony Pescadores S.A. (Panama)	US$10,000.0	100	100%	shipping	US$417.8
Harmony Success S.A.	US$8,600,000.0	100	40%	shipping	US$3,303.3
Harmony Transport S.A.	US$10,000.0	100	100%	shipping	US$455.3
Hoanya Wisdom S.A.	US$10,000.0	100	100%	shipping	US$1,430.9
Infinite Wisdom S.A.	US$10,000.0	100	100%	shipping	(US$135.5)
Katagalan Line S.A.	US$10,000.0	100	100%	shipping	US$416.6
Katagalan Marine S.A.	US$10,000.0	100	100%	shipping	US$1,770.1
Katagalan Wisdom S.A.	US$10,000.0	100	100%	shipping	US$2,063.8
Kavalan Wisdom S.A.	US$10,000.0	100	100%	shipping	US$2,601.7
Ligulao Wisdom S.A.	US$10,000.0	100	100%	shipping	US$2,179.5
Lloa Wisdom S.A.	US$10,000.0	100	100%	shipping	(US$875.4)
Log Wisdom S.A.	US$10,000.0	100	100%	shipping	US$81.6
Luilang Wisdom S.A.	US$10,000.0	100	100%	shipping	(US$620.0)
Magnate Maritime S.A.	US$10,000.0	100	100%	shipping	(US$401.5)
Makatao Wisdom S.A.	US$10,000.0	100	100%	shipping	US$2,810.0
Mercy Marine Line S.A.	US$10,000.0	100	100%	shipping	US$5.2
Mighty Maritime S.A.	US$10,000.0	100	100%	shipping	US$636.6
Mimasaka Investment S.A.	US$10,000.0	100	100%	shipping	US$759.6
Mount Wisdom S.A.	US$10,000.0	100	100%	shipping	(US$543.1)
Paiwan Wisdom S.A.	US$10,000.0	100	100%	shipping	US$2,058.3
Papora Wisdom S.A.	US$10,000.0	100	100%	shipping	US$2,075.0
Pazeh Wisdom S.A.	US$10,000.0	100	100%	shipping	US$1,045.6
Pescadores International Line S.A.	US$10,000.0	100	100%	shipping	(US$318.5)
Poavosa International S.A.	US$10,000.0	100	100%	shipping	(US$5.3)
Poavosa Maritime S.A.	US$10,000.0	100	100%	shipping	US$23.0
Poavosa Wisdom S.A.	US$10,000.0	100	100%	shipping	US$2,477.8
Rukai Maritime S.A.	US$10,000.0	100	100%	shipping	US$2,931.8
Sakizaya Line S.A.	US$10,000.0	100	100%	shipping	(US$1.9)
Sakizaya Marine S.A.	US$10,000.0	100	100%	shipping	(US$1.9)
Sakizaya Navigation S.A.	US$10,000.0	100	100%	shipping	(US$1.8)
Sakizaya Wisdom S.A.	US$10,000.0	100	100%	shipping	US$862.7
Sao Wisdom S.A.	US$10,000.0	100	100%	shipping	US$1,466.3
Saysiat Wisdom S.A.	US$10,000.0	100	100%	shipping	US$413.9
Siraya Wisdom S.A.	US$10,000.0	100	100%	shipping	US$1,263.6
Taivoan Wisdom S.A.	US$10,000.0	100	100%	shipping	(US$1,066.6)
Tao Ace S.A.	US$10,000.0	100	100%	shipping	(US$2.7)
Tao Brave S.A.	US$10,000.0	100	100%	shipping	US$1,573.6
Tao Mariner S.A.	US$10,000.0	100	100%	shipping	US$604.4
Tao Star S.A.	US$10,000.0	100	100%	shipping	US$164.2
Tao Treasure S.A.	US$10,000.0	100	100%	shipping	(US$2.7)
Taokas Marine S.A.	US$10,000.0	100	100%	shipping	US$1,850

Subsidiary and Address	Capital Stock	Issued Shares	Percentage Interest Held by Wisdom Marine	Principal Business	Net Income of for the year ended December 31, 2012
					(Thousands)
Taokas Navigation S.A.	US$10,000.0	100	100%	shipping	US$1,425.0
Taokas Wisdom S.A.	US$10,000.0	100	100%	shipping	US$1,836.7
Taroko Maritimes S.A.	US$10,000.0	100	100%	shipping	US$824.0
Taroko Wisdom S.A.	US$20,000.0	100	100%	shipping	(US$633.9)
Triumph Wisdom S.A.	US$10,000.0	100	100%	shipping	US$187.1
Trobian Wisdom S.A.	US$10,000.0	100	100%	shipping	US$206.0
Unicorn Bravo S.A.	US$10,000.0	100	100%	shipping	US$355.5
Unicorn Fortune S.A.	US$10,000.0	100	100%	shipping	(US$139.8)
Unicorn Logger S.A.	US$10,000.0	100	100%	shipping	US$699.1
Unicorn Logistics S.A.	US$10,000.0	100	100%	shipping	(US$264.3)
Unicorn Marine S.A.	US$10,000.0	100	100%	shipping	US$37.2
Unicorn Pescadores S.A.	US$10,000.0	100	100%	shipping	(US$0.8)
Unicorn Successor S.A.	US$10,000.0	100	100%	shipping	US$1,868.7
Vayi Wisdom S.A.	US$10,000.0	100	100%	shipping	US$2,246.2
Winsome Wisdom S.A.	US$10,000.0	100	100%	shipping	US$1,190.5
Wisdom Ace S.A.	US$10,000.0	100	100%	shipping	(US$0.5)

Note:

* Except Wisdom Marine International Inc. and Well Shipmanagement and Maritime Consultant Co., Ltd., all our other subsidiaries have the same address.

Properties

Our headquarters are located in Taipei, Taiwan, at the following addresses:

7F, No. 237, Sec. 2 Fuxing S. Rd., Taipei City, Taiwan

In addition, our subsidiaries lease various pieces of land and buildings. The floor areas of the leased and owned properties of our principal subsidiaries as of December 31, 2012 are set forth below:

Principal Subsidiary	Leased Gross Floor Area	Owned Gross Floor Area	Total Gross Floor Area
			(square meters)
Wisdom Marine International Inc.	App.1,600	0	App.1,600

Most of our and our subsidiaries' owned and leased properties are covered by insurance covering risks, including fire, typhoon, earthquake and floods, up to their respective replacement values. We also maintain occupier's liability insurance in relation to the respective properties. We believe that our leased and owned properties are adequate for conducting our businesses for the foreseeable future.

Neither the Company nor a company in which the Company has a direct or indirect holding of more than 50% interest has acquired or is holding the Common Shares.

Certain Other Corporate Information

The chart below depicts our principal subsidiaries and organizational structure as at June 30, 2013.

Wisdom Marine Lines Co., Limited (Cayman Islands)	
Board	To develop operational, financial and business strategies of the Group To review and determine material transactions or investments of the Group To approve the endorsement for borrowings of any subsidiary To review and determine the staff arrangement on key employees To oversee corporate governance and compliance issues
Chairman	To chair the board and supervise the operation of the Group
President	To determine key operational and business plan; to administer and coordinate across departments
Spokesman	To announce material information of the Group; to deal with media and investor relations
Auditing Office	To audit, review and supervise the internal control system and operation of the Group and to provide amendments and advice in respect thereof

100%

Wisdom Marine International Inc. (Taiwan)	
Administration Department	To manage corporate documents and important contracts of the Group; to manage equity related matters and company registration; to manage human resources; to manage IT software and hardware; general affairs
Seaman Affairs Department	To arrange employment and dispatch of sea duty crew
Financial Department	To deal with accounting, financial, taxation, budgeting and bookkeeping matters for the Group and to provide correct and timely financial information; to arrange payments, cash flow and liquid assets
Business and Operations Department	To manage commercial arrangements including chartering, sale and purchase; to operate the vessels and liaise with relevant parties; to arrange claims and insurance matters
Technical Department	To arrange ship maintenance, docking and survey

100%

Wisdom Marine Lines S.A. (Panama) [1]	
Board	To acquire or dispose of material assets (ships) To enter into long-term charter contract To approve the endorsement for the borrowings of any subsidiary
Auditing office	To audit, review and supervise the internal control system and operation of the Group and to provide amendments and advice in respect thereof

100%

Well Shipmanagement and Maritime Consultant Co., Ltd. (Taiwan)	
Shipbuilding Department	To negotiate specifications and supervise the building of ships ordered at shipyards for the Group and third party companies
ISM Department	To design and implement safety management procedures; to educate crews on the safety management and latest regulations

Note 1: Reinvestment of Wisdom Marine Lines S.A:

FRATERNITY MARINE S.A.(100%), UNICORN MARINE S.A.(100%), ELITE STEAMSHIP S.A.(100%), COSMIC WISDOM S.A.(100%), FOURSEAS MARITIME S.A. PANAMA(100%), GENIUS MARINE S.A.(100%), WINSOME WISDOM S.A.(100%), HARMONY PESCADORES S.A.(100%), MOUNT WISDOM S.A.(100%), GENIUS PRINCE S.A(100%), MERCY MARINE LINE S.A.(100%), INFINITE WISDOM S.A.(100%), UNICORN SUCCESSOR S.A.(100%), GENIUS STAR CARRIERS S.A.(100%), MAGNATE MARITIME S.A.(100%), BEAGLE WISDOM S.A.(100%), GENIUS STAR NAVIGATION S.A.(100%), FRATERNITY SHIP INVESTMENT S.A.(100%), HARMONY TRANSPORT S.A.(100%), MIGHTY MARITIME S.A.(100%), EUROASIA INVESTMENT S.A.(100%), WISDOM ACE S.A.(100%), UNICORN

FORTUNE S.A.(100%), UNICORN LOGGER S.A. (100%), UNICORN BRAVO S.A.(100%), TAOKAS WISDOM S.A.(100%), SIRAYA WISDOM S.A.(100%), HOANYA WISDOM S.A.(100%), PAPORA WISDOM S.A. (100%), ARIKUN WISDOM S.A.(100%), BEAGLE MARINE S.A. (100%), POAVOSA WISDOM S.A.(100%), PAZEH WISDOM S.A.(100%), BABUZA WISDOM S.A.(100%), UNICORN LOGISTICS S.A.(100%), LOG WISDOM S.A.(100%), RUKAI MARITIME S.A(100%), TAROKO MARITIME S.A.(100%), LUILANG WISDOM S.A.(100%), TAROKO WISDOM S.A.(100%), UNICORN PESCADORES S.A.(100%), PESCADORES INTERNATIONAL LINE S.A.(100%), GSX MARITIME S.A.(100%), ATAYAL WISDOM S.A.(100%), BUNUN WISDOM S.A(100%), PAIWAN WISDOM S.A.(100%), SAYSIAT WISDOM S.A.(100%), AMIS WISDOM S.A.(100%), MAKATAO WISDOM S.A.(100%), SAKIZAYA WISDOM S.A.(100%), TAO MARINER S.A.(100%), TAO BRAVE S.A.(100%), KAVALAN WISDOM S.A.(100%), KATAGALAN WISDOM S.A.(100%), TAIVOAN WISDOM S.A.(100%), TROBIAN WISDOM S.A.(100%), FAVORAN WISDOM S.A.(100%), TAOKAS NAVIGATION S.A.(100%), TAOKAS MARINE S.A (100%), DUMUN MARINE S.A.(100%), GUMA MARINE S.A.(100%), LLOA WISDOM S.A.(100%), MIMASAKA INVESTMENT S.A.(100%), SAO WISDOM S.A.(100%), TRUMPH WISDOM S.A.(100%), HARMONY SUCCESS S.A.(40%), GUMA NAVIGATION S.A.(100%), DUMUN NAVIGATION S.A.(100%), TAO STAR S.A.(100%), VAYI WISDOM S.A.(100%), ADIXI WISDOM S.A.(100%), LIGULAO WISDOM S.A.(100%), ATAYAL STAR S.A.(100%), ATAYAL BRAVE S.A.(100%), ATAYAL MARINER SA.(100%), KATAGALAN MARINE S.A.(100%), AMIS NAVIGATIONS.A.(100%), BUNUN NAVIGATION S.A.(100%), BUNUN MARINE S.A.(100%), GS NAVIGATION S.A.(100%), GS GLOBAL S.A.(100%), KATAGALAN LINE S.A.(100%), POAVOSA INTERNATIONAL S.A.(100%), POAVOSA MARITIME S.A.(100%), SAKIZAYA MARINE S.A.(100%), SAKIZAYA NAVIGATION S.A.(100%), TAO ACE S.A.(100%), TAO TREASURER S.A.(100%), SAKIZAYA LINE S.A. (100%), AMIS STAR S.A. (100%), AMIS INTERNATIONAL S.A. (100%), POAVOSA NAVIGATION S.A. (100%), AMIS CARRIERS S.A. (100%), AMIS MARINER S.A. (100%), KATAGALAN NAVIGATION S.A. (100%).

Legal Proceedings

We and our subsidiaries are involved in certain legal actions incidental to our business. We were involved in a claim filed by Shin Kong Life Insurance Co., Ltd in Taipei district court for cargo damage and other maritime insurance subrogation related expenses in the amount of NT$470.0 million since 2008. We have entered into a settlement agreement with Shin Kong Life in September 2013 for a settlement payment of NT$4.7 million (US$0.2 million).

We are involved in a claim filed by Fisia Italimpianti S.P.A. in First Maritime Court of Panama for cargo damage in the amount of US$1.5 million, which is now pending in the court. We have retained legal counsel to handle this lawsuit and defend against the complaints. We believe that the outcome of this litigation is uncertain but that, in any event, it will not have a material adverse effect on our business operations or financial positions. We are also involved in a claim filed by several Chinese fishermen for trespassing their scallop breeding area. We have retained legal counsel to handle this lawsuit and defend against the complaints, and at this stage, the final outcome of this matter is uncertain, and while we are unable to estimate the possible loss in connection with this claim, we do not believe that this claim will have a material adverse effect on our business or results of operations.

In addition, we and our subsidiaries are involved in an arbitration proceeding with WE Cox Claims Group. WE Cox Claims Group submitted a claim to arbitration in London, requesting a compensation in the amount of US$1.7 million for cargo damage. The arbitration proceeding has not started yet, and at this stage, the final outcome of this arbitration is uncertain. However, we do not believe that this matter will have a material adverse effect on our business operations or financial positions.

Save as described above, there are no governmental, legal or arbitration proceedings, (including such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this Prospectus, which may have, or have had a significant effect on the Company's and/ or the Group's financial position or profitability.

Public Takeover or Exchange Offers of Shares

For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, there have not been any public takeover or exchange offers by third parties in respect of our Common Shares, and we have not made any public exchange offers in respect of other companies' shares.

The following information relating to the dry bulk shipping industry has been provided for background purposes only. The information has been extracted from a variety of sources released by public and private organisations. The information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate.

Overview

The international dry bulk shipping industry provides seaborne transportation of dry bulk commodities for related industries. The most important of these commodities are iron ore, coal and grains which together accounted for 69% of total dry bulk trade in 2012.[1] Other key cargoes, commonly referred to as minor bulks, include agricultural products (e.g. fertilizers), steel products, forest products, metals, cement and a wide range of other minerals. Dry bulk shipping companies provide seaborne transportation to customers that include power utilities, steelmakers, grain houses, commodity traders and government agencies. In recent years there has been a substantial increase in the use of commodities transported in dry bulk. In 2012, the amount of cargo transported by the industry was estimated to be 3.7 billion metric tonnes — an increase of 4.8% over the previous year and 70% higher than in 2002.[2]

While there is no standard definition, dry bulk carriers can be categorized into the following size segments:

Segment	Size Range (Dwt)	Number of Vessels	Share Vessels (%)	Total Dwt (Mn)	Share Dwt (%)	Average Age(Yrs)	Orderbook (Mn Dwt)	Orderbook % of Fleet
Handysize	10,000 to 49,999	3,892	40%	125.2	18%	14	18.3	15%
Supramax	50,000 to 69,999	2,226	23%	127.8	18%	7	23.5	18%
Panamax	70,000 to 99,999	1,987	21%	159.6	23%	7	42.3	26%
Capesize	100,000 and above	1,518	16%	285.3	41%	7	49.9	18%
Total	10,000 and above	9,623	100%	697.9	100%	10	134.0	19%

Source: MSI — Dry bulk fleet data as of May 1, 2013

Handysize

The Handysize (10,000 to 49,999 Dwt) segment is the smallest segment of the dry bulk carrier fleet by capacity, accounting for less than 18% of the total fleet. Most Handysize vessels are fitted with cranes which, along with their shallow drafts, make them extremely versatile and able to access smaller ports with less sophisticated onshore facilities. As a result trading patterns and cargoes for these types of vessel are highly diversified.

Supramax

The Supramax fleet comprises vessels between 50,000 and 69,999 Dwt and accounts for 18% of the total fleet measured in terms of Dwt capacity. Similar to the Handysize segment, most Supramax vessels are fitted with cargo handling gear and are suitable for ports with vessel size restrictions or those with less sophisticated onshore facilities. As a result trading patterns and cargoes are highly diversified for Supramax vessels, which compete directly with Handysize vessels.

1 Source: MSI
2 Source: MSI

Panamax

Panamax bulk carriers are medium-sized vessels whose dimensions have traditionally been defined by the current length, width and draft constraints of the Panama Canal. However, the expansion of the Panama Canal is due to be completed in 2015, and the definition of Panamax vessels is evolving. The modern Panamax definition comprises vessels between 70,000 and 99,999 Dwt and accounts for 23% of the total fleet measured in terms of Dwt capacity. Most Panamax vessels are not equipped with cranes and are therefore dependent on shore-based equipment for loading and discharge of cargo.

Capesize

Capesize vessels primarily carry iron ore and coal cargoes, and the segment comprises vessels above 100,000 Dwt in size. In recent years, strong growth in global iron ore seaborne trade has resulted in heavy investment in Capesize newbuilding orders and the fleet has expanded rapidly as a result. Since 2003, the Capsize fleet has nearly tripled in size to 285.3 million Dwt at May 1, 2013. Although most modern Capesize vessels are in the 170,000 to 185,000 Dwt size range, the surge in Chinese iron ore imports has led to rapid growth in the fleet of very large ore carriers (VLOCs) in excess of 200,000 Dwt in size, dedicated to long-haul shipments of iron ore.

Demand for and Supply of Dry Bulk Carriers

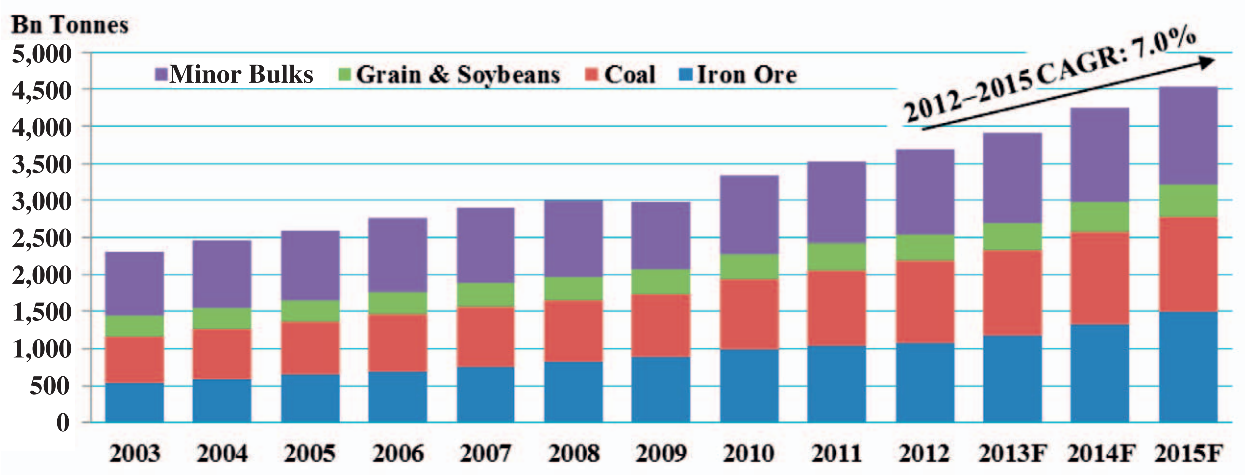
Rates for and utilisation of vessels and the financial performance of ship owners are affected by the demand for shipment of dry bulk cargoes and the supply of vessels which are capable of transporting such cargoes.

1. Demand Factors

The amount of cargo transported in dry bulk carriers is governed by demand for the various commodities, which is affected by international economic activity, regional imbalances between domestic production and consumption, commodity prices and inventories. In addition to the volume of cargo, dry bulk carrier demand is driven by the average distance required to transport it from commodity-producing locations to commodity-consuming destinations. Demand can be expressed in "tonne-miles," measured as the product of (a) the amount of cargo transported, multiplied by (b) the distance over which it is transported.

The mile component is generally the most variable element of tonne-mile demand. Seaborne trading distances for commodities are determined principally by the location of production and their efficient distribution for processing and consumption. To illustrate the importance of this consider that a tonne of ore carried from Brazil to China generates roughly 2 to 3 times the demand for sea transport as the same amount of ore shipped from Australia. Trading patterns are sensitive both to major geopolitical events and to small shifts, imbalances and disruptions in all stages of production and processing through to end-use. Seaborne transportation distances are also influenced by infrastructural factors, such as the availability of canal 'shortcuts' and capacity at ports and inland distribution.

The following chart outlines historical seaborne trade in dry bulk commodities from 2003 to 2012, with MSI's forecast from 2013 to 2015:



Source: MSI, Q2 2013

Seaborne dry bulk trade has grown by a compound annual growth rate of 3.5% since 1980, but in the last 10 years growth has risen to 5.5% per annum. The acceleration in trade in recent years has been driven primarily by China, whose entry into the World Trade Organization in 2001 caused a large increase in investment funds flowing into the country as foreign manufacturers sought to benefit from lower wage costs and the future prospects of a large consumer market. China's growth helped foster a wider rebound in the other Asian economies, particularly Japan, Korea and Taiwan. As a result there has been substantial growth of dry bulk trade to and from the Pacific region, for a number of key commodities. Based on MSI's forecasts, global seaborne dry bulk trade will continue to grow at a compound annual growth rate of 7.0% over the next 3 years, driven primarily by growth in Chinese steel production and higher imports of steel-related raw materials, growth in Chinese and Indian coal imports as well as a rebound in global grain trade following last year's weather impacted decline.

The table below shows the main dry bulk commodities and the segments of the dry bulk carrier fleet they are transported by.

Commodity	Seaborne Trade 2012 (Million Tonnes)	% Share of Seaborne Dry Bulk Trade	Typical Dry Bulk Vessel Type
Iron Ore	1,076.6	29%	Capesize, Panamax
Steam Coal	838.4	23%	Capesize, Panamax
Coking Coal	272.7	7%	Capesize, Panamax
Grains & Soybeans	356.6	10%	Panamax, Supramax, Handysize
Minor Bulks	1,148.4	31%	Supramax, Handysize
Total	3,692.7	100%	

Source: MSI

1.1 Steel & Iron Ore

Due to strong regional imbalances between the production and consumption of iron ore, trade plays a significant role in the disposition of this commodity. Of the major global iron ore consuming countries, only the United States, Brazil, Russia and India currently have adequate access to material produced domestically; China, Japan, most European and many other Asian countries import a large share of iron ore consumed.

Iron ore is a key commodity export for a few countries such as Australia and Brazil that produce volumes far in excess of domestic requirements to meet the demand from foreign importers. Around 55% of global iron ore produced is actually exported each year, compared with between 15% and 20% for coal and grains; approximately 90% of iron ore exports are transported by sea in dry bulk ships.

Iron ore is almost exclusively used in the production of steel. Two principal methods of steel manufacture dictate the quantity of iron ore consumed — the Basic Oxygen Furnace (BOF) method and Electric Arc Furnace (EAF) method. In basic terms, the former heats iron ore directly with coking coal and limestone to make crude steel, whilst the latter uses electricity to melt-down either scrap steel (using little or no iron ore) and/or Direct Reduced Iron (DRI — a reduced form of iron ore).

Local steel demand varies from region to region, based principally on the intensity of steel use. Industrialising and urbanising regions will have a high steel use intensity based on the concentration of economic output on building infrastructure, factories and housing. Economies with high manufacturing share of output will also have higher steel use intensity. Countries with more developed, service-based economies will have low steel use intensity, based primarily on the requirement for steel for the maintenance of existing infrastructure and steel-related products rather than expansion.

With very high steel use intensity, high BOF share and low cost of production, China dominates global steel production and iron ore consumption. In addition, China is not endowed with abundant, high quality iron ore, and therefore also dominates global iron ore imports.

1.2 Coal

The two principal uses of coal are electric power generation and steel production. The former accounts for 63% of global coal consumption, and the latter accounts for 8%. The remaining 29% is used in a wide range of industrial, chemical and pharmaceutical processes, including the production of cement, paper manufacture and in alumina refineries. Gasification and liquefaction processes also enable coal to be used as an alternative fuel to natural gas and oil products.

Coal exists in many forms and grades, with crude definitions ranging from peat with low energy and carbon content, through lignite, steam (thermal) coal, coking (metallurgical) coal and anthracite with high energy and carbon content. Low carbon content coal is typically used in electric power production and high carbon content in steel production and other more specialised uses.

The high cost of oil and gas has led to the increasing development of coal-fired electricity plants, especially in Asia and China in particular. Steam coal demand has recently been boosted by safety problems associated with Japan's nuclear power industry and also Indian plans for several large coal-fired 'Ultra Mega Power Project' (UMPP) power generation units, a number of which are planned for coastal sites to be run using imported coal. This has been augmented by increased coking coal consumption in Asia's rapidly expanding steel industries.

Unlike iron ore, China is well endowed with abundant reserves of high quality coal. Until 2008, China was a net exporter of coal, but in recent years, infrastructure restrictions for domestic coal transport in China has pushed up local prices and opened a significant window for arbitrage trade, giving a major boost to imports there and dramatically reducing exports. In just three years, China progressed from a net exporter of coal to the world's largest importer in 2011, overtaking Japan. While Japan imports almost all of its coal requirements, China's 2011 imports accounted for less than 5% of its total use.

Regional coal demand is principally related to both the share of electricity produced in coal fired plants (over other forms of energy such as oil, gas, nuclear and renewables), and steel production.

1.3 Grains

Wheat and coarse grains are primarily used for direct human consumption or as feed for livestock. International trade fluctuates considerably. Grains have a long history of price volatility, government interventionism and weather conditions which strongly impact trade volumes. However, demand growth for wheat and coarse grains is fundamentally linked in the long term to population growth and rising per capita income. Food security and sustainability are central to government planning; with high energy content and low production cost, grains play an important role in this. Moreover, grains trade plays a crucial role for regions unable to sustain resident populations with domestic food output, such as Africa and the Middle East.

The fundamental dynamics of grains trade can be distinctly split into short-term and long-term dynamics. The former is principally driven by short-term weather patterns, often bringing about volatile trading conditions between the Northern Hemisphere summer harvest and the South Hemisphere summer harvest. Long-term trends are principally driven by population growth, grain usage trends and changing harvest areas and yields. Industrial use of grains is also gaining ground, recently for the production of biofuels. Grain stocks and prices also play an important role in stimulating grains production and trade.

Historically, grains trade has been dominated by wheat and coarse grains including corn, barley, oats, millet and rye. Over the past two decades, however, soybean and meal trade has expanded rapidly, from just 52 million tonnes in 1990 to 155 million tonnes by 2012.

International trade in grains is dominated by 4 key exporting regions; North America, Latin America, Oceania and Europe, including the Former Soviet Union which together account for over 90% of global exports.

1.4 Minor Bulks

As a group, minor cargoes cover a wide range of commodities principally related to construction, industry, fuel and agriculture. Industrial goods and construction materials are tied to the economic cycle, whilst agricultural goods are affected by consumer preferences and weather, raw materials and fuels are also determined by geographic natural resource imbalances.

The volume of minor cargoes transported in bulk amounted to an estimated 1,148 million tonnes in 2012 or just under a third of total seaborne bulk trade. Overall, minor cargoes have grown at a compound annual average growth rate of 3.0% since 1990, led by steel and construction related materials primarily in the Intra-Asian trade, which accounts for around a quarter of all minor bulks traded.

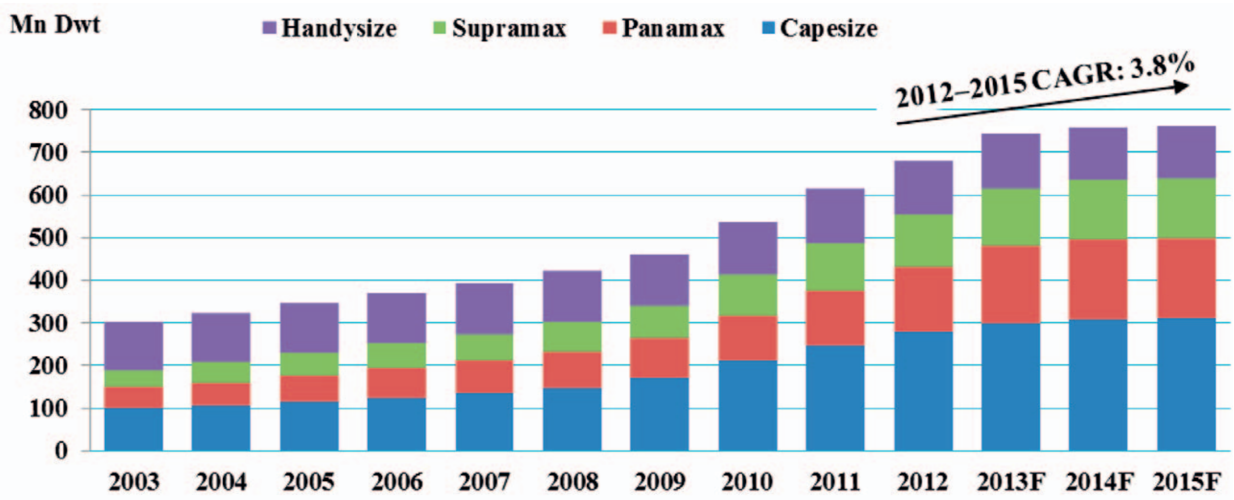
With many of the world's construction projects situated in Asian locations lacking local supply of raw materials, sea transport of these commodities in small bulk ships will continue to be a vital link in the supply-chain for the region, and a vital source for growth in demand for smaller vessels. Europe and the North America also import a significant share of minor bulks trade. Due to the disaggregated geographical distribution of raw commodities, no region is self-sufficient in minor bulk materials though and imports play an important role for most countries across the world.

2. Supply Factors

The supply of dry bulk shipping capacity is measured by the amount of suitable deadweight tonnes (Dwt) available to transport cargo. This depends on the aggregate tonnes of the existing world fleet, deliveries of newbuildings, scrapping of older vessels, and the number of vessels undergoing maintenance, repairs, inspection, or otherwise unavailable for use.

The decision to order newbuildings or scrap older vessels is influenced by many factors, including prevailing and expected charter rates, newbuilding and scrap prices, expected time before delivery and government and industry regulation of seaborne transportation practices.

Based on delivery of the existing orderbook only (no new orders) combined with MSI's forecast for vessel scrapping, the dry bulk carrier fleet is forecast to expand to 761.6 million Dwt by the end of 2015, compared to 680.3 million Dwt at the end of 2012. The evolution of the dry bulk carrier fleet is shown in the following chart:



Source: MSI

Not all of the vessels on order, especially those for delivery in 2013 and beyond have secured financing in place and in the current climate securing funding is proving difficult for many shipowners. Inevitably, delays in funding access may well have a knock-on effect in terms of ships being delayed beyond scheduled delivery dates or not being delivered at all.

Apart for the lack of funding, it is also apparent that some of the orders which have been placed have been at "greenfield" yards, that is, shipyard facilities which have yet to be constructed and become operational. Some of these yards are also finding it difficult to secure funds to commence the construction of the actual shipyard and this could potentially lead to additional delays or cancellations in delivery of new vessels.

The supply of dry bulk vessels is not only a result of the number of vessels in service, but also the operating efficiency of the fleet. For example, during times of very heavy commodity demand, bottlenecks develop in the form of port congestion, which also absorbs fleet capacity through delays in loading and discharging of cargo.

2.1 Orderbook

The dry bulk carrier orderbook for delivery during 2013 to 2015 amounts to 134 million Dwt, of which approximately 27 million Dwt was delivered during January to April 2013. The table below summarizes global dry bulk orderbook as of 2012 year end.

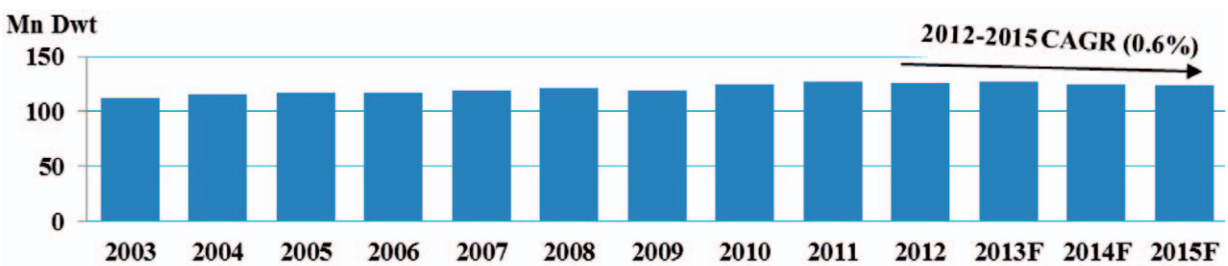
		Orderbook					
	Existing Fleet As of Dec 31, 2012 (Mn DWT)	2013		2014		2015	
Vessel Type		**Mn DWT**	**% of fleet**	**Mn DWT**	**% of fleet**	**Mn DWT**	**% of fleet**
Capesize..............	279	32	11%	13	5%	5	2%
Panamax..............	152	30	20%	10	6%	2	1%
Supramax............	124	16	13%	6	5%	1	1%
Handysize............	126	12	10%	4	4%	2	1%
Total	680	91	13%	33	5%	10	2%

Source: MSI

As of May 1, 2013, the present orderbook for dry bulk vessels stands at approximately 19% of the overall existing fleet. Among various vessel types, Handysize has the lowest outstanding orderbook as a percentage of the existing fleet at approximately 15%.

Handysize

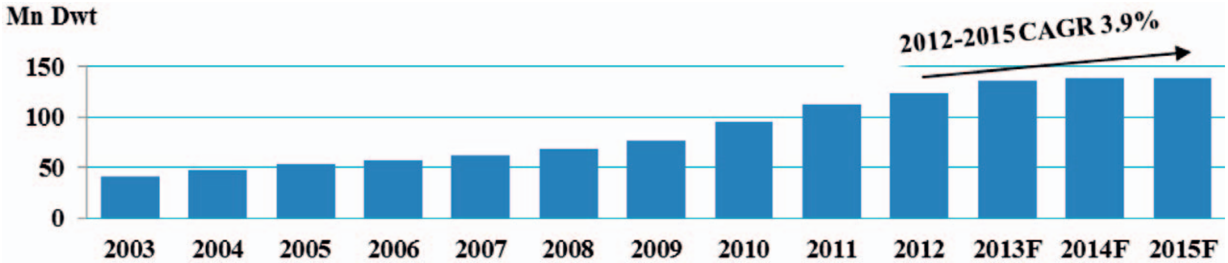
The total Handysize orderbook scheduled for delivery during 2013 to 2015 amounts to 18.3 million Dwt, of which 12.0 million Dwt will be delivered in 2013. MSI forecasts total Handysize scrapping to reach 20.5 Million Dwt over the same period, which means that unless additional newbuilding orders for Handysize vessels are placed for delivery during 2014-15, the Handysize fleet will decline in size to 123.5 Million Dwt in 2015, from 125.7 Million Dwt at the start of 2013. The development of the Handysize fleet is illustrated in the following chart:



Source: MSI

Supramax

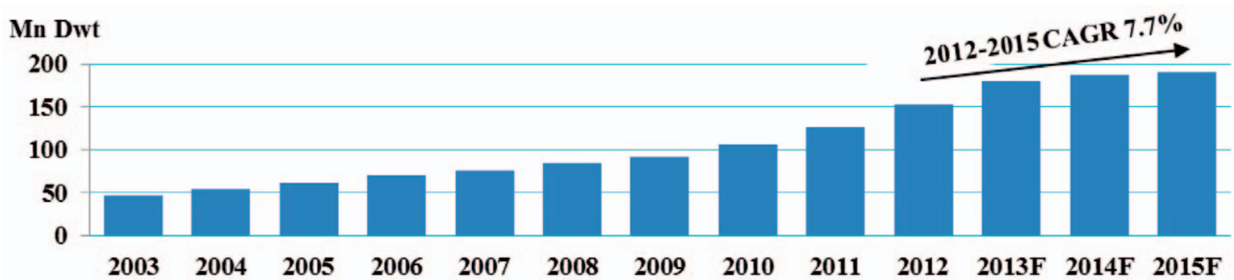
The total Supramax orderbook currently scheduled for delivery during 2013 to 2015 amounts to 23.5 Million Dwt, of which 16.5 Million Dwt is scheduled for delivery in 2013. MSI forecasts total Supramax scrapping to reach 8.4 Million Dwt over the same period. The Supramax fleet development is illustrated in the following chart:



Source: MSI

Panamax

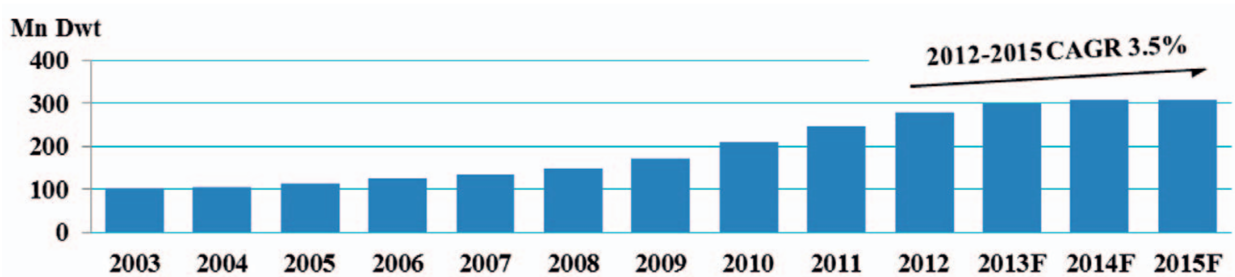
The total Panamax orderbook scheduled for delivery during 2013 to 2015 amounts to 42.3 Million Dwt, of which 30.4 Million Dwt is scheduled for delivery in 2013. MSI forecasts total Panamax scrapping to reach 4.4 Million Dwt over the same period. The Panamax fleet development is illustrated in the following chart:



Source: MSI

Capesize

Although the Capesize orderbook has declined from its peak of over 200 million Dwt in 2008, there is still 49.9 million Dwt scheduled for delivery during 2013 to 2015, of which 31.8 Million Dwt is scheduled for delivery in 2013. MSI forecasts total Capesize scrapping to reach 19.4 Million Dwt over the same period. The Capesize fleet development is illustrated in the following chart:



Source: MSI

2.2 Fleet Age and Demolition

A sizeable part of the world dry bulk fleet is relatively young given the amount of orders over the booming years of the shipping cycle. The demolition market for dry bulk vessels has also been active on the backdrop of low freight rates over the past few years. While factors such as fuel consumption, bunker prices and scrap price of steel and vessels can influence the decision making of withdrawing a vessel from the market, it is ultimately a weak freight market, especially one that is not sufficient to pay the vessel's daily operating expenses that determines the sale of the dry bulk vessels for demolition. In general, ship-owners are more prone to sell old and economically inefficient vessels for demolition. The global dry bulk fleet age profile as of 2012 year end is summarized in the following table.

Vessel Type	Existing Fleet As of Dec 31, 2012 (Mn DWT)	Fleet Age Profile (in Mn DWT)									
		0-4 Yrs	% of fleet	5-9 Yrs	% of fleet	10-14 Yrs	% of fleet	15-19 Yrs	% of fleet	20+ Yrs	% of fleet
Capesize	279	155	56%	42	15%	20	7%	37	13%	24	9%
Panamax	152	76	50%	30	20%	26	17%	14	9%	6	4%
Supramax	124	74	59%	21	17%	9	7%	6	5%	14	11%
Handysize	126	39	31%	10	8%	15	12%	20	16%	40	32%
Total	680	344	51%	104	15%	71	10%	78	11%	84	12%

Source: MSI — data as of December 31, 2012

Handysize

Measured in terms of Dwt capacity, the Handysize fleet is the oldest segment of the dry bulk carrier fleet, with 32% of the fleet aged 20 years or older at the start of 2013, compared to 12% for the dry bulk carrier fleet as a whole. Older fleet age has resulted in higher level of demolition activities in Handysize market versus others. MSI forecasts total Handysize scrapping to reach 20.5 million Dwt during 2013 to 2015, versus total orderbook of 18.3 million DWT over the same period.

Supramax

The Supramax fleet is relatively modern, with only 11% of the fleet aged 20 years or older, and almost 60% of the fleet is less than 5 years old.

Panamax

Measured in terms of Dwt capacity, less than 4% of the Panamax fleet is aged 20 years or older and 50% of the fleet is less than 5 years old.

Capesize

The rapid growth of the Capesize fleet in recent years means that the fleet is very modern, with less than 9% of the fleet aged 20 years or older, and 56% of the fleet is less than 5 years old.

2.3 Port Congestion

Supply of dry bulk carrier capacity is also affected by the operating efficiency of the global fleet. In recent years, the growth in trade has led to port congestion, with ships at times being forced to wait outside port to either load or discharge due to limited supply of berths at major ports. At major Australian coal and iron ports in mid-2009, delays could be as long as several days for most vessels. There have also been delays in unloading at Chinese dry bulk terminals. For a Capesize bulk carrier trading iron ore on a round voyage pattern from Australia to China, a 10 day delay for loading on each voyage could reduce the overall transportation capacity of the vessel by as much as 30%. Delays at major bulk carrier loading ports have reduced the amount of available shipping capacity in the sector, and consequently have led to a much tighter balance between overall supply and demand.

Dry Bulk Vessel Charter Market

Dry bulk vessels are chartered out in the market through a number of different options, including COAs, voyage charters, time charters and bareboat charters.

In the voyage charter market, rates are principally determined by cargo size, the type of commodity being transported, port dues and canal transit fees and delivery and re-delivery regions. Spot chartering activity is regarded as chartering on a single voyage or a trip charter basis. In this type of charters the shipowner is responsible for both voyage expenses and vessel operating costs, voyage expenses include port, canal and bunker fuel costs and operating expenses include crew cost, provisions, deck and engine stores, lubricating oil, insurance, maintenance and repairs. Provisions include accruals for asset maintenance, staff remuneration (outside of salary such as bonuses, retirement benefits) and sundry items (such as bad debts).

Under time charters, shipping or transportation companies commit to hiring a ship for months or years at a time at a fixed rate. In the time charter market, rates are mainly determined by the length of the charter period and the specific characteristics of the vessels, such as age, speed and fuel consumption. As with spot charters, while the shipowner is responsible for crew and maintenance costs, the party chartering the ship is responsible for variable costs such as bunker fuel and port or canal fees.

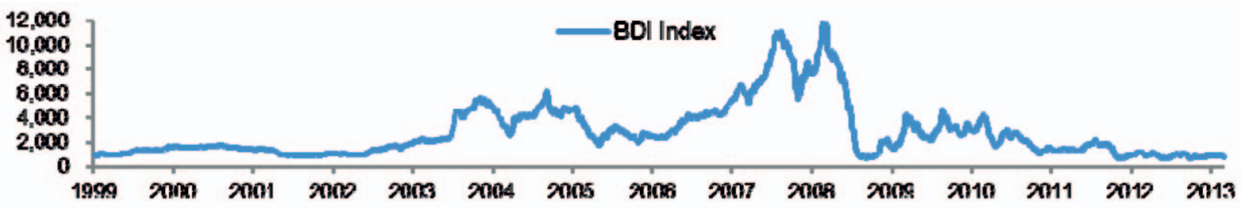
A Contract of Affreightment (COA) relates to the carriage of multiple cargoes over the same route and enables the COA holder to nominate different vessels to perform the individual voyages. Essentially, it constitutes a series of voyage charters to carry a specified amount of cargo during the term of the COA, which usually spans a number of years. All of the ship's operating expenses, voyage expenses and capital costs are borne by the ship owner. Freight normally is agreed on a U.S. dollar-per-ton basis.

Under a bareboat charter, a transportation company will lease a ship, similar to the way in which car manufacturers lease cars. The lessee/ship operator provides the crew and is responsible for operation, repairs and maintenance. Bareboat charters are typically relatively long term, ranging from over 1 year to more than 10 years.

In the time charter market, rates vary depending on the length of the charter period and vessel specific factors such as age, speed, size and fuel consumption. In the voyage charter market, rates are influenced by cargo size, commodity, port dues and canal transit fees, as well as delivery and redelivery regions. In general, a larger cargo size is quoted at a lower rate per ton than a smaller cargo size. Routes with costly ports or canals generally command higher rates. Voyages loading from a port where vessels usually discharge cargo, or discharging from a port where vessels usually load cargo, are generally quoted at lower rates. This is because such voyages generally increase vessel efficiency by reducing the unloaded portion (or ballast leg) that is included in the calculation of the return charter to a loading area.

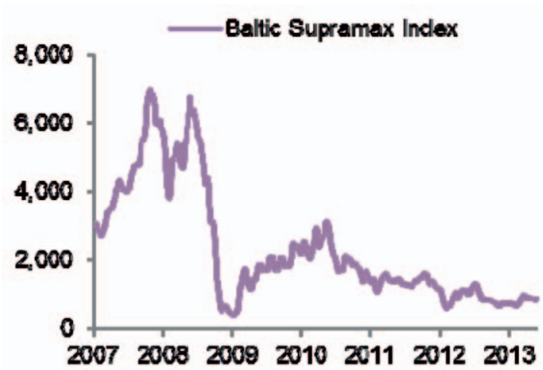
Freight Rates

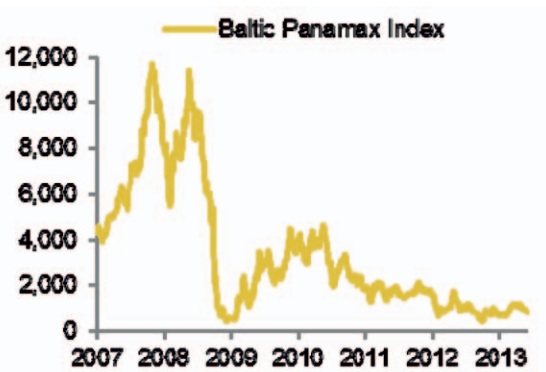
Freight rates in the dry bulk shipping market are influenced by the demand for and supply of shipping capacity, and consequently are volatile. The Baltic Dry Index is an index issued daily by the London-based Baltic Exchange that track movements in the rates for dry bulk shipping. Not restricted to the Baltic Sea countries, the index provides *"an assessment of the price of moving the major raw materials by sea. Taking in a series of shipping routes measured on a timecharter basis, the index covers Handysize, Supramax, Panamax, and Capesize dry bulk carriers carrying a range of commodities including coal, iron ore and grain."*

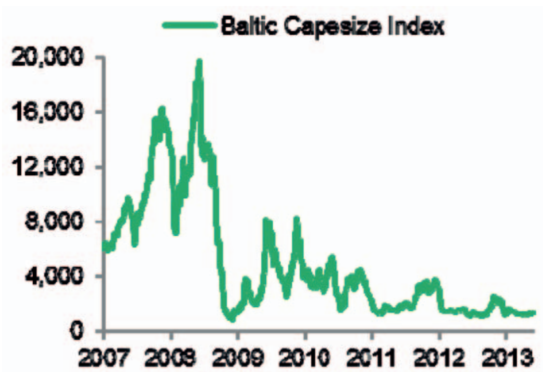


Source: The Baltic Exchange, May 2013

Among dry bulk vessel types, trends of rates also vary driven by different cargo types and specific supply/demand dynamics for each vessel type. For instance, Handysize rates historically have been relatively less volatile than rates of larger vessel types like Capesize and Panamax. The widely followed indices for each vessel type in the market are the Baltic Capesize Index (BCI), the Baltic Panamax Index (BPI), the Baltic Supramax Index (BSI) and the Baltic Handysize Index (BHSI) as shown in the following graphs:







Source: The Baltic Exchange, May 2013

Vessel operating costs

Vessel operating costs can vary considerably depending upon the size, nationality and fleet management policy of the operating company. MSI's operating cost assessments assume best practice, newbuildings using most cost efficient technology, convenience flags, third world crews and so forth. Vessel operating costs are broken down into five distinct categories:

I. **Crew/Manning:** this encompasses all costs relating to crew employment including wages, overtime, pensions and social security, training, agency fees, clothing / uniforms, provisions and travel.

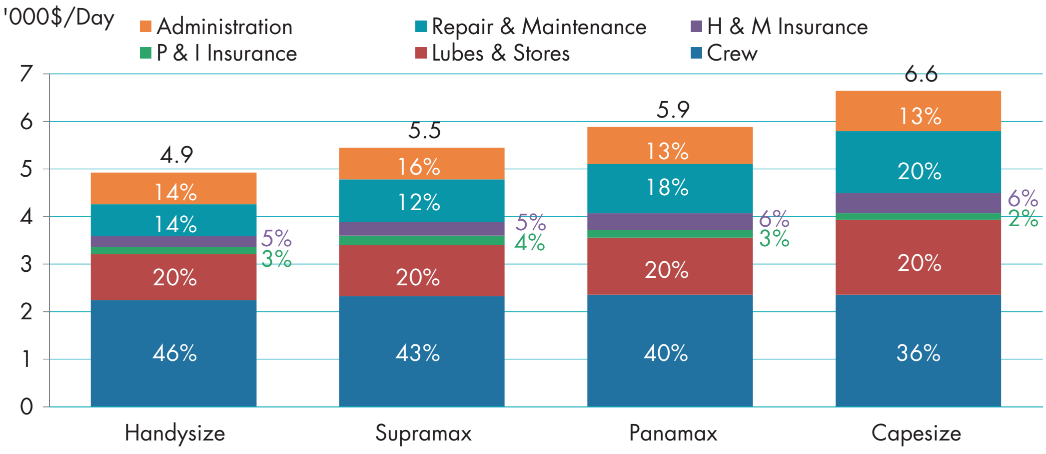
II. **Lubricants and Stores:** although lubricants and stores contain a wide range of items used in the vessel's operation (paints, ropes, greases, chemicals, etc), lubricating oils are by far the biggest single cost component.

III. **Repair and Maintenance:** these costs include routine onboard maintenance carried out by the crew throughout the year, provisions for both the two-and-a-half year interim and five-year special surveys, as well as spare parts and provisions for unforeseeable costs that may crop up.

IV. **Insurance:** the two types of insurance captured under vessel operating costs are Hull & Machinery (H&M) and Protection & Indemnity (P&I). Whereas marine insurers typically cover quantifiable risks relating to either the vessel (H&M) or the cargo (part of voyage costs), P&I insurance is arranged through mutual insurance associations (P&I clubs) that provide their members with cover for indeterminate risks such as third party liabilities.

V. **Administration/Overhead:** these costs relate specifically to financial management and other overhead costs, and are typically shared across a fleet of vessels. The costs are therefore dependent upon both the size of the company and its geographic location.

Vessel operating costs by vessel type in 2012 are illustrated in the following chart, according to MSI estimates:



Source: MSI

RELATED PARTY TRANSACTIONS

Set forth below are parties considered related parties to Wisdom Marine.

Name of Related Party	Relationship with Wisdom Marine
Chun-Sheng Lan	Chairman of Wisdom Marine
Wisdom Marine Agency Co., Ltd.	Same chairman as Wisdom Marine
Pescadores Merchandise Co., Ltd.	Same chairman as Wisdom Marine
Hui Wen Investment Co., Ltd.	Chairman is a second-degree relative of the chairman of Wisdom Marine
Pescadores Travel Co., Ltd.	Same directors as Wisdom Marine
YOKO Co., Ltd.	Same directors as Wisdom Marine
Rich Containership S.A.	Same directors as Wisdom Marine
Benefit Transport S.A.	Same directors as a second-tier subsidiary of Wisdom Marine
Indian Challenger S.A.	Same directors as a second-tier subsidiary of Wisdom Marine
Asiaeruo Investment S.A.	Same directors as a second-tier subsidiary of Wisdom Marine
Unicorn Maritime Agency Co., Ltd.	Related party in substance
Samurai Investment S.A.	Related party in substance
Samurai Marine S.A.	Related party in substance
MAYO (HK) Limited.	Same directors as a second-tier subsidiary of Wisdom Marine
Brave Line Co., Ltd.	Related party in substance
Directors, President and Vice Presidents	Key management

Significant transactions with the above related parties of Wisdom Marine as of and for the years ended December 31, 2010, 2011 and 2012 are summarized below.

Chartering Expenses. In 2010, chartering expenses paid to related parties were US$4.0 million, including US$2.0 million and US$2.0 million, to MAYO (HK) Limited and Benefit Transport S.A., respectively. In 2011, charting expenses paid to related parties were US$1.9 million, including US$1.3 million and US$0.6 million, to MAYO (HK) Limited and Asiaeuro Investment, respectively. In 2012, chartering expense paid to Asiaeuro Investment S.A. were US$0.3 million.

Receivables and payables. In 2010, receivables from related parties were US$(0.4) million, including US$(0.4) million from Pescadores Travel Co., Ltd. In 2011, receivables from related parties were US$(0.6) million, including US$(0.6) million from YOKO Co., Ltd. In 2012, receivables from related parties were US$(0.6) million, including US$(0.6) million from YOKO Co., Ltd.

Financing from related parties. In 2010, there was no financing from related parties. In 2011, financing from related parties totaled US$12.5 million, with interest expense of US$31,322. In 2012, financing from related party totaled US$32.3 million, with interest expense of US$0.5 million.

Rental expenses. In 2010, rental expenses from related parties were US$0.3 million, including US$0.2 million from Mr. Chun-Sheng Lan. In 2011, rental expenses from related parties were US$0.3 million, including US$0.2 million from Mr. Chun-Sheng Lan. In 2012, rental expenses from related parties were US$0.3 million, including US$0.2 million from Mr. Chun-Sheng Lan.

Guarantee. In 2010, Chun-Sheng Lan provided a time deposit guarantee of US$18.7 million for the Company's financing loan. In 2011, Mr. Chun-Sheng Lan provided a time deposit guarantee of US$39.7 million for the Company's financing loan. In 2012, Mr. Chun-Sheng Lan provided a time deposit guarantee of US$50.0 million for the Company's financing loan.

Services received. Services received from related parties in 2010, 2011 and 2012 are set forth below.

Name of related party	Items	For the Year Ended December 31, 2010	2011	2012
				(in US$)
Benefit Transport S.A.	Commissions	22,766	126,901	300,045
Pescadores Travel Co., Ltd.	Business travel expenses	190,560	235,572	286,924
Wisdom Marine Agency Co., Ltd.	Agency and other	22,848	4,274	6,734
YOKO Co., Ltd.	Commissions and agency fees	1,025,721	1,692,786	1,728,287
Pescadores Merchandise Co., Ltd.	Miscellaneous expense	50,750	6,247	52,664
Unicorn Maritime Agency Co., Ltd.	Agency expenses	—	15,485	26,479
Brave Line Co., Ltd.	Miscellaneous expense	—	—	7
		1,312,645	2,081,265	2,401,140

Services offered. Service offered to related parties in 2010, 2011 and 2012 are set forth below.

Name of related party	Items	For the Year Ended December 31, 2010	2011	2012
				(in US$)
Indian Challenger S.A.	Vessel management service	36,000	36,000	33,000
Rich Containership S.A.	Vessel management service	2,005,000	2,055,000	2,055,000
MAYO (HK) Limited	Vessel management service	36,000	24,000	—
Benefit Transport S.A.	Vessel management service	36,000	—	—
Asiaeuro Investment S.A.	Vessel management service	—	12,000	9,000
Brave Line Co., Ltd.	Management revenue	—	6,275	6,409
YOKO Co., Ltd.	Examination/appraisal revenue	114,212	132,789	—
	Other revenue	799,311	—	—
		3,026,523	2,266,064	2,103,409

Others. In 2010, we entered into Bareboat Hire and Purchase (BBHP) agreements with Samurai Marine S.A. and Samurai Investment S.A., respectively. In 2010, the lease amortization recognized and interest expenses paid under these BBHP agreements totaled US$1.1 million and US$0.2 million, respectively, including US$0.6 million and US$0.1 million, respectively, to Sumurai Marine S.A. and US$0.5 million and US$0.1 million, respectively, to Samurai Investment S.A. In 2011, the lease amortization recognized and interest expenses paid under these BBHP agreements totaled US$1.1 million and US$0.2 million, respectively, including US$0.6 million and US$0.1 million, respectively, to Sumurai Marine S.A. and US$0.5

million and US$0.1 million, respectively, to Samurai Investment S.A. In 2012, the lease amortization recognized and interest expenses paid under these BBHP agreements totaled US$1.0 million and US$0.2 million, respectively, including US$0.5 million and US$0.1 million, respectively, to Sumurai Marine S.A. and US$0.5 million and US$0.1 million, respectively, to Samurai Investment S.A.

On March 9, 2011, our 100% wholly owned subsidiary, Fraternity Marine S.A. acquired a vessel through the capital lease agreement entered into with Benefit Transport S.A. As of December 31, 2011, the remaining balance of the lease payment is US$1.9 million plus JPY778.2 million, and the interest expenses paid were US$0.5 million. As of December 31, 2012, the remaining balance of the lease payment is US$1.7 million plus JPY666.7 million, and the interest expenses paid were US$0.5 million.

Significant transactions with the related parties of Wisdom Marine as of and for the six months ended June 30, 2013 are summarized below.

Services received/rendered. Service received from and service rendered to related parties for the six months ended June 30, 2013 are set forth below.

Related Party	Items	For the Six Months Ended June 30, 2013
		(in US$)
Other related parties	Commissions	227,386
Other related parties	Vessel management service	(1,019,400)
Other related parties	Commissions and agency fees	789,122
Other related parties	Business travel expenses and entertainment expenses	126,351
Other related parties	Entertainment expenses and miscellaneous expenses	25,455
Other related parties	Management revenue	(3,242)
Other related parties	Examination/ appraisal revenue	(120,493)

Receivables and payables. Receivables from and payables to related parties for the six months ended June 30, 2013 are set forth below.

Related Party	Items	For the Six Months Ended June 30, 2013
		(in US$)
Other related parties	Affiliated or agency account (classified under other receivables)	233,691
Other related parties	Accrued expense	952

Financing. Financing from and related parties for the six months ended June 30, 2013 are set forth below.

	For the Six Months Ended June 30,		
Related Party	Max balance	Interest expense	Ending Balance
			(in US$)
Other related parties ..	36,764,115	367,513	36,764,115

Rental expenses. For the six months ended June 30, 2013, rental expenses from related parties were US$168,289, including US$74,693 from other related parties and US$93,596 from key management.

Guarantee. For the six months ended June 30, 2013, our key management provided a time deposit guarantee of US$47.0 million for the Group's financing loan.

Others. In 2010, we entered into Bareboat Hire and Purchase (BBHP) agreements with other related parties. For the six months ended June 30, 2013, the lease payables accrued under the BBHP agreements are US$5.4 million. The lease amortization recognized and interest expenses paid under these BBHP agreements are US$0.6 million and US$64,606, respectively.

As of June 30, 2013, the lease of vessel payable to other related party amounted US$1.5 million and JPY609.6 million. For the six months ended June 30, 2013, the interest expenses for the lease period were US$0.2 million.

In 2013, we purchased a shipbuilding contract from other related party and entered into a triparite agreement with such party and the ship factory. We were obligated to pay the construction price of US$33.0 million, which were fully paid by June 30, 2013.

DIRECTORS, MANAGEMENT AND ORGANIZATION

Directors

Wisdom Marine's board of directors is currently comprised of nine directors, including five independent directors. The independent directors were elected by the stockholders' meeting on June 29, 2012. All of our independent directors have at least five years of experience in business, legal or financial matters o\r in the company's business. In addition, directors would only be deemed "independent" if, for at least two years prior to their election or during the term of office, they:

- are not employed by the company or its affiliates and are not directors or supervisors of the company and the affiliates;
- do not directly or indirectly hold 1% or more of the shares of the company and are not ranked among the top ten individual stockholders of the company;
- are not married or related within the second degree or lineal relative within the third degree of kinship of employees of the company or its affiliates, directors and supervisors of the company and its affiliates, holders (directly or indirectly) of 1% or more of the outstanding shares of the company or stockholders who are ranked among the top ten individual stockholders of the company;
- are not directors, supervisors or employees of corporate stockholders which directly hold 5% or more of the shares of the company or ranked among the top five corporate stockholders of the company;
- are not directors, supervisors, managers or holders of 5% or more of the shares of a company or institution with which the company has a financial or business relationship; and
- are not a spouse of, partner, director, supervisor or manager of providers of financial, commercial or legal services to the company or its affiliates.

In addition, all of our independent directors must be elected in their individual capacities and may not concurrently serve as an independent director of more than three other companies.

There are no conflicts of interest between each of our director's duty to the Company as a director and his private interest or other duties. The following table sets forth certain information relating to each director.

Name	Position	Elected/Appointed	Term Expires
Chun-Sheng Lan	Chairman	June 29, 2012	June 28, 2015
Mike Tzu-Lung Chao	Director	June 29, 2012	June 28, 2015
Fukui Masayuki	Director	June 29, 2012	June 28, 2015
Jinzhou Investment Co., Ltd.(1)	Director	June 29, 2012	June 28, 2015
Jen-Chung Huang	Independent Director	June 29, 2012	June 28, 2015
Iwagana Yasuhisa	Independent Director	June 29, 2012	June 28, 2015
Jye-Cherng Lyu	Independent Director	June 29, 2012	June 28, 2015
Neng-Mo Tu	Independent Director	June 29, 2012	June 28, 2015
Jang-Huei Tai	Independent Director	June 29, 2012	June 28, 2015

Notes:

(1) The sole director of Jinzhou Investment Co., Ltd. is Ms. Mei Chou Lan, sister of Mr. Chun-Sheng Lan. Ms. Lan was born on March 31, 1949. The business address of Ms. Lan is 7F, No. 237, Sec. 2, Fuxing S. Rd., Taipei City, Taiwan.

The business address of each director is 7F, No. 237, Sec. 2, Fuxing S. Rd., Taipei City, Taiwan.

Set forth below is a short biography of each director of Wisdom Marine.

Mr. Chun-Sheng Lan is the founder of our group and has served as our chairman of the board since 1999. Mr. Lan was born on August 25, 1951. Currently, Mr. Lan also serves as Chairman of Pescadores Co., Ltd. and the First Credit Cooperative of Peng-Hu. Before founding our Group, Mr. Lan was President of Shih Wei Navigation Co., Ltd. and First Steamship Co., Ltd. Mr. Lan received a bachelor's degree in business administration from Tamkang University in 1973.

Mr. Mike Tzu-Lung Chao is one of our directors. Mr. Chao was born on November 23, 1970. Currently, Mr. Chao also serves as our Vice President of Business and Operations. Before joining us, Mr. Chao was a Certified Public Accountant with William Tan & Associates. Mr. Chao received bachelor's degrees in biology and economics from University of Maryland in 1996.

Mr. Fukui Masayuki is one of our directors. Mr. Fukui was born on August 12, 1949. Mr. Fukui has over 30 years of experience in shipping. Currently, Mr. Fukui is also the President of Yoko Co., Ltd. Mr. Fukui was a Partner of Yoko Senpaku Co., and a shipbroker for Tokyo Freighting, Ltd. Mr. Fukui graduated from Chapman University with a degree in business administration in 1974.

Mr. Jen-Chung Huang is one of our independent directors. Mr. Huang was born on April 26, 1947. Mr. Huang has more than 30 years of experience in dry bulk, container shipping and aviation. Before joining us, Mr. Huang served as chairman of Taiwan Navigation Co., Ltd. and vice chairman of Evergreen Marine Corp. Mr. Huang received a bachelor's degree in city administration from Chinese Cultural University (Taiwan) in 1969.

Mr. Iwanaga Yasuhisa is one of our independent directors. Mr. Iwanaga was born on May 23, 1945. Currently, Mr. Iwanaga also serves as a lecturer at Waseda University. Before joining us, Mr. Iwanaga served as chairman of Japanese Chamber of Commerce & Industry, Taipei, CEO of Sumitomo Corporation Taiwan Ltd. and a corporate officer of Sumitomo Corp. Head Office. Mr. Iwanaga received a bachelor's degree in economics from Waseda University in 1969.

Mr. Jye-Cherng Lyu is one of our independent directors. Mr. Lyu was born on December 15, 1956. Currently, Mr. Lu also serves as director of the Chimei Corporation and Professor Adjoint of National Tsing Hua University. Before joining us, Mr. Lu served as the Minister of Finance of ROC, chairman of Bank of Taiwan Co., Ltd. and chairman of Mega International Commercial Bank, among other positions. Mr. Lyu received a master's degree in business administration from Northwestern University in 1989, and received a bachelor's degree in banking from National Chengchi University (Taiwan) in 1979.

Mr. Neng-Mo Tu is one of our independent directors. Mr. Tu was born on February 13, 1975. Currently, Mr. Tu is also the managing partner of Elements Attorneys-at-Law. Before joining us, Mr. Tu was corporate counsel to Media Tek. Inc. and Foxconn Technology Group, among other positions. Mr. Tu received a bachelor's degree in law from National Taiwan University in 1997, and completed his master's degree (L.L.M) and doctoral program at University of California, Berkeley, School of Law in 2007.

Mr. Jang-Huei Tai is one of our independent directors. Mr. Tai was born on October 24, 1962. Currently, Mr. Tai is also the chairman of Integral Investment Holdings Group. Before joining us, Mr. Tai was an executive director at Credit Suisse First Boston and managing director of Salomon Brothers, among other positions. Mr. Tai received a master's degree in business administration from Columbia University in 1992.

Executive Officers

The following table sets forth certain information relating to the executive officers of Wisdom Marine.

Name	Position
Chun-Sheng Cheng	President
Mike Tzu-Lung Chao	Vice President of Business and Operations
Charles Chu	Vice President of Technical Department
Jyh-Ting Shyu	Vice President of Technical Department
Chan-Yuan Wen	Assistant Vice President of Seaman Affairs
Bruce Hsueh	Manager of Administration
Lina Hung	Assistant Vice President of Finance
Tim Hsia	Vice President of International Safety Management

The business address of each executive officer is 7F, No. 237, Sec. 2, Fuxing S. Rd., Taipei City, Taiwan.

There are no conflicts of interest between each of our executive officer's duty to the Company as an executive officer and his private interest or other duties. Set forth below is a short biography of each executive officer of Wisdom Marine.

Mr. Chun-Sheng Cheng is our President. Mr. Chao is also a manager of Honor Faith Industrial Limited. Mr. Cheng used to be a captain, and has 40 years of experience in the shipping industry. Mr. Cheng graduated from National Keelung Maritime Vocational High School in 1970.

Mr. Mike Tzu-Lung Chao is our Vice President of Business and Operation. Please see Mr. Chao's biography above.

Mr. Charles Chu is one of our Vice Presidents of Technical Department. Before joining us, Mr. Chu served as a manager of Ta-Ho Maritime Corporation. Mr. Chu graduated from China University of Science and Technology, with a degree in mechanical engineering in 1992.

Mr. Jyh-Ting Shyu is one of our Vice Presidents of Technical Department. Mr. Shyu was a manager of Shih Wei Navigation Co., Ltd. and a chief engineering officer. Mr. Hsu graduated from National Keelung Maritime Vocational High School in 1972.

Mr. Chan-Yuan Wen is our Assistant Vice President of Seaman Affairs. Before being appointed to his present position, Mr. Wen was the director of the Office of Business Relation of our Company. Mr. Wen graduated from National Defense University, Fu Hsing Kang College in 1975.

Mr. Bruce Hsueh is our manager of Administration Department. Before joining us, Mr. Hsueh was a project leader at Taiwan Economic Data Center. Mr. Hsueh received master's degrees in international and area studies and public policy from University of California in 2007, Berkeley, and received a bachelor's degree in economics from National Taiwan University in 2000.

Ms. Lina Hung is our Assistant Vice President of Finance. Before joining us, Ms. Hung was an accountant at National Shipping Agency Corp. Ms. Hung received a bachelor's degree in economics from Soochow University in 1993.

Mr. Tim Hsia is our Vice President of International Safety Management. Mr. Hsia was an engineer and a section chief of China Shipbuilding Corporation. Mr. Hsia graduated from National Taiwan Ocean University, with a degree in marine engineering in 1971.

Committees

We believe we have adopted high standards of corporate governance. We comply with the corporate governance requirements in the ROC that are relevant to the foreign companies listed on the TWSE as well as the corporate governance regime in Cayman Islands. Our Board of Directors is comprised of a majority of independent directors, and our board of directors has appointed two board committees to oversee the Group's governance and strategic direction: Audit Committee and Remuneration Committee.

Our Audit Committee is comprised of all of our independent directors, namely Mr. Iwanaga Yasuhisa, Mr. Jye-Cherng Lyu, Mr. Neng-Mo Tu, Mr. Jen-Chung Huang and Mr. Jang Huei Tai. There are no conflicts of interest between their duties to the Company as a member of the Audit Committee and their private interest or other duties. Our Audit Committee is responsible for the oversight of the company's auditing and financial reporting. The responsibilities of the Audit Committee include the selection of the independent auditor, review of financial reports and results of the semi-annual and annual audits and oversight of the company internal accounting controls. Furthermore, our Articles of Memorandum provides that certain matters should be subject to the approval of half or more of all members of Audit Committee before submitting to the Board of Directors for resolutions. These matters include those situations when a director has a personal interest in the matter.

Our Remuneration Committee is comprised of all of our independent directors, namely Mr. Iwanaga Yasuhisa, Mr. Jye-Cherng Lyu, Mr. Neng-Mo Tu, Mr. Jen-Chung Huang and Mr. Jang Huei Tai. There are no conflicts of interest between their duties to the Company as a member of the Remuneration Committee and their private interest or other duties. The Remuneration Committee is responsible for establishing the annual and long term goal for the directors and managerial officers, as well as the policies, systems, standards and structure of their compensation. The Remuneration Committee accesses and reviews periodically each director's and managerial officer's goal achievement and the types and amounts of their compensation.

Compensation and Interests of Directors and Executive Officers

In 2012, the aggregate remuneration paid by Wisdom Marine to its directors was NT$9,373,637 and it did not grant any benefits in kind to its directors. Also, in 2012, the aggregate remuneration paid by Wisdom Marine to its executive officers was NT$17,227,500 and it did not grant any benefits in kind to its executive officers. Wisdom Marine has not granted any stock options to its directors and executive officers.

In 2010, 2011 and 2012, none of Wisdom Marine and its subsidiaries conducted any transactions that had unusual terms with its respective directors and executive officers. In addition, we have not otherwise provided any guarantees for any other liabilities of our directors and executive officers.

We do not provide any post-employment or termination benefits to our directors. We do not provide any post-employment or termination benefits to our executive officers, except for the ones prescribed under Labor Standard Act of the ROC.

SHARE OWNERSHIP

The following table sets forth, to the best of our knowledge, certain share ownership information with respect to the ten largest holders of record of our Common Shares as of August 20, 2013 and our board of directors and executive officers as a group as of August 17, 2013. As a result, the information below may not reflect the exact share ownership as of the date of this Prospectus.

Name	Number of Common Shares	Percentage of Total Issued Common Shares
	(in thousand shares)	%
Chun-Sheng Lan	173,914.4	41.91
Pescadores Co.,Ltd.	39,805.0	9.59
Masterlink Securities Corp.	14,525.3	3.50
Sung Yin Transportation Co., Ltd.	11,550.7	2.78
Unicorn Maritime Agency Co., Ltd.	9,114.6	2.20
Hui Wen Investment Co., Ltd.	8,251.0	1.99
Chin Kuei Investment Co., Ltd.	5,329.6	1.28
Fubon Life Insurance Co., Ltd.	4,095.6	0.99
UBS Custody Services Singapore PTE. LTD. — UBS AG Singapore Branch	3,493.9	0.84
Tsai-chao Lee	3,199.1	0.75
Total	273,279.2	65.84
Directors[(1)]	176,960.1	42.6
Executive Officers[(2)]	1,873.7	0.5

Note:

(1) The number of shares does not include the shares held by the connected persons (which includes their spouses, children under the age of 20 years and nominees) of our directors. As of August 17, 2013, Mr. Chun-Sheng Lan, Chairman of the board of directors of the Company, owned 173,914,441 shares of the Company's outstanding Common Shares. Mr. Lan and his connected persons held in the aggregate 204,166,162 shares of the Company's outstanding Common Shares. As of August 17, 2013, Mr. Mike Tzu-Lung Chao owned 338,264 shares of the Company's outstanding Common Shares. Mr. Chao and his connected persons held in the aggregate 836,366 shares of the Company's outstanding Common Shares. As of August 17, 2013, Mr. Fukui Masayuki owned 1,309,321 shares of the Company's outstanding Common Shares. As of August 17, 2013 our legal entity director Jinzhou Investment Co., Ltd. owned 1,288,357 shares of the Company's outstanding Common Shares. As of August 17, 2013, the legal representative of our legal entity director Jinzhou Investment Co., Ltd., Mr. Min-Shan Chen, owned 475,069 shares of the Company's outstanding Common Shares. As of August 17, 2013, Mr. Jang-Huei Tai did not directly own any of the Company's outstanding Common Shares. Mr. Tai and his connected person held in the aggregate 109,725 shares of the Company's outstanding Common Shares. None of the other directors, directly or indirectly, own any of the Company's outstanding Common Shares.

(2) The number of shares does not include the shares held by the connected persons (which includes their spouses, children under the age of 20 years and nominees) of our Executive Officers. As of August 17, 2013, Mr. Chun-Sheng Cheng, President of our Company, owned 433,135 shares of the Company's outstanding Common Shares. Mr. Cheng and his connected persons held in the aggregate 523,220 shares of the Company's outstanding Common Shares. As of August 17, 2013, Mr. Charles Chu, our Vice President of Technical Department, owned 105,633 shares of the Company's outstanding Common Shares. Mr. Chu and his connected persons held in the aggregate 116,806 shares of the Company's outstanding Common Shares. As of August 17, 2013 Mr. Tim Hsia, our Vice President of International Safety Management, owned 14, 242 shares of the Company's outstanding Common Shares. Mr. Hsia and his connected persons held in the aggregate 15,779 shares of the Company's outstanding Common Shares. As of August 17, 2013, Mr. Jyh-Ting Shyu, our Vice President of Technical Department, owned 105,220 shares of the Company's outstanding Common Shares. As of August 17, 2013, Mr. Bruce Hsueh, our manager of Administration Department, owned 785,273 shares of the Company's outstanding Common Shares. Mr. Hsueh and his connected persons held in the aggregate 862,138 shares of the Company's outstanding Common Shares. As of August 17, 2013, Mr. Chan-Yuan Wen, our Assistant Vice President of Seaman Affairs, owned 198,940 shares of the Company's outstanding Common Shares. Mr. Wen and his connected persons held in the aggregate 359,765 shares of the Company's outstanding Common Shares. As of August 17, 2013, Ms. Lina Hung, our Assistant Vice President of Finance, owned 231,352 shares of the Company's outstanding Common Shares.

None of the major holders of our Common Shares has different voting rights from those of the other holders of our Common Shares.

CHANGES IN ISSUED SHARE CAPITAL

According to our Memorandum and Articles of Association, we have only one class of capital stock: Common Shares with a par value of NT$10 per share. Currently, our Memorandum and Articles of Association provide that our authorized share capital is NT$ 6,000,000,000 divided into 600,000,000 Common Shares.

The following table shows the increases in our issued share capital since incorporation.

Record Date	Type of Issue	Number of Common Shares Issued	Cumulative Number of Common Shares Issued After Issuance
October 2008	Initial issuance	1,000	1,000
January 2009	Issuance of Common Shares through share exchange(1)	200,000,000	200,000,000
June 2009	Issuance of stock dividends from capital surplus	20,000,000	220,000,000
March 2010	Capital injection by cash	30,000,000	250,000,000
August 2010	Issuance of stock dividends from retained earnings	25,000,000	275,000,000
December 2010	Capital injection by cash	30,000,000	305,000,000
August 2011	Issuance of stock dividend from capital surplus	30,500,000	335,500,000
November 2011	Capital injection by cash	22,500,000	358,000,000
August 2012	Conversion of convertible bonds to capital stock	1,502,885	359,502,885
August 2012	Issuance of stock dividends from capital surplus	35,800,000	395,302,885
Setpember 2013	Issuance of stock dividends from capital surplus	19,760,117	415,063,002

(1) On October 2008, Wisdom Marine Lines Co., Ltd. entered into a share swap agreement with Mr. Lan Chun-Sheng, exchanging all shares of Wisdom Marine Lines S.A. for all shares of Wisdom Marine Lines Co., Ltd.

DESCRIPTION OF THE GLOBAL DEPOSITARY SHARES

Depositary Receipts

JPMorgan Chase Bank, N.A., as depositary (the "Depositary") will issue the Regulation S depositary receipts (each a "GDR" and collectively "GDRs") in this offering. Each Regulation S depositary share (each a "GDS") will represent an ownership interest in five Common Shares, which we will deposit with the custodian, as agent of the Depositary, under the Deposit Agreement among ourselves, the Depositary and yourself as a holder of GDSs. In the future, each GDS will also represent any securities, cash or other property deposited with the Depositary but which they have not distributed directly to you. A GDR may evidence any number of GDSs. Only persons in whose names GDRs are registered on the books of the Depositary will be treated by the Depositary and us as holders of such GDRs.

The Depositary's office is located at 1 Chase Manhattan Plaza, Floor 58, New York, NY 10005-1401.

The Depositary shall have sole discretion as to whether any GDRs may trade in book entry or certificated form. We will make application with the Euroclear System ("Euroclear") S.A./N.V. and Clearstream Banking, société anonyme ("Clearstream") for acceptance of the GDSs.

So long as the GDSs are traded through the book-entry systems of Euroclear or Clearstream, unless otherwise required by law, (i) GDSs shall be evidenced by a single global GDR (the "Master GDR") registered in the name of a common depositary for Euroclear and Clearstream on behalf of its participants, and no person shall receive or be entitled to receive delivery of certificated GDRs, (ii) ownership of beneficial interests in the Master GDR will be shown on, and the transfer of such ownership will be effected only through, records maintained by Euroclear and Clearstream.

The Master GDR shall evidence the number of GDSs from time to time indicated in the records of the Depositary and shall be endorsed with such legends as may be required by us or the Depositary. Where the context requires, the term "GDRs" includes the Master GDR and GDSs include an interest in the Master GDR.

If the GDSs cease to trade through the book-entry settlement system of Euroclear and Clearstream, we may make other arrangements acceptable to the Depositary for book entry settlement of the GDSs or shall instruct the Depositary to make certificated GDRs with such appropriate changes to the forms thereof and the Deposit Agreement as the Depositary and we may agree, available upon appropriate instructions from the registered holders of the Master GDR.

Because the custodian for the Depositary will actually be the registered owner of the Common Shares, you must rely on it to exercise the rights of a shareholder on your behalf. The obligations of the Depositary and its agents are set out in the Deposit Agreement. The Deposit Agreement and the GDSs are governed by New York law.

Each owner from time to time of any beneficial interest in the Master GDR (a "beneficial owner") must rely upon the procedures, as in effect from time to time, of Euroclear or Clearstream , as the case may be, to exercise or be entitled to any rights of a GDR holder including, but not limited to, receiving dividends and other distributions, making transfers of interests in the Master GDR, surrendering portions thereof to withdraw Common Shares, exercising voting rights and receiving certain reports and notices from us. Beneficial owners should make arrangements so that all communications in respect of the GDRs can be promptly forwarded to such beneficial owner.

The following is a summary of the material terms of the Deposit Agreement. Because it is a summary, it does not *contain* all the information that may be important to you. For more complete information, you should read the entire Deposit Agreement and the form of GDR, which contains the terms of your GDSs.

Share Dividends and Other Distributions

How will I receive dividends and other distributions on the Common Shares underlying my GDSs?

We may make various types of distributions with respect to our securities. The Depositary has agreed to pay to you the cash dividends or other distributions it or the custodian receives on Common Shares or other deposited securities, after converting any cash received into U.S. dollars and, in all cases, making any necessary deductions provided for in the Deposit Agreement. You will receive these distributions in proportion to the number of underlying Common Shares that your GDSs represent.

Except as stated below, to the extent practicable the Depositary will deliver such distributions to registered holders of GDRs in proportion to their interests in the following manner:

- *Cash.* The Depositary will distribute any U.S. dollars available to it resulting from a cash dividend or other cash distribution or the net proceeds of sales of any other distribution or portion thereof (to the extent applicable), on an averaged or other practicable basis, subject to (i) appropriate adjustments for taxes withheld, (ii) such distribution being impermissible or impracticable with respect to certain registered GDR holders, and (iii) deduction of the Depositary's and/or its agents' fees and expenses in (1) converting any foreign currency to U.S. dollars to the extent that it determines that such conversion may be made on a reasonable basis, (2) transferring foreign currency or U.S. dollars to the United States by such means as the Depositary may determine to the extent that it determines that such transfer may be made on a reasonable basis, (3) obtaining any approval or license of any governmental authority required for such conversion or transfer, which is obtainable at a reasonable cost and within a reasonable time and (4) making any sale by public or private means in any commercially reasonable manner. The Depositary may make adjustments to a cash dividend or other cash distribution if any of the deposited Common Shares is not entitled, by reason of its date of issuance, or otherwise, to receive the full amount thereof. If any amount is withheld from any cash dividend or other cash distribution in respect of any deposited securities on account of taxes, the amount distributed on the GDSs issued in respect of such deposited securities shall be reduced accordingly. *If exchange rates fluctuate during a time when the Depositary cannot convert a foreign currency, you may lose some or all of the value of the distribution.*

- *Common Shares*. In the case of a distribution in Common Shares or Common Share dividend, the Depositary will issue additional GDS representing such Common Shares. Only whole GDSs will be issued. Any shares which would result in fractional GDSs will be sold and the net proceeds will be distributed to the GDR holders entitled thereto in the same manner as a cash distribution. To the extent a holder receives a distributed GDS or any interest therein, such holder will be deemed to have acknowledged that the GDSs and the Common Shares represented thereby have not been registered under the U.S. Securities Act of 1933, as amended and to have agreed to comply with any applicable restrictions on transfer set forth thereon.

- *Elective distributions in cash or Common Shares*. In the case of a dividend payable at the election of shareholders in cash or in additional Common Shares, we shall give notice thereof to the Depositary at least 30 days prior to the proposed distribution stating whether or not we wish such elective distribution to be made available to GDR holders. The Depositary shall make such elective distribution available to GDR holders only if (i) we shall have timely requested that the elective distribution is available to GDR holders, (ii) the Depositary shall have determined that such distribution is reasonably practicable and (iii) the Depositary shall have received from us satisfactory documentation pursuant to the Deposit Agreement including, without limitation, legal opinions of counsel in any applicable jurisdiction that the Depositary in its reasonable discretion may request. If these conditions are not satisfied, the Depositary shall, to the extent permitted by law, distribute to the Holders, on the basis of the same determination as is made in the local market in respect of the Common Shares for which no election is made, either (x) cash or (y) additional GDSs representing such additional Common Shares. If the above conditions are satisfied, the Depositary shall, with our assistance to the extent necessary, enable GDR holders to elect the receipt of the dividend in cash or in additional GDSs. There can be no assurance that GDR holders generally, or any DR holder in particular, will be given the opportunity to receive elective distributions on the same terms and conditions as the holders of Common Shares.

- *Rights to receive additional Common Shares*. In the case of a distribution of rights to subscribe for additional Common Shares or other rights, if we timely provide evidence satisfactory to the Depositary that it may lawfully distribute such rights, the Depositary will distribute warrants or other instruments in the discretion of the Depositary representing rights to acquire additional GDSs. However, if we do not timely furnish such evidence, the Depositary may:

  — sell such rights if practicable and distribute the net proceeds in the same way it distributes cash; or

  — if the sale of such rights cannot practicably be accomplished by reason of the nontransferability of the rights, limited markets therefor, their short duration or otherwise, allow such rights to lapse, in which case you will receive nothing.

- *Other distributions.* In the case of a distribution of securities or property other than those described above, the Depositary may either (i) distribute such securities or property in any manner it deems equitable and practicable or (ii) to the extent the Depositary deems distribution of such securities or property not to be equitable and practicable, sell such securities or property and distribute any net proceeds in the same way it distributes cash.

Any US dollars will be distributed by checks drawn on a bank in the United States for whole dollars and cents. Fractional cents will be withheld without liability and dealt with by the Depositary in accordance with its then current practices.

If the Depositary determines in its discretion that any distribution described above is not practicable with respect to any specific GDR holder, the Depositary may choose any method of distribution it determines to be practicable for such GDR holder, including the distribution of foreign currency, securities or property, or it may retain such items, without paying interest on or investing them, on behalf of the GDR holder as deposited securities.

There can be no assurances that the Depositary will be able to convert any currency at a specified exchange rate or sell any property, rights, Common Shares or other securities at a specified price, nor that any of such transactions can be completed within a specified time period.

Deposit, Withdrawal and Cancellation

How does the Depositary issue GDSs?

How does the Depositary issue GDSs?

Subject to the Deposit Agreement and any restrictions on deposit provided for under ROC law, the Depositary will issue GDSs if you or your broker deposit Common Shares or evidence of rights to receive Common Shares with the custodian and pay the fees and expenses owing to the Depositary in connection with such issuance. In the case of the GDSs to be issued under this Prospectus, we will arrange with the Initial Purchaser named herein to deposit such Common Shares.

Common Shares deposited in the future with the custodian must be accompanied by certain documents, including instruments showing that such Common Shares have been properly transferred or endorsed to the person on whose behalf the deposit is being made. Until the Depositary is notified otherwise, under current ROC law, no deposit of Common Shares may be made, and no additional GDSs may be issued, without specific ROC regulatory approval, except in connection with: (a) stock dividends on, or free distributions of, Common Shares; (b) the exercise by registered holders of their pre-emptive rights in connection with capital increases for cash or (c) the purchase directly by any person or through the Depositary or its agent of Common Shares on the TWSE for delivery of Common Shares to the custodian or the delivery of Common Shares already held to the custodian for deposit; provided that the aggregate total number of GDSs outstanding under the Deposit Agreement does not exceed the number of issued GDSs previously approved by the FSC (plus any GDSs created pursuant to (a) and (b) above). Under current ROC law, issuances under (c) above will be permitted only to the extent that previously issued GDSs have been cancelled. At its discretion, the Depositary may refuse to accept Common Shares for deposit under (c) above unless it receives satisfactory evidence or notification from us to the effect that the Common Shares may be lawfully deposited.

The custodian will hold all deposited Common Shares (including those being deposited by or on our behalf in connection with the Offering to which this Prospectus relates) for the account of the Depositary. GDR holders thus have no direct ownership interest in the Common Shares and only have such rights as are contained in the Deposit Agreement. The custodian will also hold any additional securities, property and cash received on or in substitution for the deposited Common Shares. The deposited Common Shares and any such additional items are referred to as "deposited securities."

Upon each deposit of Common Shares, receipt of related delivery documentation and compliance with the other provisions of the Deposit Agreement, including the payment of the fees and charges of the Depositary and any taxes or other fees or charges owing, the Depositary will issue a GDR or adjust its records to increase the number of GDSs evidenced by the Master GDR.

How do I cancel a GDS and obtain deposited securities?

On or after the fourth ROC business day following the date of initial issuance of the GDSs (so long as, or such earlier date as, the Common Shares are actually available to the Depositary for delivery), subject to the approval from the TWSE and provisions under the Deposit Agreement, holders are entitled to withdraw the underlying Common Shares. Subject to the Deposit Agreement (including the terms of the GDRs) and to the requirements of ROC law, a holder may request the Depositary to withdraw from the Depositary receipt facility created by the Deposit Agreement the Common Shares represented by such holder's GDRs and transfer such Common Shares to such holder upon surrender of (i) a certificated GDR in form satisfactory to the Depositary at the desigated transfer office of the Depositary or its agent or (ii) proper instructions and documentation in the case of an interest in the Master GDR, as the case may be, in each case upon payment of any fees, expenses, taxes or governmental charges as provided in the Deposit Agreement, delivery to the Depositary of any documentation, certifications or information which may be required in order to comply with ROC law, rule or regulation, provided that we have delivered to the Custodian the Common Shares in physical certificate form or scripless form to be so delivered.

In connection with any surrender of a GDR for withdrawal and the delivery of the Common Shares represented by the GDSs evidenced thereby, the Depositary may require proper endorsement in blank of such GDR (or duly executed instruments of transfer thereof in blank) and the holder's written order directing the Depositary to cause the Common Shares represented by the surrendered GDSs to be withdrawn and delivered to, or upon the written order of, any person designated in such order. Directions from the Depositary to the Custodian in connection with the withdrawal and delivery of Common Shares shall be given by letter, first class airmail postage prepaid, or, at the request, risk and expense of the holder, by cable, telex or facsimile transmission.

In the case of a holder requesting the delivery of the Common Shares represented by the GDSs surrendered, subject to applicable ROC law, at the request, risk and expense of the holder thereof, the Depositary may deliver such Common Shares at such other place as may have been requested by the holder. Delivery of Common Shares may be made by the delivery of certificates (which, if such certificates may be registered, registered in the name of such holder or as ordered by such holder) or by such other means as the Depositary may deem practicable. Prior to any such withdrawal, the Depositary shall have received executed certification substantially in the form required by the Deposit Agreement (or in such other form as the Company shall approve) or an electronic certification through Euroclear or Clearstream, as the case may be, in lieu of such certification by or on behalf of such beneficial owner or holder, as the case may be, such beneficial owner or holder, as the case may be, is entitled to delivery at, or to the extent in dematerialized form from, the Custodian's office of the Comon Shares represented by such surrendered GDSs to or to the order of the persons named in such order.

Voting Rights

How do I vote?

As soon as practicable after receipt from us of notice of any meeting or solicitation of consents or proxies of holders of Common Shares or other deposited securities, the Depositary shall deliver to the registered GDR holders (a) the information in the notice of such meeting or any solicitation materials sent by us; (b) a statement that each registered holder on the record date set by the Depositary therefor will, subject to any applicable provisions of law, regulation and the Company's constituent documents, be entitled to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the Common Shares or other deposited securities underlying such holder's GDRs; and (c) a statement as to the manner in which instruction in respect of such matter may be given or deemed given by holders. Upon actual receipt by the GDR department of the Depositary of instructions of a registered holder of GDRs on such record date in the manner and on or before the time established by the Depositary for such purpose, the Depositary shall endeavor insofar as practicable and permitted under the provisions of or governing shares to vote or cause to be voted the deposited securities represented by the GDSs for which instructions were timely recieved in accordance with such instructions. The Depositary will not itself exercise any voting discretion in respect of deposited Common Shares. Voting instructions will not be deemed received until such time as the GDR department responsible for proxies and voting has received such instructions notwithstanding that such instructions may have been physically received by the Depositary prior to such time.

To the extent that the Depositary has been provided with no less than 45 days prior written notice of a meeting, the notice of such meeting was publicly announced no less than 45 days in advance thereof, and voting instructions are not so timely received by the Depositary from any registered holder of GDRs or such holder's voting instructions are incomplete, illegible or unclear, such holder shall be deemed, and the Depositary is instructed to deem such holder, to have instructed the Depositary to give a discretionary proxy to a person designated by us to vote the deposited Common Shares represented by such holder's GDSs, provided that no such instruction shall be deemed given and no discretionary proxy shall be given (a) if (i) we inform the Depositary in writing that we do not wish such proxy to be given, (ii) substantial opposition exists with respect to any agenda item for which the proxy would be given or (iii) any agenda item in question, if approved, would materially or adversely affect the rights of holders of Shares and (b) unless, with respect to such meeting, if so requested by the Depositary, the Depositary has been provided with an opinion of our counsel, in form and substance satisfactory to the Depositary, to the effect that (a) the granting of such discretionary proxy does not subject the Depositary to any reporting obligations in the Cayman Islands and the ROC, (b) the granting of such proxy will not result in a violation of Cayman Island or ROC law, rule, regulation or permit, (c) the voting arrangement and deemed instruction as contemplated herein will be given effect under Cayman Islands law, and (d) the granting of such discretionary proxy will not under any circumstances result in the Common Shares represented by the GDSs being treated as assets of the Depositary under Cayman Islands or ROC law. We may also be required to confirm items (ii) and (iii) prior to any deemed discretion being provided. For the avoidance of doubt, if the Depositary has given a discretionary proxy to a person designated by us to vote the deposited Common Shares, that person shall be free to exercise the votes attaching to those deposited Common Shares in any manner he wishes, which may not be in the best interest of the holders.

We have agreed to take all steps necessary to ensure that voting is done in accordance with our constituent documents on each matter brought for a vote at any meeting at which the holders of Common Shares are entitled to vote. Under Cayman Islands law and our constituent documents voting at any meeting of shareholders is by show of hands unless a poll is (before or on the declaration of the results of the show of hands) demanded. In the event that voting on any resolution or matter is conducted on a show of hands basis, the Depositary will refrain from voting and the voting instructions (or the deemed voting instructions, as set out above) received by the Depositary from holders shall lapse. The Depositary will not demand a poll or join in demanding a poll, whether or not requested to do so by holders of GDSs.

There is no guarantee that any registered holders of GDRs or beneficial owners of an interest in a GDR will receive voting materials in time to instruct the Depositary to vote and it is possible that holders and such beneficial owners will not have the opportunity to exercise a right to vote.

Notwithstanding anything contained in the Deposit Agreement or any GDR, the Depositary may, to the extent not prohibited by law or regulations, or by the requirements of the stock exchange on which the GDSs are listed, in lieu of distribution of the materials provided to the Depositary in connection with any meeting of, or solicitation of consents or proxies from, holders of deposited securities, distribute to the holders a notice that provides holders with, or otherwise publicizes to holders, instructions on how to retrieve such materials or receive such materials upon request (*i.e.*, by reference to a website containing the materials for retrieval or a contact for requesting copies of the materials).

Record Dates

The Depositary may fix record dates (which to the extent applicable shall be as near as practicable to any corresponding record date set by us) for the determination of the registered holders of GDRs who will be entitled:

- to receive a distribution on Common Shares or other deposited securities, or
- to give instructions for the exercise of voting rights or to receive notices or to act in respect of, or be affected by, any other matter.

The Depositary may also fix record dates for the determination of the registered holders of GDRs who will be responsible for any fees assessed by the Depositary and for any expenses provided for in the Deposit Agreement.

In all cases, record date determination and entitlements and obligations with respect thereto are subject to the provisions of the Deposit Agreement.

Available Information

Will I be able to view or obtain information regarding the company?

The Deposit Agreement, the provisions of or governing deposited securities and any written communications from us, which are both received by the Depositary or its nominee as a holder of Common Shares and made generally available to the holders of such Common Shares, are available for inspection by registered holders of GDRs at the offices of the Depositary. The Depositary will mail copies of such communications or English translations or summaries thereof to holders when furnished by us. Whenever we are not subject to Section 13 or 15(d) of the Securities Exchange Act of 1934 or exempt from reporting pursuant to Rule 12g3-2(b) under such Act, we shall provide the information described in Rule 144A(d)(4) under the Securities Act to, upon the request of, any registered holder of GDRs, beneficial owner of an interest in the Master GDR or holder of Common Shares, any prospective purchaser of GDSs designated by such holder or beneficial owner or any prospective purchaser of Common Shares which such holder so designates.

Fees and Expenses

What fees and expenses will I be responsible for paying?

The Depositary may charge each person to whom GDS are issued, or for whom the Depositary adjusts its records to increase the number of GDSs evidenced by the Master GDR, including, without limitation, issuances against deposits of Common Shares, issuances in respect of share distributions, rights and other distributions, issuances pursuant to a stock dividend or stock split declared by us or issuances pursuant to a merger, exchange of securities or any other transaction or event affecting the GDSs or deposited securities, and each person surrendering GDSs for withdrawal of deposited securities or whose GDSs are cancelled or reduced for any other reason, US$5.00 for each 100 GDSs (or any portion thereof) issued, delivered, reduced, cancelled or surrendered or for whom the Depositary adjusts its records to decrease the number of GDSs evidenced by the Master GDR, as the case may be. The Depositary may sell (by public or private sale) sufficient securities and property received in respect of a share distribution, rights and/or other distribution prior to such deposit to pay such charge.

Additionally, the following charges shall be incurred by the GDR holders, by any party depositing or withdrawing Common Shares or by any party surrendering GDSs or to whom GDSs (or an interest in the Master GDR) are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by us or an exchange of stock regarding the GDSs or the deposited securities or a distribution of GDRs), whichever is applicable:

- a fee of up to US$0.05 per GDS for any cash distribution made pursuant to the Deposit Agreement;
- a fee of $1.50 per GDR or GDRs for transfers made pursuant to the Deposit Agreement;
- a fee of up to US$0.05 per GDS per calendar year (or portion thereof) for services performed by the Depositary in administering our GDR program, (which fee may be charged on a periodic basis during each calendar year and shall be assessed against holders of GDSs as of the record date or record dates set by the Depositary during each calendar year and shall be payable at the sole discretion of the Depositary in the manner described in the next succeeding provision);
- reimbursement of such fees, charges and expenses as are incurred by the Depositary and/or any of the Depositary's agents (including, without limitation, the custodian and expenses incurred on behalf of holders in connection with compliance with foreign exchange control regulations or any law or regulation relating to foreign investment) in connection with the servicing of the shares or other deposited securities, the sale of securities including without limitation deposited securities, the delivery of deposited securities or otherwise in connection with the Depositary's or its custodian's compliance with applicable law, rule or regulation (which fees and charges shall be assessed on a proportionate basis against registered holders of GDSs as of the record date or dates set by the Depositary and shall be payable at the sole discretion of the Depositary by billing such registered holders or by deducting such charge from one or more cash dividends or other cash distributions);
- a fee for the distribution of securities (or the sale of securities in connection with a distribution), such fee being in an amount equal to the fee for the issuance of GDSs which would have been charged as a result of the deposit of such securities (treating all such securities as if they were shares) but which securities or the net cash proceeds from the sale thereof are instead distributed by the Depositary to the GDR holders entitled thereto;
- stock transfer or other taxes and other governmental charges;
- cable, telex and facsimile transmission and delivery charges incurred at your request;
- transfer or registration fees for the registration of transfer of deposited securities on any applicable register in connection with the deposit or withdrawal of deposited securities;

- fees and expenses charged by the Depositary or its agent (which may be a division, branch or affiliate) in connection with the conversion of foreign currency into U.S. dollars or the sale of Common Shares to pay ROC withholding taxes on stock dividends pursuant to the Deposit Agreement (which are paid out of such foreign currency);

- any other charge payable by the Depositary or its agents, including without limitation the Custodian, or the agents of the Depositary's agents in connection with the servicing of the shares or other deposited securities (which charge shall be assessed against holders as of the record date or dates set by the Depositary and shall be payable at the sole discretion of the Depositary by billing such holders or by deducting such charge from one or more cash dividends or other cash distributions); and

- an amount equal to all stamp duties and other similar duties or taxes payable in the Cayman Islands, the ROC, the U.S. and any other jurisdiction, on or in connection with the constitution and issue of the GDSs and the execution or other event concerning the Deposit Agreement.

We will pay all other charges and expenses of the Depositary and any agent of the Depositary (except the custodian) pursuant to agreements from time to time between us and the Depositary. The fees described above may be amended from time to time.

The Depositary anticipates reimbursing us for certain expenses we incur that are related to the establishment and maintenance of the GDR program upon such terms and conditions as we and the Depositary may agree from time to time. The Depositary may make available to us a set amount or a portion of the Depositary fees charged in respect of the GDR program or otherwise.

The right of the epositary to receive payment of fees that were incurred or with record dates prior to the termination of the Deposit Agreement, charges and expenses as provided above shall survive the termination of the Deposit Agreement. As to any Depositary, upon the resignation or removal of such depositary, such right shall extend for those fees, charges and expenses incurred prior to the effectiveness of such resignation or removal.

Payment of Taxes

If any tax or other governmental charges (including any penalties and/or interest) shall become payable by or on behalf of the custodian or the depositary with respect to any GDS or GDR (or beneficial interest in the Master GDR), deposited security or distribution, such tax or other governmental charge shall be paid by the holders of GDSs to the depositary and by holding or having held a GDR or an interest in the Master GDR, holders and all prior holders and beneficial owners thereof, jointly and severally, agree to indemnify, defend and save harmless each of the depositary and its agents in respect thereof. If you owe any tax or other governmental charge, the depositary may (i) deduct the amount thereof from any distributions, or (ii) sell deposited securities and deduct the amount owing from the net proceeds of such sale. In either case you will remain liable for any shortfall. Additionally, if any tax or governmental charge is unpaid, the depositary may also refuse to effect any registration, registration of transfer, adjustment of its records in respect of the Master GDR, split up or combination of GDRs or withdrawal of deposited securities. If any tax or governmental charge is required to be withheld on any non-cash distribution, the depositary may sell the distributed property or securities in such amounts and in such manner as the depositary deems necessary and practicable to pay such taxes and shall distribute any remaining net proceeds or the balance of any such property after deduction of such tax or other governmental charge to the GDR holders entitled thereto. In connection with any distribution to holders of GDRs, we and the depositary will remit to the appropriate governmental authority or agency all amounts required to be withheld by it. Notwithstanding the foregoing, we will pay all stamp duties and other similar duties or taxes payable in the Cayman Islands, the ROC, the United States of America and any other jurisdiction, on or in connection with the constitution and issue of the GDSs and the execution or other event concerning the Deposit Agreement. If any legal proceedings are taken to enforce our obligations under the Deposit Agreement or the GDSs and for the purpose of such proceedings any of them are required to be taken into or enforced in any jurisdiction and stamp duties or other similar duties or taxes become payable in connection with such proceedings in such jurisdiction,, the registered holders of GDRs will forthwith pay (or reimburse the person making a valid payment of) all such stamp duties and other similar duties and taxes, including penalties and interest (if any) unless otherwise ordered by a court of competent jurisdiction in such proceedings. The depositary may sell any deposited securities and cancel GDSs with respect thereof in order to pay any such stamp duties or other similar duties or taxes owed under the Deposit Agreement by holders without the depositary being required to request payment thereof from holders. In the Deposit Agreement, we have agreed that as soon as practicable after the due date for any payment to the government of the Cayman Islands or the ROC of any tax or other governmental charge with respect to any distribution with respect to deposited securities, we will provide the depositary with an official receipt from the Cayman Islands or the ROC (or certified copies thereof) setting forth the amounts, if any, of tax or other government charge so paid to the government of the Cayman Islands or the ROC. The depositary has agreed to make available a copy of such receipt or other documentation upon your request. Additionally, the depositary is required to elect to waive any and all deferral of income tax on Share distributions. By holding a GDR or an interest in the Master GDR, you will be agreeing to indemnify us, the depositary and the custodian and our respective directors, officers, employees, agents and affiliates against, and hold each of them harmless from, any claims by any governmental authority with respect to taxes, additions to tax, penalties or interest arising out of any refund of taxes, reduced rate of withholding at source or other tax benefit obtained.

Reclassifications, Recapitalizations and Mergers

If we take certain actions that affect the deposited securities, including (i) any change in par value, split up, consolidation, cancellation or other reclassification of deposited securities, any share distribution or other distribution not distributed to holders of GDRs or (ii) any recapitalization, reorganization, merger, consolidation, liquidation, receivership, bankruptcy or sale of all or substantially all of our assets, then the depositary may choose to:

- amend the form of GDR;
- distribute additional or amended GDSs or GDRs;
- distribute cash, securities or other property it has received in connection with such actions;
- sell by public or private sale any securities or property received and distribute the proceeds as cash; or
- none of the above.

If the depositary does not choose any of the above options, any of the cash, securities or other property it receives will constitute part of the deposited securities and each GDS will then represent a proportionate interest in such property.

Amendment and Termination

How may the Deposit Agreement be amended?

We may agree with the depositary to amend the Deposit Agreement and the GDSs without your consent for any reason. Registered holders of GDRs must be given at least 30 days notice of any amendment that imposes or increases any fees or charges (other than stock transfer or other taxes and other governmental charges, transfer or registration fees, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or that otherwise prejudices any substantial existing right of GDR holders. If a holder of a GDR continues to hold a GDR or GDRs after being so notified, such GDR holder is deemed to agree to such amendment. Notwithstanding the foregoing, an amendment can become effective before notice is given if this is necessary to ensure compliance with a new law, rule or regulation.

No amendment will impair your right to surrender your GDRs and receive the underlying securities, except in order to comply with mandatory provisions of applicable law. If a governmental body adopts new laws, rules or regulations which require the Deposit Agreement or the GDRs to be amended, we and the depositary may make the necessary amendments, which could take effect before you receive notice thereof.

How may the Deposit Agreement be terminated?

The depositary may, and shall at our written direction, terminate the Deposit Agreement and the GDRs by mailing notice of such termination to the registered holders of GDRs at least 30 days prior to the date fixed in such notice for such termination; provided, however, if the depositary shall have (i) resigned as depositary, notice of such termination by the depositary shall not be provided to registered holders of GDRs unless a successor depositary shall not be operating under the Deposit Agreement within 45 days of the date of such resignation, or (ii) been removed as depositary, notice of such termination by the depositary shall not be provided to registered holders unless a successor depositary shall not be operating under the Deposit Agreement on the 90th day after our notice of removal was first provided to the depositary. After the date so fixed for termination, the depositary and its agents will perform no further acts under the Deposit Agreement and the GDRs, except to receive and hold (or sell) distributions and deliver Common Shares (and/or other deposited securities) being withdrawn. As soon as practicable after the expiration of six months from the date so fixed for termination, the depositary shall sell the Common Shares (and/or other deposited securities) and shall thereafter (as long as it may lawfully do so) hold in a segregated account the net proceeds of such sales, together with any other cash then held by it under the Deposit Agreement, without liability for interest, in trust for the pro rata benefit of the registered holders of GDRs not theretofore surrendered. After making such sale, the depositary shall be discharged from all obligations in respect of the Deposit Agreement and the GDRs, except to account for such net proceeds and other cash. After the date so fixed for termination, we shall be discharged from all obligations under the Deposit Agreement except for our obligations to the depositary and its agents.

Notwithstanding the above, to the extent the Common Shares are not listed and trading on a recognized public market at the time of such termination then after the date so fixed for termination, the depositary shall use its reasonable efforts to ensure that the GDSs cease to be Euroclear and Clearstream eligible so that the common depositary shall request to cease being a registered holder of GDRs. At such time as the GDSs cease to be Euroclear and Clearstream eligible and/or the common depositary is not a registered holder of GDRs, the depositary shall (a) instruct its custodian to deliver all Common Shares (and/or other deposited securities) Securities to us along with a general stock power that refers to the names set forth on the GDR register maintained by the depositary and (b) provide us with a copy of such GDR register. Upon receipt of such Common Shares (and/or other deposited securities) and the GDR register, we shall use our best efforts to issue to each registered holder of GDRs a share certificate representing the Common Shares represented by the GDSs reflected on the GDR register in such holder's name and to deliver such Share certificate to the holder at the address set forth on the GDR register. After providing such instruction to the custodian and delivering a copy of the GDR register to us, the depositary and its agents will perform no further acts under the Deposit Agreement and the GDRs and shall cease to have any obligations under the Deposit Agreement and/or the GDRs. After we receive the copy of the GDR register and the Common Shares, we shall be discharged from all obligations under the Deposit Agreement except (i) to distribute the Common Shares to the holders entitled thereto and (ii) for our obligations to the depositary and its agents.

Limitations on Obligations and Liability to GDR holders

Limits on our obligations and the obligations of the depositary; limits on liability to GDR holders and holders of GDSs

Prior to the issue, registration, registration of transfer, split-up, combination, or cancellation of any GDRs, an adjustment of the depositary's records in respect of the Master GDR, or the delivery of any distribution in respect thereof, we, the depositary or its custodian may require you to pay, provide or deliver: (a) payment with respect thereto of (i) any stock transfer or other tax or other governmental charge, (ii) any stock transfer or registration fees in effect for the registration of transfers of shares or other deposited securities upon any applicable register and (iii) any applicable fees and expenses described in the Deposit Agreement; (b) the production of proof satisfactory to us, the depositary and/or its custodian of (i) the identity of any signatory and genuineness of any signature and (ii) such other information, including without limitation, information as to citizenship, residence, exchange control approval, beneficial ownership of any securities, payment of applicable taxes or governmental charges, or legal or beneficial ownership and the nature of such interest, information relating to the registration of the shares on the books maintained by or on our behalf for the transfer and registration of shares, compliance with applicable laws, regulations, provisions of or governing deposited securities and terms of the Deposit Agreement and the GDRs, as it may deem necessary or proper; and (c) compliance with such regulations as the depositary may establish consistent with the Deposit Agreement.

The Deposit Agreement expressly limits the obligations and liability of the depositary, ourselves and our respective agents. Neither we nor the depositary nor any such agent will be liable if:

- if any present or future law, rule, regulation, fiat, order or decree of the United States, the Cayman Islands, the Republic of China or any other country or jurisdiction, or of any governmental or regulatory authority or any securities exchange or market or automated quotation system, the provisions of or governing any Deposited Securities, any present or future provision of our constituent documents, any act of God, war, terrorism, nationalization or other circumstance beyond its control shall prevent or delay, or shall cause any of them to be subject to any civil or criminal penalty in connection with, any act which the Deposit Agreement or the GDRs provides shall be done or performed by it or them (including, without limitation, voting);

- it exercises or fails to exercise discretion under the Deposit Agreement or the GDRs, including any failure to determine that any distribution or action may be lawful or reasonably practicable;

- it performs its obligations without gross negligence or willful misconduct;

- it takes any action or inaction in reliance upon the advice of or information from legal counsel, accountants, any person presenting shares for deposit, any registered holder of GDRs or beneficial owner of an interest in the Master GDR, or any other person believed by it to be competent to give such advice or information; or

- it fails to determine that it may be lawful or feasible to make rights available to holders in general or to any holder in particular.

Neither the depositary nor its agents have any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities or the GDRs. We and our agents shall only be obligated to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities or the GDRs, which in our opinion may involve us in expense or liability, if indemnity satisfactory to us against all expense (including fees and disbursements of counsel) and liability is furnished as often as may be required. The depositary shall not be liable for the acts or omissions made by, or the insolvency of, any securities depository, clearing agency or settlement system. Furthermore, the depositary shall not be responsible for, and shall incur no liability in connection with or arising from, the insolvency of any custodian that is not a branch or affiliate of JPMorgan Chase Bank, N.A.

Notwithstanding anything to the contrary contained in the Deposit Agreement (including the GDRs), the depositary shall not be responsible for, and shall incur no liability in connection with or arising from, any act or omission to act on the part of the custodian except, subject to certain limitations provided for in the Deposit Agreement and GDRs, to the extent that the custodian has (i) committed fraud or willful misconduct in the provision of custodial services to the depositary or (ii) failed to use reasonable care in the provision of custodial services to the depositary as determined in accordance with the standards prevailing in the jurisdiction in which the custodian is located. The depositary and its agents and we may rely and shall be protected in acting upon any written notice, request, direction, instruction or other document believed by them to be genuine and to have been signed, presented or given by the proper party or parties. Neither the depositary nor any of its agents shall be liable to holders of GDRs or beneficial owners of interests in GDSs (including those evidenced by any Master GDR) for any indirect, special, punitive or consequential damages (including, without limitation, lost profits) of any form incurred by any person or entity, whether or not foreseeable and regardless of the type of action in which such a claim may be brought.

Additionally, none of us, the depositary or the custodian (i) shall be liable or responsible for the manner in which any purchase or sale of Common Shares occurs or for the price paid or received therefor or the timing thereof, or (ii) shall be liable for the failure by any holder of GDRs or beneficial owner therein to obtain the benefits of credits on the basis of non-U.S. tax paid against such holder's or beneficial owner's income tax liability. Neither we nor the depositary shall incur any liability for any tax consequences that may be incurred by holders or beneficial owners on account of their ownership of GDRs or GDSs. The depositary shall not have any liability for the price received in connection with any sale of securities, the timing thereof or any delay in action or omission to act nor shall it be responsible for any error or delay in action, omission to act, default or negligence on the part of the party so retained in connection with any such sale or proposed sale. The depositary shall not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the depositary or in connection with any matter arising wholly after the removal or resignation of the depositary, provided that in connection with the issue out of which such potential liability arises the depositary performed its obligations without negligence or willful misconduct while it acted as depositary.

The depositary shall be under no obligation to inform holders of GDRs or any other holders of an interest in a GDS about the requirements of Cayman Islands or The Republic of China law, rules or regulations or any changes therein or thereto. The depositary and its agents will not be responsible for any failure to carry out any instructions to vote any of the deposited securities, for the manner in which any such vote is cast or for the effect of any such vote. The depositary may rely upon instructions from us or our counsel in respect of any governmental or agency approval or license required for any currency conversion, transfer or distribution. Notwithstanding anything to the contrary set forth in the Deposit Agreement or the GDRs, the depositary and its agents may fully respond to any and all demands or requests for information maintained by or on its behalf in connection with the Deposit Agreement, any holder or holders of GDRs, any GDR or GDRs or otherwise related thereto to the extent such information is requested or required by or pursuant to any lawful authority, including without limitation laws, rules, regulations, administrative or judicial process, banking, securities or other regulators.

The depositary and its agents may fully respond to any and all demands or requests for information maintained by or on its behalf in connection with the Deposit Agreement, any holder or holders, any GDR or GDRs or otherwise related to the Deposit Agreement to the extent such information is requested or required by or pursuant to any lawful authority, including without limitation laws, rules, regulations, administrative or judicial process, banking, securities or other regulators.

The depositary may rely upon instructions we or our counsel provide in respect of any governmental or agency approval or license required for any currency conversion, transfer or distribution.

You will be obligated to determine the requirements of ROC law, rules and regulations and any changes therein or thereto. The depositary has no obligation to so inform you or any others about any such requirements or any changes therein or thereto.

The depositary shall not incur liability for the content of any information submitted to it by us or on our behalf for distribution to the holders of GDRs or for any inaccuracy of any translation thereof, for any investment risk associated with acquiring an interest in the deposited securities, for any investment risk associated with acquiring an interest in the deposited securities, for the validity or worth of the deposited securities, for the credit-worthiness of any third party, for allowing any rights to lapse upon the terms of the Deposit Agreement or for the failure or timeliness of any notice from us.

The depositary and the custodian(s) may use third party delivery services and providers of information regarding matters such as pricing, proxy voting, corporate actions, class action litigation and other services in connection with the GDRs and the Deposit Agreement, and use local agents to provide extraordinary services such as attendance at annual meetings of issuers of securities. Although the depositary and the custodian will use reasonable care (and cause their agents to use reasonable care) in the selection and retention of such third party providers and local agents, they will not be responsible for any errors or omissions made by them in providing the relevant information or services.

The depositary and its agents may own and deal in any class of securities or our company or our affiliates and in GDSs.

Disclosure of Interest in GDSs

To the extent that the provisions of or governing any deposited securities, ROC law, the rules and regulations of the TWSE and the Company's memorandum and articles of association may require disclosure of or impose limits on beneficial or other ownership of deposited securities, shares and/or other securities and may provide for blocking transfer, voting or other rights to enforce such disclosure or limits, all persons holding GDSs, GDRs or beneficial interests in the Master GDR agree to comply with all such disclosure requirements and ownership limitations and to cooperate with the depositary in the depositary's compliance with any of our instructions in respect thereof. We may have certain disclosure obligations and reporting obligations under ROC laws and regulations if (a) the person to be registered as a shareholder is a "related party" of the Company under Statement of Financial Accounting Standard No. 6 of the ROC and such person beneficially owns Common Shares withdrawn under the Deposit Agreement; or (b) the person to be registered as a shareholder owns Common Shares withdrawn under the Deposit Agreement and the Common Shares withdrawn by this shareholder exceed 10% of the Shares represented by the GDSs originally issued under the Deposit Agreement. Due to these obligations, the depositary may ask any withdrawing holder to disclose the name of the beneficial owner of the GDSs delivered for cancellation and to provide proof of identity and genuineness of any signature and other information and documents before the withdrawing holder may cancel its GDSs. The withdrawal of Common Shares may be delayed until the depositary receives such information, the proof so requested and satisfactory evidence of the withdrawing holder's compliance with all laws and regulations. The information that a withdrawing holder is required to provide may include the name and nationality of the beneficial owner, the number of Common Shares the beneficial owner is withdrawing or has withdrawn in the past and whether certain affiliations exist between the us and the beneficial owner.

Notwithstanding any other provision of the Deposit Agreement and the GDRs, each holder agrees to comply with requests made pursuant to ROC law, rules and regulations as well as the rules and regulations of any stock exchange on which the shares are, or will be, registered, traded or listed to provide information, inter alia, as to the capacity in which such holder owns GDRs (and shares as the case may be) and regarding the identity of any other person interested in such GDRs and the nature of such interest. By holding a GDR or an interest therein you will be agreeing to provide any information requested by us or the depositary in connection therewith.

Requirements for Depositary Actions

We, the depositary or the custodian may refuse to

- issue, register or transfer a GDR or GDRs or adjust the records of the depositary for the number of GDSs evidenced by the Master GDR in respect of any such transactions;
- effect a split-up or combination of GDRs or an adjustment in the records of the depositary for the number of GDSs evidenced by the Master GDR in respect of any such transactions;
- deliver distributions on any such GDRs or interests in the Master GDR; or

- permit the withdrawal of deposited securities (unless the Deposit Agreement provides otherwise), until the following conditions have been met:
  - the holder has paid all taxes, governmental charges, and fees and expenses as required in the Deposit Agreement;
  - the holder has provided the depositary with any information it may deem necessary or proper, including, without limitation, proof of identity and the genuineness of any signature, information as to citizenship, residence, exchange control approval, beneficial ownership of any securities, payment of applicable taxes or governmental charges, or legal or beneficial ownership and the nature of such interest, information relating to the registration of the Common Shares on the books maintained by us or on our behalf for the transfer and registration of Common Shares, and compliance with applicable law, regulations, provisions of or governing deposited securities and terms of the Deposit Agreement and the GDRs (including without limitation the restrictions on transfer appearing thereon); and
  - the holder has complied with such regulations as the depositary may establish consistent with the Deposit Agreement.

The depositary may also suspend the issuance of GDSs, the deposit of shares, the registration, transfer, split up or combination of GDRs, adjustments in the records of the depositary for the number of GDSs evidenced by the Master GDR or the withdrawal of deposited securities, if the register for GDRs or any deposited securities is closed or the depositary decides it is advisable to do so.

Books of Depositary

The depositary or its agent will maintain at a designated transfer office a register for the registration, registration of transfer, combination and split-up of GDRs. You may inspect such records at such office at all reasonable times, but solely for the purpose of communicating with other GDR holders in the interest of the business of our company or a matter related to the Deposit Agreement.

The depositary will maintain facilities to for the delivery and receipt of GDRs. The GDR register may be closed from time to time when deemed expedient by the depositary.

Pre-release of GDSs

In its capacity as depositary, the depositary shall not lend shares or GDSs; provided, however, that the depositary may (i) issue GDSs prior to the receipt of shares and (ii) deliver shares prior to the receipt of GDSs for withdrawal of deposited securities, including GDSs which were issued under (i) above but for which shares may not have been received (each such transaction a "pre-release"). The depositary may receive GDSs in lieu of shares under (i) above (which GDSs will promptly be canceled by the depositary upon receipt by the depositary) and receive shares in lieu of GDSs under (ii) above. Each such pre-release will be subject to a written agreement whereby the person or entity (the "applicant") to whom GDSs or shares are to be delivered (a) represents that at the time of the pre-release the applicant or its customer owns the shares or GDSs that are to be delivered by the applicant under such pre-release, (b) agrees to indicate the depositary as owner of such shares or GDSs in its records and to hold such shares or GDSs in trust for the depositary until such shares or GDSs are delivered to the depositary or the custodian, (c) unconditionally guarantees to deliver to the depositary or the custodian, as applicable, such shares or GDSs, and (d) agrees to any additional restrictions or requirements that the depositary deems appropriate. Each such pre-release will be at all times fully collateralized with cash, U.S. government securities or such other collateral as the depositary deems appropriate, terminable by the depositary on not more than five (5) business days' notice and subject to such further indemnities and credit regulations as the depositary deems appropriate. The depositary will normally limit the number of GDSs and shares involved in such pre-release at any one time to thirty percent (30%) of the GDSs outstanding (without giving effect to GDSs outstanding under (i) above), provided, however, that the depositary reserves the right to change or disregard such limit from time to time as it deems appropriate. The depositary may also set limits with respect to the number of GDSs and shares involved in pre-release with any one person on a case-by-case basis as it deems appropriate. The depositary may retain for its own account any compensation received by it in conjunction with the foregoing. Collateral provided in connection with pre-release transactions, but not the earnings thereon, shall be held for the benefit of the registered holders of GDRs (other than the applicant).

Governmental/regulatory approvals

The ROC governmental authorities require us to obtain approvals from the Central Bank of Republic of China (Taiwan) and the ROC Financial Supervisory Commission in order to conduct this offering. We obtained the approval from the Central Bank of Republic of China (Taiwan) on April 23, 2013, and we obtained the approval from the ROC Financial Supervisory Commission on May 15, 2013.

Restrictive Legends and Certifications

Each Regulation S GDR will contain the following legend:

NEITHER THIS GDR, NOR THE GDSs EVIDENCED HEREBY, THE SHARES REPRESENTED THEREBY HAVE BEEN OR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY BE RE-OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE LAWS OF THE STATES, TERRITORIES AND POSSESSIONS OF THE UNITED STATES GOVERNING THE OFFER AND SALE OF SECURITIES AND ONLY (1) OUTSIDE THE UNITED STATES TO A PERSON OTHER THAN A U.S. PERSON (AS SUCH TERMS ARE DEFINED IN REGULATION S UNDER THE SECURITIES ACT) IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, (2) PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, OR (3) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

EACH HOLDER AND BENEFICIAL OWNER, BY ITS ACCEPTANCE OF THIS GDR OR A BENEFICIAL INTEREST IN THE GDSs EVIDENCED HEREBY, AS THE CASE MAY BE, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS.

Persons seeking to cancel Regulation S GDSs will be required to make certain certifications to the depositary in order to so cancel.

Governing Law

The deposit agreement is governed by and shall be construed in accordance with the laws of the State of New York. In the deposit agreement, we and the registered holders of GDRs and owners of GDSs have submitted to the jurisdiction of the courts of the State of New York, and we have appointed an agent for service of process on our behalf. The Depositary also has the right to elect to institute any action, controversy, claim, dispute or cause of action against any other party to the Deposit Agreement (including us and holders of GDRs and owners of interests in GDSs) by having the dispute referred and finally resolved by arbitration to be conducted at the depositary's election either in New York, New York under the Commercial Arbitration Rules of the American Arbitration Association or in Hong Kong following the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL).

DESCRIPTION OF ARRANGEMENT TO SAFEGUARD THE RIGHTS OF THE HOLDERS OF THE GLOBAL DEPOSITARY RECEIPTS

The depositary is JPMorgan Chase Bank, N.A. JPMorgan Chase Bank, National Association ("JPMCB") is a wholly-owned bank subsidiary of JPMorgan Chase & Co., a Delaware corporation. JPMCB is a commercial bank offering a wide range of banking services to its customers both domestically and internationally. It is chartered, and its business is subject to examination and regulation, by the Office of the Comptroller of the Currency, a bureau of the United States Department of the Treasury. It is a member of the Federal Reserve System and its deposits are insured by the Federal Deposit Insurance Corporation.

Effective July 1, 2004, Bank One Corporation merged with and into JPMorgan Chase & Co., the surviving corporation in the merger, pursuant to the Agreement and Plan of Merger dated as of January 14, 2004.

Prior to November 13, 2004, JPMCB was in the legal form of a banking corporation organized under the laws of the State of New York and was named JPMorgan Chase Bank. On that date, it became a national banking association and its name was changed to JPMorgan Chase Bank, National Association (the "Conversion"). Immediately after the Conversion, Bank One, N.A. (Chicago) and Bank One, N.A. (Columbus) merged into JPMCB.

Additional information, including the most recent Form 10-K for the year ended December 31, 2012, of JPMorgan Chase & Co. and additional annual, quarterly and current reports filed with the Securities and Exchange Commission by JPMorgan Chase & Co., as they become available, may be obtained from the Securities and Exchange Commission's Internet site (http://www.sec.gov), or without charge by each person to whom this Official Statement is delivered upon the written request of any such person to the Office of the Secretary, JPMorgan Chase & Co., 270 Park Avenue, New York, New York 10017.

Rights of Holders of GDRs

Relationship of Holders of GDRs with the Depositary: The rights of holders of GDRs against the Depositary are governed by the Deposit Agreement, which is governed by New York law. The Depositary, us and the holders of the GDRs are parties to the Deposit Agreement. Holders of GDRs have contractual rights in relation to cash or other holders of the GDR's deposited property (including the Common Shares deposited with the Depositary, which are our Common Shares represented by GDRs) deposited with the Depositary under the Deposit Agreement.

Voting: With respect to voting of the underlying Common Shares represented by GDRs, the Deposit Agreement provides that the Depositary shall send to any person who holds GDRs on the record date established by the Depositary for that purpose (which shall be the same as the corresponding record date set by the Issuer or as near as practicable thereto) such notice of meeting or solicitation of consent or proxy along with a brief statement on the manner in which such holders of GDRs may provide the Depositary with voting instructions for matters to be considered. The Deposit Agreement provides that the Depositary will endeavour to exercise or cause to be exercised the voting rights with respect to underlying Common Shares in accordance with instructions from the holders of GDRs. Under certain circumstances, holders of GDRs who do not provide voting instructions to the Depositary will be deemed to have granted a proxy to the Company in relation to the underlying Common Shares. We confirm that there are no prohibitions that would prohibit the Depositary from voting any of the underlying Common Shares in accordance with instructions from holders of GDRs, under applicable law, our constitutive documents or the provisions of the underlying Common Shares.

Cancellation of GDRs: The Deposit Agreement provides that the Common Shares underlying the GDRs will be withdrawn from the Regulation S GDR facility to, or to the order of a holder of GDRs upon receipt and cancellation of such GDRs.

Rights of the Issuer

The Issuer has broad rights to remove the Depositary under the terms of the Deposit Agreement, but no specific rights under the Deposit Agreement which are triggered in the event of the insolvency of the Depositary.

Insolvency of the Depositary

Applicable insolvency law: If the Depositary becomes insolvent, the insolvency proceedings will be governed by US law applicable to the insolvency of banks.

Effect of applicable insolvency law in relation to cash: Under the terms of Deposit Agreement, any cash held by the Depositary for holders of GDRs is held by the Depositary as banker. Under current US law, it is expected that any cash held for holders of GDRs by the Depositary as banker under the Deposit Agreement would constitute an unsecured obligation of the Depositary. Holders of GDRs would therefore only have an unsecured claim in the event of the Depositary's insolvency for such cash that would be also be available to general creditors of the Depositary or the FDIC.

Effect of applicable insolvency law in relation to non-cash assets: The Deposit Agreement states that the underlying Common Shares and other non-cash assets which are held by the Depositary for holders of GDRs are held by the Depositary for the benefit of GDRs of the holders of GDRs. Under current US law, it is expected that any underlying Common Shares and other non-cash assets held for holders of GDRs by the Depositary would not constitute assets of the Depositary and that holders of GDRs would have ownership rights relating to such underlying Common Shares and other non-cash assets and be able to request the Depositary's receiver or conservator to deliver such underlying Common Shares and other non-cash assets that would be unavailable to general creditors of the Depositary or the FDIC.

Default of the Depositary

If the Depositary fails to pay cash or deliver non-cash assets to holders of GDRs in the circumstances required by the Deposit Agreement or otherwise engages in a default of which it would be liable under the terms of the Deposit Agreement, the Depositary will be in breach of its contractual obligations under the Depositary Agreement. In such case holders of GDRs will have a claim under New York law against the Depositary for the Depositary's breach of its contractual obligations under the Deposit Agreement.

The Custodian

The Custodian is JP Morgan Chase Bank, N.A., Taipei Branch, an entity which is registered in Taiwan, acting by way of its Taipei branch. The Custodian is an affiliate of the Depositary.

Relationship of Holders of GDRs with the Custodian: The Custodian and the Depositary are parties to a custody agreement, which is governed by New York law. The Holders of the GDRs do not have any contractual relationship with, or rights enforceable against, the Custodian under the custody agreement. The Custodian will hold underlying Common Shares which are deposited in the Regulation S GDR facility. The underlying Common Shares will not be registered in the name of the Custodian.

Default of Custodian

If the Custodian fails to pay cash or deliver non-cash assets to holders of GDRs in the circumstances required by the Custody Agreement or otherwise engages in a default for which it would be liable under the Custody Agreement, the Custodian will be in breach of its contractual obligations. Because the Custodian is an affiliate of the Depositary, in such case holders of GDRs will have a claim under New York law against the Depositary for the Custodian's breach of its contractual obligations to the extent that the Custodian has (i) committed fraud or wilful misconduct in the provision of custodial services to the Depositary or (ii) failed to use reasonable care in the provision of custodial services to the Depositary as determined in accordance with the standards prevailing in the ROC.

The Depositary's obligations: The Depositary has no obligation to pursue a claim for breach of obligations against the Custodian on behalf of holders of the GDRs. The Depositary is not responsible for and shall incur no liability in connection with or arising from default by the Custodian due to any act or omission to act on the part of the Custodian, except to the extent that the Custodian has (i) committed fraud or wilful misconduct in the provision of custodial services to the Depositary or (ii) failed to use reasonable care in the provision of custodial services to the Depositary as determined in accordance with the standards prevailing in the ROC.

Applicable law: The Custodian is a branch of JPMorgan and the custody agreement is New York law governed.

Insolvency of the Custodian

The custodian is a branch of JPMorgan and an affiliate.

As a result, the applicable insolvency law for the Custodian's insolvency proceedings will be governed by US law applicable to the insolvency of banks.

Effect of the applicable insolvency law in relation to cash: In case of insolvency, the effect will be the same in relation to the custodian as applies with the Depositary.

Effect of the applicable insolvency law in relation to non-cash assets: In case of insolvency, the effect will be the same in relation to the custodian as applies with the Depositary.

DESCRIPTION OF OUR SHARE CAPITAL

We are a Cayman Islands exempted company with limited liability and our affairs are governed by our Memorandum and Articles of Association, and the Companies Law. As of the date of this Prospectus, our authorized share capital is NT$6,000,000,000 divided into 600,000,000 Common Shares of a par value of NT$10.00 each. As of the date of this Prospectus, there are 415,063,002 Common Shares issued and outstanding. All of the Comon Shares issued and outstanding prior to the completion of this offering are and will be fully paid, and all of the Common Shares to be issued in this offering will be issued as fully paid. The following are summaries of certain provisions of our Memorandum and Articles of Association and the Companies Law and the ROC securities-related regulations insofar as they relate to the terms of the Common Shares. This summary does not purport to contain all applicable provisions of the Memorandum and Articles of Association and the Companies Law or to contain all applicable qualifications and exceptions.

Shares General

Subject to the Companies Law, the Memorandum and Articles of Association, the applicable ROC public company rules and to any resolution of our shareholders to the contrary, and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, the Board of Directors shall have the power to allot, issue grant options over or otherwise dispose of shares with or without preferred, deferred or other rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise and to such persons, at such times and on such other terms as it thinks proper. The Company shall have power to redeem or purchase any or all of such shares and to sub-divide or consolidate the said shares of any of them and to issue all or partly of its capital whether priority or special privilege or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide, every issue of shares whether stated to be ordinary, preference or otherwise, shall be subject to the powers on the part of the Company as provided in the Memorandum and Articles of Association.

Dividends

The holders of the Common Shares are entitled to such dividends as may be declared by our board of directors subject to the approval by the shareholders, the Companies Law and to our Memorandum and Articles of Association. For further details, see "Dividends and Dividend Policy."

Voting Rights

Every shareholder of the Company who is present in person or by proxy shall have one vote for each share of which it is a holder. An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of votes attached to the shares cast in a shareholders' meeting, while a Special Resolution requires the affirmative vote of not less than two-thirds of votes cast in a shareholders' meeting. A supermajority resolution requires the affirmative vote of two-thirds or more of all issued and outstanding shares of the Company, or by at least two-thirds of the shareholders present who represent a majority of all issued and outstanding shares the Company. A Special Resolution will be required for matters such as a change of name or making amendments to our Memorandum and Articles of Association and a supermajority resolution will be required for matters such as the removal or any director of our company.

Our board of directors may determine that the voting power of a shareholder of the Company at a shareholders' meeting may be exercised by way of a written ballot or by way of electronic transmission; provided, however, that if a shareholders' meeting is to be held outside of Taiwan, we shall provide the shareholders of the Company with a method for exercising their voting power by means of a written ballot or electronic transmission.

Pre-emptive Rights

Unless otherwise resolved by our shareholders, by ordinary resolution in the annual general meeting, if at any time our board of directors resolves to issue any new shares, the Company shall, after reserving the portion of shares for subscription by our employees not more than 15% of the issued shares as determined by our board of directors, first offer such remaining new shares to each shareholder for their subscription in proportion to the number of shares held by them respectively. However, the shareholder's pre-emptive right does not apply in the event that new shares are issued due to the following purposes: (1) in connection with a merger with another company, or the spin-off of the Company, or pursuant to any reorganization of the company; (2) in connection with meeting the Company's obligation under share subscription warrants and/or options granted to the employees; (c) in connection with meeting the Company's obligation under corporate bonds which are convertible or vested with rights to acquire shares; (d) in connection with meeting the Company's obligation under share subscription warrant or preferred shares vested with rights to acquire shares; or (e) any other exemptions provided under relevant laws in the ROC.

Transfer of Common Shares

Subject to the requirements of applicable laws of the Cayman Islands, transfers of uncertificated shares which are traded on the TWSE may be effected by any method of transferring or dealing in securities introduced by the TWSE or operated in accordance with the applicable ROC public company rules as appropriate and which have been approved by the board of directors for such purpose.

In accordance with the applicable ROC public company rules, we shall issue the Common Shares in scripless form and the Common Shares shall be traded on the TWSE during the period of listing.

Liquidation

On the winding up of our company, assets available for distribution among the holders of shares are more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst the shareholders in proportion to the number of shares held by them at the commencement of the winding up subject to a deduction from those shares in respect of which there are monies due, of all monies payable to the Company. If our assets as nearly as maybe available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses shall be borne by our shareholders proportion to the number of shares held by them.

Purchase of Shares

Subject to the provisions of the Companies Law, our Memorandum and Articles of Association and the applicable ROC public company rules, we may purchase our own shares on such terms as our board of directors may from time to time decide subject to obtaining an ordinary resolution of shareholders.

Variations of Rights of Shares

If at any time, our share capital is divided into different classes of shares, the rights attaching to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied with the sanction of a Special Resolution passed at a shareholders' meeting of the holders of the shares of that class. Notwithstanding the foregoing, if any modification or alteration to the Articles of Association is prejudicial to the preferential rights of any class of shares, such modification or alteration shall be adopted by a Special Resolution and shall also be adopted by a Special Resolution passed at a separate meeting of shareholders of that class of shares.

Meetings of Shareholders

Our board of directors may convene the shareholders' meetings whenever they think fit. Shareholders' meetings shall also be convened on the written requisition of any shareholder holding at least 3% of the total number of the outstanding shares at the time of requisition and whose shares shall have been held by such shareholder for at least one year. The requisition should be deposited at the registered office of the Company specifying the matters to be discussed at the meeting and the reason therefor signed by such shareholder(s), and if our board of directors does not within 15 days from the date of the deposit of the requisition dispatch the notice of such shareholders' meeting, such shareholder(s) may convene the shareholders' meeting in accordance with the applicable ROC public company rules.

At least 30 days' notice of an annual general meeting, and at least 15 days' notice of an extraordinary general meeting shall be given to each shareholder entitled to attend and vote at such meeting.

Save as otherwise provided by our Memorandum and Articles of Association, the holders of shares being more than an aggregate of one-half of all shares in issue present in person or by proxy shall constitute a quorum for any shareholders' meeting.

Election and Removal of Directors

Our board of directors shall consist of no less than seven persons and no more than eleven persons, including independent directors, each of whom shall be appointed to a term of office of three years. We may from time to time by an ordinary resolution increase or reduce the number of Directors subject to the above number limitation provided that the requirements by relevant laws and regulations (including but not limited to any listing requirements) are met. There are currently eight directors.

Unless otherwise permitted under the applicable ROC public company rules, there shall be at least 3 independent directors and, to the extent required by the laws of the ROC, at least one of them shall be domiciled in the ROC and at least one of them shall have accounting or financial expertise.

If the number of independent directors is less than 3 persons, or, the number of directors is less than 5 persons, we shall hold an election of independent directors or directors (as the case may be) at the next following shareholders' meeting. If all of the independent directors have resigned or are removed or vacated, or the number of our board of directors equals to one third of the total number of directors elected, our board of directors shall hold, within 60 days, an extraordinary general meeting to elect succeeding independent directors or directors (as the case may be) to fill the vacancies.

Subject to the applicable ROC public company rules, we may at a shareholders' meeting elect any person to be a director pursuant to a cumulative voting mechanism, where the number of votes exercisable by any shareholder shall be the same as the product of the number of shares held by such shareholder and the number of directors to be elected and the total number of such votes cast by any shareholder may be consolidated for election of one director candidate or may be split for election amongst multiple director candidates, as specified by the shareholder pursuant to the poll vote ballot. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed as elected. Where more than one director is being elected, the top candidates to whom the votes cast represent a prevailing number of votes relative to the other candidates, shall be deemed as elected.

The shareholders of the Company may from time to time by supermajority resolution remove any director from office.

Powers of Board of Directors

Our Memorandum and Articles of Association provide that, subject to the provisions of the Companies Law, the Memorandum and Articles of Association, applicable ROC public company rules and any shareholder resolutions, our business is to be managed and conducted by our board of directors. The quorum necessary for the transaction of the business of the directors shall be more than one-half of the directors, unless otherwise fixed by the directors.

Our Memorandum and Articles of Association provide that the directors may exercise all powers of the Company to raise or borrow money, to mortgage or charge its undertaking and property, to issue debentures, debenture stock, mortgages, bonds and other securities whether outright or as security for any debt, liability or obligation of our Company or of any third party.

Inspection of Books and Records

No shareholder (other than a director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by the Companies Law or authorized by the board of directors of the Company in a shareholders' meeting.

Changes in Capital

We may from time to time by Special Resolution to increase the authorized share capital of the Company by such amount as we think expedient.

We may by a Special Resolution reduce our share capital in accordance with the Companies Law.

Substantial Shareholders and Transfer Restrictions

Under the ROC Securities and Exchange Law, our directors, managers and shareholders holding more than 10% of the Common Shares are required to report to us, on a monthly basis, any changes in their shareholding in the Company. Unless under limited circumstances, the number of Common Shares that they may sell or transfer on the TWSE on any given day is limited by ROC laws. In addition, they may only sell or transfer such Common Shares on the TWSE at least three days after they have filed a notification with the FSC in connection with such sale or transfer, provided that such notification is not required if the number of Common Shares to be sold or transferred does not exceed 10,000.

Mandatory Takeover Bids

The ROC Securities and Exchange Law and the regulations promulgated thereunder provide for tender offer procedures. A person or a group of persons acquiring 20% or more of shares of a public company in Taiwan in fifty consecutive days is required to tender for the shares of that public company. The ROC Securities and Exchange Law further provides that the offeror is free to set the terms within the scope of the tender offer set by the FSC, but in the event the offeror fails to acquire the proposed number of shares within the tender offer period or suspension of the public tender offer is approved by the FSC orders, the offeror is prohibited from engaging in a tender offer for the same target within one year of the failed or ceased tender offer unless with due cause and approval is obtained from the FSC.

Laws of the Cayman Islands do not impose or subject the Common Shares of the Company to any mandatory takeover bid rule, squeeze out or sell-out rules.

TAXATION

Prospective purchasers of the GDSs should consult their tax advisors concerning the tax consequences of owning the GDSs or Common Shares and the laws of any other relevant taxing jurisdiction to which they are subject.

Cayman Islands

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to our company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made to or by our company.

ROC

The following is a summary under present law of the principal ROC tax consequences of the ownership and disposition of GDSs and Common Shares to a Non-Resident Individual or a Non-Resident Entity that owns GDSs or Common Shares (each a "Non-ROC Holder"). As used in the preceding sentence, a "Non-Resident Individual" is a foreign national individual who is not physically present in the ROC for 183 days or more during any calendar year, and a "Non-Resident Entity" is a corporation or a non-corporate body that is organized under the laws of a jurisdiction other than the ROC and has no fixed place of business or business agent in the ROC.

GDSs

Dividends

According to the ROC Ministry of Finance Ruling No. 9704086730, dated September 23, 2008, dividends (whether in cash or Common Shares) declared by the Company are not ROC sourced income. Accordingly, for Non-ROC Holders, dividends paid to them are not subject to ROC income tax.

Sale

Under current ROC law, transfers of GDSs are not subject to ROC securities transaction tax. Gains on the sale of GDSs are not subject to ROC income tax.

Common Shares

Dividends

According to the ROC Ministry of Finance Ruling No. 9704086730, dated September 23, 2008, dividends (whether in cash or Common Shares) declared by the Company are not ROC sourced income. Accordingly, for Non-ROC Holders, dividends paid to them are not subject to ROC income tax.

Sale

Securities transaction tax will be withheld at the rate of 0.3% of the transaction price upon a sale of Common Shares. Withdrawal of Common Shares from the deposit facility by a Non-ROC Holder to receive and hold the underlying Common Shares is not subject to ROC securities transaction tax.

Securities transaction tax will be withheld at the rate of 0.3% of the transaction price upon a sale of Common Shares.

According to the ROC Income Tax Act (as amended), starting from January 1, 2013, capital gain generated from the sale of shares, including Common Shares withdrawn from the GDR facility, that are listed on the TWSE, GTSM or Emerging Stock Market by any individual may be subject to income tax. Under the amended ROC Income Tax Act, a Non-Resident Individual will be subject to a 15% taxation on the amount of capital gain generated from the sale of shares (after deduction of any losses incurred from trading securities within the year). Individuals who reside in the ROC may be subject to different tax rates and thresholds with regard to the capital gains. Non-Resident Entities will not be subject to the income tax mentioned above.

According to the amended Income Alternative Minimum Tax Act approved by ROC Legislative Yuan on July 25, 2012, effective from January 1, 2013, capital gain of NT$0.5 million or more from securities transactions of resident corporate investors or non-ROC entities with a fixed place of business, such as branches or business agent in the ROC will be subject to the alternative minimum tax (AMT) assessment at 12% to 15%, provided that relevant costs, such as securities transaction tax may be deducted from the calculation of such capital gain. If any investor has held the securities for more than three years, 50% of such capital gain may be exempted from AMT. Capital gains generated by a Non-Resident Entity from trading securities are not subject to AMT mentioned above.

Subscription Rights

Distributions of statutory subscription rights for the Common Shares in compliance with the ROC Company Law are not subject to ROC tax. Proceeds derived from sales of statutory subscription rights evidenced by securities are currently exempt from income tax but are subject to securities transaction tax, currently at the rate of 0.3% of the gross amount received. Effective January 1, 2013, capital gains derived by Non-Resident Individuals from sales of statutory subscription rights evidenced by securities will be subject to ROC income tax at a flat rate of 15%. Subject to compliance with ROC law, we have the sole discretion to determine whether statutory subscription rights will be evidenced by the issuance of securities.

Tax Treaties

At present, the ROC does not have a double taxation treaty with the United States, but it does have double taxation treaties with Indonesia, Singapore, Sweden, Senegal, Belgium, Denmark, South Africa, Australia, Vietnam, New Zealand, Malaysia, Swaziland, Macedonia, Gambia, the Netherlands, the United Kingdom, Israel, Paraguay, Hungary, France, India, Slovakia and Switzerland, which generally have reduced the rate of withholding tax on dividends and interest paid by ROC companies to residents of these countries. It is unclear whether a Non-ROC Holder of GDSs will be considered as owning Common Shares for the purposes of these treaties. Accordingly, residents of these countries should consult their tax advisors concerning their eligibility for benefits under the relevant treaty.

Estate Taxation and Gift Tax

Subject to allowable exclusions, deductions and exemptions, ROC estate tax is payable on any property within the ROC of a deceased Non-Resident Individual, and ROC gift tax is payable on any property within the ROC donated by a Non-Resident Individual. Estate tax is currently imposed at a flat rate of 10% with a deduction of NT$12,000,000. Gift tax is imposed at a flat rate of 10% with a deduction of NT$2,200,000. The Common Shares are not deemed as property located in the ROC, hence the ROC estate and gift tax laws do not apply to Non-ROC Holders.

Tax Guarantor

Any holder of GDSs withdrawing Common Shares represented by those GDSs is required under current ROC law and regulations to appoint an agent in the ROC. The agent must meet certain qualifications set by the Ministry of Finance and, upon appointment, becomes a guarantor of the withdrawing holder's ROC tax obligations. Evidence of the appointment of the agent and the approval for that appointment by the ROC tax authorities may be required as conditions to the withdrawing holder's repatriation of the profit derived from the sale of withdrawn Common Shares. There can be no assurance that a withdrawing holder of GDSs will be able to appoint and obtain approval for the required agent in a timely manner.

Under current ROC law, repatriation of profits by any holder of Common Shares sold within the ROC is subject to the submission of evidence of the appointment of a tax guarantor to, and approval thereof by, the tax authority, or submission of tax clearance certificates or submission of evidencing documents issued by such agent to the tax authority so long as the capital gains from securities transactions are exempt from ROC income tax. Notwithstanding the above requirements for the appointment of a tax guarantor or submission of tax clearance certificates as provided in the ROC regulations, the CBC has not required submission of such evidence or tax clearance certificates as a condition to repatriation of sale proceeds of shares from sales that take place within the ROC. However, there can be no assurance that the CBC will not require submission of such evidence or tax clearance certificates in the future.

PLAN OF DISTRIBUTION

J.P. Morgan Securities plc is acting as sole book-runner of the Offering and as the Initial Purchaser. Subject to the terms and conditions stated in the purchase agreement dated the date of the Prospectus, the Initial Purchaser has agreed to purchase, and we have agreed to sell to the Initial Purchaser, the number of GDSs set forth opposite the Initial Purchaser's name.

Initial Purchaser	**Number of GDSs**
J.P. Morgan Securities plc	7,200,000
Total	7,200,000

The purchase agreement provides that the obligations of the initial purchaser to purchase the GDSs are subject to approval of legal matters by counsel and to other conditions. The initial purchaser must purchase all the GDSs if it purchases any of the GDSs.

The initial purchaser proposes to resell the GDSs at the offering price set forth on the cover page of the Prospectus outside the ROC and the United States in reliance on Regulation S. See "Transfer Restrictions." The price at which the GDSs are offered may be changed at any time without notice.

The GDSs, including the GDSs and Common Shares represented thereby, have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "Transfer Restrictions."

We, Mr. Chun-Sheng Lan (together with his spouse, Mrs. Mei-Ru Lan Chen and children under the age of 20, Mr. Kae-Wei Lan and Mr. Kae-Jen Lan), Pescadores Co., Ltd., Unicorn Maritime Agency Co., Ltd., Hui Wen Investment Co., Ltd., Chin Kuei Investment Co., Ltd., Mr. Mike Tzu-Lung, Mr. Fukui Masayuki and Jinzhou Investment Co., Ltd have agreed that, for a period of 90 days from the date of the Prospectus, we and they will not, without the prior written consent of J.P. Morgan Securities plc, offer, sell, contract to sell or otherwise dispose of or hedge any of the Common Shares or any securities convertible into or exchangeable for the Common Shares. J.P. Morgan Securities plc in its sole discretion may release any of the securities subject to these lock-up agreements at any time without notice. These restrictions do not apply to the sale of GDSs offered hereby.

We will apply to the UK Listing Authority for a block listing of 7,200,000 GDSs to be admitted to the Official List of the UK Listing Authority and to the LSE for such GDSs to be admitted to trading on the Main Market of the LSE. However, we cannot assure you that the prices at which the GDSs will sell in the market after this Offering will not be lower than the initial offering price or that an active trading market for the GDSs will develop and continue after this Offering. The Initial Purchaser has advised us that it currently intends to make a market in the GDSs. However, it is not obligated to do so and it may discontinue any market-making activities with respect to the GDSs at any time without notice. Accordingly, we cannot assure you as to the liquidity of, or the trading market for, the GDSs.

We will pay to the Initial Purchaser a commission equal to US$0.1092 per GDS. Therefore, the Initial Purchaser will receive in connection with this Offering total commission of US$786,240.

In connection with the Offering, the Initial Purchaser may purchase and sell GDSs in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions, which may Include Purchases pursuant to the Initial Purchaser's option to purchase additional GDSs, and stabilizing purchases.

- Short sales involve secondary market sales by the Initial Purchaser of a greater number of securities than it is required to purchase in the offering.

- Covering transactions involve purchases of securities in the open market after the distribution has been completed in order to cover short positions.

- Stabilizing transactions involve bids to purchase securities so long as the stabilizing bids do not exceed a specified maximum.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by the Initial Purchaser for their own accounts, may have the effect of preventing or retarding a decline in the market price of the GDSs. They may also cause the price of the GDSs to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The Initial Purchaser may conduct these transactions in the over-the-counter market or otherwise. If the Initial Purchaser commences any of these transactions, it may discontinue them at any time.

We expect to deliver the GDSs against payment for the GDSs on or about the date specified in the last paragraph of the cover page of the Prospectus, which, depending on the exact time of pricing, may be the third or fourth business day following the date of the pricing of the GDSs. Since trades in the secondary market generally settle in three business days, purchasers who wish to trade GDSs on the date of pricing or the next succeeding business day may need to specify alternative settlement arrangements to prevent a failed settlement.

The Initial Purchaser has not performed commercial banking, investment banking and advisory services for us from time to time for which they have received customary fees and reimbursement of expenses. The Initial Purchaser may, from time to time, engage in transactions with and perform services for us in the ordinary course of its business for which it may receive customary fees and reimbursement of expenses. In addition, affiliates of the Initial Purchaser are currently not lenders, and managers for the lenders, under our credit facilities. Apart from the lending facilities, the affiliates of J.P. Morgan Securities plc may also provide foreign exchange, cash management and trade-related services to us.

We have agreed to indemnify the Initial Purchaser against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the initial purchaser may be required to make because of any of those liabilities.

Notice to prospective investors in the ROC and restriction on related party subscription under ROC law

The GDSs may not be offered or sold directly or indirectly in the ROC, or to, or for the account or benefit of, any ROC person.

Under applicable ROC laws and regulations, we and the Initial Purchaser are prohibited from offering and selling the GDSs to the "related parties" as defined in the ROC Statement of Financial Accounting Standards No. 6 and further specified in Section 36 of the ROC Securities Association Rules Governing Underwriting and Resale of Securities by Securities Firms. Therefore, each subscriber or purchaser of the GDSs described in the Prospectus will be deemed to have acknowledged and represented to us and the Initial Purchaser that he, she or it is not: (a) a business entity that is invested by us using equity method in our accounting reporting, (b) a business entity that invests in our company and uses equity method in its accounting reporting; (c) a company whose chairman of the board or president is the same as that of our company or is the spouse or relative within two degrees of kinship thereof, (d) a foundation with one-third of its total paid-in funds donated by us, (e) our directors, president, vice-president, assistant vice president, and other department head under the immediate supervision by our president, (f) a spouse of our directors or president, (g) a relative within two degrees of kinship of our directors or president, (h) a director or employee of any member of the underwriting syndicate, or a spouse or relative within two degrees of kinship thereto, and (i) a person subscribing for the GDSs on behalf of or for the benefit of any person set forth in items (a) to (h) above. For the purposes of the above item (i), a person shall be deemed to subscribe for the GDSs on behalf of or for the benefit of a "related person" if: (i) the purchase price for the GDSs is directly or indirectly funded by such related person; (ii) the related person is entitled to manage, employ or dispose of the GDSs held under the name of such person; or (iii) the related person shares all or part of the gains, interests or losses on the GDSs held under the name of such person.

Notice to prospective investors in the European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a "Relevant Member State") an offer to the public of any GDSs which are subject of the Offering may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any GDSs may be made at any time under the following exemptions under the Prospectus Directive, if they have implemented in that Relevant Member State:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

- to any legal entity that has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than € 43,000,000, and (3) an annual net turnover of more than € 50,000,000, as shown in its last annual or consolidated accounts;

- to fewer than 100 natural or legal persons (other than qualified investors as defined below) subject to obtaining the prior consent of the representatives for any such offer; or

- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of GDSs shall result in a requirement for the publication of a prospectus pursuant to Article 3.

Each purchaser of securities described in the Prospectus located within a relevant member state will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive.

For purposes of this provision, the expression an "offer to the public" in relation to any GDSs in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities, as the expression may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State, and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

The sellers of the securities have not authorized and do not authorize the making of any offer of securities through any financial intermediary on their behalf, other than offers made by the Initial Purchaser with a view to the final placement of the securities as contemplated in the Prospectus. Accordingly, no purchasers of the securities, other than the Initial Purchaser, are authorized to make any further offer of the securities on behalf of the sellers or the Initial Purchaser.

Notice to prospective investors in the United Kingdom

The Initial Purchaser has represented and agreed that: (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any GDRs in circumstances in which section 21(1) of the FSMA does not apply; and (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the GDSs in, from or otherwise involving the United Kingdom.

Notice to prospective investors in France

Neither the Prospectus nor any other offering material relating to the securities described in the Prospectus has been submitted to the clearance procedures of the Autorite des Marches Financiers or of the competent authority of another member state of the European Economic Area and notified to the Autorite des Marches Financiers. The securities have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

Neither the Prospectus nor any other offering material relating to the securities has been or will be:

- released, issued, distributed or caused to be released, issued or distributed to the public in France; or
- used in connection with any offer for subscription or sale of the securities to the public in France.
- Such offers, sales and distributions will be made in France only:
  - to qualified investors (investisseurs qualifiés) and/or to a restricted circle of investors (cercle restreint d'investisseurs), in each case investing for their own account, all as defined in, and in accordance with, articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Code *monetaire et financier*;
  - to investment services providers authorized to engage in portfolio management on behalf of third parties; or
  - in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French Code *monétaire et financier* and article 211-2 of the General Regulations (Règlement Général) of the Autorite des Marches Financiers, does not constitute a public offer (appel public à l'épargne).

The securities may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French Code monétaire et financier.

Notice to prospective investors in the United States

The GDSs and the Common Shares have not been and will not be registered under the Securities Act for offer or sale as part of their distribution and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons except, in either case, pursuant to an effective registration statement or in accordance with an applicable exemption from the registration requirements of the Securities Act. The GDSs are being offered and sold by the Initial Purchaser only outside the United States in reliance upon Regulation S under the Securities Act. The Initial Purchaser has agreed that it will not offer, sell or deliver any GDS as part of its distribution at any time within the United States or to, or for the account or benefit of, U.S. persons except, in either case, in accordance with Regulation S.

Notice to prospective investors in the People's Republic of China

The Prospectus does not constitute a public offer of the GDSs, whether by sale or by subscription, in the People's Republic of China, or PRC. The Prospectus is not being and will not be circulated or distributed in the PRC. The GDSs are not being offered or sold, and will not be offered or sold, directly or indirectly, to any person for re-offering or resale to any resident of the PRC. For the purposes of this paragraph, PRC does not include Hong Kong, Macau and Taiwan.

Notice to prospective investors in Hong Kong

The securities may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong), and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the securities may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to prospective investors in Japan

The securities offered in the Prospectus have not been registered under the Securities and Exchange Law of Japan. The securities have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Securities and Exchange Law, and (ii) in compliance with any other applicable requirements of Japanese law.

Notice to prospective investors in Singapore

The Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the securities may not be circulated or distributed, nor may the securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor; or

- shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the securities pursuant to an offer made under Section 275 of the SFA except:

    - to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

- where no consideration is or will be given for the transfer; or

- where the transfer is by operation of law.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult with legal counsel prior to making any resale, pledge or transfer of the GDSs or the Common Shares.

This Offering is being made pursuant to Regulation S under the Securities Act. The Master GDR, the GDSs evidenced thereby and the Common Shares represented thereby have not been registered under the Securities Act or with any securities regulatory authority of any state in the United States or other jurisdiction and may only be offered, sold or delivered outside the United States (as defined in Regulation S under the Securities Act) to persons other than U.S. persons (as defined in Regulation S under the Securities Act) in offshore transactions in reliance on Regulation S, and in each case in accordance with any other applicable law.

Each owner of an interest in the International GDSs, by its acceptance thereof will be deemed to have acknowledged, represented to and agreed with us, the Depositary and the Initial Purchaser that:

1. The GDSs and the underlying Common Shares have not been, and are not expected to be, registered under the Securities Act or with any securities regulatory authority of any state of the United States.

2. Each owner purchasing as part of the distribution of the GDSs during the "restricted period" is a non-U.S. person purchasing the GDSs in an offshore transaction meeting the requirements of Regulation S.

3. Such owner along with all owners of the Existing GDSs, prior to the expiration of the "restricted period," will not offer, sell, pledge or otherwise transfer any interest in the GDSs and the underlying Common Shares except as permitted by the applicable legend set forth in paragraph (4) below.

4. The Master International GDR, until the expiration of the "restricted period" and unless otherwise agreed between the Depositary and us, will bear a legend to the following effect and that it will observe the restrictions contained therein:

   NEITHER THIS REGULATION S GDR, NOR THE REGULATION S GDSs EVIDENCED HEREBY, NOR THE REGULATION S DEPOSITED SECURITIES REPRESENTED THEREBY HAVE BEEN OR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE OFFER, SALE, PLEDGE OR OTHER TRANSFER OF THIS INTERNATIONAL GDR, THE REGULATION S GDSs EVIDENCED HEREBY AND THE REGULATION S DEPOSITED SECURITIES REPRESENTED THEREBY EACH IS SUBJECT TO CERTAIN CONDITIONS AND RESTRICTIONS. THE HOLDERS AND THE BENEFICIAL OWNERS HEREOF, BY PURCHASING OR OTHERWISE ACQUIRING THIS REGULATION S GDR AND THE REGULATION S GDSs EVIDENCED HEREBY, ACKNOWLEDGE THAT SUCH INTERNATIONAL GDR, THE REGULATION S GDSs EVIDENCED HEREBY AND THE REGULATION S DEPOSITED SECURITIES REPRESENTED THEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT.

5. We, the Depositary, the Initial Purchaser and its affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

6. Any resale or other transfer, or attempted resale or other transfer, of the GDSs made other than in compliance with the above-stated restrictions shall not be recognized by us or the Depositary.

LEGAL MATTERS

Certain legal matters in connection with the offering of the GDSs will be passed upon for us by LCS & Partners as to ROC law and by Troutman Sanders LLP as to United States federal law and New York state law. Certain legal matters in connection with the offering of the GDSs will be passed upon for us by Travers Thorp Alberga as to Cayman Islands law. Certain legal matters in connection with the offering of the GDSs as to English law will be passed upon for us by Proskauer Rose LLP. Certain legal matters in connection with the offering of the GDSs will be passed upon for the Initial Purchaser by Simpson Thacher & Bartlett as to United States federal law and New York state law.

INDEPENDENT ACCOUNTANTS

Our consolidated financial statements as of and for the years ended December 31, 2011 and 2010 included in this Prospectus have been audited by KPMG, whose report appears herein.

Our consolidated financial statements as of and for the years ended December 31, 2012 and 2011 included in this Prospectus have been audited by KPMG, whose report appears herein.

Furthermore, our unaudited consolidated financial statements as of and for the six-month periods ended June 30, 2012 and 2013, included in this Prospectus, have been reviewed by KPMG in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity," whose report appears herein.

GENERAL INFORMATION

Listing

It is expected that admission to the Official List of the UK Listing Authority and admission for the GDSs to trading on the Main Market of the LSE will be granted on or about November 13, 2013 (London time), subject only to the issue of the GDSs, which is expected to take place on or about November 12, 2013 (London time).

Authorizations

We were incorporated in the Cayman Islands as an exempted company with limited liability on October 21, 2008. We are not a subsidiary of any entity.

According to clause three of our Memorandum of Association, the objects for which our company is established are unrestricted and we shall have the power and authority to carry out any object not prohibited by the Companies Law.

This Offering was authorized and approved by our stockholders in our stockholders' meeting on March 22, 2013 and was approved by the ROC Financial Supervisory Commission on May 15, 2013. We have obtained all necessary consents, approvals and authorizations as may be required in connection with the offer, issue and sale of the GDSs.

Significant Change

There has been no significant change in the financial or trading position of the Group since June 30, 2013, being the date to which our latest unaudited interim financial results were prepared (which are included on page F-121 to F-172).

In relation to the valuation reports contained in pages V-2 to V-18, as of the date of this Prospectus, no material change has occurred in the valuation results since the dates of the valuation reports contained herein.

Litigation

We and our subsidiaries are involved in certain legal actions incidental to our business. We were involved in a claim filed by Shin Kong Life Insurance Co., Ltd in Taipei district court for cargo damage and other maritime insurance subrogation related expenses in the amount of NT$470.0 million since 2008. We have entered into a settlement agreement with Shin Kong Life in September 2013 for a settlement payment of NT$4.7 million (US$0.2 millon).

We are involved in a claim filed by Fisia Italimpianti S.P.A. in First Maritime Court of Panama for cargo damage in the amount of US$1.5 million, which is now pending in the court. We have retained legal counsel to handle this lawsuit and defend against the complaints. We believe that the outcome of this litigation is uncertain but that, in any event, it will not have a material adverse effect on our business operations or financial positions. We are also involved in a claim filed by several Chinese fishermen for trespassing their scallop breeding area. We have retained legal counsel to handle this lawsuit and defend against the complaints, and at this stage, the final outcome of this matter is uncertain, and while we are unable to estimate the possible loss in connection with this claim, we do not believe that this claim will have a material adverse effect on our business or results of operations.

In addition, we and our subsidiaries are involved in an arbitration proceeding with WE Cox Claims Group. WE Cox Claims Group submitted a claim to arbitration in London, requesting a compensation in the amount of US$1.7 million for cargo damage. The arbitration proceeding has not started yet, and at this stage, the final outcome of this arbitration is uncertain. However, we do not believe that this matter will have a material adverse effect on our business operations or financial positions.

Save as described above, there are no governmental, legal or arbitration proceedings, (including such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this Prospectus, which may have, or have had a significant effect on the Company's and/or the Group's financial position or profitability.

Material Contracts

For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, other than the contract entered into in the ordinary course of business, there had not been any material contract to which we or our subsidiaries is a party, nor had there been any contract entered into by us or our subsidiaries which contains any provision under which we have any obligation or entitlement which is material to us.

Documents Available

Copies of the following documents may be inspected (and in the case of financial statement, obtainable also) at the specified office of the Depositary at JPMorgan Chase Bank, N.A., located at 1 Chase Manhattan Plaza, Floor 58, New York, NY 10005-1401, USA, and at the offices of Proskauer Rose LLP at Ten Bishops Square, London E1 6EG, UK, during usual business hours on any weekday (Saturdays and public holidays excepted) for 14 days from the date of this Prospectus. All documents are available in English and were not translated from Chinese other than the financial statements for the six months ended June 30, 2012 and 2013, which have been translated from Chinese and are direct and accurate translations:

- our Articles of Association;
- the Prospectus;
- a copy of each of the audited consolidated financial statements of Wisdom Marine as of December 31, 2010, 2011 and 2012 and each of the audit reports of the independent accountants;
- a copy of each of the unaudited consolidated financial statements of Wisdom Marine as of and for the six months ended June 30, 2012 and 2013 and each of the audit reports of the independent accountants, as accurate translations of the original;
- the Purchase Agreement relating to the GDSs;
- the Deposit Agreements; and
- the Articles of Incorporation and the By-laws of the Depositary.

In addition, copies of this Prospectus, most recent annual reports (including our audited consolidated annual financial statements), semi-annual audited consolidated financial statements and quarterly unaudited consolidated summary financial information of Wisdom Marine published by us will be available free of charge in English at the specified office of the Depositary at JPMorgan Chase Bank, N.A., located at 1 Chase Manhattan Plaza, Floor 58, New York, NY 10005-1401, USA as long as the GDSs are listed on the Official List of the UK Listing Authority.

Where there is a discrepancy between any certified English translations of the documents and the original foreign language version of the documents, the foreign language version of the documents prevails.

Financial notices concerning the Company (such as dividend notices, rights issues and capital increases) as well as notices of stockholders meetings are published at http://mops.twse.com.tw. Such web site is not part of this Prospectus. We do not control such web site and are not responsible for the contents of such web site.

Clearing Systems

The GDSs have been accepted for clearance and settlement through the facilities of Euroclear and Clearstream. Relevant trading information is set forth below.

	ISIN	Sedol	Common Code	CUSIP
Wisdom Marine Lines Co., Limited	US97717T1060	BFTWP40	098509143	97717T 106

GLOSSARY OF TECHNICAL TERMS

Following are definitions of shipping terms used in this Prospectus:

Annual Survey—The inspection of a vessel by a classification society, on behalf of a flag state, that takes place every year.

Bulk Vessels/Carriers—Vessels which are specially designed and built to carry large volumes of cargo in bulk cargo form.

Bunker fuel—Heavy fuel oil used to power a vessel's engines.

Capesize—A dry bulk carrier with a capacity in excess of 100,000 DWT and is typically used for carrying major bulk cargoes, especially iron ore.

Charter—The hire of a vessel for a specified period of time or to carry a cargo for a fixed fee from a loading port to a discharging port. The contract for a charter is called a charterparty.

Charterer—The individual or company hiring a vessel.

Charter Hire Rate—A sum of money paid to the vessel owner by a charterer for the use of a ship. Charter hire rate often applies to time charters.

Classification Society—An independent organization which certifies that a vessel has been built and maintained in accordance with the rules of such organization and complies with the applicable rules and regulations of the country of such vessel and the international conventions of which that country is a member.

Deadweight Ton—"DWT"—A unit of a vessel's capacity for cargo, fuel oil, stores and crew, measured in metric tons of 1,000 kilograms. A vessel's DWT or total deadweight is the total weight the vessel can carry when loaded to a particular load line.

Draft—Vertical distance between the waterline and the bottom of the vessel's keel.

Dry Bulk—Non-liquid cargoes of commodities shipped in an unpackaged state.

Drydocking—The removal of a vessel from the water for inspection and/or repair of submerged parts.

Flag state—The country where the vessel is registered.

Freight—The price paid to a vessel owner for the transportation of goods or merchandise by sea from one specific port to another. Freight often applies to voyage charters.

Gross Ton—Unit of 100 cubic feet or 2.831 cubic meters used in arriving at the calculation of gross tonnage.

Handysize—A dry bulk carrier having a carrying capacity of approximately 15,000 to 49,999 DWT and carry principally minor bulk cargoes and limited quantities of major bulk cargoes.

Hull—The shell or body of a vessel.

International Maritime Organization—"IMO"—A United Nations agency that issues international trade standards for shipping.

Intermediate Survey—The inspection of a vessel by a classification society surveyor which takes place between two and three years before and after each Special Survey for such vessel pursuant to the rules of international conventions and classification societies.

ISM Code—The International Management Code for the Safe Operation of Ships and for Pollution Prevention, as adopted by the IMO.

Metric Ton—A unit of measurement equal to 1,000 kilograms.

Newbuilding—A vessel under construction or newly constructed.

Newbuilding Contract—A contract for the construction of a new vessel.

Orderbook—A reference to currently placed orders for the construction of vessels (e.g., the Panamax orderbook).

Panamax—A dry bulk carrier with capacity of approximately 70,000 to 99,999 DWT and of maximum length, depth and draft capable of passing fully loaded through the Panama Canal. It is typically used for carrying major bulk cargoes, with a greater emphasis on coal and grain.

RoRo— Roll-on Roll-off. A vessel designed to carry wheeled cargo such as automobiles, trucks, semi-trailer trucks, trailers or railroad cars that are driven on and off the ship on their own wheels.

Scrapping—The disposal of old or damaged vessel tonnage by way of sale as scrap metal.

Sister Ships—Vessels of the same type and specification which were built by the same shipyard.

Small Handysize—A dry bulk carrier having a carrying capacity of below 15,000 DWT.

Special Survey—The inspection of a vessel by a classification society surveyor which takes place a minimum of every four years and a maximum of every five years.

Spot Market—The market for immediate chartering of a vessel usually for single voyages.

Supramax/Handymax—A dry bulk carrier with capacity of approximately 50,000 to 69,999 DWT and carry a wide variety of cargoes including major and minor bulk commodities.

Time Charter—Contract for hire of a ship for a specified period of time. A charter under which the ship-owner is paid charter hire rate on a per day basis for a certain period of time, the shipowner being responsible for providing the crew and paying operating costs while the charterer is responsible for paying the voyage costs. Any delays at port or during the voyages are the responsibility of the charterer, save for certain specific exceptions such as loss of time arising from vessel breakdown and routine maintenance.

Ton—A metric ton.

Voyage Charter—Contract for hire of a vessel under which a shipowner is paid freight on the basis of moving cargo from a loading port to a discharge port. The shipowner is responsible for paying both operating costs and voyage costs. The charterer is typically responsible for any delay at the loading or discharging port.

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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 set out on pages F-2 to F-58 has been extracted without material adjustment from the Company's published audited consolidated financial statements for the financial years ended December 31, 2011 and 2010. The Company's financial statements have been prepared and presented in accordance with International Financial Reporting Standards issued by the IASB (hereinafter referred to as IFRS). The opinion on the Company's audited consolidated financial statements for the financial years ended December 31, 2011 and 2010 prepared by KPMG Taiwan was not qualified.

In addition to the disclosure of accounting information, these 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 2011 and 2010 on March 30 2012 and March 25 2011, respectively. The consolidated financial report have been prepared in accordance with IFRS, and give a true and fair view of the consolidated financial position of the Group as at December 31, 2011 and 2010 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
Board of Directors

March 30 2012

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Wisdom Marine Lines Co., Limited

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Wisdom Marine Lines Co., Limited (Cayman) (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statements of financial position as of December 31, 2011 and 2010, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the ausidor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wisdom Marine Lines Co., Limited (Cayman) and its subsidiaries as of December 31, 2011 and 2010, and the consolidated results of their operations and their consolidated cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Taipei, Taiwan, R.O.C.
March 30 2012

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2011 AND 2010

(All Amounts Expressed in US Dollars)

	Note	December 31, 2011	December 31, 2010
ASSETS			
Held to maturity financial assets—noncurrent	16	$ 5,345,459	-
Available for sale financial assets—noncurrent	16	-	11,990,872
Other financial assets—noncurrent		3,901,572	100,487
Property and equipment	14	1,435,892,607	1,103,361,273
Deferred expenses		75,615	97,665
Deferred income tax assets		38,348	40,008
Total non-current assets		**1,445,253,601**	**1,115,590,305**
Cash and cash equivalents	19	30,185,958	26,168,224
Financial assets at fair value through profit or loss—current	16	630,884	18,113
Available for sale financial assets—current	16	-	511,644
Held to maturity financial assets—current	16	10,400,000	-
Accounts receivable	18, 25	4,387,885	2,210,252
Other receivables		1,296,526	241,227
Other financial assets—current	19	45,549,182	24,318,656
Inventories	17	2,443,865	3,392,270
Prepaid expenses		5,472,708	6,729,501
Noncurrent assets held for sale	15	-	6,562,035
Other current assets		6,044,028	5,134,635
Total current assets		**106,411,036**	**75,286,557**
TOTAL ASSETS		**$1,551,664,637**	**1,190,876,862**

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

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION(CONT'D)
DECEMBER 31, 2011 AND 2010
(All Amounts Expressed in US Dollars)

	Note	December 31, 2011	December 31, 2010
EQUITY			
Common stock	20	111,422,544	93,277,518
Capital surplus－premium on capital stock	20	103,830,194	94,037,921
Retained earnings	20	125,992,777	73,609,454
Cumulative translation adjustments	20	(76,163,011)	(44,612,886)
Total equity attributable to equity holders of the Company		265,082,504	216,312,007
Non-controlling interest		2,207,685	2,314,748
TOTAL EQUITY		**267,290,189**	**218,626,755**
LIABILITIES			
Long-term borrowings	22	1,023,648,590	750,333,775
Long-term accounts payable	23	17,662,500	16,192,500
Long-term lease payables	23	42,088,288	33,638,188
Long-term accounts payable－related parties	23, 25	18,322,981	6,975,000
Accrued pension liabilities	21	288,124	296,873
Deferred income tax liabilities		1,235	414
Total non-current liabilities		**1,102,011,718**	**807,436,750**
Short-term borrowings	22	29,493,294	38,046,179
Financial assets at fair value through profit or loss －current	16	10,409,653	8,352,604
Accounts payable		3,106,114	4,361,721
Accrued expenses		11,878,469	7,055,492
Advance receipts		11,875,361	9,161,239
Other current liabilities－others		1,255,400	2,815,268
Current portion of long-term borrowings	22	104,234,651	78,534,657
Current portion of long-term accounts payable	23	4,050,000	3,090,000
Current portion of long-term accounts payable －related parties	23, 25	1,116,000	1,116,000
Liability related to noncurrent assets held for sale	15	-	8,632,563
Current portion of lease payables	23	4,943,788	3,647,634
Total current liabilities		**182,362,730**	**164,813,357**
TOTAL LIABILITIES		**1,284,374,448**	**972,250,107**
TOTAL EQUITY AND LIABILITIES		**$1,551,664,637**	**1,190,876,862**

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 DECEMBER 31, 2011 AND 2010

(All Amounts Expressed in US Dollars)

	Note	For the Year Ended December 31 2011	2010
Operating revenue	8	$ 256,943,451	191,651,777
Cost of materials	9	34,536,477	29,317,928
Expenses for hired services	10	11,005,018	12,588,705
Wages and personnel expenses	11	48,010,023	35,620,949
Depreciation expenses	14	62,412,074	43,802,196
Other operating costs	12	4,832,223	3,409,302
Operating costs		160,795,815	124,739,080
Gross profit from operations		96,147,636	66,912,697
Operating expenses		4,317,294	4,266,870
Profit from operating activities		91,830,342	62,645,827
Interest income		1,249,048	879,927
Interest expense	23	(16,960,062)	(9,938,357)
Gain on disposal of fixed assets	14	2,527,497	605
Foreign exchange loss		(6,360,601)	(3,841,569)
Loss on valuation of financial instruments at fair value through profit or loss		(3,273,489)	(12,945,353)
Impairment losses		-	(1,331,272)
Investment losses		(13,056)	-
Others income and gains		343,593	1,038,116
Other expenses and losses		(419,107)	(406,570)
Total other income and losses		(22,906,177)	(26,544,473)
Profit before income tax		68,924,165	36,101,354
Income tax expense (benefit)	13	1,012	(1,413)
Profit for the year		**68,923,153**	**36,102,767**
Other Comprehensive income:			
Cumulative translation adjustments		(31,550,125)	(45,959,834)
Other Comprehensive income		**(31,550,125)**	**(45,959,834)**
Total Comprehensive income		**$ 37,373,028**	**(9,857,067)**
Profit for the year attributable to:			
—Owners of the Company		$ 68,310,216	35,808,110
—Non-controlling interests		612,937	294,657
		$ 68,923,153	**36,102,767**
Total Comprehensive income attributable to:			
—Owners of the Company		$ 36,760,091	(10,151,724)
—Non-controlling interests		612,937	294,657
		$ 37,373,028	**(9,857,067)**
Primary Earnings per Share			
—Current	20	**$ 0.20**	**0.13**
—Retroactively Adjusted	20	**$ 0.18**	**0.12**

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 DECEMBER 31, 2011 AND 2010
(All Amounts Expressed in US Dollars)

	Common Stock	Capital surplus	Retained earnings	Cumulative translation adjustments	Effective portion of losses on hedging instrument in a cash flow hedge	Total equity attributable to equity holders of the Company	Non-controlling interest	Total
Balance, December 31, 2009	$ 66,249,169	36,093,432	57,164,377	1,346,957	-	160,853,935	2,740,091	163,594,026
Appropriations and distributions of 2009 earnings	7,745,214	-	(19,363,033)	-	-	(11,617,819)	-	(11,617,819)
Capital increase in cash	19,283,135	57,944,489	-	-	-	77,227,624	-	77,227,624
Cash dividends for non-controlling interests	-	-	-	-	-	-	(720,000)	(720,000)
Profit for the year ended December 31, 2010	-	-	35,808,110	-	-	35,808,110	294,657	36,102,767
Cumulative translation adjustments	-	-	-	(45,959,843)	-	(45,959,843)	-	(45,959,843)
Balance, December 31, 2010	**$ 93,277,518**	**94,037,921**	**73,609,454**	**(44,612,886)**	**-**	**216,312,007**	**2,314,748**	**218,626,755**
Appropriations and distributions of 2010 earnings	-	-	(15,926,893)	-	-	(15,926,893)	-	(15,926,893)
Capitalization of capital surplus stock	$ 10,617,929	(10,617,929)	-	-	-	-	-	-
Capital increase in cash	7,527,097	20,295,777	-	-	-	27,822,874	-	27,822,874
Cash dividends for non-controlling interests	-	-	-	-	-	-	(720,000)	(720,000)
Issuance of employee stock options	-	114,425	-	-	-	114,425	-	114,425
Profit for the year ended December 31, 2011	-	-	68,310,216	-	-	68,310,216	612,937	68,923,153
Cumulative translation adjustments	-	-	-	(31,550,125)	-	(31,550,125)	-	(31,550,125)
Balance, December 31, 2011	**$ 111,422,544**	**103,830,194**	**125,992,777**	**(76,163,011)**	**-**	**265,082,504**	**2,207,685**	**267,290,189**

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 YEAR ENDED DECEMBER 31, 2011 AND 2010

(All Amounts Expressed in US Dollars)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	**$ 68,923,153**	**36,102,767**
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	62,501,515	43,867,834
Interest expense	16,960,062	9,938,357
Loss (Gain) on valuation of financial instruments at fair value through profit or loss	3,286,545	14,276,625
Amortization of held to maturity financial assets	(4,469)	-
Gain on disposal of property, plant and equipment	(2,527,497)	(605)
Compensation cost arising from employee stock options	114,425	-
Change in assets and liabilities		
Financial assets at fair value through profit or loss	(656,448)	2,780,179
Accounts receivable	(2,177,633)	(70,973)
Lease receivable	-	-
Other receivables	(733,143)	(177,261)
Inventories	948,405	1,293,870
Prepaid expenses	1,256,793	(4,797,453)
Other current assets	(909,393)	(4,815,388)
Deferred tax assets－noncurrent	1,660	-
Accounts payable	(1,255,607)	540,110
Accrued expenses	4,304,512	3,860,565
Financial liabilities at fair value through profit or loss	(1,185,819)	(4,592,749)
Advance receipts	2,714,122	5,120,714
Other current liabilities	(1,559,868)	273,377
Deferred income tax liabilities－noncurrent	821	-
Accrued pension liabilities	(8,749)	(15,780)
Cash generated from operating activities	**149,993,387**	**103,584,189**
Interest paid	(16,441,597)	(9,419,450)
Net cash provided by operating activities	**133,551,790**	**94,164,739**
CASH FLOWS FROM INVESTING ACTIVITIES		
Held-to-maturity financial assets	(3,238,474)	-
Available-for-sale financial assets	-	(4,904,882)
Acquisition of property, plant and equipment	(401,080,444)	(539,931,622)
Proceeds from disposal of property, plant and equipment	15,146,226	-
Long-term lease receivable	-	-
Other financial assets	(25,353,767)	(4,786,566)
Net cash used in investing activities	**(414,526,459)**	**(549,623,070)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(8,552,885)	25,340,107
Increase in long-term borrowings	279,641,989	366,194,614
Increase (Decrease) in lease payables	7,874,025	30,089,454
The exercise of convertible corporate bonds	-	-
Capital increased in cash	27,822,874	77,458,130
Increase in long-term accounts payable	13,777,981	18,166,500
Distribution of cash dividend	(16,646,893)	(12,337,819)
Guaranteed deposits	-	-
Net cash provided by financing activities	**303,917,091**	**504,910,986**
FOREIGN EXCHANGE RATE EFFECTS	**(18,924,688)**	**(39,054,167)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**4,017,734**	**10,398,488**
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	**26,168,224**	**15,769,736**
CASH AND CASH EQUIVALENTS, END OF THE YEAR	**$ 30,185,958**	**26,168,224**

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

WISDOM MARINE LINES CO., LIMITED (CAYMAN)
AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010 (In US Dollars, unless stated otherwise)

1. Reporting entity

Wisdom Marine Lines Co., Limited (Cayman) (the "Company") was incorporated in the Cayman Islands on October 21, 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 December 1, 2010, the Company was approved and listed on Taiwan Stock Exchange (TWSE).

The Company's parent company: None.

As of December 31, 2011 and 2010, the Company had 1,531 and 1,375 employees, respectively.

As of December 31, 2011 and 2010, the Group had the following subsidiaries, and all have been included in these consolidated financial statements unless stated otherwise.

Investor	Investee Company Name	2011 Ownership Percentage	2010 Ownership Percentage
The Company	Wisdom Marine Lines S.A. (Panama) (WML)	100%	100%
〃	Wisdom Marine International Inc. (WII)	100%	100%
WII	Well Shipmanagement and Maritime Consultant Co.,Ltd.(WELL)	100%	100%
WML	Adixi Wisdom S.A.	100%	100%
〃	Amis NavigationS.A.	100%	-%
〃	Amis Wisdom S.A.	100%	100%
〃	Arikun Wisdom S.A.	100%	100%
〃	Atayal Wisdom S.A.	100%	100%
〃	Atayal Star S.A.	100%	-%
〃	Atayal Mariner S.A.	100%	-%
〃	Atayal Brave S.A.	100%	-%
〃	Babuza Wisdom S.A.	100%	100%
〃	Beagle Marine S.A.	100%	100%
〃	Beagle Wisdom S.A.	100%	100%
〃	Bunun Wisdom S.A.	100%	100%
〃	Bunun NavigationS.A.	100%	-%

Investor	Investee Company Name	2011 Ownership Percentage	2010 Ownership Percentage
WML	Bunun MarineS.A.	100%	-%
〃	Cosmic Wisdom S.A.	100%	100%
〃	Dumun Marine S.A.	100%	100%
〃	Dumun Navigation S.A.	100%	100%
〃	Elite Steamship S.A.	100%	100%
〃	Euroasia Investment S.A.	100%	100%
〃	Favoran Wisdom S.A.	100%	100%
〃	Fourseas Maritime S.A. Panama	100%	100%
〃	Fraternity Marine S.A.	100%	100%
〃	Fraternity Ship Investment S.A.	100%	100%
〃	Genius Marine S.A.	100%	100%
〃	Genius Prince S.A.	100%	100%
〃	Genius Star Carriers S.A.	100%	100%
〃	Genius Star Navigation S.A.	100%	100%
〃	GSX Maritime S.A.	100%	100%
〃	Guma Marine S.A.	100%	100%
〃	Guma Navigation S.A.	100%	100%
〃	GS Navigation S.A.	100%	-%
〃	GS Global S.A.	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 Marine S.A.	100%	-%
〃	Katagalan Wisdom S.A.	100%	100%
〃	Kavalan Wisdom S.A.	100%	100%
〃	Katagalan Line S.A.	100%	-%
〃	Ligulao Wisdom S.A.	100%	100%
〃	Lloa Wisdom S.A.	100%	100%
〃	Log Wisdom S.A.	100%	100%
〃	Luilang Wisdom S.A.	100%	100%
〃	Magnate Maritime S.A.	100%	100%
〃	Makatao Wisdom S.A.	100%	100%
〃	Mercy Marine Line S.A.	100%	100%
〃	Mighty Maritime S.A.	100%	100%
〃	Mimasaka Investment S.A.	100%	100%
〃	Mount Wisdom S.A.	100%	100%
〃	Paiwan Wisdom S.A.	100%	100%
〃	Papora Wisdom S.A.	100%	100%
〃	Pazeh Wisdom S.A.	100%	100%
〃	Pescadores International Line S.A.	100%	100%
〃	Poavosa International S.A.	100%	-%
〃	Poavosa Maritime S.A.	100%	-%
〃	Poavosa Wisdom S.A.	100%	100%
〃	Rukai Maritime S.A.	100%	100%

Investor	Investee Company Name	2011 Ownership Percentage	2010 Ownership Percentage
WML	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 Brave S.A.	100%	100%
〃	Tao Mariner S.A.	100%	100%
〃	Tao Star 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%
〃	Tao Ace S.A.	100%	-%
〃	Tao Treasure S.A.	100%	-%
〃	Unicorn Bravo S.A.	100%	100%
〃	Unicorn Fortune S.A.	100%	100%
〃	Unicorn Logger S.A.	100%	100%
〃	Unicorn Logistics S.A.	100%	100%
〃	Unicorn Marine S.A.	100%	100%
〃	Unicorn Pescadores S.A.	100%	100%
〃	Unicorn Successor S.A.	100%	100%
〃	Vayi Wisdom S.A.	100%	100%
〃	Winsome Wisdom S.A.	100%	100%
〃	Wisdom Ace S.A.	100%	100%

2. Basis of preparation

(1) Statement of compliance

The consolidated financial statements of the Group for 2011 and 2010 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

(2) 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 income statements.

(3) 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.

(4) Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

3. Approval date and procedures of the consolidated financial statements

The Board of Directors approved and presents the consolidated financial statements for the financial years ended December 31, 2011 and 2010 on March 30, 2012 and March 25, 2011 respectively.

4. Significant accounting policies

(1) Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity in order to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(b) Non-controlling interests

Non-controlling interests represent portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests. Non-controlling interest are presented in the consolidated balance sheets within equity, separately from equity attributable to the equity shareholders of the Company.

Non-controlling interest in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between non-controlling interest and the owners of the Company. Losses applicable to the non-controlling interests in subsidiaries are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(c) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 % and 50% of the voting power of another entity. Associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

These consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in associates, the carrying amount of that interest, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing these consolidated financial statements. Unrealized profits resulting from the transactions between the Group and an associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

(2) Classification of current and non-current assets and liabilities

An asset is classified as current when:

(a) It is expected to be realized or sold or consumed in the normal operating cycle;

(b) It is held primarily for the purpose of trading;

(c) It expects to realize the asset within twelve months after the reporting period; or

(d) The asset is cash and cash equivalent (as defined in IAS 7) 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) It is expected to be settled in the normal operating cycle;

(b) It is held primarily for the purpose of trading;

(c) It is due to be settled within twelve months after the reporting period; or

(d) It does not have any unconditional right to defer settlement 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.

(3) Foreign currency

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are remeasured into the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are remeasured into the functional currency at the exchange rate at the date that the fair value was determined. Translation gains and losses are included in the consolidated income statements as financial income or expenses. Foreign currency differences arising on remeasurement are recognized in profit or loss, except for the following accounts which are recognized in other comprehensive income arising on the remeasurement:

- available-for-sale equity investment;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

(b) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Company's functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated into the Company's functional currency at average rates. Foreign currency differences are recognized in other comprehensive income, and presented in the cumulative translation adjustments in equity.

However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

(4) Impairment

(a) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

The impairment loss in respect of a financial asset measured at amortized cost is the difference between its carrying amount and the present value of the estimated future cash flow discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets, in groups that share similar credit risk characteristics, are assessed collectively.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

(b) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss in respect of goodwill is not reversed.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(5) Financial instruments

(a) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

Financial assets are derecognized when the contractual rights of the cash inflow from the asset are terminated, or when substantially all the risks and rewards of ownership of the financial assets are transferred. Assets or liabilities are recognized separately for equity securities received from transferred financial assets.

The Group derecognises a financial liability when its contractual obligation has been discharged or cancelled or expires.

The Group presents financial assets and liabilities on a net basis when the Group has the legally enforceable rights to offset, and intends to settle such financial assets and liabilities on a net basis or to realise the assets and settle the liabilities simultaneously.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

Effective 1 January 2009, in accordance with the laws and regulations in Taiwan, cash and cash equivalents which are pledged to secure bank loan are accounted for as other financial assets.

(ii) Financial assets at fair value through profit or loss

A financial asset is classified in financial assets designated as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein are recognized in profit or loss.

(iii) Held-to-maturity financial assets

If the Group has the positive intent and ability to hold to maturity, such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are initially measured at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

Profit or loss is recognized when these financial assets are derecognized, impaired, or amortized. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial assets that can be estimated reliably. If, in a subsequent period, the amount of the impairment loss of a financial assets measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss in is reversed through profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost before impairment was recognized at the reversal date.

(iv) Notes and account receivables, and other receivables

Notes and account receivable are rights resulting from the sale of goods or rendering of services. Other receivables are receivables arising from non-operating activities.

(b) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bond that can be converted to share capital at the option of the holder, when the number of shares to be issued is fixed.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest related to the financial liability is recognized in profit or loss

On conversion, the financial liability is reclassified to equity and no gain or loss is recognized.

(c) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are recognised initially at fair value; and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss, and are included in other comprehensive income (The effective portion of losses on hedging instrument in a cash flow hedge).

When a derivative is designated as a cash flow hedge, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in other equity-effective portion of cash flow hedge gain (loss). Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss, and is included in other comprehensive income or loss.

When the hedged item is recognized in profit or loss, the amount accumulated in equity and retained in other comprehensive income is reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss, and it is presented in the same accounting caption with the hedged item recognized in the consolidated statement of comprehensive income.

For a cash flow hedge of a forecast transaction recognized as a non-financial assets or liabilities, the amount accumulated in other equity – effective portion of cash flow hedge gain (loss) and retained in other comprehensive income is reclassified to the initial cost of the non-financial asset or liability.

(6) Inventories

Inventories are bunker oil and are carried at lower of cost or net realizable value. The cost of fuel is determined using the "weighted-average" 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.

(7) Non-current assets held for sale and discontinued operations

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are re-measured in accordance with the Group's accounting policies. Thereafter, generally the assets or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(8) Property and equipment

(a) Initial recognition and measurement

Property and equipment are stated at historical cost (including all expenditures that are directly attributable to the acquisition of the vessels and equipment) less accumulated depreciation and any accumulated impairment losses. Cost also includes the cost of replacing part of vessels and equipment. 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 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. 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.

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.

(b) Subsequent costs

Subsequent expenditure of a vessel or equipment is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group and the replacement cost can be measured reliably. The carrying amount of those parts that are replaced is derecognized. The costs of the day-to-day servicing of vessels or equipment are recognized in profit or loss as incurred.

(c) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount and it shall be allocated on a straight-line basis over its estimated useful lives of each part of vessels and equipment. If there is reasonably certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise, the asset is depreciated over the shorter of the lease term or their useful lives. The estimated useful lives are as follows:

● vessels	5-25 years
● vessel equipment	3-12 years
● dry-dockings	0.5-2.5 years
● other	2-10 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change(s) is accounted for as a change in an accounting estimate.

(9) Borrowing Cost

Borrowing costs are expensed in the consolidated income statements in the period which they are incurred, but are capitalized if they are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time until the asset is ready for its intended use or sale.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred, and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(10) Leased assets

(a) Lessors

Finance leased asset is recognized on a net basis as lease receivable. Initial direct costs incurred in negotiating and arranging an operating lease is added to the net investment of the leased asset. The finance income is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the receivable.

Lease income from operating lease is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

Contingent rents are recognized as income in the period when the lease adjustments are confirmed.

(b) Lesees

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the lease asset is measured at an amount equal to the lower of its fair value and the present of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to fixed assets.

Other leases are operating leases and are not recognized in the Group's statement of financial position.

Payments made under operating lease (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent rent is recognized as expense in the periods in which they are incurred.

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- The fulfillment of the arrangement is dependent on the use of a specific assets; and
- The arrangement contains a right to use the asset (s).

At inception or on reassessment of the arrangement, if an arrangement contains a lease, that lease is classified as a finance lease or an operating lease. The Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payment reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the Group's incremental borrowing rate. If the Group concludes for an operating lease that it is impracticable to separate the payment reliably, then all payments under the arrangement are treated as lease payments, and the situation is disclosed accordingly.

(11) 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.

(12) Employee Bonuses and Remuneration to Directors and Supervisors

According to the Company's Articles of Incorporation, the Company appropriates the amount of employee bonuses and remuneration to directors and supervisors out of retained earnings and recognizes it as expenses in the year when services are rendered. The differences between the amounts approved in the shareholders' meeting and those recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized in profit or loss.

(13) Employee 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

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

When the calculation results in a benefit to the Group, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. The Group recognizes gains and losses on the curtailment or settlement of a retired benefit plan when the curtailment or settlement occurs.

(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.

(d) Share-Based Payments

The grant-date fair value of share-based payment awards granted to employee is recognized as employee expenses, with a corresponding increase in equity, over the period that employees become unconditionally entitle to the awards.

The Group recognizes the remuneration arising from the share-based payment agreements granted to employees and the corresponding increase in equity over the vesting period at fair value of the grant date. The amount recognized as an expense is adjusted to reflect the number of awards which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of award that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(14) Revenue

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;

(15) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(16) Earnings per share

The Group discloses the Company basic and diluted earnings per share (EPS) attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible notes.

(17) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

(18) Changes in accounting policies

(a) Show below are the standards and interpretations for annual reporting effective from January 1, 2012:

- Improvements to IFRSs 2011
- IAS 24 "Related Party Disclosure"
- Amendments to IFRIC 14 and IAS 19 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements, and their Interaction" (effective January 1, 2011)
- Amendments to IAS 12 "Deferred tax: recovery of underlying assets" (effective January 1, 2012)
- Amendments to IAS 1 "Presentation of Financial Statements"(effective July 1, 2012)

In the current financial year, the Group has adopted all of the new and revised standards and interpretations that are relevant to its operations.

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

- Amendments to IAS 19 "Employee Benefit" (effective January 1, 2013)
- Amendments to IAS 27 "Separate Financial Statements as amended in 2011" (effective January 1, 2013)
- Amendments to IAS 28 "Investments in Associates and Joint Ventures as amended in 2011" (effective January 1, 2013)
- Amendments to IAS 32 "Financial Instruments Statement" (effective January 1, 2014)
- IFRS 7 "Financial instrument: disclosures" (effective January 1, 2013)
- IFRS 9 "Financial instruments" (effective January 1, 2015)
- IFRS 10 "Consolidated Financial Statements" (effective January 1, 2013)
- IFRS 11 "Joint Arrangements" (effective January 1, 2013)
- IFRS 12 "Disclosure of Interests in Other Entities" (effective January 1, 2013)
- IFRS 13 "Fair value Measurement" (effective January 1, 2013)

5. Major sources of accounting assumptions, judgments and estimation uncertainty

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 following discussion addresses the accounting policies that require subjective and complex judgment, often as result of the need to make estimates.

(1) 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.

(2) 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. Financial risk management

In order to identify, measure, monitor and control the credit risk, market risk and liquidity risk, the Group has documented a set of risk management policies, procedures and regulations which is examined and approved by the Board of Directors. The Board of Directors works closely with internal business departments to identify, assess and minimizing various financial risks. The Board of Directors has developed a risk policy which covers specific risk exposure such as currency risk, interest rate risk, credit risk, derivative and non-derivative financial instruments risk.

(1) Capital risk management

The capital risk management is established to ensure the Group's ability of 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.

(2) Nature and extent of risks arising from financial instruments

The Group is still exposed to the nature and extent of the risks arising from financial instruments. They include credit risk, liquidity risk and market risk (including currency risk and interest rate risk).

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to respond to changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Credit risk

(i) Accounts receivable and other receivables

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

(ii) Guarantees

The Group's policy is to provide financial guarantees to its subsidiaries. As of December 31, 2011, WML provided guarantees for the Company's subsidiaries as disclosed further in Notes 27.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as much as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

(c) Market risk

Market risk is the risk that changes in market environment, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. A market risk management is adopted to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) Currency risk

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

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily USD, but also Japanese Yen.

(ii)Interest rate risk

Interest rate risk is managed by the Group on an on-going 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.

7. Segment reporting

Segment information is presented in respect of the Company's business segments. The primary format for business segment reporting is based on business operating results, significant operating assets and internal reporting structure.

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. The operating results in the segment report are similar to those in the consolidated financial statements in 2011, thus segment information need not to be presented.

8. Revenue

	2011	2010
Hire revenue	$ 224,606,961	154,671,907
Freight revenue	23,090,237	30,646,151
Vessel management revenue	3,388,282	3,680,731
Other operating revenue	5,857,971	2,652,988
Total	**$ 256,943,451**	**191,651,777**

9. Cost of materials

	2011	2010
Fuel oil and lubricants	$ 18,414,437	17,228,462
Materials	4,194,261	3,387,446
Spare parts	4,343,321	3,302,664
Survey fees	2,615,666	1,777,209
Repairs and maintenance	1,661,712	960,152
Postage and international communication	1,044,915	761,670
Paints	653,667	557,664
Other	1,608,498	1,322,661
Total	**$ 34,536,477**	**29,317,928**

10. Expenses for chartering services

	2011	2010
Commissions	$ 6,159,743	4,634,917
Expenses at ports	2,115,400	2,958,530
Agency costs	499,612	606,804
Chartering expenses	1,911,093	3,990,328
Dispatch expenses	319,170	398,126
Total	**$ 11,005,018**	**12,588,705**

11. Wages and personnel expenses

	2011	2010
Crew wages	$ 37,086,692	27,092,468
Insurance fees	4,381,286	3,630,066
Food and meals	3,327,544	2,411,223
Crew travel fees	2,414,725	1,954,823
Pension cost	86,382	19,900
Bonus	713,394	512,469
Total	**$ 48,010,023**	**35,620,949**

The average number of employees for the years ended December 31, 2011 and 2010 were 1,531 and 1,375 (including 1,422 and 1,266 crewmembers), respectively.

12. Other operating costs

	2011	2010
Hull and machinery insurance	$ 3,031,469	2,575,343
Compensation	776,940	238,256
Lease payments	334,458	224,449
Other	689,356	371,254
Total	**$ 4,832,223**	**3,409,302**

13. Income tax expense

(1) 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.

(2) For the years ended December 31, 2011 and 2010, the components of income tax ~~expenses~~ expense (benefit) of WELL and WII were as follows:

	2011	2010
Current income tax expense	$ -	1,938
Deferred income tax expense	1,012	5,225
Prior year income tax expense adjustment	-	(8,576)
Income tax expense	**$ 1,012**	**(1,413)**

(3) The effective income tax rate for WELL and WII is 17%. These two companies are also subject to the "Income Basic Tax Act" for purposes of calculating their basic income tax. The income tax expense calculated on pretax financial income at the statutory rate was reconciled with the income tax expense (benefit) as reported in the accompanying financial statements for the years ended December 31, 2011 and 2010 as follows:

	2011	2010
Income tax calculated on net income (loss) (before tax)	$ (24,978)	14,955
Investment loss on equity-method investees	12,113	(6,446)
Loss on valuation of financial assets	5,205	-
Others	1,048	1,795
Valuation allowance for deferred tax assets	7,624	(2,985)
Prior year income tax expense adjustment	-	(8,732)
Income tax expense (benefit)	**$ 1,012**	**(1,413)**

(4) The annual tax return declarations of WELL and WII for 2011 and 2010 were approved by the Tax Authority of ROC.

14. Property and equipment

2011	Beginning balance	Addition	Disposal	Re-classification	Foreign exchange rate effects	Ending balance
Cost						
Transportation equipment	$ 188,809	-	-	-	(7,141)	181,668
Vessel	1,096,367,633	2,603,233	12,247,318	359,525,399	-	1,446,248,947
Vessel equipment	751,642	933,547	241,541	-	-	1,443,648
Dry-dock	9,928,944	3,922,998	3,132,327	1,000,000	-	11,719,615
Office equipment	182,002	-	-	-	(6,883)	175,119
Leased assets	40,543,312	12,676,567	88,870	-	-	53,131,009
Leasehold improvements	86,313	-	-	-	(3,265)	83,048
Prepayment for vessels	79,338,982	380,944,099	-	(360,525,399)	-	99,757,682
Total	1,227,387,637	401,080,444	15,710,056	-	(17,289)	1,612,740,736
Accumulated depreciation						
Transportation equipment	32,660	30,278	-	-	(1,235)	61,703
Vessel	117,067,713	53,516,389	6,287,907	-	-	164,296,195
Vessel equipment	205,563	266,639	144,258	-	-	327,944
Dry-dock	3,334,679	5,522,271	3,132,327	-	-	5,724,623
Office equipment	64,005	27,356	-	-	(2,420)	88,941
Leased assets	3,316,946	3,106,775	88,870	-	-	6,334,851
Leasehold improvements	4,798	9,256	-	-	(182)	13,872
Total	124,026,364	62,478,964	9,653,362	-	(3,837)	176,848,129
Accumulated impairment	-	-	-	-	-	-
Net Balance	**$ 1,103,361,273**	**338,601,480**	**6,056,694**	**-**	**(13,452)**	**1,435,892,607**

2010	Beginning balance	Addition	Disposal	Re-classification	Foreign exchange rate effects	Ending balance
Cost						
Transportation equipment	$ 62,441	126,847	-	-	(479)	188,809
Vessel	608,283,175	241,624,820	7,666,258	254,125,896	-	1,096,367,633
Vessel equipment	374,319	620,621	243,298	-	-	751,642
Dry-dock	9,761,919	5,668,372	6,635,347	1,134,000	-	9,928,944
Office equipment	127,888	60,805	-	-	(6,691)	182,002
Leased assets	9,816,313	30,726,999	-	-	-	40,543,312
Leasehold improvements	4,757	81,592	-	-	(36)	86,313
Prepayment for vessels	73,577,312	261,021,566	-	(255,259,896)	-	79,338,982
Total	702,008,124	539,931,622	14,544,903	-	(7,206)	1,227,387,637
Accumulated depreciation						
Transportation equipment	2,602	30,079	-	-	(21)	32,660
Vessel	79,971,279	38,231,943	1,135,509	-	-	117,067,713
Vessel equipment	302,574	146,286	243,297	-	-	205,563
Dry-dock	5,181,912	4,454,225	6,301,458	-	-	3,334,679
Office equipment	38,599	31,410	-	-	(6,004)	64,005
Leased assets	2,347,204	969,742	-	-	-	3,316,946
Leasehold improvements	654	4,149	-	-	(5)	4,798
Total	87,844,824	43,867,834	7,680,264	-	(6,030)	124,026,364
Accumulated impairment	700,000	-	700,000	-	-	-
Net Balance	**$ 613,463,300**	**496,063,788**	**6,164,639**	**-**	**(1,176)**	**1,103,361,273**

- As of December 31, 2011 and 2010, the residual value of the vessels amounted to $156,856 thousand and $112,769 thousand, respectively, and the estimated useful lives were both ranging from 2 to 25 years.
- As of December 31, 2011 and 2010, the Group had agreed to assign the chartering income of some vessels as security for loan repayment.
- As of December 31, 2011 and 2010, 67 and 59 vessels, respectively, were pledged on behalf of banks. The pledge of these vessels is required by the banks which granted the loans to finance the purchase of the vessels and to secure the timely repayment of the loans. The book value of these vessels was $1,326,466 thousand and $1,017,327 thousand, respectively.
- As of December 31, 2011 and 2010, the vessels of the Group's were insured for $1,711,770 thousand and $1,372,300 thousand, respectively.
- For the years ended December 31, 2011, the Group disposed certain vessels for $15,146,226, which resulted in a gain on disposal of property, plant and equipment of $2,527,497.

15. Noncurrent assets held for sale

On December 27, 2010, the Group signed agreements to sell a bulk-cargo vessel and had delivered on it January 4, 2011. As of December 31, 2010, the carrying amount of noncurrent assets as held for sale was as follows:

	2010.12.31
Noncurrent assets held-for-sale	**$ 6,562,035**
Liability arising from noncurrent assets held-for-sale	**8,632,563**

For the year ended December 31, 2010, the Group recognized impairment loss of $1,331,272.

16. Other financial assets / liabilities

	2011.12.31	**2010.12.31**
Held-to- maturity financial assets	**15,745,459**	**-**
Available-for-sale financial assets	**-**	**12,502,516**
Financial instruments at fair value through profit or loss		
-Financial assets held for trading-current	**630,884**	**18,113**
-Financial liabilities held for trading- current	**(10,409,653)**	**(8,352,604)**

(1) As of December 31, 2011, the held-to- maturity financial assets have maturities during the period from June 2012 to September 2014.

(2) As of December 2010, the available-for-sale financial assets have maturities during the period from February 2011 to September 2014.

(3) As of December 31, 2011 and 2010, financial assets with the carrying amount of $15,156,585 and $11,911,644, respectively, were pledged for bank loans.

(4) In 2011, the Company reclassified its investment from available-for-sale financial assets to held-to-maturity financial assets due to changes in investment intention.

(5) Financial instruments used for trading or non-hedging purpose are disclosed in note 24.

17. Inventories

	2011.12.31		2010.12.31	
	Balance	**Fair Value**	**Balance**	**Fair Value**
Fuel	**$ 2,443,865**	**2,443,865**	**3,392,270**	**3,392,270**

18. Accounts receivable

	2011.12.31	2010.12.31
Accounts receivable	$ 4,477,982	2,347,089
Less: allowance for uncollectable accounts	(90,097)	(136,837)
Accounts receivable	**$ 4,387,885**	**2,210,252**

19. Cash and cash equivalents

	2011.12.31	2010.12.31
Cash on hand	$ 1,928	4,888
Check deposits	17	17
Demand deposits	9,084,978	6,911,044
Time deposits	21,099,035	19,252,275
Total	**$ 30,185,958**	**26,168,224**

As of December 31, 2011 and 2010, cash and cash equivalents with carrying amount of $45,549,182 and $24,121,853, respectively, were pledged to secure bank loans and were classified under other financial assets.

20. Shareholders' equity

(1) Capital

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

(b) In June 2009, the Board of Directors announced to increase the Company's capital by capitalizing its capital surplus at a rate of 10% of its outstanding shares, comprising of 20,000 thousand shares.

(c) In December 2009, the Board of Directors announced to increase the Company's capital by cash with a par value of NT $300,000 thousand, and issued 30,000 thousand new shares with a par value of NT $10 per share at an issue price of NT $42.5 per share. All issued shares were fully paid upon issuance on March 2010.

(d) On June 28, 2010, the Shareholders' meeting announced the distribution of 2009 earnings, and issuance of 25,000 thousand new shares.

(e) On October 20, 2010, the Company's securities have been approved for Primary Listing and issuance of 30,000 thousand shares with a par value of NT$10 at issue price of NT $38 per share. All issued shares were fully paid upon issuance on November 30, 2010, and the Company's shares were listed on TSEC on December 1, 2010.

(f) On June 17, 2011, Board of Directors announced the 2010 earnings distribution, (as disclosed in (2)) and issuance of 30,500 thousand new shares. They also approved to increase the capital stock in cash by issuing 22,500 thousand shares with a par value of NT$10 per share, at an issue price of NT$37 per share. This capital increase had been approved by the Financial Supervisory Commission on August 9, 2011 and the capital shares were paid in October 2011.

(g) As of December 31, 2011 and 2010, the total outstanding capital of the Company amounted to NT$3,580,000 thousand and NT$3,050,000 thousand, consisting of 358,000 thousand and 305,000 thousand shares with a par value of NT $10 per share.

(2) 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 Director. Distributions of directors' and supervisors' remuneration are classified into cost or operating expense based on the operation type. Any difference between the amounts approved in the shareholders' meeting and those recognized in the financial statements, if any, are accounted for as a change in accounting estimate and is charged to profit or loss.

(b) On June 17, 2011 and June 28, 2010, the Company's shareholders resolved during their meetings to appropriate the 2010 and 2009 earnings, respectively. These earnings were distributed as dividends and remuneration to directors and supervisors as follows:

Unit: NTD

Item	2010	2009
Cash dividends-per share	1.5	1.5
Capital surplus dividends-per share	1.0	-
Stock dividends-per share	-	1.0
		Unit:USD
Directors' and supervisors' remuneration	$ 240,010	220,367

(c) The difference between the actual appropriations of 2010 earnings for directors and supervisors' remunerations as approved by the shareholders during their meeting and the amounts recognized in the financial statements were as follows:

Unit:USD

	2010		
	The actual appropriation according to the shareholders meeting	The amount recognized in the financial report	Difference
Directors' and supervisors' remuneration	$ 240,010	148,863	91,147

The above mentioned difference for the year ended December 31, 2010 was accounted for as a change in accounting estimate and was charged to profit or loss for the year ended December 31, 2011.

(3) Cumulative translation adjustments

This account comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. As of December 31, 2011 and 2010, the cumulative translation adjustments amounted to $(76,163,011) and $(44,612,886), respectively.

(4) Earnings per share

(a) Basic earnings per share

The basic earnings per share at December 31, 2011 and 2010 were calculated based on the profit attributable to ordinary shareholders of the Company of $68,310,216 and $35,808,110, and a weighted average number of ordinary shares outstanding of 339,250 thousand shares and 269,250 thousand shares, respectively, as follows:

(b) Profit attributable to ordinary shareholders:

	2011	2010
Profit attributable to owners of the Company	68,310,216	35,808,110

(c)Weighted average number of ordinary shares (Unit：share)

	2011	2010
Weighted-average common shares outstanding	339,250,000	269,250,000
Weighted average common shares outstanding-retroactive	373,175,000	296,175,000

21. Employee benefits

(1) Retirement benefits

(a) WELL and WII have a defined benefit retirement plan covering all regular employees in accordance with the Labor Standards Law. This plan provides for a pension benefit payment of 2 units for each year of service. However, it shall be one unit per year after the completion of 15 years, and the total units shall not exceed 45. Each unit of retirement payment referred to above shall be computed as the last 6 months' average salary 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

(b) WELL and WII set aside 6% of the contribution rate of the employee's monthly wages to the Labour Pension personal account of the Bureau of the Labour Insurance in accordance with the provisions of the Labour Pension Act.

(c) Information on pension liabilities and related accounts

	2011.12.31	2010.12.31
Pension fund status	$ 32,007	25,165
Pension cost for the year:		
- Contribution to defined benefit plan	$ 11,079	(48,200)
- Contribution to defined contribution plan	$ 120,240	100,153
Accrued pension liabilities	$ 288,124	296,873

(2) Share-Based Payments

Share-based payment transactions as of December 31, 2011 were as follows:

	Employee Stock Option Plan
Grant date	August 26, 2011
Units granted	100,800
Contractual life	17days
Vesting period	17days
Actual turnover rate of employees	N/A
Estimated future turnover rate of employees	N/A
Expenses arising from the equity-settled type transaction	N/A

The Group adopted the Black-Scholes model in estimating the fair value of stock options at the grant date. Under this valuation model, the assumption used were as follows:

	For the Year ended December 31, 2011
Exercise price	1.22
Expected life of the option	17
Current market price	1.33
Expected volatility	24.79
Expected dividend yield rate	N/A
Risk-free interest rate	0.88

The related information of employee stock options were as follows

	For the year ended December 31, 2011	
	Number of exercisable shares	Weighted-average exercise price
Balance , beginning of year	-	-
Granted	100,800	1.22
Exercised	100,800	1.22
Forfeited	-	-
Expired	-	-
Balance, end of year	-	-
Exercisable, end of year	-	-

	For the Year ended December 31, 2011
Expenses arising from the share-based payment transactions	114,425
Expenses arising from the equity settled transaction (capital increase reserved for employees)	114,425

22. Interest-bearing loans and borrowings

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

		2011.12.31	2010.12.31
Bank loans－	Short-term borrowings	**$ 29,493,294**	**38,046,179**
	Long-term borrowings (including current portion)	**$ 1,127,883,241**	**828,868,432**

(1) Terms and conditions of outstanding loans were as follows:

Loans	Currency	Nominal interest rate	Year of maturity	Amount
2011.12.31				
Unsecured	USD	1.04%~2.89%	2009.12.18~2013.11.16	$ 12,700,000
	JPY	0.82%~1.70%	2010.09.01~2013.08.31	21,687,508
Secured	USD	1.06%~3.69%	2005.12.05~2019.02.15	155,123,386
	JPY	0.45%~2.34%	2003.05.23~2025.10.02	967,865,641
Total				**$ 1,157,376,535**
2010.12.31				
Unsecured	USD	1.06%~2.04%	2009.12.18~2013.06.17	$ 8,233,334
	JPY	0.99%~1.59%	2009.12.11~2011.12.12	13,702,656
Secured	USD	1.05%~2.44%	2005.12.05~2019.02.15	145,700,794
	JPY	0.46%~2.44%	2003.05.23~2025.10.02	699,277,827
Total				**$ 866,914,611**

(2) Future settlements of interest-bearing long-term loans and borrowings were as follows:

Maturity Period	2011.12.31	2010.12.31
Within one year	$ 104,234,651	78,534,657
Beyond one year and up to five years	431,261,480	338,563,656
More than five years	592,387,110	411,770,119
Total	**$1,127,883,241**	**828,868,432**

(a) As of December 31, 2011 and 2010, WML had provided financing guarantees for its subsidiaries of $1,036,184,519 and $791,659,000, respectively.

(b) As of December 31, 2011 and 2010, the Group had unused credit facilities of $163,769,560 and $164,954,000, respectively.

(c) The Group's covenants under the loan agreements are as follows:
- Loan lenders shall be notified as any significant movement of the Group's shareholder's equity.
- In certain circumstances, the Group retain the option to select the currency to be used for loan or debt settlement.
- Some equity shares of the Company's subsidiaries were pledged to secure bank loans.

(d) As of December 31, 2011 and 2010, WML and the Company had provided financial guarantees for the Company's subsidiaries; please refer to Note 27(2) for further details.

(e) On September 28, 2011, WML has obtained extension to its credit facilities. Therefore, the current portion of the long-term loan of $31,534,149 was accounted under long-term loan.

23. Leases

(1) Lessors

Future chartering receivables as of December 31, 2011 and 2010 were as follows:

	2011.12.31	2010.12.31
Within one year	$ 207,588,397	145,951,166
Beyond one year and up to five years	309,180,463	186,895,258
More than five years	294,545,514	145,395,649
Total	**$ 811,314,374**	**407,242,073**

(2) Lessee

(a) Finance leases

(i) Future non-cancellable lease payments under financing lease as of December 31, 2011 and 2010：

	2011.12.31		2010.12.31	
	Minimum Lease Payment	**Interest expense**	**Minimum Lease Payment**	**Interest expense**
Within one year	4,943,788	1,744,913	3,647,634	1,266,669
Beyond one year and up to five years	23,253,612	4,639,629	15,306,904	3,676,693
More than five years	18,834,676	356,344	18,331,284	864,594
Total	**47,032,076**	**6,740,886**	**37,285,822**	**5,807,956**

(ii) The Group plan to exercise its right to acquire some vessels in October 2009, and pay for the purchase after the assets delivery. However, the Group and the lessor had both agreed to extend the lease maturity date to September 2014 at the expected exercise date, and the other conditions of lease were not modified.

(b) Bareboat Hire and Purchase (BBHP)

(i) For the year ended December 31, 2011 the Group engaged in vessels sale and lease back transactions considering 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 2009.11	**$ 45,000/month**	**4,500,000**	3m Libor + 2%
B	〃	**$ 48,000/month**	**4,800,000**	〃
C	5 years from 2010.01	**$ 278,250/quarter**	**7,950,000**	3m Libor + 1.65%
D	〃	**$ 194,250/quarter**	**5,550,000**	〃
E	5 years from 2010.09	**$ 300,000/quarter**	**7,500,000**	〃
F	5 years from 2011.06	**$ 240,000/quarter**	**6,000,000**	〃

(ii) Future non-cancellable chartering payments as of December 31, 2011 and 2010 were as follows:

	2011.12.31	2010.12.31
Within one year	$ 5,166,000	4,206,000
Beyond one year and up to five years	23,521,500	23,167,500
Total	**$ 28,687,500**	**27,373,000**

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

(iv) As of December 31, 2011 and 2010, the Group has issued promissory notes of $23,717 thousand and $21,075 thousand, respectively for these lease agreements.

24.Financial instruments

Exposure to credit, interest rate, and foreign currency risk arises in the normal course of the Group's business.

(1) Credit risk

(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) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows：

	Carrying amount	
	2011.12.31	**2010.12.31**
Cash and cash equivalents	$ 30,185,958	26,168,224
Financial assets at fair value through profit or loss	630,884	18,113
Accounts receivables and other receivables	5,684,411	2,451,479
Lease receivables	-	-
Held-to-maturity financial assets	15,745,459	-
Available-for-sale financial assets	-	12,502,516
Derivative hedge instruments	-	-
Other financial assets	48,671,056	24,419,143
	$ 100,917,768	**65,559,475**

(2) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

2011.12.31	Carrying amount	Contractual cash flow	1 year	2 years	3-5 years	Over 5 years
Non-derivative financial liabilities						
Short-term borrowings	$ 29,493,294	29,964,126	29,964,126	-	-	-
Accounts payable	3,106,114	3,106,114	3,106,114	-	-	-
Accrued expenses	11,878,469	11,878,469	11,878,469	-	-	-
Long-term borrowings	1,127,883,241	1,220,284,191	121,012,938	117,439,763	364,403,948	617,427,542
Long-term payables	21,712,500	22,922,690	4,519,020	4,422,536	13,981,134	-
Long-term payables-related parties	19,438,981	20,830,045	1,566,225	1,539,614	17,724,206	-
Lease payables	47,032,076	53,612,494	6,618,543	6,503,187	21,524,057	18,966,707
Derivative financial liabilities						
Derivative Contracts：						
outflow	10,409,563	10,409,563	10,409,563	-	-	-
	$ 1,272,209,638	**1,374,263,092**	**190,330,398**	**129,905,100**	**417,633,345**	**636,394,249**

2010.12.31	Carrying amount	Contractual cash flow	1 year	2 years	3-5 years	Over 5 years
Non derivative financial liabilities						
Short-term borrowings	$ 38,046,179	38,578,856	38,578,856	-	-	-
Long-term payables	19,282,500	20,490,668	3,470,877	3,404,526	13,615,265	-
Long-term payables-related parties	8,091,000	8,666,887	1,288,647	1,263,070	6,115,170	-
Lease payments	37,275,822	43,016,998	4,859,027	4,736,322	14,225,772	19,195,877
Long-term borrowings	828,868,432	891,717,112	90,063,991	92,549,884	28,002,072	429,081,165
Accounts payables and other payables	11,417,213	11,417,213	11,417,213	-	-	-
Other liabilities	2,815,682	2,815,682	2,815,682	-	-	-
Deriviativre financial liabilities						
Contracts：						
outflow	8,352,604	8,352,604	8,352,604	-	-	-
	$ 954,149,432	**1,025,056,020**	**160,846,897**	**101,953,802**	**61,958,279**	**448,277,042**

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

(3) Currency risk

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

Assets / Liabilities	2011.12.31	2010.12.31
Bank deposits	$ 9,158,716	2,925,112
Other financial assets-current	13,511,533	14,290,533
Bank loans	(193,660,059)	(151,534,984)
Leased payables	(1,933,152)	-
Total assets (liabilities)	**$ (172,922,962)**	**(134,319,339)**

	Average rate		Reporting date spot rate	
	2011	**2010**	**2011.12.31**	**2010.12.31**
TWD	29.392	31.494	30.275	29.13
JPY	79.77	86.74	77.57	81.32

(b) Sensitivity analysis

The following table indicates the approximate change in the Company's result after tax that would have arisen if foreign exchange rates to which the Company had significant exposure at the balance sheet date had changed at that date, assuming all other risk variables remained constant.

	2011.12.31		2010.12.31	
Exchange rate increase of 10%	**Equity**	**Profit or loss**	**Equity**	**Profit or loss**
TWD	**(355,310)**	**13,449**	**(27,625)**	**(8,134)**
JPY	**(15,800,920)**	**(4,466,502)**	**(10,858,552)**	**(2,724,572)**
Exchange rate decrease of 10%				
TWD	**434,267**	**(16,438)**	**33,764**	**9,942**
JPY	**19,312,236**	**5,459,058**	**13,271,564**	**3,330,032**

This sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Company which expose the Company to foreign currency risk at the balance sheet date. The analysis above excludes differences that would result from the translation of these financial statements of foreign operations into the Company's presentation currency.

(c) Forward contracts

As of December 31, 2011 and 2010, the Group's forward contracts were as follows:

Contract	Amount		Settlement		Rate	Expiration date
2011.12.31						
A	$	4,532,448.25	AUD	4,479,552.93	1.0118~1.011826	2012/03/02~2012/03/05
	￥	1,142,700,000.00	$	15,000,000.00	76.18	2012/10/15
	$	15,000,000.00	￥	1,344,900,000.00	89.66	2012/10/15
B	$	15,000,000.00	￥	1,143,600,000.00	76.24	2012/10/15~10/22
C	￥	435,000,000.00	$	5,576,923.08	78	2012/01/06
	$	39,300,000.00	￥	3,359,653,000.00	84.95~86.43	2012/08/01~2013/07/01
	$	293,940.64/ month	￥	24,000,000.00	79.48~83.94	2012/1/17~2013/12/16
D	$	10,000,000.00	￥	868,500,000.00	86.85	2012/8/1~9/1
E	$	13,800,000.00	￥	1,186,386,000.00	85.97	2012/10/15
F	$	1,644,826.60	￥	132,000,000.00	81.23~78.83	2012/01/02~2013/12/02
G	￥	96,000,000.00	$	1,230,769.23	78	2012/01/12
2010.12.31						
A	$	15,000,000.00	￥	1,344,900,000	89.66	2012.10.15
B		39,300,000.00	￥	3,359,653,000	84.95~86.43	2012.08.01~2013.07.01
		277,413.04/Month	￥	24,000,000	83.94~89.25	2011.01.15~2012.12.17
C		25,200,000.00	￥	2,215,980,000	86.85~88.65	2011.01.07~2012.09.01
D		13,800,000.00	￥	1,186,386,000	85.97	2012.10.15
E		2,388,095.75	￥	192,500,000	78.83~81.52	2011.02.10~2013.12.02

(d) Currency option contracts

As of December 31, 2011 and 2010, the Group's currency option contracts were as follows:

Contract		Amount	Settlement	Rate	Expiration date
2011.12.31					
H	¥	10,000,000	$117,096/Month	85.4	2012.01.23~2012.11.21
	$	250,000	¥20,500,000/Month	82	2012.01.04~2012.12.03
I	$	400,000	¥32,725,000/Month	81.5~82	2012.01.02~2012.12.07
2010.12.31					
F	¥	10,000,000	$117,096/Month	85.4	2011.01.21~2012.11.21

(e) As of December 31, 2011 and 2010, the realized and unrealized gain or loss from the above derivative financial instruments of the Group were as follows:

	2011.12.31		2010.12.31	
	Realized	**Unrealized**	**Realized**	**Unrealized**
Derivative financial instruments	**$ 7,443,240**	**(10,409,653)**	**(4,592,749)**	**(8,352,604)**

Note: The realized gain or loss included reversal of unrealized losses for the years 2010 and 2009, amounting to $8,352,604 and $(2,780,179), respectively.

(4) Interest rate risk

(a) As of December 31, 2011 and 2010, the Group's exposure to interest rate risk was as follows:

	2011.12.31	2010.12.31
Fixed-rate financial instruments		
Financial assets		
Bank deposits	$ 21,099,035	19,252,275
Other financial assets－current	41,148,647	21,337,711
Held-to- maturity financial assets	15,745,459	-
Available-for-sale financial assets	-	12,502,516
Financial liabilities	(29,493,294)	(38,046,179)
Net	**$ 48,499,847**	**15,046,323**
Variable-rate financial instruments		
Financial assets		
Bank deposits	$ 9,084,978	6,911,044
Other financial assets-current	4,400,535	2,784,142
Financial liabilities	(1,216,066,798)	(893,527,754)
Net	**$(1,202,581,285)**	**(883,832,568)**

(b) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate interest rate swaps as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

(c) Cash flow sensitivity analysis for variable rate instruments

As of December 31, 2011 and 2010, a change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by $12,025,813 and $8,846,534, respectively.

(5) Fair value hierarchy

The table below analyses financial instruments carried at fair value. The different levels of fair value have been defined as follows.

- Level 1： quoted prices (unadjusted)in active markets for identical assets or liabilities.
- Level 2： inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices)or indirectly (i.e. derived from prices).
- Level 3： inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
December 31, 2011				
Financial assets at fair value through profit or loss	**$ 630,884**	**-**	**-**	**630,884**
Derivative financial liabilities	**$ -**	**10,409,653**	**-**	**10,409,653**
December 31, 2010				
Available-for-sale financial assets	$ -	12,502,516	-	12,502,516
Financial liabilities designated at fair value through profit or loss	18,113	-	-	18,113
	$ 18,113	**12,502,516**	**-**	**12,520,629**
Derivative financial liability	**$ -**	**8,352,604**	**-**	**8,352,604**

(6) Fair value

For most accounts receivable and short-term liabilities (i.e., accounts receivable, cash in banks, accounts payable, accrued expenses and bank loans), the fair value at initial recognition is determined based on transaction price (i.e., cash given or received). The fair value of these receivables and liabilities is estimated based on the present value of all future cash receipts/payments discounted using the prevailing market rate of interest for similar receivables or liabilities.

The fair values of financial assets and liabilities, together with the carrying amount shown in the balance sheet, were as follows:

	2011.12.31	
	Carrying Value	**Fair Value**
Held to maturity financial assets	$ 15,745,459	15,745,459
Financial assets at fair value through profit or loss	630,884	630,884
Long-term bank borrowings	1,127,883,241	1,127,883,241
Long-term accounts payable	41,151,481	41,151,481
Lease payables	47,032,076	47,032,076

	2010.12.31	
	Carrying Value	**Fair Value**
Available-for-sale financial investments	$ 12,502,516	12,502,516
Financial assets held for trading	18,113	18,113
Lease payables	37,285,822	37,285,822
Long-term accounts payable	27,373,500	27,373,500
Long-term accounts borrowings	828,868,432	828,868,432

The effective rates for the assets and liabilities above were as follows:

		2011	**2010**
Financial instruments		2.00%~6.00%	2.00%~6.5%
Long-term borrowings－	USD	1.04%~3.69%	1.0519%~2.437%
	JPY	0.45%~2.34%	1.058%~2.444%
Lease payables		2.85%~5.01%	3.475%~3.875%
Long-term accounts payable		3m Libor + 1.65%~ 3m Libor + 2%	3m Libor + 1.65%~ 3m Libor + 2%

25. Related parties

(1) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

(2) Significant transactions with related parties

(a) Chartering expenses

Related party	2011	2010
MAYO (HK) Limited	$ 1,304,683	2,062,963
Benefit Transport S.A.	-	1,927,365
Asiaeuro Investment S.A.	606,410	-
Total	**$ 1,911,093**	**3,990,328**

The price of time chartering with 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

In 2011 and 2010, the Group received service from (rendered service to) related parties as follows:

Related party	Item	Amount
2011		
Benefit Transport S.A.	Commissions	$ 126,901
Indian Challenger S.A.	Vessel management service	(36,000)
MAYO (HK) Limited	〃	(24,000)
Rich Containership S.A.	〃	(2,055,000)
Asiaeuro Investment S.A.	〃	(12,000)
YOKO Co., Ltd.	Examination / appraisal revenue	(132,789)
〃	Commissions and agency fees	1,692,786
Pescadores Travel Co., Ltd.	Business travel expenses and miscellaneous expenses	235,572
Pescadores Merchandise Co., Ltd.	Entertainment expenses and miscellaneous expense	6,247
Brave Line Co., Ltd.	Management revenue	(6,275)
Wisdom Marine Agency Co., Ltd.	Agency and business travel expenses	4,274
Unicorn Maritime Agency Co., Ltd	Agency expenses	15,485

2010		
Indian Challenger S.A.	Vessel management service	(36,000)
Rich Containership S.A.	〃	(2,005,000)
MAYO (HK) Limited	〃	(36,000)
Benefit Transport S.A.	〃	(36,000)
〃	Commissions	22,766
Pescadores Travel Co., Ltd.	Business travel expenses	190,560
Wisdom Marine Agency Co., Ltd.	Agency and other	22,848
YOKO Co., Ltd.	Commissions and agency fees	1,025,721
〃	Examination/appraisal revenue	(114,212)
〃	Other revenue	(799,311)
Pescadores Merchandise Co., Ltd.	Miscellaneous expense	50,750

(c) Receivables and payables

Related party	2011.12.31 Amount	2010.12.31 Amount
Affiliated or agency account (classified under other receivables)		
Indian Challenger S.A.	$ 1,362	-
YOKO Co., Ltd.	(593,579)	7,780
Pescadores Travel Co., Ltd.	4,001	(417,031)
Total	**$ (588,216)**	**(409,251)**

Accounts receivable	2011.12.31 Amount	2010.12.31 Amount
YOKO Co., Ltd.	**$ 128,916**	**922,792**

(d) Financing from related party

Name of related party	Max balance	Interest expense	Ending balance
2011	**Amount**	**Amount**	**Amount**
Benefit Transport S.A.	**$ 12,463,981**	**31,322**	**12,463,981**

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

(e) Leases

Lessor	**Lease period**	**Location**	**Monthly rental payment**	**Rent expenses**
2011				
Lan Chun Sheng	2011.01~2011.12	7F., No. 237 Sec. 2, Fushing S. Rd., Taipei City, Taiwan (R.O.C.) and parking lot	$407,800	166,494
〃	2011.01~2011.12	3F., No.137, Sanduo 3rd Rd. Qianzhen Dist., Kaohsiung City 80655 Taiwan (R.O.C.)	55,000	22,455
Hui Wen Investment Co., Ltd.	2011.01~2011.12	7F., No. 237, Sec. 2, Fushing S. Rd., Taipei City, Taiwan (R.O.C.)	156,000	63,691
Unicorn Maritime Agency Co., Ltd.	2011.01~2011.12	2F., No. 237, Sec. 2, Fushing S. Rd., Taipei City, Taiwan (R.O.C.) and parking lot	208,571	85,154
Pescadores Travel Co., Ltd.	2011.01~2011.12	12F., No. 237, Sec. 2, Fushing S. Rd., Taipei City, Taiwan (R.O.C.)	4,762	1,944
Total				**$ 339,738**

Lessor	**Lease period**	**Location**	**Monthly rental payment**	**Rent expenses**
2010			**(NTD)**	Amount
Lan Chun Sheng	2010.01~2010.12	7F., No. 237 Sec. 2, Fushing S. Rd., Taipei City, Taiwan (R.O.C.) and parking lot	$407,800	155,382
〃	2010.01~2010.12	3F., No.137, Sanduo 3rd Rd. Qianzhen Dist., Kaohsiung City 80655 Taiwan (R.O.C.)	55,000	20,956
Hui Wen Investment Co., Ltd.	2010.01~2010.12	7F., No. 237, Sec. 2, Fushing S. Rd., Taipei City, Taiwan (R.O.C.)	156,000	59,440
Unicorn Maritime Agency Co., Ltd.	2010.01~2010.12	2F., No. 237, Sec. 2, Fushing S. Rd., Taipei City, Taiwan (R.O.C.) and parking lot	59,524~209,048	102,333
Pescadores Travel Co., Ltd.	2010.01~2010.12	12F., No. 237, Sec. 2, Fushing S. Rd., Taipei City, Taiwan (R.O.C.)	4,762	1,814
Total				**$ 339,925**

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

(f) Guarantee

For the years ended December 31, 2011 and 2010, Lan Chun Sheng had provided a time deposit guarantee for the Group's financing loan of $39,734,649 and $18,659,000, respectively.

(g) Others

(i) For the years ended December 31, 2011 and 2010, the Group signed Bareboat Hire and Purchase (BBHP) agreements with Samurai Marine S.A. and Samurai Investment S.A. as follows:

	2011.12.31	2010.12.31
Lease amortization	**$ 1,116,000**	**1,116,000**
Interest expenses	**$ 178,304**	**206,186**
Lease payables	**$ 6,975,000**	**8,091,000**

(ii) As of December 31, 2011, the lease of vessel payable to Benefit Transport S.A. amounted to $1,933,152 and ¥778,208,611. Furthermore, the interest expenses payable for the lease period was $488,140.

(3) Salaries and compensation for key management

For the years ended December 31, 2011 and 2010, the Group paid salaries to key management as follows:

	2011	2010
Salary and bonus (including BODS remunerations)	$ 931,833	654,499
Termination benefits	-	31,752
Post-employment benefits	10,519	14,738
	$ 942,352	**700,989**

27. Significant commitments and contingencies

(1) As of 31 December, 2011 and 2010, the Group had entered into shipbuilding contracts as follows:

	2011.12.31	2010.12.31
Vessels	20	18
Contract price	¥45,546,800 thousand	¥42,623,800 thousand
	$213,700 thousand	$112,700 thousand
Prepaid	¥4,754,000 thousand	¥7,433,300 thousand
	$45,918 thousand	$3,305 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(thousands)	Contract Price USD(thousands)	Number of vessels
2012	¥ 26,487,000	$ 168,000	12
2013	12,740,000	45,700	6
2014	6,319,800	-	2
Total	**¥ 45,546,800**	**$ 213,700**	**20**

(2) Endorsement Guarantee

Guarantee	Name of relative party guarantee	2011.12.31	Period	Purpose
The Company	WML	$6,000 thousand	2010.11~2012.11	Operating fund
		¥532,000 thousand	2010.11~2012.11	
WML	All subsidiaries	$242,240 thousand	2003.05~2025.10	Borrowings
		¥90,190,683 thousand		
The Company	All subsidiaries	$165,272 thousand	2004.02~2025.10	Borrowings
		¥74,917,695 thousand		

Guarantee	Name of relative party guarantee	2010.12.31	Period	Purpose
The Company	WML	$36,000thousand	2009.10~2011.11	Operating fund
		¥2,622,000thousand	2009.12~2011.12	Operating fund
WML	All subsidiaries	$150,583thousand	2003.05~2025.10	Borrowings
		¥68,408,421thousand		
The Company	All subsidiaries	$138,148thousand	2004.02~2026.10	Borrowings
		¥42,449,845thousand		

28. Significant subsequent events: None.

29. Others

(1) Certain accounts in the consolidated financial statements as of and for the year ended December 31, 2010,were reclassified to conform to the presentation adopted in the consolidated financial statements as of and for the year ended December 31, 2011.

(2) List of the Group vessels as of December 31, 2011

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
1	Amis Wisdom I	2010	61,611	Supramax
2	Amis Wisdom II	2010	61,611	Supramax
3	Amis Wisdom III	2011	61,000	Supramax
4	Amis Wisdom VI	2011	61,000	Supramax
5	Arikun	2007	8,763	Logger
6	Asia 21st Century	1996	9,688	General
7	Babuza Wisdom	2009	18,969	Handy / Logger
8	Beagle I	2005	17,224	Multi-purpose
9	Beagle II	2007	17,221	Multi-purpose
10	Beagle III	2009	17,220	Multi-purpose
11	Beagle VI	2001	18,320	Handy
12	Beagle VII	2007	16,822	Handy / Logger
13	Bingo	2007	8,732	Logger
14	Bizen	2008	8,721	Logger
15	Coral Hero	1997	9,520	Handy / Logger
16	Daiwan Wisdom	2010	32,000	Handy / Logger
17	Del Sol	1998	11,410	General / RoRo
18	Dumai Express	1990	42,692	Chip Carrier
19	Dumun	2010	58,100	Handymax
20	Fraternity Wisdom	2000	9,238	General
21	Frontier Bonanza	2010	180,000	Cape Size
22	Genius Mariner	2000	7,645	General
23	Genius Star	1998	8,952	General / RoRo
24	Genius Star I	2004	10,977	Multi-purpose
25	Genius Star II	2005	10,968	Multi-purpose
26	Genius Star III	2006	13,567	Multi-purpose
27	Genius Star IX	2009	11,800	Multi-purpose
28	Genius Star VII	2007	12,005	Multi-purpose
29	Genius Star VIII	2007	12,005	Multi-purpose
30	Genius Star X	2010	11,800	Multi-purpose
31	Global Faith	2010	28,050	Handy / Logger
32	Golden Kiku	2005	29,858	Handy / Logger
33	Guma	2010	58,100	Handymax
34	Hibiscus	2002	48,603	Handymax
35	Hoanya Wisdom	2008	21,119	Handy / Logger
36	Infinite Wisdom	2003	12,540	Logger
37	Itami	2009	20,149	Multi-purpose / RoRo

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
38	Izumo	2007	20,149	Multi-purpose / RoRo
39	Jasmine Ace	1997	8,704	General / RoRo
40	LBC Energy	2011	70,500	Panamax
41	Ligulao	2010	5,100	PCTC
42	Luilang Wisdom	1985	22,782	Handy
43	Magnate	2004	18,828	Handy / Logger
44	Mercy Wisdom	2003	12,764	Logger
45	Meta	1987	18,612	Handy / Logger
46	Mimasaka	2010	14,117	Multi-purpose
47	Mino	2007	14,117	Multi-purpose
48	MOL Grace	1998	18,100	Container
49	Naluhu	2010	58,100	Handymax
50	Ocean Victory	2011	28,050	Handy
51	Pacific Venus	2001	18,712	Handy
52	Paiwan Wisdom	2010	32,000	Handy / Logger
53	Papora Wisdom	2009	28,050	Handy / Logger
54	Pazeh Wisdom	2009	18,600	Handy / Logger
55	Poavosa Wisdom	2009	28,050	Handy / Logger
56	Poavosa Wisdom III	2011	28,000	Handy / Logger
57	Poavosa Wisdom VI	2011	28,050	Handy / Logger
58	Sakizaya Wisdom	2011	75,700	Panamax
59	Siraya Wisdom	2007	21,119	Handy / Logger
60	Taikli	2011	13,000	RoRo
61	Tao Brave	2011	25,000	Handy / Logger
62	Tao Mariner	2010	24,000	Handy / Logger
63	Tao Star	2010	24,000	Handy / Logger
64	Tao Triumph	1997	23,604	Handy / Logger
65	Taokas Wisdom	2008	31,943	Handy / Logger
66	Taroko	1997	7,984	General
67	Unicorn Bravo	2007	8,759	Logger
68	Unicorn Dolphin	2000	7,528	Logger
69	Unicorn Emerald	1999	10,122	General
70	Unicorn Logger	2008	8,700	Logger

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 set out on pages F-60 to F-118 has been extracted without material adjustment from the Company's published audited consolidated financial statements for the financial years ended December 31, 2012 and 2011. The Company’s financial statements have been prepared and presented in accordance with International Financial Reporting Standards issued by the IASB (hereinafter referred to as IFRS). The opinion on the Company's audited consolidated financial statements for the financial years ended December 31, 2012 and 2011 prepared by KPMG Taiwan was not qualified.

In addition to the disclosure of accounting information, these 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 2012 and 2011 on February 22, 2013, and March 30, 2012 respectively. The consolidated financial report have been prepared in accordance with IFRS, and give a true and fair view of the consolidated financial position of the Group as at December 31, 2012 and 2011 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
Board of Directors

February 22, 2013

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Wisdom Marine Lines Co., Limited

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Wisdom Marine Lines Co., Limited (Cayman) (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statements of financial position as of December 31, 2012 and 2011 and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the ausidor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wisdom Marine Lines Co., Limited (Cayman) and its subsidiaries as of December 31, 2012 and 2011 and the consolidated results of their operations and their consolidated cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Taipei, Taiwan, R.O.C.
February 22, 2013

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2012 AND 20111

(All Amounts Expressed in US Dollars)

	Note	December 31, 2012	December 31, 2011
ASSETS			
Held to maturity financial assets-noncurrent	16	$ 10,769,708	5,345,459
Other financial assets－noncurrent		4,621,744	3,901,572
Hedge derivative financial assets -noncurrent	16	11,682,080	-
Property and equipment	14	1,811,384,390	1,435,892,607
Long-term lease receivables	24	24,974,545	-
Deferred expenses		74,689	75,615
Deferred income tax assets		41,100	38,348
Total non-current assets		**1,863,548,256**	**1,445,253,601**
Cash and cash equivalents	19	29,137,670	30,185,958
Financial assets at fair value through profit or loss－current	16	-	630,884
Held to maturity financial assets -current	16	1,778,540	10,400,000
Hedge derivative financial assets -current	16	205,442	-
Accounts receivable	18, 26	4,777,798	4,387,885
Lease receivables	24	2,516,201	-
Other receivables		223,656	1,296,526
Other financial assets－current	19	14,542,755	45,549,182
Inventories	17	4,526,107	2,443,865
Prepaid expenses		4,983,934	5,472,708
Noncurrent assets held for sale	15	5,033,627	-
Other current assets		8,799,909	6,044,028
Total current assets		**76,525,639**	**106,411,036**
TOTAL ASSETS		**$ 1,940,073,895**	**1,551,664,637**

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

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION(CONT'D)
DECEMBER 31, 2012 AND 2011
(All Amounts Expressed in US Dollars)

	Note	December 31, 2012	December 31, 2011
EQUITY			
Common stock	20	$ 123,512,549	111,422,544
Capital surplus－premium on capital stock	20	92,176,096	103,830,194
Retained earnings	20	179,037,275	125,992,777
Cumulative translation adjustments	20	26,428,898	(76,163,011)
Effective portion of losses on hedging instrument in a cash flow hedge	25	11,887,522	-
Total equity attributable to equity holders of the Company		433,042,340	265,082,504
Non-controlling interest		3,305,877	2,207,685
TOTAL EQUITY		**$ 436,348,217**	**267,290,189**
LIABILITIES			
Financial liabilities at fair value through profit or loss	16, 23	2,047,976	-
Corporate bonds payable	23	18,544,424	-
Long-term borrowings	22	1,182,370,510	1,023,648,590
Long-term accounts payable	24	38,545,500	17,662,500
Long-term lease payables	24	33,589,974	42,088,288
Long-term accounts payable－related parties	24, 26	36,343,440	18,322,981
Guaranteed deposits		2,500,000	-
Accrued pension liabilities	21	288,418	288,124
Deferred income tax liabilities		-	1,235
Total non-current liabilities		**1,314,230,242**	**1,102,011,718**
Short-term borrowings	22	27,176,552	29,493,294
Financial assets at fair value through profit or loss －current	16	1,321,193	10,409,653
Accounts payable		3,642,725	3,106,114
Accrued expenses		13,952,506	11,878,469
Advance receipts		18,819,183	11,875,361
Other current liabilities－others		1,385,024	1,255,400
Current portion of long-term borrowings	22	110,882,458	104,234,651
Current portion of long-term accounts payable	24	6,545,000	4,050,000
Current portion of long-term accounts payable － related parties	24, 26	1,209,000	1,116,000
Current portion of lease payables	24	4,561,795	4,943,788
Total current liabilities		**189,495,436**	**182,362,730**
TOTAL LIABILITIES		**1,503,725,678**	**1,284,374,448**
TOTAL EQUITY AND LIABILITIES		**$ 1,940,073,895**	**1,551,664,637**

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 DECEMBER 31, 2012 AND 2011

(All Amounts Expressed in US Dollars)

	Note	For the Year Ended December 31 2012	2011
Operating revenue	8	$ 283,930,230	256,943,451
Cost of materials	9	44,087,162	34,536,477
Expenses for hired services	10	11,744,783	11,005,018
Wages and personnel expenses	11	56,288,461	48,010,023
Depreciation expenses	14	80,005,689	62,412,074
Other operating costs	12	5,882,818	4,832,223
Operating costs		198,008,913	160,795,815
Gross profit from operations		85,921,317	96,147,636
Operating expenses		4,324,852	4,317,294
Profit from operating activities		81,596,465	91,830,342
Interest income		1,033,235	1,249,048
Interest expense	23	(22,475,663)	(16,960,062)
Gain on disposal of fixed assets	14	992,924	2,527,497
Foreign exchange gain		8,321,322	-
Foreign exchange loss		-	(6,360,601)
Gain on valuation of financial instruments at fair value through profit or loss	16, 23	2,451,394	-
Loss on valuation of financial instruments at fair value through profit or loss		-	(3,273,489)
Investment losses		-	(13,056)
Others income and gains		1,291,304	343,593
Other expenses and losses		(323,665)	(419,107)
Total other income and losses		(8,709,149)	(22,906,177)
Profit before income tax		72,887,316	68,924,165
Income tax expense (benefit)	13	52,738	1,012
Profit for the year		**72,834,578**	**68,923,153**
Other Comprehensive income:			
Cumulative translation adjustments		102,591,909	(31,550,125)
Effective portion of losses on hedging instrument in a cash flow hedge		11,887,522	-
Other Comprehensive income		**114,479,431**	**(31,550,125)**
Total Comprehensive income		**$ 187,314,009**	**37,373,028**
Profit for the year attributable to:			
—Owners of the Company		71,016,386	68,310,216
—Non-controlling interests		1,818,192	612,937
		$ 72,834,578	**68,923,153**
Total Comprehensive income attributable to:			
—Owners of the Company		185,495,817	36,760,091
—Non-controlling interests		1,818,192	612,937
		$ 187,314,009	**37,373,028**
Primary Earnings per Share			
—Current	20	**$ 0.18**	**0.20**
—Retroactively Adjusted	20	**$ 0.18**	**0.18**
Diluted Earnings per Share			
—Current	20	**$ 0.18**	

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 DECEMBER 31, 2012 AND 2011
(All Amounts Expressed in US Dollars)

	Common stock	Capital surplus	Retained earnings	Cumulative translation adjustments	Effective portion of losses on hedging instrument in a cash flow hedge	Total equity attributable to equity holders of the Company	Non-controlling interest	Total
Appropriations and distributions of 2010 earnings	-	-	(15,926,893)	-	-	(15,926,893)	-	(15,926,893)
Capitalization of capital surplus stock	$ 10,617,929	(10,617,929)	-	-	-	-	-	-
Capital increase in cash	7,527,097	20,295,777	-	-	-	27,822,874	-	27,822,874
Cash dividends for non-controlling interests	-	-	-	-	-	-	(720,000)	(720,000)
Issuance of employee stock options	-	114,425	-	-	-	114,425	-	114,425
Profit for the year ended December 31, 2011	-	-	68,310,216	-	-	68,310,216	612,937	68,923,153
Cumulative translation adjustments	-	-	-	(31,550,125)	-	(31,550,125)	-	(31,550,125)
Balance, December 31, 2011	**$ 111,422,544**	**103,830,194**	**125,992,777**	**(76,163,011)**	**-**	**265,082,504**	**2,207,685**	**267,290,189**
Appropriations and distributions of 2011 earnings	-	-	(17,971,888)	-	-	(17,971,888)	-	(17,971,888)
Capitalization of capital surplus	$ 11,981,258	(11,981,258)	-	-	-	-	-	-
Cash dividends for non-controlling interests	-	-	-	-	-	-	(720,000)	(720,000)
Exercise of convertible corporate bonds	108,747	327,160	-	-	-	435,907	-	435,907
Profit for the year ended December 31, 2012	-	-	71,016,386	-	-	71,016,386	1,818,192	72,834,578
Effective portion of losses on hedging instrument in a cash flow hedge	-	-	-	-	11,887,522	11,887,522	-	11,887,522
Cumulative translation adjustments	-	-	-	102,591,909	-	102,591,909	-	102,591,909
Balance, December 31, 2012	**$ 123,512,549**	**92,176,096**	**179,037,275**	**26,428,898**	**11,887,522**	**433,042,340**	**3,305,877**	**436,348,217**

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 YEAR ENDED DECEMBER 31, 2012 AND 2011

(All Amounts Expressed in US Dollars)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	**$ 72,834,578**	**68,923,153**
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	80,077,841	62,501,515
Interest expense	22,195,547	16,960,062
Loss (Gain) on valuation of financial instruments at fair value through profit or loss	(2,451,394)	3,286,545
Amortization of held to maturity financial assets	(1,263)	(4,469)
Gain on disposal of property, plant and equipment	(992,924)	(2,527,497)
Compensation cost arising from employee stock options	-	114,425
Corporate bond interests payable	280,116	-
Loss on foreign currency exchange on corporate bond payable	246,850	-
Change in assets and liabilities		
Financial assets at fair value through profit or loss	644,198	(656,448)
Accounts receivable	(389,913)	(2,177,633)
Lease receivable	(2,515,091)	-
Other receivables	1,072,870	(733,143)
Inventories	(2,350,911)	948,405
Prepaid expenses	488,774	1,256,793
Other current assets	(2,755,881)	(909,393)
Deferred tax assets－noncurrent	(2,752)	1,660
Accounts payable	536,611	(1,255,607)
Accrued expenses	1,366,137	4,304,512
Financial liabilities at fair value through profit or loss	(6,335,286)	(1,185,819)
Advance receipts	6,943,822	2,714,122
Other current liabilities	129,624	(1,559,868)
Deferred income tax liabilities－noncurrent	(1,235)	821
Accrued pension liabilities	294	(8,749)
Cash generated from operating activities	**169,020,612**	**149,993,387**
Interest paid	(21,487,647)	(16,441,597)
Net cash provided by operating activities	**147,532,965**	**133,551,790**
CASH FLOWS FROM INVESTING ACTIVITIES		
Held-to-maturity financial assets	3,198,474	(3,238,474)
Available-for-sale financial assets	-	-
Acquisition of property, plant and equipment	(465,001,163)	(401,080,444)
Proceeds from disposal of property, plant and equipment	5,674,030	15,146,226
Long-term lease receivable	(24,975,655)	-
Other financial assets	30,286,255	(25,353,767)
Net cash used in investing activities	**(450,818,059)**	**(414,526,459)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(2,316,742)	(8,552,885)
Increase in long-term borrowings	273,020,417	279,641,989
Increase (Decrease) in lease payables	(4,398,334)	7,874,025
The exercise of convertible corporate bonds	20,186,247	-
Capital increased in cash	-	27,822,874
Increase in long-term accounts payable	41,491,459	13,777,981
Distribution of cash dividend	(18,691,888)	(16,646,893)
Guaranteed deposits	2,500,000	-
Net cash provided by financing activities	**311,791,159**	**303,917,091**
FOREIGN EXCHANGE RATE EFFECTS	**(9,554,353)**	**(18,924,688)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,048,288)**	**4,017,734**
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	**30,185,958**	**26,168,224**
CASH AND CASH EQUIVALENTS, END OF THE YEAR	**$ 29,137,670**	**30,185,958**

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

WISDOM MARINE LINES CO., LIMITED (CAYMAN)
AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(In US Dollars, unless stated otherwise)

1. Reporting entity

Wisdom Marine Lines Co., Limited (Cayman) (the “Company”) was incorporated in the Cayman Islands on October 21, 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 December 1, 2010, the Company was approved and listed on Taiwan Stock Exchange (TWSE).

The Company’s parent company: None.

As of December 31, 2012 and 2011, the Company had 1,726 and 1,531 employees, respectively.

As of December 31, 2012 and 2011, the Group had the following subsidiaries, and all have been included in these consolidated financial statements, unless stated otherwise.

Investor	Investee Company Name	2012 Ownership Percentage	2011 Ownership Percentage
The Company	Wisdom Marine Lines S.A. (Panama) (WML)	100%	100%
〃	Wisdom Marine International Inc. (WII)	100%	100%
WII	Well Shipmanagement and Maritime Consultant Co.,Ltd.(WELL)	100%	100%
WML	Adixi Wisdom S.A.	100%	100%
〃	Amis International S.A.	100%	-%
〃	Amis NavigationS.A.	100%	100%
〃	Amis Star S.A.	100%	-%
〃	Amis Wisdom S.A.	100%	100%
〃	Arikun Wisdom S.A.	100%	100%
〃	Atayal Wisdom S.A.	100%	100%
〃	Atayal Star S.A.	100%	100%
〃	Atayal Mariner S.A.	100%	100%
〃	Atayal Brave S.A.	100%	100%
〃	Babuza Wisdom S.A.	100%	100%
〃	Beagle Marine S.A.	100%	100%
〃	Beagle Wisdom S.A.	100%	100%
〃	Bunun Wisdom S.A.	100%	100%
〃	Bunun NavigationS.A.	100%	100%

Investor	Investee Company Name	2012 Ownership Percentage	2011 Ownership Percentage
WML	Bunun MarineS.A.	100%	100%
〃	Cosmic Wisdom S.A.	100%	100%
〃	Dumun Marine S.A.	100%	100%
〃	Dumun Navigation S.A.	100%	100%
〃	Elite Steamship S.A.	100%	100%
〃	Euroasia Investment S.A.	100%	100%
〃	Favoran Wisdom S.A.	100%	100%
〃	Fourseas Maritime S.A. Panama	100%	100%
〃	Fraternity Marine S.A.	100%	100%
〃	Fraternity Ship Investment S.A.	100%	100%
〃	Genius Marine S.A.	100%	100%
〃	Genius Prince S.A.	100%	100%
〃	Genius Star Carriers S.A.	100%	100%
〃	Genius Star Navigation S.A.	100%	100%
〃	GSX Maritime S.A.	100%	100%
〃	Guma Marine S.A.	100%	100%
〃	Guma Navigation S.A.	100%	100%
〃	GS Navigation S.A.	100%	100%
〃	GS Global 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 Marine S.A.	100%	100%
〃	Katagalan Wisdom S.A.	100%	100%
〃	Kavalan Wisdom S.A.	100%	100%
〃	Katagalan Line S.A.	100%	100%
〃	Ligulao Wisdom S.A.	100%	100%
〃	Lloa Wisdom S.A.	100%	100%
〃	Log Wisdom S.A.	100%	100%
〃	Luilang Wisdom S.A.	100%	100%
〃	Magnate Maritime S.A.	100%	100%
〃	Makatao Wisdom S.A.	100%	100%
〃	Mercy Marine Line S.A.	100%	100%
〃	Mighty Maritime S.A.	100%	100%
〃	Mimasaka Investment S.A.	100%	100%
〃	Mount Wisdom S.A.	100%	100%
〃	Paiwan Wisdom S.A.	100%	100%
〃	Papora Wisdom S.A.	100%	100%
〃	Pazeh Wisdom S.A.	100%	100%
〃	Pescadores International Line S.A.	100%	100%
〃	Poavosa International S.A.	100%	100%
〃	Poavosa Maritime S.A.	100%	100%
〃	Poavosa Wisdom S.A.	100%	100%
〃	Rukai Maritime S.A.	100%	100%

Investor	Investee Company Name	2012 Ownership Percentage	2011 Ownership Percentage
WML	Sakizaya Line S.A.	100%	-%
〃	Sakizaya Marine S.A.	100%	-%
〃	Sakizaya Navigation S.A.	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 Brave S.A.	100%	100%
〃	Tao Mariner S.A.	100%	100%
〃	Tao Star 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%
〃	Tao Ace S.A.	100%	100%
〃	Tao Treasure S.A.	100%	100%
〃	Unicorn Bravo S.A.	100%	100%
〃	Unicorn Fortune S.A.	100%	100%
〃	Unicorn Logger S.A.	100%	100%
〃	Unicorn Logistics S.A.	100%	100%
〃	Unicorn Marine S.A.	100%	100%
〃	Unicorn Pescadores S.A.	100%	100%
〃	Unicorn Successor S.A.	100%	100%
〃	Vayi Wisdom S.A.	100%	100%
〃	Winsome Wisdom S.A.	100%	100%
〃	Wisdom Ace S.A.	100%	100%

2. Basis of preparation

(1) Statement of compliance

The consolidated financial statements of the Group for 2012 and 2011 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

(2) 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 income statements.

(3) 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.

(4) Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

3. Approval date and procedures of the consolidated financial statements

The Board of Directors approved and presents the consolidated financial statements for the financial year ended December 31, 2012 and 2011 on February 22, 2013, and March 30, 2012, respectively.

4. Significant accounting policies

(1) Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity in order to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(b) Non-controlling interests

Non-controlling interests represent portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests.

Non-controlling interest are presented in the consolidated balance sheets within equity, separately from equity attributable to the equity shareholders of the Company.

Non-controlling interest in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between non-controlling interest and the owners of the Company. Losses applicable to the non-controlling interests in subsidiaries are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(c) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 % and 50% of the voting power of another entity. Associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

These consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in associates, the carrying amount of that interest, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing these consolidated financial statements. Unrealized profits resulting from the transactions between the Group and an associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

(2) Classification of current and non-current assets and liabilities

An asset is classified as current when:

(a) It is expected to be realized or sold or consumed in the normal operating cycle;

(b) It is held primarily for the purpose of trading;

(c) It expects to realize the asset within twelve months after the reporting period; or

(d) The asset is cash and cash equivalent (as defined in IAS 7) 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) It is expected to be settled in the normal operating cycle;

(b) It is held primarily for the purpose of trading;

(c) It is due to be settled within twelve months after the reporting period; or

(d) It does not have any unconditional right to defer settlement 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.

(3) Foreign currency

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are remeasured into the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are remeasured into the functional currency at the exchange rate at the date that the fair value was determined. Translation gains and losses are included in the consolidated income statements as financial income or expenses. Foreign currency differences arising on remeasurement are recognized in profit or loss, except for the following accounts which are recognized in other comprehensive income arising on the remeasurement:

- available-for-sale equity investment;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

(b) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Company's functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated into the Company's functional currency at average rates. Foreign currency differences are recognized in other comprehensive income, and presented in the cumulative translation adjustments in equity.

However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

(4) Impairment

(a) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

The impairment loss in respect of a financial asset measured at amortized cost is the difference between its carrying amount and the present value of the estimated future cash flow discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets, in groups that share similar credit risk characteristics, are assessed collectively.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

(b) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss in respect of goodwill is not reversed.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(5) Financial instruments

(a) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

Financial assets are derecognized when the contractual rights of the cash inflow from the asset are terminated, or when substantially all the risks and rewards of ownership of the financial assets are transferred. Assets or liabilities are recognized separately for equity securities received from transferred financial assets.

The Group derecognises a financial liability when its contractual obligation has been discharged or cancelled or expires.

The Group presents financial assets and liabilities on a net basis when the Group has the legally enforceable rights to offset, and intends to settle such financial assets and liabilities on a net basis or to realise the assets and settle the liabilities simultaneously.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

Effective 1 January 2009, in accordance with the laws and regulations in Taiwan, cash and cash equivalents which are pledged to secure bank loan are accounted for as other financial assets.

(ii) Financial assets at fair value through profit or loss

A financial asset is classified in financial assets designated as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein are recognized in profit or loss.

(iii) Held-to-maturity financial assets

If the Group has the positive intent and ability to hold to maturity, such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are initially measured at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

Profit or loss is recognized when these financial assets are derecognized, impaired, or amortized. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial assets that can be estimated reliably. If, in a subsequent period, the amount of the impairment loss of a financial assets measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss in is reversed through profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost before impairment was recognized at the reversal date.

(iv) Notes and account receivables, and other receivables

Notes and account receivable are rights resulting from the sale of goods or rendering of services. Other receivables are receivables arising from non-operating activities.

(b) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bond that can be converted to share capital at the option of the holder, when the number of shares to be issued is fixed.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.
Interest related to the financial liability is recognized in profit or loss
On conversion, the financial liability is reclassified to equity and no gain or loss is recognized.

(c) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are recognised initially at fair value; and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss, and are included in other comprehensive income (The effective portion of losses on hedging instrument in a cash flow hedge).

When a derivative is designated as a cash flow hedge, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in other equity-effective portion of cash flow hedge gain (loss). Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss, and is included in other comprehensive income or loss.

When the hedged item is recognized in profit or loss, the amount accumulated in equity and retained in other comprehensive income is reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss, and it is presented in the same accounting caption with the hedged item recognized in the consolidated statement of comprehensive income.

For a cash flow hedge of a forecast transaction recognized as a non-financial assets or liabilities, the amount accumulated in other equity – effective portion of cash flow hedge gain (loss) and retained in other comprehensive income is reclassified to the initial cost of the non-financial asset or liability.

(6) Inventories

Inventories are bunker oil and are carried at lower of cost or net realizable value. The cost of fuel is determined using the "weighted-average" 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.

(7) Non-current assets held for sale and discontinued operations

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are re-measured in accordance with the Group's accounting policies. Thereafter, generally the assets or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(8) Property and equipment

(a) Initial recognition and measurement

Property and equipment are stated at historical cost (including all expenditures that are directly attributable to the acquisition of the vessels and equipment) less accumulated depreciation and any accumulated impairment losses. Cost also includes the cost of replacing part of vessels and equipment. 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 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. 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.

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.

(b) Subsequent costs

Subsequent expenditure of a vessel or equipment is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group and the replacement cost can be measured reliably. The carrying amount of those parts that are replaced is derecognized. The costs of the day-to-day servicing of vessels or equipment are recognized in profit or loss as incurred.

(c) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount and it shall be allocated on a straight-line basis over its estimated useful lives of each part of vessels and equipment. If there is reasonably certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise, the asset is depreciated over the shorter of the lease term or their useful lives. The estimated useful lives are as follows:

● vessels	5-25 years
● vessel equipment	3-12 years
● dry-dockings	0.5-2.5 years
● other	2-10 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change(s) is accounted for as a change in an accounting estimate.

(9) Borrowing Cost

Borrowing costs are expensed in the consolidated income statements in the period which they are incurred, but are capitalized if they are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time until the asset is ready for its intended use or sale.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred, and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(10) Leased assets

(a) Lessors

Finance leased asset is recognized on a net basis as lease receivable. Initial direct costs incurred in negotiating and arranging an operating lease is added to the net investment of the leased asset. The finance income is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the receivable.

Lease income from operating lease is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

Contingent rents are recognized as income in the period when the lease adjustments are confirmed.

(b) Lesees

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the lease asset is measured at an amount equal to the lower of its fair value and the present of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to fixed assets.

Other leases are operating leases and are not recognized in the Group's statement of financial position.

Payments made under operating lease (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent rent is recognized as expense in the periods in which they are incurred.

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- The fulfillment of the arrangement is dependent on the use of a specific assets; and

- The arrangement contains a right to use the asset (s).

At inception or on reassessment of the arrangement, if an arrangement contains a lease, that lease is classified as a finance lease or an operating lease. The Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payment reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the Group's incremental borrowing rate. If the Group concludes for an operating lease that it is impracticable to separate the payment reliably, then all payments under the arrangement are treated as lease payments, and the situation is disclosed accordingly.

(11) 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.

(12) Employee Bonuses and Remuneration to Directors and Supervisors

According to the Company's Articles of Incorporation, the Company appropriates the amount of employee bonuses and remuneration to directors and supervisors out of retained earning and recognizes it as expenses in the year when services are rendered. The differences between the amounts approved in the shareholders' meeting and those recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized in profit or loss.

(13) Employee 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

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

When the calculation results in a benefit to the Group, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. The Group recognizes gains and losses on the curtailment or settlement of a retired benefit plan when the curtailment or settlement occurs.

(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.

(d) Share-Based Payments

The grant-date fair value of share-based payment awards granted to employee is recognized as employee expenses, with a corresponding increase in equity, over the period that employees become unconditionally entitle to the awards.

The Group recognizes the remuneration arising from the share-based payment agreements granted to employees and the corresponding increase in equity over the vesting period at fair value of the grant date. The amount recognized as an expense is adjusted to reflect the number of awards which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of award that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(14) Revenue

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;

(15) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(16) Earnings per share

The Group discloses the Company basic and diluted earnings per share (EPS) attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible notes.

(17) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

(18) Changes in accounting policies

(a) Show below are the standards and interpretations for annual reporting effective from January 1, 2012:

- Improvements to IFRSs 2011
- IAS 24 "Related Party Disclosure"
- Amendments to IFRIC 14 and IAS 19 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements, and their Interaction" (effective January 1, 2011)
- Amendments to IAS 12 "Deferred tax: recovery of underlying assets" (effective January 1, 2012)
- Amendments to IAS 1 "Presentation of Financial Statements"(effective July 1, 2012)

In the current financial year, the Group has adopted all of the new and revised standards and interpretations that are relevant to its operations.

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

- Amendments to IAS 19 "Employee Benefit" (effective January 1, 2013)
- Amendments to IAS 27 "Separate Financial Statements as amended in 2011" (effective January 1, 2013)
- Amendments to IAS 28 "Investments in Associates and Joint Ventures as amended in 2011" (effective January 1, 2013)
- Amendments to IAS 32 "Financial Instruments Statement" (effective January 1, 2014)
- IFRS 7 "Financial instrument: disclosures" (effective January 1, 2013)

- IFRS 9 "Financial instruments" (effective January 1, 2015)
- IFRS 10 "Consolidated Financial Statements" (effective January 1, 2013)
- IFRS 11 "Joint Arrangements" (effective January 1, 2013)
- IFRS 12 "Disclosure of Interests in Other Entities" (effective January 1, 2013)
- IFRS 13 "Fair value Measurement" (effective January 1, 2013)

5. Major sources of accounting assumptions, judgments and estimation uncertainty

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 following discussion addresses the accounting policies that require subjective and complex judgment, often as result of the need to make estimates.

(1) 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.

(2) 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. Financial risk management

In order to identify, measure, monitor and control the credit risk, market risk and liquidity risk, the Group has documented a set of risk management policies, procedures and regulations which is examined and approved by the Board of Directors. The Board of Directors works closely with internal business departments to identify, assess and minimizing various financial risks. The Board of Directors has developed a risk policy which covers specific risk exposure such as currency risk, interest rate risk, credit risk, derivative and non-derivative financial instruments risk.

(1) Capital risk management

The capital risk management is established to ensure the Group's ability of 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.

(2) Nature and extent of risks arising from financial instruments

The Group is still exposed to the nature and extent of the risks arising from financial instruments. They include credit risk, liquidity risk and market risk (including currency risk and interest rate risk).

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to respond to changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Credit risk

(i) Accounts receivable and other receivables

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

(ii) Guarantees

The Group's policy is to provide financial guarantees to its subsidiaries. As of December 31, 2012, WML provided guarantees for the Company's subsidiaries as disclosed further in Notes 27.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as much as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

(c) Market risk

Market risk is the risk that changes in market environment, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. A market risk management is adopted to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) Currency risk

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

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily USD, but also Japanese Yen.

(ii) Interest rate risk

Interest rate risk is managed by the Group on an on-going 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.

7. Segment reporting

Segment information is presented in respect of the Company's business segments. The primary format for business segment reporting is based on business operating results, significant operating assets and internal reporting structure.

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. The operating results in the segment report are similar to those in the consolidated financial statements in 2012, thus segment information need not to be presented.

8. Revenue

	2012	2011
Hire revenue	$ 241,529,164	224,606,961
Freight revenue	33,669,740	23,090,237
Vessel management revenue	3,358,411	3,388,282
Other operating revenue	5,372,915	5,857,971
Total	**$ 283,930,230**	**256,943,451**

9. Cost of materials

		2012	2011
Fuel oil and lubricants	$	26,892,745	18,414,437
Materials		4,144,567	4,194,261
Spare parts		5,040,199	4,343,321
Survey fees		2,577,276	2,615,666
Repairs and maintenance		1,336,737	1,661,712
Postage and international communication		1,390,374	1,044,915
Paints		735,971	653,667
Other		1,969,293	1,608,498
Total	**$**	**44,087,162**	**34,536,477**

10. Expenses for chartering services

		2012	2011
Commissions	$	7,066,704	6,159,743
Expenses at ports		3,139,270	2,115,400
Agency costs		687,695	499,612
Chartering expenses		277,804	1,911,093
Dispatch expenses		573,310	319,170
Total	**$**	**11,744,783**	**11,005,018**

11. Wages and personnel expenses

		2012	2011
Crew wages	$	43,365,888	37,086,692
Insurance fees		5,171,209	4,381,286
Food and meals		3,954,945	3,327,544
Crew travel fees		2,894,267	2,414,725
Pension cost		84,531	86,382
Bonus		817,621	713,394
Total	**$**	**56,288,461**	**48,010,023**

The average number of employees for the years ended December 31, 2012 and 2011 were 1,726 and 1,531 (including 1,607 and 1,422 crewmembers), respectively.

12. Other operating costs

	2012	2011
Hull and machinery insurance	$ 3,598,433	3,031,469
Compensation	1,217,604	776,940
Lease payments	367,089	334,458
Other	699,692	689,356
Total	**$ 5,882,818**	**4,832,223**

13. Income tax expense

(1) 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.

(2) For the years ended December 31, 2012, 2011 the components of income tax expense (benefit) of WELL and WII were as follows:

	2012	2011
Current income tax expense	$ 33,250	-
Deferred income tax expense (benefit)	(2,365)	1,012
Prior year income tax expense adjustment	21,853	-
Income tax expense	**$ 52,738**	**1,012**

(3) The effective income tax rate for WELL and WII is 17%. These two companies are also subject to the "Income Basic Tax Act" for purposes of calculating their basic income tax. The income tax expense calculated on pretax financial income at the statutory rate was reconciled with the income tax expense (benefit) as reported in the accompanying financial statements for the years ended December 31, 2012 and 2011 as follows:

	2012	2011
Income tax calculated on net income (loss) (before tax)	$ 25,866	(24,978)
Investment loss on equity-method investees	4,410	12,113
Loss (gain) on valuation of financial assets	(2,263)	5,205
Others	963	1,048
Valuation allowance for deferred tax assets	1,909	7,624
Prior year income tax expense adjustment	21,853	-
Income tax expense	**$ 52,738**	**1,012**

(4) The annual tax return declarations of WELL and WII for 2011 and 2010 were approved by the Tax Authority of ROC.

14. Property and equipment

2012	Beginning balance	Addition	Disposal	Re-classification	Foreign exchange rate effects	Ending balance
Cost						
Transportation equipment	$ 181,668	-	-	-	7,726	189,394
Vessel	1,446,248,947	4,382,867	17,576,276	448,890,183	-	1,881,945,721
Vessel equipment	1,443,648	2,767,581	113,250	-	-	4,097,979
Dry-dock	11,719,615	5,790,023	6,431,370	1,500,000	-	12,578,268
Office equipment	175,119	-	-	-	7,447	182,566
Leased assets	53,131,009	221,361	-	-	-	53,352,370
Leasehold improvements	83,048	-	-	-	3,532	86,580
Prepayment for vessels	99,757,682	451,839,331	-	(450,390,183)	-	101,206,830
Total	1,612,740,736	465,001,163	24,120,896	-	18,705	2,053,639,708
Accumulated depreciation						
Transportation equipment	61,703	30,997	-	-	3,193	95,893
Vessel	164,296,195	69,677,630	8,303,899	-	-	225,669,926
Vessel equipment	327,944	716,368	107,802	-	-	936,510
Dry-dock	5,724,623	6,189,604	6,263,131	-	-	5,651,096
Office equipment	88,941	27,613	-	-	4,289	120,843
Leased assets	6,334,851	3,422,087	-	-	-	9,756,938
Leasehold improvements	13,872	9,476	-	-	764	24,112
Total	176,848,129	80,073,775	14,674,832	-	8,246	242,255,318
Accumulated impairment	-	-	-	-	-	-
Net Balance	**$ 1,435,892,607**	**384,927,388**	**9,446,064**	**-**	**10,459**	**1,811,384,390**

2011	Beginning balance	Addition	Disposal	Re-classification	Foreign exchange rate effects	Ending balance
Cost						
Transportation equipment	$ 188,809	-	-	-	(7,141)	181,668
Vessel	1,096,367,633	2,603,233	12,247,318	359,525,399	-	1,446,248,947
Vessel equipment	751,642	933,547	241,541	-	-	1,443,648
Dry-dock	9,928,944	3,922,998	3,132,327	1,000,000	-	11,719,615
Office equipment	182,002	-	-	-	(6,883)	175,119
Leased assets	40,543,312	12,676,567	88,870	-	-	53,131,009
Leasehold improvements	86,313	-	-	-	(3,265)	83,048
Prepayment for vessels	79,338,982	380,944,099	-	(360,525,399)	-	99,757,682
Total	1,227,387,637	401,080,444	15,710,056	-	(17,289)	1,612,740,736
Accumulated depreciation						
Transportation equipment	32,660	30,278	-	-	(1,235)	61,703
Vessel	117,067,713	53,516,389	6,287,907	-	-	164,296,195
Vessel equipment	205,563	266,639	144,258	-	-	327,944
Dry-dock	3,334,679	5,522,271	3,132,327	-	-	5,724,623
Office equipment	64,005	27,356	-	-	(2,420)	88,941
Leased assets	3,316,946	3,106,775	88,870	-	-	6,334,851
Leasehold improvements	4,798	9,256	-	-	(182)	13,872
Total	124,026,364	62,478,964	9,653,362	-	(3,837)	176,848,129
Accumulated impairment	-	-	-	-	-	-
Net Balance	**$ 1,103,361,273**	**338,601,480**	**6,056,694**	**-**	**(13,452)**	**1,435,892,607**

- As of December 31, 2012 and 2011, the residual value of the vessels amounted to $201,109 thousand and $156,856 thousand, respectively, and the estimated useful lives were both ranging from 5 to 25 years.
- As of December 31, 2012 and 2011, the Group had agreed to assign the chartering income of some vessels as security for loan repayment.
- As of December 31, 2012 and 2011, 76 and 67 vessels, respectively, were pledged on behalf of banks. The pledge of these vessels is required by the banks which granted the loans to finance the purchase of the vessels and to secure the timely repayment of the loans. The book value of these vessels was $1,707,089 thousand and $1,326,466 thousand, respectively.
- As of December 31, 2012 and 2011, the vessels of the Group's were insured for $2,006,500 thousand and $1,711,770 thousand, respectively.
- For the years ended December 31, 2012 and 2011, the Group disposed certain vessels for $5,674,030 and $15,146,226, which resulted in a gain on disposal of property, plant and equipment of $992,924 and $2,527,497, respectively.

15. Noncurrent assets held for sale

On December 21, 2012, the Group signed agreements to sell a bulk-cargo vessel and had delivered it on January 15, 2013. As of December 31, 2012, the carrying amount of noncurrent assets held for sale was as follows:

	2012.12.31
Noncurrent assets held-for-sale	**$ 5,033,627**

16. Other financial assets / liabilities

	2012.12.31	**2011.12.31**
Held-to- maturity financial assets	**$ 12,548,248**	**15,745,459**
Financial instruments at fair value through profit or loss		
-Financial assets held for trading-current	**$ -**	**630,884**
-Financial liabilities held for trading- current	**$ (1,321,193)**	**(10,409,653)**
-Financial liabilities held for trading- noncurrent	**$ (2,047,976)**	**-**
Derivative hedging instrument	**$ 11,887,522**	**-**

(1) As of December 31, 2012 and 2011, the held-to- maturity financial assets have maturities during the period from March 2013 to April 2016 and from June 2012 to September 2014 respectively.

(2) As of December 31, 2012 and 2011, financial assets with the carrying amount of $9,867,628 and $15,156,585, respectively, were pledged for bank loans.

(3) Financial instruments used for trading or non-hedging purpose are disclosed in note 23 and note 25.

17. Inventories

	2012.12.31		2011.12.31	
	Balance	**Fair Value**	**Balance**	**Fair Value**
Fuel	**$ 4,526,107**	**4,526,107**	**2,443,865**	**2,443,865**

18. Accounts receivable

	2012.12.31	2011.12.31
Accounts receivable	$ 4,867,895	4,477,982
Less: allowance for uncollectable accounts	(90,097)	(90,097)
Accounts receivable	**$ 4,777,798**	**4,387,885**

19. Cash and cash equivalents

	2012.12.31	2011.12.31
Cash on hand	$ 3,033	1,928
Check deposits	17	17
Demand deposits	15,504,469	9,084,978
Time deposits	13,630,151	21,099,035
Total	**$ 29,137,670**	**30,185,958**

As of December 31, 2012 and 2011, cash and cash equivalents with carrying amount of $14,542,755 and $45,549,182, respectively, were pledged to secure bank loans and were classified under other financial assets.

20. Shareholders' equity

(1) Capital

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

(b) In June 2009, the Board of Directors announced to increase the Company's capital by capitalizing its capital surplus at a rate of 10% of its outstanding shares, comprising of 20,000 thousand shares.

(c) In December 2009, the Board of Directors announced to increase the Company's capital by cash with a par value of NT$300,000 thousand, and issued 30,000 thousand new shares with a par value of NT$10 per share at an issue price of NT $42.5 per share. All issued shares were fully paid upon issuance on March 2010.

(d) On June 28, 2010, the Shareholders' meeting announced the distribution of 2009 earnings, and issuance of 25,000 thousand new shares.

(e) On October 20, 2010, the Company's securities have been approved for Primary Listing and issuance of 30,000 thousand shares with a par value of NT$10 at issue price of NT$38 per share. All issued shares were fully paid upon issuance on November 30, 2010, and the Company's shares were listed on TSEC on December 1, 2010.

(f) On June 17, 2011, Board of Directors announced the 2010 earnings distribution, (as disclosed in (2)) and issuance of 30,500 thousand new shares. They also approved to increase the capital stock in cash by issuing 22,500 thousand shares with a par value of NT$10 per share, at an issue price of NT$37 per share. This capital increase had been approved by the Financial Supervisory Commission on August 9, 2011 and the capital shares were paid in October 2011.

(g) On June 29, 2012, the Shareholders resolved during their meeting to distribute the 2011 earnings as cash dividend at NT$1.5 per share and increase capital by capitalizing its capital surplus of NT$358,000 thousand, comprising of 35,800 thousand shares with a par value of NT$10 (as disclosed in (2)).The record date of this capital increase was August 14, 2012.

(h) As of December 31, 2012, convertible bonds were converted into common stock and capital surplus of $108,747 and $327,160, respectively.

(i) As of December 31, 2012 and 2011, the total outstanding capital of the Company amounted to NT$3,941,196 thousand and NT$3,580,000 thousand, consisting of 394,120 thousand and 358,000 thousand shares with a par value of NT$10 per share.

(2) 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 Director. Distributions of directors' and supervisors' remuneration are classified into cost or operating expense based on the operation type. Any difference between the amounts approved in the shareholders' meeting and those recognized in the financial statements, if any, are accounted for as a change in accounting estimate and is charged to profit or loss.

(b) On June 29, 2012 and June 17, 2011, the Company's shareholders resolved during their meetings to appropriate the 2011 and 2010 earnings, respectively. These earnings were distributed as dividends and remuneration to directors and supervisors as follows:

Item	2011	2010
Cash dividends-per share	**1.5**	**1.5**
Capital surplus dividends-per share	**1.0**	**1.0**
Directors' and supervisors' remuneration	**$ 278,362**	**240,010**

(d) The difference between the actual appropriations of 2011 and 2010 earnings for directors and supervisors' remunerations as approved by the shareholders during their meeting and the amounts recognized in the financial statements were as follows:

Unit: USD

	2011		
	The actual appropriations according to the shareholders meetings	**The amount recognized in the financial report**	**Difference**
Directors' and supervisors' remuneration	**$ 278,362**	**253,657**	**24,705**

Unit:USD

	2010		
	The actual appropriation according to the shareholders meeting	**The amount recognized in the financial report**	**Difference**
Directors' and supervisors' remuneration	**$ 240,010**	**148,863**	**91,147**
Directors' and supervisors' remuneration	**$ 278,362**	**253,657**	**24,705**

The above mentioned difference for the years ended December 31, 2011 and 2012 was accounted for as a change in accounting estimate and was charged to profit or loss for the years ended December 31, 2012 and 2011, respectively.

(3) Cumulative translation adjustments

This account comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. As of December 31, 2012 and 2011 the cumulative translation adjustments amounted to $26,428,898 and $(76,163,011), respectively.

(4) Share-based payment

As of October 27, 2011, the capital increase by cash (as disclosed in note 20(1)) subscribed by employees amounted to $114,425, comprising of 100,800 shares of stock.

(5) Earnings per share

(a) Basic earnings per share

The basic earnings per share at December 31, 2012 and 2011 were calculated based on the profit attributable to ordinary shareholders of the Company of $71,016,386 and $68,310,216, and a weighted average number of ordinary shares outstanding of 393,884 thousand shares and 339,250 thousand shares, respectively, as follows:

(b) Profit attributable to ordinary shareholders:

	2012	2011
Profit attributable to owners of the Company	**71,016,386**	**68,310,216**

(c) Weighted average number of ordinary shares (Unit：share)

	2012	2011
Weighted-average common shares outstanding	**393,883,620**	**339,250,000**
Weighted average common shares outstanding-retroactive	**393,883,620**	**373,175,000**

(d) Diluted earnings per share

The diluted earnings per share at December 31, 2012 was calculated based on profit attributable to ordinary shareholders of the Company of $70,981,409, and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 403,710,802, as follows.

(i) Profit attributable to owners of the Company-diluted

	2012
Profit attributable to ordinary shareholders of the Company (basic)	$ 71,016,386
Interest expense on convertible notes, net of tax	280,117
Loss (gain) on valuation on convertible bonds, net of tax	(315,094)
Profit attributable to ordinary shareholders of the Company (diluted)	**$ 70,981,409**

(ii) Weighted-average common shares outstanding-diluted (Unit：share)

	2012
Weighted-average common shares outstanding	393,800,000
Effect of conversion of convertible notes, net of tax	9,910,802
Weighted-average common shares outstanding-diluted	**403,710,802**

21. Employee benefits

Retirement benefits

(a) WELL and WII have a defined benefit retirement plan covering all regular employees in accordance with the Labor Standards Law. This plan provides for a pension benefit payment of 2 units for each year of service. However, it shall be one unit per year after the completion of 15 years, and the total units shall not exceed 45. Each unit of retirement payment referred to above shall be computed as the last 6 months' average salary 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

(b) WELL and WII set aside 6% of the contribution rate of the employee's monthly wages to the Labour Pension personal account of the Bureau of the Labour Insurance in accordance with the provisions of the Labour Pension Act.

(c) Information on pension liabilities and related accounts

	2012.12.31	2011.12.31
Pension fund status	**$ 41,642**	**32,007**
Pension cost for the year:		
- Contribution to defined benefit plan	**$ (3,939)**	**11,079**
- Contribution to defined contribution plan	**$ 137,438**	**120,240**

Accrued pension liabilities	**$ 288,418**	**288,124**

22. Interest-bearing loans and borrowings

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

		2012.12.31	**2011.12.31**
Bank loans－	Short-term borrowings	**$ 27,176,552**	**29,493,294**
	Long-term borrowings (including current portion)	**$1,293,252,968**	**1,127,883,241**

(1) Terms and conditions of outstanding loans were as follows:

Loans	**Currency**	**Nominal interest rate**	**Year of maturity**	**Amount**
2012.12.31				
Unsecured	USD	1.46%~2.89%	2010.06.17~2013.11.16	$ 19,126,667
	JPY	0.90%~1.70%	2012.05.02~2014.08.31	19,184,430
Secured	USD	1.06%~2.85%	2009.02.20~2021.12.17	325,194,325
	JPY	0.45%~2.75%	2004.02.16~2025.10.21	956,924,098
Total				**$ 1,320,429,520**
2011.12.31				
Unsecured	USD	1.04%~2.89%	2009.12.18~2013.11.16	$ 12,700,000
	JPY	0.82%~1.70%	2010.09.01~2013.08.31	21,687,508
Secured	USD	1.06%~3.69%	2005.12.05~2019.02.15	155,123,386
	JPY	0.45%~2.34%	2003.05.23~2025.10.02	967,865,641
Total				**$ 1,157,376,535**

(2) Future settlements of interest-bearing long-term loans and borrowings were as follows:

Maturity Period	**2012.12.31**	**2011.12.31**
Within one year	$ 110,882,458	104,234,651
Beyond one year and up to five years	531,337,209	431,261,480
More than five years	651,033,301	592,387,110
Total	**$ 1,293,252,968**	**1,127,883,241**

(a) As of December 31, 2012 and 2011, WML had provided financing guarantees for its subsidiaries of $1,185,062,479 and $1,036,184,519, respectively.

(b) As of December 31, 2012 and 2011, the Group had unused credit facilities of $151,683,590 and $163,769,560, respectively.

(c) The Group's covenants under the loan agreements are as follows:
- Loan lenders shall be notified as any significant movement of the Group's shareholder's equity.
- In certain circumstances, the Group retain the option to select the currency to be used for loan or debt settlement.
- Some equity shares of the Company's subsidiaries were pledged to secure bank loans.

(d) As of December 31, 2012 and 2011, WML and the Company had provided financial guarantees for the Company's subsidiaries, please refer to Note 27(2) for further details.

23. Bonds Payable

(1) The offering information of the unsecured convertible bonds were as follows:

Item	First overseas unsecured convertible bonds issued in 2012
1.Offering amount	NTD$600,000 thousand
2.Issue date	March 29 , 2012
3.Interest	The bonds will not bear any interest.
4.Issue Period	From March 29, 2012 to maturity date of and matured of March 29 , 2017
5.Guarantee Institutions	None
6.Settlement	Converting bonds holder can convert bonds into the Company's common stock or execute put option based on the Company's regulation. The Company can also buy back cancellation from bonds dealers. Otherwise, bonds are repayable at face value by cash when it matures.
7.Redemption at the option of the holder	The bonds holders can execute put option after two years of issuance date (March 29, 2014). The Company should send through registered mail the "Notification of bonds holder's put option" 30 days before the maturity date. (The list of bonds holders who should receive the notification through registered mail 5 business days before mailing date is based on the register list; Otherwise, 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 bond

Item	First overseas unsecured convertible bonds issued in 2012
	holder's put option; a written notification should be sent to share transfer agent by bond holders 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.
8.Conversion	(1) Conversion period The Bond holders will have the right to convert their bonds at any time during the conversion period commencing April 30, 2012(the 30th day following the Closing date) and ending at the close of business on March 19, 2017 (the 10th day prior to the Maturity Date). (2) Conversion price The conversion price had been adjusted from NT $46.0 per share to NT$40.36 per share effective August 14, 2012.

(2) The Company separately accounts overseas convertible corporate bonds into the equity components and liability components. The liability components are accounted for under financial liabilities reported at fair value through profit or loss or bonds payable. As of December 31, 2012, the details of the aforesaid convertible bonds were as follows:

First overseas unsecured convertible bonds issued in 2012		**2012.12.31**
Total issue price	$	20,387,360
Discount on bonds payable		(1,650,868)
Accumulated converted amount		(438,918)
		18,297,574
Less: Current portion of bonds payable		-
Add: Valuation of bonds payable		246,850
Bonds payable, net, end of the year	**$**	**18,544,424**
Liability components (Options accounted for under financial liabilities at fair value through profit or loss)	$	**2,047,976**
Liability components — gain on valuation	$	**(315,094)**
Interest expense	$	**280,116**

24. Leases

(1) Lessors

(a) Finance leases

(i) Future lease receivable under financing lease as of December 31, 2012:

	2012.12.31	
	Minimum Lease Receivable	**Interest income**
Within one year	$ 2,516,201	1,690,928
Beyond one year and up to five years	12,509,226	4,899,654
More than five years	12,465,319	1,294,681
Total	**$ 27,490,746**	**7,885,263**

(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 December 2019.

(b) Chartering

Future chartering receivables as of December 31, 2012 and 2011 were as follows:

	2012.12.31	**2011.12.31**
Within one year	$ 208,631,897	207,588,397
Beyond one year and up to five years	469,280,198	309,180,463
More than five years	464,170,976	294,545,514
Total	**$ 1,142,083,071**	**811,314,374**

(2) Lessee

(a) Finance leases

(i) Future non-cancellable lease payments under financing lease as of December 31, 2012 and 2011：

	2012.12.31		**2011.12.31**	
	Minimum Lease Payment	**Interest expense**	**Minimum Lease Payment**	**Interest expense**
Within one year	4,561,795	1,377,898	4,943,788	1,744,913
Beyond one year and up to five years	33,259,602	3,059,522	23,253,612	4,639,629
More than five years	330,372	2,029	18,834,676	356,344
Total	**38,151,769**	**4,439,449**	**47,032,076**	**6,740,886**

(ii) The Group plan to exercise its right to acquire some vessels in October 2009, and pay for the purchase after the assets delivery. However, the Group and the lessor had both agreed to extend the lease maturity date to September 2014 at the expected exercise date, and the other conditions of lease were not modified.

(b) Bareboat Hire and Purchase (BBHP)

(i) For the year ended December 31, 2012, the Group engaged in vessels sale and lease back transactions considering 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 2009.11	**$ 45,000/month**	**4,500,000**	3m Libor + 2%
B	〃	**$ 48,000/month**	**4,800,000**	〃
C	5 years from 2010.01	**$ 278,250/quarter**	**7,950,000**	3m Libor + 1.65%
D	〃	**$ 194,250/quarter**	**5,550,000**	〃
E	5 years from 2010.09	**$ 300,000/quarter**	**7,500,000**	〃
F	5 years from 2011.06	**$ 240,000/quarter**	**6,000,000**	〃
G	5 years from 2012.04	**$ 276,000/quarter**	**6,900,000**	〃
H	7 years from 2012.12	**$ 347,750/quarter**	**14,980,000**	Max (3m Libor+2.2%, Taifx+1.2%,2.5%)

(ii) Future non-cancellable chartering payments as of December 31, 2012 and 2011 were as follows:

	2012.12.31	2011.12.31
Within one year	$ 7,754,000	5,166,000
Beyond one year and up to five years	29,163,500	23,521,500
More than five years	8,025,000	-
Total	$ **44,942,500**	**28,687,500**

(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. The Group can acquire the lease vessels after the option to buy payment.

(iv) As of December 31, 2012 and 2011, the Group has issued promissory notes of $44,765 thousand and $23,717 thousand, respectively for these lease agreements.

25. Financial instruments

Exposure to credit, interest rate, and foreign currency risk arises in the normal course of the Group's business.

(1) Credit risk

(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) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows：

	Carrying amount	
	2012.12.31	**2011.12.31**
Cash and cash equivalents	$ 29,137,670	30,185,958
Financial assets at fair value through profit or loss	-	630,884
Accounts receivables and other receivables	5,001,454	5,684,411
Lease receivables	27,490,746	-
Held-to-maturity financial assets	12,548,248	15,745,459
Available-for-sale financial assets	-	-
Derivative hedge instruments	11,887,522	-
Other financial assets	19,164,499	48,671,056
	$ 105,230,139	**100,917,768**

(2) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	2012.12.31					
	Carrying amount	**Contractual cash flow**	**1 year**	**2 years**	**3-5 years**	**Over 5 years**
Non-derivative financial liabilities						
Short-term borrowings	$ 27,176,552	27,615,057	27,615,057	-	-	-
Accounts payable	3,642,725	3,642,725	3,642,725	-	-	-
Accrued expenses	13,952,506	13,952,506	13,952,506	-	-	-
Long-term borrowings	1,293,252,968	1,387,355,895	129,835,376	144,880,800	442,556,838	670,082,881
Long-term payables	45,090,500	48,435,821	7,486,101	7,343,869	19,014,112	14,591,739
Long-term payables-related parties	37,552,440	39,272,473	1,931,059	5,624,639	31,716,775	-
Lease payables	38,151,769	42,575,393	5,938,412	9,181,308	27,123,272	332,401
Other liabilities	2,500,000	2,500,000	2,500,000	-	-	-
Derivative financial liabilities						
Derivative Contracts：						
Outflow	1,321,193	1,321,193	1,321,193	-	-	-
	$ 1,462,640,653	**1,566,671,063**	**194,222,429**	**167,030,616**	**520,410,997**	**685,007,021**

	2011.12.31					
	Carrying amount	**Contractual cash flow**	**1 year**	**2 years**	**3-5 years**	**Over 5 years**
Non-derivative financial liabilities						
Short-term borrowings	$ 29,493,294	29,964,126	29,964,126	-	-	-
Accounts payable	3,106,114	3,106,114	3,106,114	-	-	-
Accrued expenses	11,878,469	11,878,469	11,878,469	-	-	-
Long-term borrowings	1,127,883,241	1,220,284,191	121,012,938	117,439,763	364,403,948	617,427,542
Long-term payables	21,712,500	22,922,690	4,519,020	4,422,536	13,981,134	-
Long-term payables-related parties	19,438,981	20,830,045	1,566,225	1,539,614	17,724,206	-
Lease payables	47,032,076	53,612,494	6,618,543	6,503,187	21,524,057	18,966,707
Derivative financial liabilities						
Derivative Contracts：						
outflow	10,409,563	10,409,563	10,409,563	-	-	-
	$ 1,272,209,638	**1,374,263,092**	**190,330,398**	**129,905,100**	**417,633,345**	**636,394,249**

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

(3) Currency risk

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

Assets / Liabilities	2012.12.31	2011.12.31
Bank deposits	$ 13,225,665	9,158,716
Other financial assets-current	2,648,265	13,511,533
Bank loans	(189,417,287)	(193,660,059)
Leased payables	(1,657,913)	(1,933,152)
Total assets (liabilities)	**$ (175,201,270)**	**(172,922,962)**

	Average rate		**Reporting date spot rate**	
	2012	**2011**	**2012.12.31**	**2011.12.31**
TWD	29.573	29.392	29.04	30.275
JPY	79.75	79.77	86.32	77.57

The Group uses the foreign exchange forward contracts to mitigate the exposure to currency risk from the currency exchange rate fluctuations. The Group hedges the foreign loan payment which is still outstanding and not measured at fair value at reporting date, and hedges cash flow risk arising from the Group's expected foreign vessels purchase exposures within 2 years (around 80% of the cash flow). As of December 31, 2012, the fair value fluctuation of derivative instrument amounted to $11,887,522 (accounted as the effective portion of losses on hedging instrument in a cash flow hedge)

(b) Sensitivity analysis

The following table indicates the approximate change in the Company's result after tax that would have arisen if foreign exchange rates to which the Company had significant exposure at the balance sheet date had changed at that date, assuming all other risk variables remained constant.

	2012.12.31		2011.12.31	
Exchange rate increase of 10%	**Equity**	**Profit or loss**	**Equity**	**Profit or loss**
TWD	**(379,623)**	**(9,037)**	**(355,310)**	**13,449**
JPY	**(18,255,263)**	**(4,324,344)**	**(15,800,920)**	**(4,466,502)**
Exchange rate decrease of 10%				
TWD	**463,984**	**11,046**	**434,267**	**(16,438)**
JPY	**22,311,988**	**5,285,309**	**19,312,236**	**5,459,058**

This sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Company which expose the Company to foreign currency risk at the balance sheet date. The analysis above excludes differences that would result from the translation of these financial statements of foreign operations into the Company's presentation currency.

(c) Forward contracts

As of December 31, 2012 and2011, the Group's forward contracts were as follows:

Contract	**Amount**	**Settlement**	**Rate**	**Expiration date**
2012.12.31				
A	$ 25,200,000.00	￥ 1,937,124,000	76.8~76.94	2014/06/13~2014/08/29
B	$ 25,000,000.00	￥ 2,123,750,000	84.95	2013/07/01
	$ 150,981.38/month	￥ 12,000,000	79.48	2013/01/15~2013/12/16
C	$ 68,800,000.00	￥ 5,338,380,000	76.2~85.46	2013/02/27~2015/08/17
D	$ 829,930.59	￥ 66,000,000	80.33~78.83	2013/01/02~2013/12/02
E	$ 16,500,000.00	￥ 1,324,455,000	80.27	2014/10/20
	$ 64,616.18/month	￥ 5,000,000	77.38	2013/01/22~2014/10/22
F	$ 25,200,000.00	￥ 1,924,272,000	76.29~76.43	2015/03/20~2015/05/20
L	$ 11,600,000.00	￥ 990,292,000	85.37	2013//01/25

Contract	Amount		Settlement		Rate	Expiration date
2011.12.31						
A	$	4,532,448.25	AUD	4,479,552.93	1.0118~1.011826	2012/03/02~2012/03/05
	¥	1,142,700,000.00	$	15,000,000.00	76.18	2012/10/15
	$	15,000,000.00	¥	1,344,900,000.00	89.66	2012/10/15
B	$	15,000,000.00	¥	1,143,600,000.00	76.24	2012/10/15~10/22
C	¥	435,000,000.00	$	5,576,923.08	78	2012/01/06
	$	39,300,000.00	¥	3,359,653,000.00	84.95~86.43	2012/08/01~2013/07/01
	$	293,940.64/ month	¥	24,000,000.00	79.48~83.94	2012/1/17~2013/12/16
D	$	10,000,000.00	¥	868,500,000.00	86.85	2012/8/1~9/1
E	$	13,800,000.00	¥	1,186,386,000.00	85.97	2012/10/15
F	$	1,644,826.60	¥	132,000,000.00	81.23~78.83	2012/01/02~2013/12/02
G	¥	96,000,000.00	$	1,230,769.23	78	2012/01/12

(d) Currency option contracts

As of December 31, 2012 and 2011, the Group's currency option contracts were as follows:

Contract	Amount		Settlement	Rate	Expiration date
2012.12.31					
G	$	500,000	¥41,150,000/Month	82.2~82.4	2013.01.21~2013.10.23
H	$	500,000	¥42,500,000/Month	84.5~85.5	2013.01.22~2013.11.26
I	$	500,000	¥41,025,000/Month	81.6~82.5	2013.01.15~2013.08.20
J	$	500,000	¥41,177,500/Month	82.31~82.4	2013.01.22~2013.10.23
K	$	500,000	¥41,350,000/Month	82.3~83.1	2013.01.22~2013.08.20
L	$	250,000	¥20,800,000/Month	83.2	2013.01.09~2013.11.07
M	$	250,000	¥20,550,000/Month	82.2	2013.01.24~2013.10.24
N	$	250,000	¥21,375,000/Month	85.5	2013.01.28~2013.11.22
2011.12.31					
H	¥	10,000,000	$117,096/Month	85.4	2012.01.23~2012.11.21
	$	250,000	¥20,500,000/Month	82	2012.01.04~2012.12.03
I	$	400,000	¥32,725,000/Month	81.5~82	2012.01.02~2012.12.07

(e) As of December 31, 2012 and 2011, the realized and unrealized gain or loss from the above derivative financial instruments of the Group were as follows:

	2012.12.31		2011.12.31	
	Realized	**Unrealized**	**Realized**	**Unrealized**
Derivative financial instruments	**$ 4,074,367**	**(1,321,193)**	**7,443,240**	**(10,409,653)**

Note: The realized gain or loss included reversal of unrealized losses for the years 2011 and 2010, amounting to $10,409,653 and $8,352,604, respectively.

(4) Interest rate risk

(a) As of December 31, 2012 and 2011, the Group's exposure to interest rate risk was as follows:

	2012.12.31	2011.12.31
Fixed-rate financial instruments		
Financial assets		
Bank deposits	$ 13,630,151	21,099,035
Other financial assets－current	8,358,451	41,148,647
Held-to- maturity financial assets	12,548,248	15,745,459
Available-for-sale financial assets	-	-
Financial liabilities	(45,720,976)	(29,493,294)
Net	**$ (11,184,126)**	**48,499,847**
Variable-rate financial instruments		
Financial assets		
Bank deposits	$ 15,504,469	9,084,978
Other financial assets-current	6,184,304	4,400,535
Financial liabilities	(1,414,047,677)	(1,216,066,798)
Net	**$(1,392,358,904)**	**(1,202,581,285)**

(b) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate interest rate swaps as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

(c) Cash flow sensitivity analysis for variable rate instruments

As of December 31, 2012 and 2011, a change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by $13,923,589 and $12,025,813, respectively.

(5) Fair value hierarchy

The table below analyses financial instruments carried at fair value. The different levels of fair value have been defined as follows.

- Level 1： quoted prices (unadjusted)in active markets for identical assets or liabilities.
- Level 2： inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices)or indirectly (i.e. derived from prices).
- Level 3： inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
December 31, 2012				
Derivative financial assets	$ -	11,887,522	-	11,887,522
Financial liabilities at fair value through profit or loss	$ -	2,047,976	-	2,047,976
Derivative financial liabilities	-	1,321,193	-	1,321,193
Total	$ -	3,369,169	-	3,369,169
December 31, 2011				
Financial assets at fair value through profit or loss	$ 630,884	-	-	630,884
Derivative financial liabilities	$ -	10,409,653	-	10,409,653

(6) Fair value

For most accounts receivable and short-term liabilities (i.e., accounts receivable, cash in banks, accounts payable, accrued expenses and bank loans), the fair value at initial recognition is determined based on transaction price (i.e., cash given or received). The fair value of these receivables and liabilities is estimated based on the present value of all future cash receipts/payments discounted using the prevailing market rate of interest for similar receivables or liabilities.

The fair values of financial assets and liabilities, together with the carrying amount shown in the balance sheet, were as follows:

	2012.12.31	
	Carrying Value	**Fair Value**
Held to maturity financial assets	$ 12,548,248	12,548,248
Hedge derivative financial assets	11,887,522	11,887,522
Lease receivables	27,490,746	27,490,746
Financial liabilities at fair value through profit or loss	3,369,169	3,369,169
Bonds payable	18,544,424	18,544,424
Long-term bank borrowings	1,293,252,968	1,293,252,968
Long-term accounts payable	82,642,940	82,642,940
Lease payables	38,151,769	38,151,769

	2011.12.31	
	Carrying Value	**Fair Value**
Held to maturity financial assets	$ 15,745,459	15,745,459
Financial assets at fair value through profit or loss	630,884	630,884
Long-term bank borrowings	1,127,883,241	1,127,883,241
Long-term accounts payable	41,151,481	41,151,481
Lease payables	47,032,076	47,032,076

The effective rates for the assets and liabilities above were as follows:

	2012	2011
Lease receivables	6.00%~7.79%	-
Financial instruments	2.00%~6.00%	2.00%~6.00%
Bonds payable	2.03%	-
Long-term borrowings－ USD	1.067%~2.89%	1.04%~3.69%
JPY	0.45%~2.75%	0.45%~2.34%
Lease payables	1.63%~5.01%	2.85%~5.01%
Long-term accounts payable	3m Libor + 1.65%~ 3m Libor + 2%	3m Libor + 1.65%~ 3m Libor + 2%

26 Related parties

(1) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

(2) Significant transactions with related parties

(a) Chartering expenses

Related party	2012	2011
MAYO (HK) Limited	$ -	1,304,683
Asiaeuro Investment S.A.	277,804	606,410
Total	**$ 277,804**	**1,911,093**

The price of time chartering with 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

In 2012 and 2011, the Group received service from (rendered service to) related parties as follows:

Related party	Item	Amount
2012		
Benefit Transport S.A.	Commissions	$ 300,045
Indian Challenger S.A.	Vessel management service	(33,000)
Rich Containership S.A.	〃	(2,055,000)
Asiaeuro Investment S.A.	〃	(9,000)
YOKO Co., Ltd	Commissions and agency fees	1,728,287
Pescadores Travel Co., Ltd.	Business travel expenses and miscellaneous expenses	286,924
Pescadores Merchandise Co., Ltd.	Entertainment expenses and miscellaneous expenses	52,664
Brave Line Co., Ltd.	Management revenue	(6,409)
〃	Miscellaneous expenses	7
Wisdom Marine Agency Co., Ltd.	Agency and business travel expenses	6,734
Unicorn Maritime Agency Co., Ltd	Agency expenses	26,479

Related party	Item	Amount
2011		
Benefit Transport S.A.	Commissions	126,901
Indian Challenger S.A.	Vessel management service	(36,000)
MAYO (HK) Limited	〃	(24,000)
Rich Containership S.A.	〃	(2,055,000)
Asiaeuro Investment S.A.	〃	(12,000)
YOKO Co., Ltd.	Examination / appraisal revenue	(132,789)
〃	Commissions and agency fees	1,692,786
Pescadores Travel Co., Ltd.	Business travel expenses and miscellaneous expenses	235,572
Pescadores Merchandise Co., Ltd.	Entertainment expenses and miscellaneous expense	6,247
Brave Line Co., Ltd.	Management revenue	(6,275)
Wisdom Marine Agency Co., Ltd.	Agency and business travel expenses	4,274
Unicorn Maritime Agency Co., Ltd	Agency expenses	15,485

(c) Receivables and payables

Related party	2012.12.31 Amount	2011.12.31 Amount
Affiliated or agency account (classified under other receivables)		
Indian Challenger S.A.	$ (4,434)	1,362
YOKO Co., Ltd.	(592,553)	(593,579)
Pescadores Travel Co., Ltd.	3,247	4,001
Total	**$ (593,740)**	**(588,216)**

Accounts receivable	2012.12.31 Amount	2011.12.31 Amount
YOKO Co., Ltd.	**$ -**	**128,916**

(d) Financing from related party

Name of related party	Max balance Amount	Interest expense Amount	Ending balance Amount
2012			
Benefit Transport S.A.	**$ 32,344,979**	**491,326**	**31,600,440**
2011			
Benefit Transport S.A.	**$ 12,463,981**	**31,322**	**12,463,981**

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

(e) Leases

Lessor	Lease period	Location	Monthly rental payment	Rent expenses
2012				
Lan Chun Sheng	2012.01~2014.12	7F., No. 237 Sec. 2, Fushing S. Rd., Taipei City, Taiwan (R.O.C.) and parking lot	$407,800	165,475
〃	2012.01~2014.12	3F., No.137, Sanduo 3rd Rd. Qianzhen Dist., Kaohsiung City 80655 Taiwan (R.O.C.)	55,000	22,318
Hui Wen Investment Co., Ltd.	2012.01~2014.12	7F., No. 237, Sec. 2, Fushing S. Rd., Taipei City, Taiwan (R.O.C.)	156,000	63,301
Unicorn Maritime Agency Co., Ltd.	2012.01~2014.12	2F., No. 237, Sec. 2, Fushing S. Rd., Taipei City, Taiwan (R.O.C.) and parking lot	208,571	84,633
Pescadores Travel Co., Ltd.	2012.01~2014.12	12F., No. 237, Sec. 2, Fushing S. Rd., Taipei City, Taiwan (R.O.C.)	4,762	1,932
Total				**$ 337,659**

Lessor	Lease period	Location	Monthly rental payment	Rent expenses
2011				
Lan Chun Sheng	2011.01~2011.12	7F., No. 237 Sec. 2, Fushing S. Rd., Taipei City, Taiwan (R.O.C.) and parking lot	$407,800	166,494
〃	2011.01~2011.12	3F., No.137, Sanduo 3rd Rd. Qianzhen Dist., Kaohsiung City 80655 Taiwan (R.O.C.)	55,000	22,455
Hui Wen Investment Co., Ltd.	2011.01~2011.12	7F., No. 237, Sec. 2, Fushing S. Rd., Taipei City, Taiwan (R.O.C.)	156,000	63,691
Unicorn Maritime Agency Co., Ltd.	2011.01~2011.12	2F., No. 237, Sec. 2, Fushing S. Rd., Taipei City, Taiwan (R.O.C.) and parking lot	208,571	85,154
Pescadores Travel Co., Ltd.	2011.01~2011.12	12F., No. 237, Sec. 2, Fushing S. Rd., Taipei City, Taiwan (R.O.C.)	4,762	1,944
Total				**$ 339,738**

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

(f) Guarantee

For the years ended December 31, 2012 and 2011, Lan Chun Sheng had provided a time deposit guarantee for the Group's financing loan of $49,976,918 and $39,734,649, respectively.

(g) Others

(i) For the years ended December 31, 2012 and 2011, the Group signed Bareboat Hire and Purchase (BBHP) agreements with Samurai Marine S.A. and Samurai Investment S.A. as follows:

	2012.12.31	2011.12.31
Lease amortization	**$ 1,023,000**	**1,116,000**
Interest expenses	**$ 160,395**	**178,304**
Lease payables	**$ 5,952,000**	**6,975,000**

(ii) As of December 31, 2012, the lease of vessel payable to Benefit Transport S.A. amounted to $1,657,913 and ¥666,757,055. Furthermore, the interest expenses payable for the lease period was $523,315.

(3) Salaries and compensation for key management

For the years ended December 31, 2012 and 2011, the Group paid salaries to key management as follows:

	2012	2011
Salary and bonus (including BODS remunerations)	$ 936,745	931,833
Post-employment benefits	11,222	10,519
	$ 947,967	**942,352**

27. Significant commitments and contingencies

(1) As of 31 December, 2012 and 2011, the Group had entered into shipbuilding contracts as follows:

	2012.12.31	2011.12.31
Vessels	21	20
Contract price	¥23,052,800 thousand	¥45,546,800 thousand
	$331,910 thousand	$213,700 thousand
Prepaid	¥6,112,160 thousand	¥4,754,000 thousand
	$30,303 thousand	$45,918 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(thousands)	Contract Price USD(thousands)	Number of vessels
2013	¥ 16,039,600	$ 103,430	10
2014	3,506,600	185,920	8
2015	3,506,600	42,560	3
Total	**¥ 23,052,800**	**$ 331,910**	**21**

(2) Endorsement Guarantee

Guarantee	Name of relative party guarantee	2012.12.31	Period	Purpose
The Company	WML	$11,500thousand ¥532,000thousand	2012.09~2014.01	Operating fund and line of financial instruments
WML	All subsidiaries	$395,987thousand ¥87,697,795thousand	2003.05~2025.10	Borrowings
The Company	All subsidiaries	$327,692thousand ¥75,973,425thousand	2004.02~2025.10	Borrowings and Operating fund

Guarantee	Name of relative party guarantee	2011.12.31	Period	Purpose
The Company	WML	$6,000 thousand	2010.11~2012.11	Operating fund
		¥532,000 thousand	2010.11~2012.11	
WML	All subsidiaries	$242,240 thousand	2003.05~2025.10	Borrowings
		¥90,190,683 thousand		
The Company	All subsidiaries	$165,272 thousand	2004.02~2025.10	Borrowings
		¥74,917,695 thousand		

28. Significant subsequent events: None.

29. Others

(1) Certain accounts in the consolidated financial statements as of and for the year ended December 31, 2011,were reclassified to conform to the presentation adopted in the consolidated financial statements as of and for the year ended December 31, 2012.

(2) List of the Group vessels as of December 31, 2012

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
1	Amis Wisdom I	2010	61,611	Supramax
2	Amis Wisdom II	2010	61,611	Supramax
3	Amis Wisdom III	2011	61,000	Supramax
4	Amis Wisdom VI	2011	61,000	Supramax
5	Arikun	2007	8,763	Logger
6	Asia 21st Century	1996	9,688	General
7	Atayal Brave	2012	16,500	Handy / Logger
8	Atayal Mariner	2012	16,500	Handy / Logger
9	Atayal Star	2012	16,500	Handy / Logger
10	Babuza Wisdom	2009	18,969	Handy / Logger
11	Beagle I	2005	17,224	Multi-purpose
12	Beagle II	2007	17,221	Multi-purpose
13	Beagle III	2009	17,220	Multi-purpose
14	Beagle VI	2001	18,320	Handy
15	Beagle VII	2007	16,822	Handy / Logger
16	Bering ID	1997	28,611	Handy
17	Bingo	2007	8,732	Logger
18	Bizen	2008	8,721	Logger
19	Blue Horizen	2012	205,000	Cape Size
20	Bunun Wisdom	2012	37,300	Handy
21	Clear Horizen	2012	205,000	Cape Size
22	Coral Hero	1997	9,520	Handy / Logger
23	Daiwan Wisdom	2010	32,000	Handy / Logger
24	Del Sol	1998	11,410	General / RoRo
25	Dumai Express	1990	42,692	Chip Carrier
26	Dumun	2010	58,100	Handymax
27	Fraternity Wisdom	2000	9,238	General
28	Frontier Bonanza	2010	180,000	Cape Size
29	Genius Mariner	2000	7,645	General
30	Genius Star I	2004	10,977	Multi-purpose
31	Genius Star II	2005	10,968	Multi-purpose

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
32	Genius Star III	2006	13,567	Multi-purpose
33	Genius Star IX	2009	11,800	Multi-purpose
34	Genius Star VII	2007	12,005	Multi-purpose
35	Genius Star VIII	2007	12,005	Multi-purpose
36	Genius Star X	2010	11,800	Multi-purpose
37	Genius Star XI	2012	13,400	Multi-purpose
38	Global Faith	2010	28,050	Handy / Logger
39	Golden Kiku	2005	29,858	Handy / Logger
40	Guma	2010	58,100	Handymax
41	Hibiscus	2002	48,603	Handymax
42	Hoanya Wisdom	2008	21,119	Handy / Logger
43	ID North Sea	2009	28,367	Handy
44	Infinite Wisdom	2003	12,540	Logger
45	Itami	2009	20,149	Multi-purpose / RoRo
46	Izumo	2007	20,149	Multi-purpose / RoRo
47	Jasmine Ace	1997	8,704	General / RoRo
48	Katagalan Wisdom	2012	98,000	Panamax
49	Katagalan Wisdom III	2012	98,000	Panamax
50	LBC Energy	2011	70,500	Panamax
51	Ligulao	2010	5,100	PCTC
52	Luilang Wisdom	1985	22,782	Handy
53	Magnate	2004	18,828	Handy / Logger
54	Mercy Wisdom	2003	12,764	Logger
55	Meta	1987	18,612	Handy / Logger
56	Mimasaka	2010	14,117	Multi-purpose
57	Mino	2007	14,117	Multi-purpose
58	MOL Grace	1998	18,100	Container
59	Naluhu	2010	58,100	Handymax
60	Ocean Victory	2011	28,050	Handy
61	Pacific Venus	2001	18,712	Handy
62	Paiwan Wisdom	2010	32,000	Handy / Logger
63	Papora Wisdom	2009	28,050	Handy / Logger
64	Pazeh Wisdom	2009	18,600	Handy / Logger
65	Poavosa Wisdom	2009	28,050	Handy / Logger
66	Poavosa Wisdom III	2011	28,000	Handy / Logger
67	Poavosa Wisdom VI	2011	28,050	Handy / Logger
68	Poavosa Wisdom VII	2012	28,000	Handy / Logger
69	Sakizaya Wisdom	2011	75,700	Panamax
70	Siraya Wisdom	2007	21,119	Handy / Logger

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
71	Taikli	2011	13,000	RoRo
72	Tao Brave	2011	25,000	Handy / Logger
73	Tao Mariner	2010	24,000	Handy / Logger
74	Tao Star	2010	24,000	Handy / Logger
75	Tao Triumph	1997	23,604	Handy / Logger
76	Taokas Wisdom	2008	31,943	Handy / Logger
77	Taroko	1997	7,984	General
78	Unicorn Bravo	2007	8,759	Logger
79	Unicorn Dolphin	2000	7,528	Logger

STATEMENT BY DIRECTORS

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

The financial information set out on pages F-120 to F-172 has been extracted without material adjustment from the Company's unaudited interim financial statements as of and for the six months ended June 30, 2013 and 2012. The Company's interim financial statements have been prepared and presented in accordance with IFRS issued by the IASB.

In addition to the disclosure of accounting information, these complete unaudited consolidated financial reports 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 unaudited consolidated financial report.

The Board of Directors and management reviewed the interim consolidated financial report of the Company and its subsidiaries for June 30, 2013 and 2012 on July 26, 2013 and August 24, 2012, respectively. The interim consolidated financial report have been prepared in accordance with IAS 34 *Interim Financial Reporting* and give a true and fair view of the consolidated financial position of the Group as at June 30, 2013 and 2012 and the consolidated results and changes in equity of the Group for the six months 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
Board of Directors

July 26, 2013

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors
Wisdom Marine Lines Co., Limited

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of Wisdom Marine Lines Co., Limited (Cayman) (the "Company") and its subsidiaries (together the "Group") as of June 30, 2013 and the related condensed statements of income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 *Interim Financial Reporting* Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at June 30, 2013, is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Taipei, Taiwan, R.O.C.
July 26, 2013

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012
(All Amounts Expressed in US Dollars)

		June 30	
	Note	**2013**	**2012**
ASSETS			
Held to maturity financial assets-noncurrent	13	$ 7,983,340	$ 7,602,394
Other financial assets－noncurrent		4,178,898	3,856,965
Hedge derivative financial assets -noncurrent	13	26,229,337	-
Property and equipment	12	1,924,003,067	1,637,258,436
Long-term lease receivables	20	29,812,141	-
Deferred expenses		58,646	72,509
Deferred income tax assets		39,785	22,528
Total non-current assets		**1,992,305,214**	**1,648,812,832**
Cash and cash equivalents	16	27,046,025	47,845,802
Financial assets at fair value through profit or loss－current	13	-	2,979,065
Held to maturity financial assets -current	13	1,000,000	6,159,635
Accounts receivable, net	15	5,159,609	5,011,843
Lease receivables	20	3,855,999	-
Other receivables		609,880	172,979
Other financial assets－current	16	8,072,342	22,889,705
Inventories	14	3,454,815	4,285,060
Hedge derivatives financial assets－current	13	2,735,053	-
Prepaid expenses		5,477,345	4,821,727
Other current assets		9,823,550	6,916,337
Total current assets		**67,234,618**	**101,082,153**
TOTAL ASSETS		**$ 2,059,539,832**	**1,749,894,985**

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

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION(CONT'D)

JUNE 30, 2013 AND 2012

(All Amounts Expressed in US Dollars)

		June 30	
	Note	**2013**	**2012**
EQUITY			
Common stock	17	$ 123,878,422	111,422,544
Stock dividend to be distributed	17	6,558,286	11,981,258
Capital surplus－premium on capital stock	17	86,760,541	91,848,936
Retained earnings	17	185,273,407	149,016,175
Cumulative translation adjustments	17	146,181,138	(53,483,102)
Effective portion of losses on hedging instrument in a cash flow hedge	22	28,964,390	(734,299)
Total equity attributable to equity holders of the Company		577,616,184	310,051,512
Non-controlling interest		4,270,122	2,621,323
TOTAL EQUITY		**$ 581,886,306**	**312,672,835**
LIABILITIES			
Financial liabilities at fair value through profit or loss	13, 19	-	1,337,349
Corporate bonds payable	19	-	18,232,933
Long-term borrowings	18	1,139,760,335	1,132,706,828
Hedge derivative financial liabilities-noncurrent	13	-	734,299
Long-term accounts payable	20	42,693,000	21,433,500
Long-term lease payables	20	27,480,336	38,734,168
Long-term accounts payable－related parties	20, 22	40,949,115	23,280,148
Guaranteed deposits		1,000,000	-
Accrued pension liabilities		349,083	291,562
Total non-current liabilities		**1,252,231,869**	**1,236,750,787**
Short-term borrowings	18	26,587,160	21,753,925
Financial liabilities at fair value through profit or loss －current	13,19	3,372,270	7,239,662
Accounts payable		4,655,730	3,372,982
Accrued expenses		12,727,979	12,311,494
Dividend payable		22,954,003	17,971,888
Advance receipts		16,648,756	13,419,091
Other current liabilities－others		1,441,911	1,775,073
Current portion of corporate bonds payable	19	16,784,495	-
Current portion of long-term borrowings	18	107,058,926	111,483,366
Current portion of long-term accounts payable	20	7,925,000	5,154,000
Current portion of long-term accounts payable －related parties	20, 23	1,209,000	1,116,000
Current portion of lease payables	20	4,056,427	4,873,882
Total current liabilities		**225,421,657**	**200,471,363**
TOTAL LIABILITIES		**1,477,653,526**	**1,437,222,150**
TOTAL EQUITY AND LIABILITIES		**$ 2,059,539,832**	**1,749,894,985**

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

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012
(All Amounts Expressed in US Dollars)

	Note	For the Six Months Ended June 30 2013	2012
Operating revenue	6	136,150,465	139,958,290
Cost of materials	7	21,736,429	20,881,060
Expenses for hired services	8	5,504,405	5,939,429
Wages and personnel expenses	9	30,747,149	27,156,571
Depreciation expenses	12	45,389,225	37,174,479
Other operating costs	10	3,226,032	2,727,811
Operating costs		106,603,240	93,879,350
Gross profit from operations		29,547,225	46,078,940
Operating expenses	12,17	2,464,366	1,968,837
Profit from operating activities		27,082,859	44,110,103
Interest income		1,202,900	606,143
Gain on disposal of fixed assets	12	3,289,745	992,924
Foreign exchange gain		6,903,730	2,863,687
Gain on valuation of financial instruments or liabilities at fair value through profit or loss	19,21	1,253,992	3,174,159
Others income and gains		1,541,306	660,769
Interest expense	19	(10,646,472)	(10,409,040)
Other expenses and losses		(44,722)	(188,365)
Total other income and losses		3,500,479	(2,299,723)
Profit before income tax		30,583,338	41,810,380
Income tax expense	11	-	41,456
Profit for the year		**30,583,338**	**41,768,924**
Other Comprehensive income:			
Cumulative translation adjustments		119,752,240	22,679,909
Effective portion of losses on hedging instrument in a cash flow hedge		17,076,868	(734,299)
Defined benefit plan actuarial losses		(68,958)	-
Other Comprehensive income		**136,760,150**	**21,945,610**
Total Comprehensive income		**167,343,488**	**63,714,534**
Profit for the year attributable to:			
—Owners of the Company		29,259,093	40,995,286
—Non-controlling interests		1,324,245	773,638
		30,583,338	**41,768,924**
Total Comprehensive income attributable to:			
—Owners of the Company		166,019,243	62,940,896
—Non-controlling interests		1,324,245	773,638
		167,343,488	**63,714,534**
Primary Earnings per Share			
—Current	17	**0.07**	**0.10**
Diluted Earnings per Share			
—Current	17	**0.07**	**0.10**

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

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012
(All Amounts Expressed in US Dollars)

	Share capital	Stock dividend to be distributed	Capital surplus	Retained earnings	Cumulative translation adjustments	Effective portion of losses on hedging instrument in a cash flow hedge	Total equity attributable to equity holders of the Company	Non-controlling interest	Total
Balance, January 1, 2012	$ 111,422,544	-	103,830,194	125,992,777	(76,163,011)	-	265,082,504	2,207,685	267,290,189
Appropriations and distributions of 2011 earnings				(17,971,888)			(17,971,888)	(360,000)	(18,331,888)
Profit for the six months ended June 30, 2012	-	-	-	40,995,286	-	-	40,995,286	773,638	41,768,924
Other comprehensive income	-	-	-	-	22,679,909	(734,299)	21,945,610	-	21,945,610
Capitalization of capital surplus stock	-	11,981,258	(11,981,258)	-	-	-	-	-	-
Balance, June 30, 2012	**$ 111,422,544**	**11,981,258**	**91,848,936**	**149,016,175**	**(53,483,102)**	**(734,299)**	**310,051,512**	**2,621,323**	**312,672,835**
Balance, January 1, 2013	$ 123,512,549	-	92,176,096	179,037,275	26,428,898	11,887,522	433,042,340	3,305,877	436,348,217
Appropriations and distributions of 2012 earnings	-	-	-	(22,954,003)	-	-	(22,954,003)	(360,000)	(23,314,003)
Profit for the six months ended June 30, 2013	-	-	-	29,259,093	-	-	29,259,093	1,324,245	30,583,338
Other comprehensive income	-	-	-	(68,958)	119,752,240	17,076,868	136,760,150	-	136,760,150
Capitalization of capital surplus stock	-	6,558,286	(6,558,286)	-	-	-	-	-	-
Convertible bonds	365,873	-	1,142,731	-	-	-	1,508,604		1,508,604
Balance, June 30, 2013	**$ 123,878,422**	**6,558,286**	**86,760,541**	**185,273,407**	**146,181,138**	**28,964,390**	**577,616,184**	**4,270,122**	**581,886,306**

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

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

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012

(All Amounts Expressed in US Dollars)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	**$ 30,583,338**	**41,810,380**
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	45,436,943	37,212,751
Interest expense	10,646,472	10,409,040
Interest income	(1,202,900)	(606,143)
Gain on financial assets or liabilities at fair value through profit or loss	(1,253,992)	(3,174,159)
Amortization of held to maturity financial assets	10,637	(835)
Gain on disposal of property and equipment	(3,289,745)	(992,924)
Gain on foreign currency exchange on corporate bond payable	(577,009)	278,185
Change in assets and liabilities		
Financial assets at fair value through profit or loss	-	(2,338,295)
Accounts receivable	(381,811)	(623,958)
Other receivables	(445,140)	924,154
Inventories	871,912	(2,109,864)
Prepaid expenses	(493,411)	650,981
Other current assets	(1,065,805)	(872,309)
Other operating assets	1,315	15,820
Accounts payable	1,013,005	266,868
Accrued expenses	(999,592)	218,986
Financial liabilities at fair value through profit or loss	1,407,691	(436,684)
Advance receipts	(2,170,427)	1,543,730
Other current liabilities	56,887	519,673
Other operating liabilities	-	(1,235)
Accrued pension liabilities	(8,293)	3,438
Cash generated from operating activities	**78,140,075**	**82,697,600**
Interest received	1,261,816	805,535
Interest paid	(10,696,321)	(10,101,815)
Income taxes paid	-	(41,456)
Net cash provided by operating activities	**68,705,570**	**73,359,864**
CASH FLOWS FROM INVESTING ACTIVITIES		
Held-to-maturity financial assets	3,554,271	1,984,265
Acquisition of property, plant and equipment	(161,642,330)	(242,982,992)
Proceeds from disposal of property, plant and equipment	12,555,791	5,674,030
Long-term lease receivable	(6,177,394)	-
Other financial assets	6,913,259	22,147,715
Net cash used in investing activities	**(144,796,403)**	**(213,176,982)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(589,392)	(7,739,369)
Increase (Decrease) in long-term borrowings	56,725,287	141,715,705
Decrease in lease payables	(2,524,840)	(2,286,695)
Decrease in guarantee deposits received	(1,500,000)	-
The exercise of convertible corporate bonds	-	20,186,247
Increase (Decrease) in long-term accounts payable	10,133,175	9,832,167
Distribution of cash dividend	(360,000)	(360,000)
Net cash provided by financing activities	**61,884,230**	**161,348,055**
FOREIGN EXCHANGE RATE EFFECTS	**12,114,958**	**(3,871,093)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(2,091,645)**	**17,659,844**
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	**29,137,670**	**30,185,958**
CASH AND CASH EQUIVALENTS, END OF PERIOD	**$ 27,046,025**	**47,845,802**

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

WISDOM MARINE LINES CO., LIMITED (CAYMAN)
AND ITS SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012
(In US Dollars, unless stated otherwise)

1. Reporting entity

Wisdom Marine Lines Co., Limited (Cayman) (the "Company") was incorporated in the Cayman Islands on October 21, 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 December 1, 2010, the Company was approved and listed on Taiwan Stock Exchange (TWSE).

The Company's parent company: None.

As of June 30, 2013 and 2012, the Company had 1,828 and 1,652 employees, respectively.

2. Approval date and procedures of the consolidated financial statements

The Board of Directors presented and approved the consolidated financial statements as of and for the six months ended June 30, 2013 and 2012 on July 26, 2013 and August 24, 2012, respectively.

3. Changes in accounting policy

(1) Shown below are the standards and interpretations for annual reporting effective from January 1, 2013:

- Improvements to IFRSs 2013
- IAS 27 "Consolidated and Separate Financial Statements" (effective January 1, 2013)
- IAS 28 "Investments in Associates" (effective January 1, 2013)
- IFRS 10 "Consolidated Financial Statements" (effective January 1, 2013)
- IFRS 11 "Joint Arrangements" (effective January 1, 2013)
- IFRS 12 "Disclosure of Interests in Other Entities" (effective January 1, 2013)
- IFRS 13 "Fair Value Measurement" (effective January 1, 2013)
- Amendments to IAS 19 "Employee Benefits"(effective January 1, 2013)
- Amendments to IFRS 7 "Financial Instruments: Disclosures" (effective January 1, 2013)

In the current financial year, the Group has adopted all the new and revised standards and interpretations that are relevant to its operations.

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

- IFRS 9 "Financial instruments" (effective January 1, 2015)
- Amendments to IAS 32 "Financial Instruments: Presentation" (effective January 1, 2014)
- Amendments to IFRS 10 "Consolidated Financial Statements" (effective January 1, 2014)
- Amendments to IAS 27 "Separate Financial Statements" (effective January 1, 2014)
- Amendments to IAS 28 "Investments in Associates" (effective January 1, 2014)
- IFRIC 21 "Levies" (effective January 1, 2014)
- Amendments to IAS 36 "Impairment of Assets" (effective January 1, 2014)
- Amendments to IAS 39 "Financial Instruments" (effective January 1, 2014)

4. Significant accounting policies

The accounting policies adopted in the preparation of the consolidated financial report are as follows.

(1) Statement of compliance

The consolidated interim financial report has been prepared in accordance with IAS 34"Interim Financial Reporting". Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December, 2012. This consolidated interim financial report does not include all information or disclosures required for full annual financial statements prepared in accordance with International Financial Reporting Standards.

(2) Basis of preparation

(a) Basis of measurement

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

(b) Functional and presentation currency

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

(3) Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity in order to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(b) Non-controlling interests

Non-controlling interests represent portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests. Non-controlling interest are presented in the consolidated balance sheets within equity, separately from equity attributable to the equity shareholders of the Company.

Non-controlling interest in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between non-controlling interest and the owners of the Company. Losses applicable to the non-controlling interests in subsidiaries are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(c) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 % and 50% of the voting power of another entity. Associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

These consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in associates, the carrying amount of that interest, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing these consolidated financial statements. Unrealized profits resulting from the transactions between the Group and an associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

(e) As of June 30, 2013 and 2012, the Group had the following subsidiaries, and all have been included in these consolidated financial statements unless stated otherwise.

Investor	Investee Company Name	2013.06.30 Ownership Percentage	2012.06.30 Ownership Percentage
The Company	Wisdom Marine Lines S.A. (Panama) (WML)	100%	100%
〃	Wisdom Marine International Inc. (WII)	100%	100%
WII	Well Shipmanagement and Maritime Consultant Co.,Ltd.(WELL)	100%	100%
WML	Adixi Wisdom S.A.	100%	100%
〃	Amis Carries S.A.	100%	-%
〃	Amis Elegance S.A.	100%	-%
〃	Amis International S.A.	100%	-%
〃	Amis Mariner S.A.	100%	-%
〃	Amis Navigation S.A.	100%	100%
〃	Amis Star S.A.	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 Fortune 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%
〃	Dumun Marine S.A.	100%	100%
〃	Dumun Navigation S.A.	100%	100%

Investor	Investee Company Name	2013.06.30 Ownership Percentage	2012.06.30 Ownership Percentage
WML	Elite Steamship S.A.	100%	100%
〃	Euroasia Investment S.A.	100%	100%
〃	Favoran Wisdom S.A.	100%	100%
〃	Fourseas Maritime S.A. Panama	100%	100%
〃	Fraternity Marine S.A.	100%	100%
〃	Fraternity Ship Investment S.A.	100%	100%
〃	Genius Marine S.A.	100%	100%
〃	Genius Prince S.A.	100%	100%
〃	Genius Star Carriers S.A.	100%	100%
〃	Genius Star Navigation S.A.	100%	100%
〃	GS Global S.A.	100%	100%
〃	GS Navigation S.A.	100%	100%
〃	GSX Maritime S.A.	100%	100%
〃	Guma Marine S.A.	100%	100%
〃	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%	-%
〃	Katagalan Line S.A.	100%	100%
〃	Katagalan Marine S.A.	100%	100%
〃	Katagalan Navigation S.A.	100%	-%
〃	Katagalan Star S.A.	100%	-%
〃	Katagalan Wisdom S.A.	100%	100%
〃	Kavalan Wisdom S.A.	100%	100%
〃	Ligulao Wisdom S.A.	100%	100%
〃	Lloa Wisdom S.A.	100%	100%
〃	Log Wisdom S.A.	100%	100%
〃	Luilang Wisdom S.A.	100%	100%
〃	Magnate Maritime S.A.	100%	100%
〃	Makatao Wisdom S.A.	100%	100%
〃	Mercy Marine Line S.A.	100%	100%
〃	Mighty Maritime S.A.	100%	100%
〃	Mimasaka Investment S.A.	100%	100%
〃	Mount Wisdom S.A.	100%	100%
〃	Paiwan Wisdom S.A.	100%	100%
〃	Papora Wisdom S.A.	100%	100%
〃	Pazeh Wisdom S.A.	100%	100%
〃	Pescadores International Line S.A.	100%	100%
〃	Poavosa International S.A.	100%	100%
〃	Poavosa Maritime S.A.	100%	100%
〃	Poavosa Navigation S.A.	100%	-%
〃	Poavosa Wisdom S.A.	100%	100%
〃	Rukai Maritime S.A.	100%	100%
〃	Sakizaya Line S.A.	100%	-%
〃	Sakizaya Marine S.A.	100%	100%
〃	Sakizaya Navigation S.A.	100%	100%
〃	Sakizaya Wisdom S.A.	100%	100%

Investor	Investee Company Name	2013.06.30 Ownership Percentage	2012.06.30 Ownership Percentage
WML	Sao Wisdom S.A.	100%	100%
〃	Saysiat Wisdom S.A.	100%	100%
〃	Siraya Wisdom S.A.	100%	100%
〃	Taivoan Wisdom S.A.	100%	100%
〃	Tao Ace S.A.	100%	100%
〃	Tao Brave S.A.	100%	100%
〃	Tao Mariner S.A.	100%	100%
〃	Tao Star S.A.	100%	100%
〃	Tao Treasure S.A.	100%	100%
〃	Taokas Marine S.A.	100%	100%
〃	Taokas Navigation S.A.	100%	100%
〃	Taokas Wisdom S.A.	100%	100%
〃	Taroko Maritime S.A.	100%	100%
〃	Taroko Wisdom S.A.	100%	100%
〃	Triumph Wisdom S.A.	100%	100%
〃	Trobian Wisdom S.A.	100%	100%
〃	Unicorn Bravo S.A.	100%	100%
〃	Unicorn Fortune S.A.	100%	100%
〃	Unicorn Logger S.A.	100%	100%
〃	Unicorn Logistics S.A.	100%	100%
〃	Unicorn Marine S.A.	100%	100%
〃	Unicorn Pescadores S.A.	100%	100%
〃	Unicorn Successor S.A.	100%	100%
〃	Vayi Wisdom S.A.	100%	100%
〃	Winsome Wisdom S.A.	100%	100%
〃	Wisdom Ace S.A.	100%	100%

(4) Foreign currency

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are remeasured into the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are remeasured into the functional currency at the exchange rate at the date that the fair value was determined. Translation gains and losses are included in the consolidated income statements as financial income or expenses. Foreign currency differences arising on remeasurement are recognized in profit or loss, except for the following accounts which are recognized in other comprehensive income arising on the remeasurement:

- available-for-sale equity investment;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- Qualifying cash flow hedges to the extent the hedge is effective.

(b) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Group's functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated into the Company's functional currency at average rates. Foreign currency differences are recognized in other comprehensive income, and presented in the cumulative translation adjustments in equity.

However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

(5) Classification of current and non-current assets and liabilities

An asset is classified as current when:

(a) It is expected to be realized, or sold or consumed in the normal operating cycle;

(b) It is held primarily for the purpose of trading;

(c) It expects to realize the asset within twelve months after the reporting period; or

(d) The asset is cash and cash equivalent (as defined in IAS 7) 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) It is expected to be settled in the normal operating cycle;

(b) It is held primarily for the purpose of trading;

(c) It is due to be settled within twelve months after the reporting period; or

(d) It does not have any unconditional right to defer settlement 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.

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

(7) Financial instruments

(a) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

Financial assets are derecognized when the contractual rights of the cash inflow from the asset are terminated, or when substantially all the risks and rewards of ownership of the financial assets are transferred. Assets or liabilities are recognized separately for equity securities received from transferred financial assets.

The Group derecognizes a financial liability when its contractual obligation has been discharged or cancelled or expires.

The Group presents financial assets and liabilities on a net basis when the Group has legally enforceable rights to offset, and intends to settle such financial assets and liabilities on a net basis or to realise the assets and settle the liabilities simultaneously.

(i) Financial assets at fair value through profit or loss

A financial asset is classified in financial assets designated as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein are recognized in profit or loss.

(ii) Held-to-maturity financial assets

If the Group has the positive intent and ability to hold to maturity, such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are initially measured at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

Profit or loss is recognized when these financial assets are derecognized, impaired, or amortized. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial assets that can be estimated reliably. If, in a subsequent period, the amount of the impairment loss of a financial assets measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss in is reversed through profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost before impairment was recognized at the reversal date.

(iii) Notes and account receivables, and other receivables

Notes and account receivable are rights resulting from the sale of goods or rendering of services. Other receivables are receivables arising from non-operating activities.

(b) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bond that can be converted to share capital at the option of the holder, when the number of shares to be issued is fixed.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially based on the excess of the fair value of the compound financial instrument taken as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest related to the financial liability is recognized in profit or loss.

On conversion, a financial liability is reclassified to equity and no gain or loss is recognized.

(c) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are recognised initially at fair value; and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss, and are included in other comprehensive income (The effective portion of losses on hedging instrument in a cash flow hedge).

When a derivative is designated as a cash flow hedge, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in other equity-effective portion of cash flow hedge gain (loss). Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss, and is included in other comprehensive income or loss.

When the hedged item is recognized in profit or loss, the amount accumulated in equity and retained in other comprehensive income is reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss, and it is presented in the same accounting caption with the hedged item recognized in the consolidated statement of comprehensive income.

For a cash flow hedge of a forecast transaction recognized as a non-financial assets or liabilities, the amount accumulated in other equity – effective portion of cash flow hedge gain (loss) and retained in other comprehensive income is reclassified to the initial cost of the non-financial asset or liability.

(8) Inventories

Inventories are bunker oil and are carried at 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.

(9) Property and equipment

(a) Initial recognition and measurement

Property and equipment are stated at historical cost (including all expenditures that are directly attributable to the acquisition of the vessels and equipment) less accumulated depreciation and any accumulated impairment losses. Cost also includes the cost of replacing part of vessels and equipment. 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 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. 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.

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.

(b) Subsequent costs

Subsequent expenditure of a vessel or equipment is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group and the replacement cost can be measured reliably. The carrying amount of those parts that are replaced is derecognized. The costs of the day-to-day servicing of vessels or equipment are recognized in profit or loss as incurred.

(c) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount and it shall be allocated on a straight-line basis over its estimated useful lives of each part of vessels and equipment. If there is reasonably certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise, the asset is depreciated over the shorter of the lease term or their useful lives. The estimated useful lives are as follows:

● vessels	5-25 years
● vessel equipment	3-12 years
● dry-dockings	0.5-2.5 years
● other	2-10 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change(s) is accounted for as a change in an accounting estimate.

(10) Borrowing Cost

Borrowing costs are expensed in the consolidated income statements in the period which they are incurred, but are capitalized if they are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time until the asset is ready for its intended use or sale.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred, and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(11) Leased assets

(a) Lessors

Finance leased asset is recognized on a net basis as lease receivable. Initial direct costs incurred in negotiating and arranging an operating lease is added to the net investment of the leased asset. The finance income is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the receivable.

Lease income from operating lease is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

Contingent rents are recognized as income in the period when the lease adjustments are confirmed.

(b) Lesees

Leases whose terms require the Group to assume substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the lease asset is measured at an amount equal to the lower of its fair value and the present of the minimum lease payments. Subsequent to initial recognition, the lease asset is accounted for in accordance with the accounting policy applicable to fixed assets.

Other leases are operating leases and are not recognized in the Group's statement of financial position.

Payments made under operating lease (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term in order to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent rent is recognized as expense in the periods in which it is incurred.

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. It is considered a lease under the both of the following conditions:

- The fulfillment of the arrangement is dependent on the use of a specific assets; and
- The arrangement contains a right to use the asset (s).

At inception or on reassessment of the arrangement, if an arrangement contains a lease, that lease shall be classified as a finance lease or an operating lease. The Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payment reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the Group's incremental borrowing rate. If the Group concludes for an operating lease that it is impracticable to separate the payment reliably, then all payments under the arrangement are treated as lease payments, and the situation is disclosed accordingly.

(12) Impairment

(a) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

The impairment loss in respect of a financial asset measured at amortized cost is the difference between its carrying amount and the present value of the estimated future cash flow discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets, in groups that share similar credit risk characteristics, are assessed collectively.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

(b) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss in respect of goodwill is not reversed.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(13) 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.

(14) Revenue

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 cutomer.

(15) Employee Bonuses and Remuneration to Directors and Supervisors

According to the Company's Articles of Incorporation, the Company appropriates the amount of employee bonuses and remuneration to directors and supervisors out of retained earnings and recognizes it as expenses in the year when services are rendered. The differences between the amounts approved in the shareholders' meeting and those recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized in profit or loss.

(16) Employee 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

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

When the calculation results in a benefit to the Group, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. The Group recognizes gains and losses on the curtailment or settlement of a retired benefit plan when the curtailment or settlement occurs.

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

(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.

(d) Share-Based Payments

The grant-date fair value of share-based payment awards granted to employee is recognized as employee expenses, with a corresponding increase in equity, over the period that employees become unconditionally entitle to the awards.

The Group recognizes the remuneration arising from the share-based payment agreements granted to employees and the corresponding increase in equity over the vesting period at fair value of the grant date. The amount recognized as an expense is adjusted to reflect the number of awards which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of award that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(17) Income tax

Income tax expense for the period is best estimated by multiplying pretax income for the interim reporting period with the effective annual tax rate as forecasted by the management. This is recognized and allocated to current and deferred taxes proportionately.

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations, or are recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are not recognized for the following:

A. Assets and liabilities that are initially recognized from non-business combination transactions, with no effect on net income or taxable gains (losses).

B. Temporary differences arising from equity investments on subsidiaries or joint ventures, where there is a high probability that such temporary differences will not reverse.

C. Initial recognition of goodwill。

Deferred taxes are measured based on the statutory tax rate on the reporting date; enacted tax rate during the year of expected asset realization or debt liquidation.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

A. if the entity has the legal right to settle tax assets and liabilities on a net basis; and

B. the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:

(a) levied by the same taxing authority; or

(b) levied by different taxing authorities, but where each such authority intend to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation; or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset is recognized for unused tax losses available for carry-forward, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits and deductible temporary differences are also re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized.

(18) Earnings per share

The Group discloses the Company basic and diluted earnings per share (EPS) attributable to ordinary equity holders of the Company. Basic earnings per share is calculated on profit attributable to the ordinary shareholders of the Company divided by weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated on profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible notes.

(19) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

5. Major sources of accounting assumptions, judgments and estimation uncertainty

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 year ended December 31, 2012.

(1) 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.

(2) 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. Revenue

	For the Six Months Ended June 30	
	2013	**2012**
Hire revenue	121,557,844	118,923,891
Freight revenue	10,637,714	16,522,447
Vessel management revenue	1,645,481	1,672,129
Other operating revenue	2,309,426	2,839,823
Total	**136,150,465**	**139,958,290**

7. Cost of materials

	For the Six Months Ended June 30	
	2013	2012
Fuel oil	7,382,833	8,558,261
lubricants	4,125,812	4,315,639
Materials	2,448,267	2,111,088
Spare parts	2,828,019	2,139,007
Survey fees	1,429,101	1,174,052
Repairs and maintenance	988,939	705,559
Postage and international communication	822,013	666,744
Paints	456,443	332,696
Other	1,255,002	878,014
Total	**21,736,429**	**20,881,060**

8. Expenses for hired services

	For the Six Months Ended June 30	
	2013	2012
Commissions	3,439,039	3,445,702
Expenses at ports	1,381,271	1,631,310
Agency costs	331,668	346,916
Chartering expenses	154,434	277,804
Dispatch expenses	197,993	237,697
Total	**5,504,405**	**5,939,429**

9. Wages and personnel expenses

	For the Six Months Ended June 30	
	2013	2012
Crew wages	23,365,651	20,916,762
Insurance fees	3,050,038	2,562,540
Food and meals	2,144,754	1,898,812
Crew travel fees	1,561,488	1,327,296
Pension cost	110,172	45,898
Bonus	515,046	405,263
Total	**30,747,149**	**27,156,571**

The average number of employees for the six months ended June 30, 2013 and 2012 were 1,828 and 1,652 (including 1,715 and 1,534 crewmembers), respectively.

10. Other operating costs

	For the Six Months Ended June 30	
	2013	2012
Hull and machinery insurance	2,321,410	1,764,880
Compensation	384,804	596,697
Lease payments	178,114	168,939
Other	341,704	197,295
Total	**3,226,032**	**2,727,811**

11. Income tax expense

(1) 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. Income tax expense is simply calculated on financial income before tax in the interim report multiplied by the estimated annual effective tax rate. Therefore, no reconciliation was disclosed to reconcile taxable income with financial income before tax. And, there was no related information about Stockholders' imputation tax credit account and tax rate.

(2) The component of income tax expenses were as follows:

	For the Six Months Ended June 30	
	2013	2012
Current income tax	-	26,269
Deferred tax expenses	-	15,187
Total	-	41,456

(3) The annual tax return declarations of WELL and WII for 2011 were approved by the Tax Authority of ROC.

12. Property and equipment

June 30 2013	Beginning balance	Addition	Disposal	Re-classification	Foreign exchange rate effects	Ending balance
Cost						
Transportation equipment	$ 189,394	-	-	-	(6,061)	183,333
Vessel	1,881,945,721	24,165,170	7,733,774	136,718,849	-	2,035,095,966
Vessel equipment	4,097,979	1,967,287	-	-	-	6,065,266
Dry-dock	12,578,268	2,328,826	-	1,130,000	-	16,037,094
Office equipment	182,566	5,033	-	-	(5,842)	181,757
Leased assets	53,352,370	590,901	-	-	-	53,943,271
Leasehold improvements	86,580	6,349	-	-	(2,770)	90,159
Prepayment for vessels	101,206,830	132,578,764	-	(137,848,849)	-	95,936,745
Total	2,053,639,708	161,642,330	7,733,774	-	(14,673)	2,207,533,591
Accumulated depreciation						
Transportation equipment	95,893	15,449	-	-	(3,240)	108,102
Vessel	225,669,926	40,002,642	4,139,849	-	-	261,532,719
Vessel equipment	936,510	603,634	-	-	-	1,540,144
Dry-dock	5,651,096	2,995,394	-	-	-	8,646,490
Office equipment	120,843	13,671	-	-	(4,018)	130,496
Leased assets	9,756,938	1,787,555	-	-	-	11,544,493
Leasehold improvements	24,112	4,792	-	-	(824)	28,080
Total	242,255,318	45,423,137	4,139,849	-	(8,082)	283,530,524
Net Balance	**$ 1,811,384,390**	**116,219,193**	**3,593,925**	**-**	**(6,591)**	**1,924,003,067**

June 30 2012	Beginning balance	Addition	Disposal	Re-classification	Foreign exchange rate effects	Ending balance
Cost						
Transportation equipment	$ 181,668	-	-	-	2,402	184,070
Vessel	1,446,248,947	2,255,292	8,957,677	256,000,293	-	1,695,546,855
Vessel equipment	1,443,648	1,459,823	13,072	-	-	2,890,399
Dry-dock	11,719,615	2,392,568	301,899	900,000	-	14,710,284
Office equipment	175,119	-	-	-	2,315	177,434
Leased assets	53,131,009	-	-	-	-	53,131,009
Leasehold improvements	83,048	-	-	-	1,098	84,146
Prepayment for vessels	99,757,682	236,875,309	-	(256,900,293)	-	79,732,698
Total	1,612,740,736	242,982,992	9,272,648	-	5,815	1,846,456,895
Accumulated depreciation						
Transportation equipment	61,703	15,452	-	-	703	77,858
Vessel	164,296,195	32,121,129	4,651,320	-	-	191,766,004
Vessel equipment	327,944	257,562	7,625	-	-	577,881
Dry-dock	5,724,623	3,088,166	201,266	-	-	8,611,523
Office equipment	88,941	13,961	-	-	1,073	103,975
Leased assets	6,334,851	1,707,622	-	-	-	8,042,473
Leasehold improvements	13,872	4,724	-	-	149	18,745
Total	176,848,129	37,208,616	4,860,211	-	1,925	209,198,459
Net Balance	**$ 1,435,892,607**	**205,774,376**	**4,412,437**	**-**	**3,890**	**1,637,258,436**

(1) As of June 30, 2013 and 2012, the residual value of the vessels amounted to $218,094 thousand and $183,757 thousand, respectively, and the estimated useful lives were both ranging from 5 to 25 years.

(2) As of June 30, 2013 and 2012, the Group had agreed to assign the chartering income of some vessels as security for loan repayment.

(3) As of June 30, 2013 and 2012, 81 and 73 vessels, respectively, were pledged on behalf of banks. The pledge of these vessels is required by the banks which granted the loans to finance the purchase of the vessels and to secure the timely repayment of the loans. The book value of these vessels was $1,825,485 thousand and $1,554,385 thousand, respectively.

(4) As of June 30, 2013 and 2012, the Group has entered into some shipbuilding contracts, please refer to Note 25 for further details.

(5) As of June 30, 2013 and 2012, the vessels of the Group's were insured for $2,063,000 thousand and $1,865,632 thousand, respectively.

(6) For the six months ended June 30, 2013, the Group disposed certain vessels for $12,555,791, which resulted in a gain on disposal of property and equipment of $3,289,745.

13. Other financial assets / liabilities

	June 30	
	2013	**2012**
Held-to- maturity financial assets		
Held-to- maturity financial assets-current	$ 1,000,000	6,159,635
Held-to- maturity financial assets-noncurrent	7,983,340	7,602,394
Total held-to- maturity financial assets	**$ 8,983,340**	**13,762,029**
Financial instruments at fair value through profit or loss		
-Financial assets held for trading-current	**$ -**	**2,979,065**
-Financial liabilities held for trading		
Financial liabilities held for trading-current	$ (2,093,469)	(7,239,662)
Financial liabilities held for trading-noncurrent	-	-
Total financial liabilities held for trading	**$ (2,093,469)**	**(7,239,662)**
-Financial liabilities designated at fair value through profit or loss		
Financial liabilities designated at fair value through profit or loss -current	$ (1,278,801)	-
Financial liabilities designated at fair value through profit or loss -noncurrent	-	(1,337,349)
Total financial liabilities designated at fair value through profit or loss	**$ (1,278,801)**	**(1,337,349)**
Derivative hedging instrument	**$ 28,964,390**	**(734,299)**

(1) As of June 30, 2013 and 2012, the held-to- maturity financial assets have maturities during the period from September 2013 to February 2018 and from October 2012 to April 2016, respectively.

(2) As of June 30, 2013 and 2012, financial assets with the carrying amount of $6,594,002 and $15,502,444, respectively, were pledged for bank loans.

(3) Financial instruments used for trading or non-hedging purpose are disclosed in Note 21.

14. Inventories

	June 30			
	2013		2012	
	Balance	Fair Value	Balance	Fair Value
Fuel	**$ 3,454,815**	**3,454,815**	**4,285,060**	**4,285,060**

As of June 30, 2013 and 2012, the aforesaid inventories were not pledged as collateral.

15. Accounts receivable, net

	June 30	
	2013	2012
Accounts receivable	$ 5,363,388	5,101,940
Less: allowance for uncollectable accounts	(203,779)	(90,097)
Net accounts receivable	**$ 5,159,609**	**5,011,843**

16. Cash and cash equivalents

	June 30	
	2013	2012
Cash on hand	$ 4,980	2,373
Time deposits	7,810,000	39,122,630
Check deposits	17	17
Demand deposits	19,231,028	8,720,782
Total	**$ 27,046,025**	**47,845,802**

As of June 30, 2013 and 2012, cash and cash equivalents with carrying amount of $7,431,342 and $22,889,705, respectively, were pledged to secure bank loans and were classified under other financial assets.

17. Shareholders' equity

(1) Capital

(a) On October 21, 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 $2,000,000 thousand, divided into 200,000 thousand shares with par value of $10 per share.

(b) In June 2009, the Board of Directors announced to increase the Company's capital by capitalizing its capital surplus at a rate of 10% of its outstanding shares, comprising of 20,000 thousand shares.

(c) In December 2009, the Board of Directors announced to increase the Company's capital by cash with a par value of NT $300,000 thousand, and issued 30,000 thousand new shares with a par value of NT $10 per share at an issue price of NT $42.5 per share. All issued shares were fully paid upon issuance in March 2010.

(d) On June 28, 2010, the Shareholders announced the distribution of 2009 earnings and issuance of 25,000 thousand new shares.

(e) On October 20, 2010, the Company's securities have been approved for Primary Listing and issuance of 30,000 thousand shares with a par value of NT$10 at issue price of NT $38 per share. All issued shares were fully paid upon issuance on November 30, 2010, and the Company's shares were listed on TSEC on December 1, 2010.

(f) On June 17, 2011, Board of Directors announced the 2010 earnings distribution, and issuance of 30,500 thousand new shares. They also approved to increase the capital stock in cash by issuing 22,500 thousand shares with a par value of NT$10 per share, at an issue price of NT$37 per share. This capital increase had been approved by the Financial Supervisory Commission on August 9, 2011 and the capital shares were paid in October 2011.

(g) On June 29, 2012, the Shareholders resolved during their meeting to distribute the 2011 earnings as cash dividend at NT$1.5 per share and increase capital by capitalizing its capital surplus of NT$ 358,000 thousand, comprising of 35,800 thousand shares with a par value of NT$10 (as disclosed in (2)).The record date of this capital increase was August 14, 2012.

(h) On June 21, 2013, the Shareholders resolved during their meeting to distribute the 2012 earnings as cash dividend at NT$1.75 per share and increase capital by capitalizing its capital surplus of NT$ 197,601 thousand, comprising of 19,760 thousand shares with a par value of NT$10 (as disclosed in (2)).The record date of this capital increase was August 20, 2013.

(i) For the six months ended June 30, 2013, convertible bonds were converted into common stock and capital surplus of $365,873 and $1,142,731, respectively.

(j) As of June 30, 2013 and 2012, the total outstanding capital of the Company amounted to NT$3,952,023 thousand and NT$3,580,000 thousand, consisting of 395,202 thousand and 358,000 thousand shares, respectively, with a par value of NT $10 per share.

(2) 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, are accounted for as a change in accounting estimate and is charged to profit or loss.

(b) On June 21, 2013 and June 29, 2012, the Company's shareholders resolved during their meetings to appropriate the 2012 and 2011 earnings, respectively. These earnings were distributed as dividends and remuneration to directors and supervisors as follows:

Unit: NTD

Item	**2012**	**2011**
Cash dividends-per share	$ 1.75	1.5
Capital surplus dividends-per share	$ 0.5	1.0
		Unit:USD
Directors' and supervisors' remuneration	$ 320,306	278,362

(c) The differences between the actual appropriations of 2012 and 2011 earnings for directors and supervisors' remunerations as approved by the shareholders during their meeting and the amounts recognized in the financial statements were as follows:

Unit:USD

	2012		
	The actual appropriation according to the shareholders meeting	**The amount recognized in the financial report**	**Difference**
Directors' and supervisors' remuneration	$ 320,306	316,165	4,141

Unit: USD

	2011		
	The actual appropriations according to the board of directors	The amount recognized in the financial report	Difference
Directors' and supervisors' remuneration	$ 278,362	253,657	24,705

The above mentioned difference for the year ended December 31, 2011 was accounted for as a change in accounting estimate and was charged to profit or loss for the year ended December 31, 2012. Management is expecting that the difference for the year ended December 31, 2012 will be treated as a change in accounting estimate and will be charged to profit or loss for the year ending December 31, 2013.

Directors' and supervisors' remuneration amounted to $90,127 and $126,829 for the six months ended June 30, 2013 and 2012, respectively. These amounts were calculated based on the Company's net profit for the six months ended June 30, 2013 and 2012, and were estimated according to the earnings allocation method, priority and factor for employee benefits and key management personnel compensation as stated under the Articles of Association. These benefits were expensed under operating expenses during the six months ended June 30, 2013 and 2012.

Related information of distributions of employee bonus and remuneration to directors and supervisors can be accessed from the Market Observation Post System on the website.

(3) Cumulative translation adjustments

This account comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. As of June 30, 2013 and 2012, the cumulative translation adjustments amounted to $146,181,138 and $(53,483,102), respectively.

(4) Earnings per share

Basic earnings per share and diluted earnings per share were calculated as follows:

	For the Six Months Ended June 30	
	2013	**2012**
Basic earnings per share		
Profit attributable to ordinary shareholders	29,259,093	40,995,286
Weighted-average number of ordinary shares	394,928,568	393,800,000
	0.07	**0.10**
Diluted earnings per share		
Profit attributable to ordinary shareholders(diluted)	29,259,093	40,995,286
Interest expenses on convertible corporate bonds	175,086	93,186
Gain on valuation on convertible corporate bonds	(618,577)	(430,966)
Profit attributable to ordinary shareholders (diluted)	28,815,602	40,657,506
Weighted average number of ordinary shares(diluted)	394,928,568	393,800,000
Effect of conversion of convertible corporate bonds	13,737,604	5,450,941
Weight average number of ordinary shares (diluted)	408,666,172	399,250,941
	0.07	**0.10**

On June 21, 2013, the shareholders resolved during their meeting to distribute shares of stock to shareholders out of capital surplus and announced the record date of August 20, 2013. If distribution of these shares of stock occurs before the report date of the consolidated financial statement, the earnings per share are as follows:

	For the Six Months Ended June 30	
	2013	**2012**
Basic earnings per share	**0.07**	**0.10**
Diluted earnings per share	**0.07**	**0.10**

18. Interest-bearing loans and borrowings

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

		June 30	
		2013	**2012**
Bank loans－	Short-term borrowings	**$ 26,587,160**	**21,753,925**
	Long-term borrowings(including current portion)	**$1,246,819,261**	**1,244,190,194**

(1) Terms and conditions of outstanding loans were as follows:

Loans	Currency	Nominal interest rate	Year of maturity	Amount
June 30 2013				
Unsecured	USD	1.43%~2.41%	2010.06.17~2014.12.14	$ 20,800,000
	JPY	1.00%~2.10%	2012.05.02~2014.08.31	13,447,334
Secured	USD	0.59%~2.78%	2009.02.20~2021.12.17	376,880,592
	JPY	0.52%~2.29%	2005.12.12~2025.10.21	862,278,495
Total				**$ 1,273,406,421**

Loans	Currency	Nominal interest rate	Year of maturity	Amount
June 30 2012				
Unsecured	USD	1.73%~2.89%	2010.06.17~2013.11.16	$ 9,833,333
	JPY	0.90%~1.70%	2011.08.19~2013.08.31	20,851,652
Secured	USD	1.06%~2.85%	2009.02.20~2020.04.21	257,011,574
	JPY	0.45%~2.75%	2004.02.16~2025.10.02	978,247,560
Total				**$ 1,265,944,119**

(2) Future settlements of interest-bearing long-term loans and borrowings were as follows:

	June 30	
Maturity Period	**2013**	**2012**
Within one year	$ 107,058,926	111,483,366
Beyond one year and up to five years	501,960,434	513,510,212
More than five years	637,799,901	619,196,616
Total	**$ 1,246,819,261**	**1,244,190,194**

(a) As of June 30, 2013 and 2012, WML had provided financing guarantees for its subsidiaries of $1,145,078 thousand and $1,155,746 thousand, respectively.

(b) As of June 30, 2013 and 2012, the Group had unused credit facilities of $178,549 thousand and $160,188 thousand, respectively.

(c) The Group's covenants under the loan agreements are as follows:
- Loan lenders shall be notified of any significant movement of the Group's shareholder's equity.
- In certain circumstances, the Group retain the option to select the currency to be used for loan or debt settlement.
- Some equity shares of the Company's subsidiaries were pledged to secure bank loans.

(d) As of June 30, 2013 and 2012, WML and the Company had provided financial guarantees for the Company's subsidiaries; please refer to Note 25 for further details.

19. Bonds Payable

(1) The offering information of the unsecured convertible bonds were as follows:

Item	First overseas unsecured convertible bonds issued in 2012
1.Offering amount	NTD$600,000 thousand
2.Issue date	March 29 , 2012
3.Interest	The bonds will not bear any interest.
4.Issue Period	From March 29, 2012 to March 29 , 2017
5.Guarantee Institutions	None
6.Settlement	Converting bonds holder can convert bonds into the Company's common stock or execute put option based on the Company's regulation. The Company can also buy back cancellation from bonds dealers. Otherwise, bonds are repayable at face value by cash when it matures.
7.Redemption at the option of the holder	The bonds holders can execute put option after two years of issuance date (March 29, 2014). The Company should send through registered mail the "Notification of bonds holder's put

Item	First overseas unsecured convertible bonds issued in 2012
	option" 30 days before the maturity date. (The list of bonds holders who should receive the notification through registered mail 5 business days before mailing date is based on the register list; Otherwise, 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 bond holder's put option; a written notification should be sent to share transfer agent by bond holders 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.
8.Conversion	(1) Conversion period The Bond holders will have the right to convert their bonds at any time during the conversion period commencing April 30, 2012(the 30th day following the Closing date) and ending at the close of business on March 19, 2017 (the 10th day prior to the Maturity Date). (2) Conversion price The conversion price had been adjusted from NT \$46.0 per share to NT\$40.36 per share effective August 14, 2012.

(2) The Company separately accounts for the equity components and liability components of overseas convertible corporate bonds. The liability components are accounted for under financial liabilities reported at fair value through profit or loss or bonds payable. As of June 30, 2013 and 2012, the details of the aforesaid convertible bonds were as follows:

	June 30	
First overseas unsecured convertible bonds issued in 2012	2013	2012
Total issue price	$ 20,387,360	20,109,175
Discount on bonds payable	(1,357,099)	(1,876,242)
Accumulated converted amount	(1,915,608)	-
	17,114,653	18,232,933
Add: Valuation of bonds payable	(330,158)	-
Less: Current portion of bonds payable	(16,784,495)	-
Bonds payable, net, end of the year	**$ -**	**18,232,933**
Liability components (options accounted for under financial liabilities at fair value through profit or loss)	**$ 1,278,801**	**1,337,349**

	For the Six Months Ended June 30	
	2013	**2012**
Liability components－gain on valuation	**618,577**	**430,966**
Interest expense	**175,086**	**93,186**

20. Leases

(1) Lessors

(a) Finance leases

(i) Future lease receivable under financing lease as of June 30, 2013:

	June 30 2013	
	Minimum Lease Receivable	**Interest income**
Within one year	$ 3,855,999	2,202,778
Beyond one year and up to five years	18,067,855	5,480,453
More than five years	11,744,286	914,726
Total	**$ 33,668,140**	**8,597,957**

(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 December 2019.

(b) Chartering

Future hiring receivables as of June 30, 2013 and 2012 were as follows:

	June 30	
	2013	**2012**
Within one year	$ 213,236,461	208,615,298
Beyond one year and up to five years	507,999,480	409,478,324
More than five years	448,119,552	482,664,262
Total	**$ 1,169,355,493**	**1,100,757,884**

(2) Lessee

(a) Finance leases

(i) Future non-cancellable lease payments under financing lease as of June 30, 2013 and 2012：

	June 30			
	2013		2012	
	Minimum Lease Payment	Interest expense	Minimum Lease Payment	Interest expense
Within one year	$ 4,056,427	1,079,312	4,873,882	1,606,549
Beyond one year and up to five years	27,480,336	2,234,970	22,724,295	4,077,796
More than five years	-	-	16,009,873	30,589
Total	**$ 31,536,763**	**3,314,282**	**43,608,050**	**5,714,934**

(ii) The Group plan to exercise its right to acquire some vessels in October 2009, and pay for the purchase price of the vessels after their delivery. However, the Group and the lessor had both agreed to extend the lease maturity date to September 2014 at the expected exercise date, and the other conditions of lease were not modified.

(b) Bareboat Hire and Purchase (BBHP)

(i) For the six months ended June 30, 2013, the Group engaged in vessels sale and lease back transactions considering 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 2009.11	**$ 45,000/month**	**4,500,000**	3m Libor + 2%
B	〃	**$ 48,000/month**	**4,800,000**	〃
C	5 years from 2010.01	**$ 278,250/quarter**	**7,950,000**	3m Libor + 1.65%
D	〃	**$ 194,250/quarter**	**5,550,000**	〃
E	5 years from 2010.09	**$ 300,000/quarter**	**7,500,000**	〃
F	5 years from 2011.06	**$ 240,000/quarter**	**6,000,000**	〃
G	5 years from 2012.04	**$ 276,000/quarter**	**6,900,000**	〃
H	7 years from 2012.12	**$ 347,750/quarter**	**14,980,000**	Max (3m Libor+2.2%, Taifx+1.2%,2.5%)
I	5 years from 2013.05	**$ 345,000/quarter**	**6,900,000**	Max (3m Libor+2.2%, Taifx+1.9%,2.5%)

(ii) Future non-cancellable chartering payments as of June 30, 2013 and 2012 were as follows:

	June 30	
	2013	**2012**
Less than one year	$ 9,134,000	6,270,000
Beyond one year and up to five years	31,548,500	26,734,500
More than five years	7,329,500	-
Total	**$ 48,012,000**	**33,004,500**

(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 option to buy payment.

(iv) As of June 30, 2013 and 2012, the Group has issued promissory notes of $51,180,000 and $29,278,000, respectively, for these lease agreements.

21. Financial instruments

In order to identify, measure, monitor and control the credit risk, market risk and liquidity risk, the Group has documented a set of risk management policies, procedures and regulations which is examined and approved by the Board of Directors. The Board of Directors works closely with internal business departments to identify, assess and minimize various financial risks. The Board of Directors has developed a risk management policy which covers specific risk exposure such as currency risk, interest rate risk, credit risk, derivative and non-derivative financial instruments risk.

(1) Credit risk

Management has a credit policy in place, and exposure to credit risk is monitored on an on-going 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.

(2) Liquidity risk

Management is not expecting any significant issue on liquidity risk as they believe that the Consolidated Company have sufficient capital and working funds to meet its entire contractual obligations and non-hedging forward exchange contracts.

(3) Currency risk

(a) 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:

	June 30					
	2013			2012		
	Foreign currency (Note1)	Exchange rate (Note2)	USD	Foreign currency (Note1)	Exchange rate (Note2)	USD
Financial assets						
Nonmonetary item						
Sell JPY：Buy USD	￥ 15,839,535,300	0.0105~0.0101	$ 165,298,373	￥ 9,984,859,000	0.0112~0.0131	$ 119,007,729
Sell USD：Buy JPY	￥ 834,975,000	98.65~99.12	$ 10,000,000	￥ 2,557,275,000	76.18~84.65	$ 32,000,000
Financial liabilities						
Monetary item						
USD：JPY	$ 20,460,530	98.83	$ 20,460,530	$ 6,604,128	79.61	$ 6,604,128
JPY：USD	￥ 10,002,826,065	0.01	$ 101,212,446	￥ 8,464,856,220	0.01	$ 106,329,057

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

Note2：The exchange rates under the non-monetary and monetary items are the forward exchange rate and spot rate, respectively.

(b) Sensitivity analysis

The following table indicates the approximate change in the Company's result after tax that would have arisen if foreign exchange rates to which the Company had significant exposure at the balance sheet date had changed at that date, assuming all other risk variables remained constant.

	June 30			
	2013		2012	
	Equity	Profit or loss	Equity	Profit or loss
	USD	USD	USD	USD
Exchange rate increase of 10%	13,770,280	7,345,323	2,380,386	14,621,225
Exchange rate decrease of 10%	(13,770,280)	(7,626,993)	(2,380,386)	(14,621,225)

(c) Forward contracts

As of June 30, 2013 and 2012, the Group's forward contracts were as follows:

Contract	Amount		Settlement		Rate	Expiration date
June 30 2013						
A	$	41,830,000.00	￥	3,496,820,200	76.8~94.49	2013/07/23~2016/03/15
B	$	150,981.38/ month	￥	12,000,000	79.48	2013/07/16~2013/12/16
C	$	80,800,000.00	￥	6,395,820,000	76.2~87.22	2014/08/20~2016/01/15
D	$	417,073.37	￥	33,000,000	78.83~79.44	2013/07/01~2013/12/02
E	$	19,000,000.00	￥	1,554,480,000	80.27~92.08	2013/07/26~2014/10/20
	$	64,616.18/ month	￥	5,000,000	77.38	2013/07/22~2014/10/22
F	$	25,200,000.00	￥	1,924,272,000	76.29~76.43	2015/03/20~2015/05/20
G	$	3,000,000.00	￥	263,130,000	87.71	2015/11/02
H	$	18,266,727.39	￥	1,726,013,100	94.37~94.97	2013/07/10~2016/01/15

Contract	Amount		Settlement		Rate	Expiration date
June 30 2012						
A	￥	1,142,700,000	$	15,000,000.00	76.18	2012/10/15
	$	15,000,000.00	￥	1,344,900,000	89.66	2012/10/15
B	$	15,000,000.00	￥	1,143,600,000	76.24	2012/10/15~10/22
C	$	2,300,000.00	￥	198,743,000	86.41	2012/08/30
	$	25,000,000.00	￥	2,123,750,000	84.95	2013/07/01
Contract	**Amount**		**Settlement**		**Rate**	**Expiration date**
	$	12,000,000.00	￥	1,037,160,000	86.43	2012/08/01
	$	142,959.26/month	￥	12,000,000	83.94	2012/07/17~12/17
	$	150,981.38/month	￥	12,000,000	79.48	2013/01/15~12/16
D	$	10,000,000.00	￥	868,500,000	86.85	2012/08/01~09/01
	$	5,500,000.00	￥	442,365,000	80.43	2014/08/20
E	$	13,800,000.00	￥	1,186,386,000	85.97	2012/10/15
F	$	67,876.10	￥	5,500,000	81.03	2012/07/02
	$	67,918.00	￥	5,500,000	80.98	2012/08/01
	$	67,959.97	￥	5,500,000	80.93	2012/09/03
	$	68,001.98	￥	5,500,000	80.88	2012/10/01
	$	68,170.55	￥	5,500,000	80.68	2012/11/01
	$	68,339.96	￥	5,500,000	80.48	2012/12/03
	$	68,467.57	￥	5,500,000	80.33	2013/01/02
	$	68,578.55	￥	5,500,000	80.2	2013/02/04

	$	68,784.39	¥	5,500,000	79.96	2013/03/04
	$	68,896.40	¥	5,500,000	79.83	2013/04/01
	$	69,008.78	¥	5,500,000	79.7	2013/05/02
	$	69,121.53	¥	5,500,000	79.57	2013/06/03
	$	69,234.64	¥	5,500,000	79.44	2013/07/01
	$	69,348.13	¥	5,500,000	79.31	2013/08/01
	$	69,461.99	¥	5,500,000	79.18	2013/09/02
	$	69,576.22	¥	5,500,000	79.05	2013/10/01
	$	69,682.00	¥	5,500,000	78.93	2013/11/04
	$	69,770.39	¥	5,500,000	78.83	2013/12/02
G	$	16,500,000.00	¥	1,324,455,000	80.27	2014/10/20

(d) Currency option contracts

As of June 30, 2013 and 2012, the Group's currency option contracts were as follows:

Contract	Amount		Settlement		Rate	Expiration date
June 30 2013						
I	$	500,000	¥	41,150,000/month	82.2~82.4	2013/07/19～2013/10/23
J	$	500,000	¥	42,500,000/month	84.5~85.5	2013/07/19～2013/11/26
	¥	24,500,000	$	250,000/month	98	2013/07/19～2013/12/30
K	$	250,000	¥	20,625,000/month	82.5	2013/07/22～2013/08/20
L	$	250,000	¥	20,600,000/month	82.4	2013/07/23～2013/10/23
M	$	250,000	¥	20,575,000/month	82.3	2013/07/22～2013/08/20
N	$	250,000	¥	20,800,000/month	83.2	2013/07/09～2013/11/07
	¥	24,500,000	$	250,000/month	98	2013/07/09～2013/12/10
O	$	250,000	¥	20,550,000/month	82.2	2013/07/24～2013/10/24
P	$	250,000	¥	21,375,000/month	85.5	2013/07/26～2013/11/22
June 30 2012						
H	¥	10,000,000	$	117,096/month	85.4	2012/07/23～2012/11/21
	$	250,000	¥	20,500,000/month	82	2012/07/03～2012/12/03
I	$	250,000	¥	20,500,000/month	82	2012/07/02～2012/11/02
J	$	250,000	¥	20,400,000/month	81.6	2012/07/13～2013/02/08
K	$	250,000	¥	20,577,500/month	82.31	2012/07/19～2013/02/19
L	$	250,000	¥	20,775,000/month	83.1	2012/07/23～2013/02/21

(4) Interest rate risk

(a) As of June 30, 2013 and 2012, the Group's exposure to interest rate risk was as follows:

	June 30	
	2012	**2013**
Fixed-rate financial instruments		
Financial assets		
Bank deposits	$ 7,810,000	39,122,630
Other financial assets－current	2,095,533	18,048,747
Held-to- maturity financial assets	8,983,340	13,762,029
Financial liabilities	(43,371,655)	(39,986,858)
Net	**$ (24,482,782)**	**30,946,548**
Variable-rate financial instruments		
Financial assets		
Bank deposits	$ 19,231,028	8,720,782
Other financial assets-current	5,976,809	4,840,958
Financial liabilities	(1,371,132,139)	(1,338,781,892)
Net	**$ (1,345,924,302)**	**(1,325,220,152)**

(5) Fair value hierarchy

The table below analyses financial instruments carried at fair value. The different levels of fair value have been defined as follows.

- Level 1：quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2：inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices)or indirectly (i.e. derived from prices).
- Level 3：inputs for the asset or liability that are not based on observable market data (unobservable inputs).

June 30, 2013	**Level 1**	**Level 2**	**Level 3**	**Total**
Hedge derivative financial assets	**$ -**	**28,964,390**	**-**	**28,964,390**
Financial liabilities at fair value through profit or loss	**$ -**	**3,372,270**	**-**	**3,372,270**
June 30, 2012				
Financial assets at fair value through profit or loss	**$ -**	**2,979,065**	**-**	**2,979,065**
Financial liabilities at fair value through profit or loss	**$**	**8,577,011**	**-**	**8,577,011**
Hedge derivative financial liabilities	**$ -**	**734,299**	**-**	**734,299**

22. Financial risk management

In order to identify, measure, monitor and control the credit risk, market risk and liquidity risk, the Group has documented a set of risk management policies, procedures and regulations which is examined and approved by the Board of Directors. The Board of Directors works closely with internal business departments to identify, assess and minimizing various financial risks. The Board of Directors has developed a risk management policy which covers specific risk exposure such as currency risk, interest rate risk, credit risk, derivative and non-derivative financial instruments risk.

(1) Capital risk management

The capital risk management is established to ensure the Group's ability to continue to operate on 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.

(2) Nature and extent of risks arising from financial instruments

The nature and extent of financial instruments risks in which the Group is exposed include credit risk, liquidity risk and market risk (including currency risk and interest rate risk).

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to respond to changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Credit risk

(i) Accounts receivable and other receivables

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

(ii) Guarantees

The Group's policy is to provide financial guarantees to its subsidiaries. As of June 30, 2013, WML provided guarantees for the Company's subsidiaries as disclosed further in Notes 25.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as much as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

(c) Market risk

Market risk is the risk that changes in market environment, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. A market risk management is adopted to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) Currency risk

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

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily USD, but also Japanese Yen.

(ii) Interest rate risk

Interest rate risk is managed by the Group on an on-going 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.

23. Related parties

(1) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

(2) Significant transactions with related parties

(a) Chartering expenses

Related party	For the Six Months Ended June 30 2013	2012
Other related parties	$ -	277,804

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 six months ended June 30, 2013 and 2012, the Group received service from (rendered service to) related parties as follows:

Related party	Item	Amount
For the Six Months Ended June 30, 2013		
Other related parties	Commissions	227,386
〃	Vessel management service	(1,019,400)
〃	Commissions and agency fees	789,122
〃	Business travel expenses and entertainment exp.	126,351
〃	Entertainment expenses and miscellaneous expenses	25,455
〃	Management revenue	(3,242)
〃	Examination/appraisal revenue	(120,493)

Related party	Item	Amount
For the Six Months Ended June 30, 2012		
Other related parties	Commissions	$ 148,765
〃	Vessel management service	(1,046,400)
〃	Commissions and agency fees	883,772
〃	Business travel expenses and miscellaneous expenses	128,457
〃	Entertainment expenses and miscellaneous expenses	6,479
〃	Management revenue	(2,890)
〃	Agency expenses	17,124

(c) Receivables and payables

Related party	June 30 2013	June 30 2012
Affiliated or agency account (classified under other receivables)		
Other related parties	$ 233,691	(511,902)
Accrued expense		
Other related parties	$ 952	956

(d) Financing

As of June 30, 2013 and 2012, the details of financial provided by a related party to the Group were as follows:

Name of related party	Max balance	Interest expense	Ending balance
For the Six Months Ended June 30, 2013			
Other related parties	$ 36,764,115	367,513	36,764,115
For the Six Months Ended June 30, 2012			
Other related parties	$ 20,793,620	172,704	17,979,148

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

(e) Leases

(i) For the six months ended June 30, 2013 and 2012, the Group incurred other related parties transactions of $74,693 and $74,711, respectively, which were accounted for as rental expenses.

(ii) For the six months ended June 30, 2013 and 2012, the Group incurred key management transactions of $93,596 and $93,618, respectively, which were accounted for as rental expenses.

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

(f) Guarantee

For the six months ended June 30, 2013 and 2012, key management had provided a time deposit guarantee for the Group's financing loan of $47,035 thousand and $39,753 thousand, respectively.

(g) Others

(i) For the six months ended June 30, 2013 and 2012, the Group signed Bareboat Hire and Purchase (BBHP) agreements with other related parties as follows:

	For the Six Months Ended June 30		
	2013		2012
Lease amortization	**$**	**558,000**	**558,000**
Interest expenses	**$**	**64,606**	**85,137**
Lease payables	**$**	**5,394,000**	**6,417,000**

(ii) As of June 30, 2013 and 2012, the lease of vessel payable to other related party amounted to \$1,516,615, ¥609,633,493 and \$1,798,001, ¥723,452,680. Furthermore, for the six months ended June 30, 2013 and 2012, the interest expenses for the lease period were \$193,474 and \$270,664, respectively.

(iii) In the half of year in 2013, the Company purchased the shipbuilding contract from other related party and signed tripartite agreement with other party and ship factory. The total construction price of this ship was \$33,000 thousand. As of June 30, 2013, the Group had already paid off the whole construction price.

(3) Salaries and compensation for key management

For the six months ended June 30, 2013 and 2012, the Group paid salaries to key management as follows:

	For the Six Months Ended June 30		
	2013		2012
Salary and bonus (including BODS remunerations)	$	364,088	289,386
Post-employment benefits		5,501	5,551
Retirement benefits		61,278	-
	$	**430,867**	**294,937**

24. Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	June 30 2013	2012
Property and equipment	Bank Loans	1,825,484,999	1,554,385,000
Held-to-maturity investments	〃	6,954,002	15,502,444
Cash and cash equivalents	〃	7,431,342	22,889,705
		1,839,870,343	**1,592,777,149**

25. Significant commitments and contingencies

(1) As of 30 June, 2013 and 2012, the Group had entered into shipbuilding contracts as follows:

	June 30	
	2013	**2012**
Vessels	24	20
Contract price	¥25,479,800 thousand	¥33,609,800 thousand
	$452,672 thousand	$280,030 thousand
Prepaid	¥5,498,320 thousand	¥4,840,000 thousand
	$35,134 thousand	$25,353 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
2013	¥ 9,766,600	$ 45,700	5
2014	7,856,600	224,920	10
2015	7,856,600	182,052	9
Total	**¥ 25,479,800**	**$ 452,672**	**24**

(2) Endorsement Guarantee

Guarantee	Name of relative party guarantee	June 30 2013	Period	Purpose
The Company	WML	$10,800 thousand ¥532,000 thousand	2012.09~2015.11	Operating fund and line of financial instruments
WML	Subsidiaries	$454,876 thousand ¥96,153,314 thousand	2005.12~2025.10	Borrowings
The Company	Subsidiaries	$379,851 thousand ¥85,383,952 thousand	2006.02~2025.10	Borrowings and Operating fund

Guarantee	Name of relative party guarantee	June 30 2012	Period	Purpose
The Company	WML	$7,500 thousand ¥767,000 thousand	2011.09~2015.08	Operating fund and line of financial instruments
WML	Subsidiaries	$267,299 thousand ¥96,969,478 thousand	2004.02~2025.10	Borrowings
The Company	Subsidiaries	$194,755 thousand ¥82,553,986 thousand	2004.02~2025.10	Borrowings

26. Losses due to major disasters: None.

27. Significant subsequent events: None.

28. Others

(1) Seasonal operation: The operation of the Company was not affected by seasonal or periodic factors.

(2) Certain accounts in the consolidated financial statements as of and for the six months ended June 30, 2013 and 2012, were reclassified to conform to the presentation adopted in the consolidated financial statements as of and for the six months ended June 30, 2013.

(3) List of the Group vessels as of June 30, 2013

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
1	Amis Wisdom I	2010	61,611	Supramax
2	Amis Wisdom II	2010	61,611	Supramax
3	Amis Wisdom III	2011	61,000	Supramax
4	Amis Wisdom VI	2011	61,000	Supramax
5	Arikun	2007	8,763	Logger
6	Asia 21st Century	1996	9,688	General
7	Atayal Ace	2013	16,500	Handy / Logger
8	Atayal Brave	2012	16,500	Handy / Logger
9	Atayal Mariner	2012	16,500	Handy / Logger
10	Atayal Star	2012	16,500	Handy / Logger
11	Babuza Wisdom	2009	18,969	Handy / Logger
12	Beagle I	2005	17,224	Multi-purpose
13	Beagle II	2007	17,221	Multi-purpose
14	Beagle III	2009	17,220	Multi-purpose
15	Beagle VI	2001	18,320	Handy
16	Beagle VII	2007	16,822	Handy / Logger
17	Bering ID	1997	28,611	Handy
18	Bingo	2007	8,732	Logger
19	Bizen	2008	8,721	Logger
20	Blue Horizen	2012	205,000	Cape Size
21	Bunun Wisdom	2012	37,300	Handy
22	Caribbean ID	1996	28,748	Handy
23	Clear Horizen	2012	205,000	Cape Size
24	Coral Hero	1997	9,520	Handy / Logger
25	Daiwan Wisdom	2010	32,000	Handy / Logger
26	Del Sol	1998	11,410	General / RoRo
27	Dumai Express	1990	42,692	Chip Carrier

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
28	Dumun	2010	58,100	Handymax
29	Fraternity Wisdom	2000	9,238	General
30	Frontier Bonanza	2010	180,000	Cape Size
31	Genius Mariner	2000	7,645	General
32	Genius Star I	2004	10,977	Multi-purpose
33	Genius Star II	2005	10,968	Multi-purpose
34	Genius Star III	2006	13,567	Multi-purpose
35	Genius Star IX	2009	11,800	Multi-purpose
36	Genius Star VII	2007	12,005	Multi-purpose
37	Genius Star VIII	2007	12,005	Multi-purpose
38	Genius Star X	2010	11,800	Multi-purpose
39	Genius Star XI	2012	13,400	Multi-purpose
40	Genius Star XII	2013	13,400	Multi-purpose
41	Global Faith	2010	28,050	Handy / Logger
42	Golden Kiku	2005	29,858	Handy / Logger
43	Guma	2010	58,100	Handymax
44	Hibiscus	2002	48,603	Handymax
45	Hoanya Wisdom	2008	21,119	Handy / Logger
46	ID North Sea	2009	28,367	Handy
47	Itami	2009	20,149	Multi-purpose / RoRo
48	Izumo	2007	20,149	Multi-purpose / RoRo
49	Jasmine Ace	1997	8,704	General / RoRo
50	Katagalan Wisdom	2012	98,000	Panamax
51	Katagalan Wisdom III	2012	98,000	Panamax
52	LBC Energy	2011	70,500	Panamax
53	Ligulao	2010	5,100	PCTC
54	Luilang Wisdom	1985	22,782	Handy
55	Magnate	2004	18,828	Handy / Logger
56	Mercy Wisdom	2003	12,764	Logger
57	Meta	1987	18,612	Handy / Logger
58	Mimasaka	2010	14,117	Multi-purpose
59	Mino	2007	14,117	Multi-purpose
60	MOL Grace	1998	18,100	Container
61	Naluhu	2010	58,100	Handymax
62	Ocean Victory	2011	28,050	Handy
63	Pacific Venus	2001	18,712	Handy
64	Paiwan Wisdom	2010	32,000	Handy / Logger
65	Papora Wisdom	2009	28,050	Handy / Logger
66	Pazeh Wisdom	2009	18,600	Handy / Logger

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
67	Poavosa Wisdom	2009	28,050	Handy / Logger
68	Poavosa Wisdom III	2011	28,000	Handy / Logger
69	Poavosa Wisdom VI	2011	28,050	Handy / Logger
70	Poavosa Wisdom VII	2012	28,000	Handy / Logger
71	Poavosa Wisdom VIII	2013	28,000	Handy / Logger
72	Sakizaya Ace	2013	74,936	Panamax
73	Sakizaya Brave	2013	75,000	Panamax
74	Sakizaya Wisdom	2011	75,700	Panamax
75	Siraya Wisdom	2007	21,119	Handy / Logger
76	Taikli	2011	13,000	RoRo
77	Tao Ace	2013	25,037	Handy
78	Tao Brave	2011	25,000	Handy / Logger
79	Tao Mariner	2010	24,000	Handy / Logger
80	Tao Star	2010	24,000	Handy / Logger
81	Tao Triumph	1997	23,604	Handy / Logger
82	Taokas Wisdom	2008	31,943	Handy / Logger
83	Taroko	1997	7,984	General
84	Unicorn Bravo	2007	8,759	Logger
85	Unicorn Dolphin	2000	7,528	Logger
86	Unicorn Emerald	1999	10,122	General
87	Unicorn Logger	2008	8,700	Logger

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台灣華林運通股份有限公司

TAIWAN WALLEM TRANSPORTATION CO LTD **TEL: +886-2-2570-8166**

Rm A2, 8Fl, No. 126 Nanjing East RD., Sec. 4 **FAX: +886-2-2570-1905/1906** **TAIPEI, TAIWAN. R.O.C** **EMAIL:** chartering@wallem.com.tw

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TO: The directors of Wisdom Marine Lines Co., Limited.

VALUATION CERTIFICATE

Vessel's Name	:	BLUE HORIZON
Type	:	Capesize
Classed	:	NK
Nationality	:	Panama
Built by	:	Nantong COSCO KHI Ship Engineering Co., LTD
Month/Year of built	:	June / 2012
DWT/Draft	:	205,000mt / 18.225m
LOA/Beam	:	300m / 50m
Holds/Hatches	:	9 / 9
Hatch Cover	:	Side rolling type
Tonnage	:	GT 106,251 / NT 67,694
Gear	:	Nil
Pumps	:	
Main Engine	:	CSSC-MES 7S70MC-C
Speed/Consumption	:	
Other Characteristics	:	vessel has been fixed to Nippon Yusen Kaisha at the
Rate	:	1st to 5th year: USD31,000 per day 6th to 15th year: USD26,950 per day (average USD 28,300 per day)

- **INFORMATION ABOUT THE EXPERT**

TAIWAN WALLEM TRANSPORTATION CO., LTD is a subsidiary of the Wallem Group, one of the world's largest and most experienced providers of maritime solutions. With 110 years of experience and a network of 47 offices across the globe, we know what it takes to deliver excellence across Ship Management, Ship Agency, Ship Broking, Commercial Vessel Management and Freight & Logistics.

- **VALUATION DATE**

October 29, 2013

- **INSTRUCTION**

We have been instructed by the Issuer to prepare an estimated value of each of Wisdom Marine Lines Co. Limited's (the "**COMPANY**") ships which individually comprise more than 5% of the Company's gross assets as at 30 June 2013.

- **PURPOSE OF VALUATION**

We understand that this Valuation Report is required firstly, to confirm to the directors of the Company the current estimated value of certain of the Company's ships, and secondly for inclusion in the Prospectus in respect of the listing on the Official List of the UKLA and admission to trading on the main market of the London Stock Exchange of the Global Depositary Shares to be issued by the Company.

- **VALUATION METHOD**

This valuation is based on review of the vessel's specifications including year of built, builder, tonnage, and other relevant information. This valuation refers to the Endorsement for Annual and Intermediate Surveys produced based on the satisfactory results of the physical inspection carried out by Nippon Kaiji Kyokai on May 16, 2013.

This valuation report further takes into account the value of time charter attached based on the credibility of charterers and the level of charter hire in comparison with the current bench mark hire level.

Estimated Value:

11) Free market value U.S.$ 50 million, which reflect current Period charter hire value of USD 16,000 per day

22) Charter value

Vessel fixed to NYK which is the top credit in Japan with: average 28,300 per day that is to say USD 12,300 per day premium than the prevailing market , by calculating of 355 trading days average per year for 15 years with 14 years period remain ,which equal to USD 61.13 MILO ,by using NPV (5%) formula it will reflect charter value about 43.2 million on top of the current free market level

In combination of item 11) and item 22)

The combine value of assets and charter will be:

USD 93.2 Million

(U.S. Dollar Ninety three million and Two Hundred thousand only)

a) We have assumed that the above information is true and accurate in every respect.

b) This estimation is based on the comparison of the sales record of the period respectively trading/charter value of the same/similar type of ship.

c) We have assumed that the vessel will be maintained in accordance with good commercial practice, that it is in good working order and sound seaworthy condition as regards hull and machinery as can be expected for a vessel of this age, size, type and classification, and that it is free from all Classification Society recommendations and freely transferable.

d) We have not inspected the vessel and have relied solely on the above information which has been supplied to us. This valuation is therefore not a representation of fact or of the correctness of the above information or any other information available to us and no representation or warranties as the correctness of the information are made or implied by the giving of this valuation which is a statement of our opinion only.

e) This valuation is expressed solely to and is for the benefit solely of the person instructing us. No other party is entitled to rely on the contents hereof nor is it to be quoted or referred to in any document or filed with any government agency or other person without the written consent of Taiwan Wallem Transportation Co., Ltd.

- **RESPONSIBILITY WORDING:**

For the purposes of the Prospectus Rules, we are responsible for this Valuation Report and accept responsibility for the information contained in the Valuation Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure this is the case), the information contained in this Valuation Report is in accordance with the facts and contains no omission is likely to affect its import. This Valuation Report complies with the Prospectus Rules and paragraphs 143 to 144 of the ESMA Update of the CESR Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses no. 809/2004.

- **CONSENT WORDING:**

We hereby give our consent to the inclusion of this Valuation Report in the Prospectus, authorize the contents of this section of the Prospectus and to the references to this Valuation Report and our name therein in the form and context in which they appear

For and on behalf of

TAIWAN WALLEM TRANSPORTATION CO., LTD

CHAIRMAN OF THE BOARD

Date: October 29, 2013

台灣華林運通股份有限公司

TAIWAN WALLEM TRANSPORTATION CO LTD **TEL: +886-2-2570-8166**

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---

TO: The directors of Wisdom Marine Lines Co., Limited.

VALUATION CERTIFICATE

Vessel's Name	:	CLEAR HORIZON
Type	:	Capesize
Classed	:	NK
Nationality	:	Panama
Built by	:	Nantong COSCO KHI Ship Engineering Co., LTD
Month/Year of built	:	July / 2012
DWT/Draft	:	205,000mt / 18.225m
LOA/Beam	:	300m / 50m
Holds/Hatches	:	9 / 9
Hatch Cover	:	Side rolling type
Tonnage	:	GT 106,251 / NT 67,694
Gear	:	Nil
Pumps	:	
Main Engine	:	CSSC-MES 7S70MC-C
Speed/Consumption	:	
Other Characteristics	:	vessel has been fixed to Nippon Yusen Kaisha at the
Rate	:	1st to 5th year: USD31,000 per day 6th to 15th year:USD26,950 per day (average USD 28,300 per day)

- **INFORMATION ABOUT THE EXPERT**

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October 29, 2013

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- **PURPOSE OF VALUATION**

We understand that this Valuation Report is required firstly, to confirm to the directors of the Company the current estimated value of certain of the Company's ships, and secondly for inclusion in the Prospectus in respect of the listing on the Official List of the UKLA and admission to trading on the main market of the London Stock Exchange of the Global Depositary Shares to be issued by the Company.

- **VALUATION METHOD**

This valuation is based on review of the vessel's specifications including year of built, builder, tonnage, and other relevant information. This valuation refers to the Endorsement for Annual and Intermediate Surveys produced based on the satisfactory results of the physical inspection carried out by Nippon Kaiji Kyokai on June 8, 2013.

This valuation report further takes into account the value of time charter attached based on the credibility of charterers and the level of charter hire in comparison with the current bench mark hire level.

Estimated Value:

11) Free market value

U.S.$ 50 million, which reflect current Period charter hire value of USD 16,000 per day

22) Charter value

Vessel fixed to NYK which is the top credit in Japan with: average 28,300 per day that is to say USD 12,300 per day premium than the prevailing market, by calculating of 355 trading days average per year for 15 years with 14 years period remain, which equal to USD 61.13 MILO, by using NPV (5%) formula it will reflect charter value about 43.2 million on top of the current free market level

In combination of item 11) and item 22)

The combine value of assets and charter will be :

USD 93.2 Million

(U.S. Dollar Ninety three million and Two Hundred thousand only)

a) We have assumed that the above information is true and accurate in every respect.

b) This estimation is based on the comparison of the sales record of the period respectively trading/charter value of the same/similar type of ship.

c) We have assumed that the vessel will be maintained in accordance with good commercialpractice,that it is in good working order and sound seaworthy condition as regards hull and machinery as can be expected for a vessel of this age, size, type and classification, and that it is free from all Classification Society recommendations and freely transferable.

d) We have not inspected the vessel and have relied solely on the above information which has beensupplied to us. This valuation is therefore not a representation of fact or of the correctness of the above information or any other information available to us and no representation or warranties as the correctness of the information are made or implied by the giving of this valuation which is a statement of our opinion only.

e) This valuation is expressed solely to and is for the benefit solely of the person instructing us. No other party is entitled to rely on the contents hereof nor is it to be quoted or referred to in any document or filed with any government agency or other person without the written consent of Taiwan Wallem Transportation Co., Ltd.

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For and on behalf of

TAIWAN WALLEM TRANSPORTATION CO., LTD

CHAIRMAN OF THE BOARD

Date: October 29, 2013

台灣華林運通股份有限公司

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---

TO: The directors of Wisdom Marine Lines Co., Limited

VALUATION CERTIFICATE

Vessel's Name	:	FRONTIER BONANZA H-2267 DWT 180,000.-
Flag	:	Panama
Type	:	Bulk Carrier
Classed	:	NK
Special Survey	:	NB
Built by	:	Hyundai Heavy Industries Co., Ltd.
Month/Year of built	:	October , 2010
DWT/Draft	:	180,000 DWT
Holds/Hatches	:	9
Tonnage	:	Abt. 180,000Mt
Gear	:	Gearless
Pumps	:	Fitted
Main Engine	:	B&W 6S70MC-C7
Speed/Consumption	:	14Knots /58Mt
LOA/Beam	:	292M
other characteristics	:	Low Sulphur Heavy Fuel / Diesel Oil tanks fitted.

- **INFORMATION ABOUT THE EXPERT**

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- **VALUATION DATE**

October 29, 2013

- **INSTRUCTION**

We have been instructed by the Issuer to prepare an estimated value of each of Wisdom Marine Lines Co. Limited's (the "**Company**") ships which individually comprise more than 5% of the Company's gross assets as at 30 June 2013.

- **PURPOSE OF VALUATION**

We understand that this Valuation Report is required firstly, to confirm to the directors of the Company the current estimated value of certain of the Company's ships, and secondly for inclusion in the Prospectus in respect of the listing on the Official List of the UKLA and admission to trading on the main market of the London Stock Exchange of the Global Depositary Shares to be issued by the Company.

- **VALUATION METHOD**

This valuation is based on review of the vessel's specifications including year of built, builder, tonnage, and other relevant information. This valuation refers to the Endorsement for Annual and Intermediate Surveys produced based on the satisfactory results of the physical inspection carried out by Nippon Kaiji Kyokai on August 20, 2013.

This valuation report further takes into account the value of time charter attached based on the credibility of charterers and the level of charter hire in comparison with the current bench mark hire level.

Estimated Value:

1) Charter free market value USD 48 million

2) charter value : vessel has been on 15 years Time Charter to NYK Line, which is one of the largest shipping company in the world and has been listed in Japan stock exchange ever since stock exchange established , thus we consider the cash flow security through the charter period will be very solid.

   Average Time charter hire for 15 years period with NYK Lines USD 35,000 per day ,WHICH compare to prevailing market long term charter rate USD 16,000 per day the NYK Line charter Hire about USD 19,000 premium per day , calculating by 355 average trading days per annual with balance 12 years charter period remain, it will represent additional charter value of USD 80.94 million, converting into net present value (NPV 5%) it will be about USD 59.78 million.

3) In combination of "charter free market value" and " charter value", the combine value of the ship will be about USD 107.78 million (USD One hundred and Seven Million seventy eight hundred thousand Only).

4) For the purpose of making this valuation:

a) We have assumed that the above information is true and accurate in every respect.

b) This estimation is based on the comparison of the sales record of the period respectively trading/charter value of the same/similar type of ship.

c) We have assumed that the vessel will be maintained in accordance with good commercial practice, that it is in good working order and sound seaworthy condition as regards hull and machinery as can be expected for a vessel of this age, size, type and classification, and that it is free from all Classification Society recommendations and freely transferable.

d) We have not inspected the vessel and have relied solely on the above information which has been supplied to us. This valuation is therefore not a representation of fact or of the correctness of the above information or any other information available to us and no representation or warranties as the correctness of the information are made or implied by the giving of this valuation which is a statement of our opinion only.

e) This valuation is expressed solely to and is for the benefit solely of the person instructing us. No other party is entitled to rely on the contents hereof nor is it to be quoted or referred to in any document or filed with any government agency or other person without the written consent of Taiwan Wallem Transportation Co., Ltd.

- **RESPONSIBILITY WORDING:**

For the purposes of the Prospectus Rules, we are responsible for this Valuation Report and accept responsibility for the information contained in the Valuation Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure this is the case), the information contained in this Valuation Report is in accordance with the facts and contains no omission is likely to affect its import. This Valuation Report complies with the Prospectus Rules and paragraphs 143 to 144 of the ESMA Update of the CESR Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses no. 809/2004.

- **CONSENT WORDING:**

We hereby give our consent to the inclusion of this Valuation Report in the Prospectus, authorize the contents of this section of the Prospectus and to the references to this Valuation Report and our name therein in the form and context in which they appear

For and on behalf of

TAIWAN WALLEM TRANSPORTATION CO., LTD

CHAIRMAN OF THE BOARD

Date: October 29, 2013

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TO: The directors of Wisdom Marine Lines Co., Limited.

VALUATION CERTIFICATE

- **INFORMATION ABOUT THE EXPERT**

TAIWAN WALLEM TRANSPORTATION CO., LTD is a subsidiary of the Wallem Group, one of the world's largest and most experienced providers of maritime solutions. With 110 years of experience and a network of 47 offices across the globe, we know what it takes to deliver excellence across Ship Management, Ship Agency, Ship Broking, Commercial Vessel Management and Freight & Logistics.

- **VALUATION DATE**

October 29, 2013

- **INSTRUCTION**

We have been instructed by the Issuer to prepare an estimated aggregate value of Wisdom Marine Lines Co. Limited's (the "**Company**") fleet.

- **PURPOSE OF VALUATION**

We understand that this Valuation Report is required firstly, to confirm to the directors of the Company the current estimated aggregate value of the Company's fleet, and secondly for inclusion in the Prospectus in respect of the listing on the Official List of the UKLA and admission to trading on the main market of the London Stock Exchange of the Global Depositary Shares to be issued by the Company.

- **EXPLANATION OF DIFFERENCES OF THE VALUATIONS OF THE COMPANY'S VESSEL AND THE AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY**

The valuation contained in the valuation report is based on the value of a vessel in the market as at the date of the report (based on the valuation method stated below). This valuation contained in the valuation report is different from the vessel's value contained in the Company's audited annual consolidated financial statements for the year ended December 31, 2012. The value of the vessel contained in the financial statements is the book value of such vessel. We learn from the Company that the book value is the actual purchase price of the vessel at the time of acquisition plus acquisition costs including commissions, taxes and expenses related to the acquisition. The book value of the vessel is then depreciated on a straight line basis over 20-25 years. We understand the Company does not mark the vessels to market and the Company does not take impairments in relation to the vessels, since the Company values the vessels in relation to their operating cash flows. The Company's book value for a vessel is independent of the market value (sometimes significantly so, depending upon the relative volatility of the market for such vessels) for the same vessel used in the valuation report, which is based on the prices of comparable vessels trading in the global market and purchased on an arm's length basis.

- **VALUATION METHOD**

This valuation is based on review of each vessel's specifications including year of built, builder, tonnage, and other relevant information. No physical inspection has taken place for the production of this valuation report.

This valuation report further takes into account the value of time charters for vessels on time charters of over ten years.

- **VALUATION FOR THE COMPANY'S FLEET**

Vessel name	Capacity (DWT)	Year Built	Age (years)	Shipyard (Country)
Capesize				
Blue Horizon*	207,867	June-12	1.05	Kawasaki Cosco (China)
Clear Horizon*...........	207,947	July-12	0.95	Kawasaki (China)
Frontier Bonanza*.......	179,435	October-10	2.69	Hyundai (Korea)
Panamax				
Katagalan Wisdom......	98,697	January-12	1.50	Tsuneishi (China)
Katagalan Wisdom III..	98,697	May-12	1.16	Tsuneishi (China)
LBC Energy*	71,066	October-11	1.72	Oshima (Japan)
Sakizaya Ace..............	74,700	April-13	0.20	Sasebo (Japan)
Sakizaya Brave	74,700	June-13	0.05	Sasebo (Japan)
Sakizaya Wisdom........	76,457	September-11	1.80	Oshima (Japan)
Supramax				
Amis Wisdom I	61,611	August-10	2.90	Oshima (Japan)
Amis Wisdom II..........	61,611	September-10	2.77	Oshima (Japan)
Amis Wisdom III.........	61,527	January-11	2.42	Imabari (Japan)
Amis Wisdom VI	61,456	September-11	1.83	Imabari (Japan)
Dumun.......................	58,107	December-10	2.58	Tsuneishi (China)
Guma.........................	58,107	November-10	2.62	Tsuneishi (China)
Hibiscus......................	48,610	June-02	11.09	Hakodate (Japan)
Naluhu	58,107	October-10	2.75	Tsuneishi (China)
Handysize				
Beagle VI....................	18,320	February-01	12.34	Shikoku (Japan)
Bering ID....................	28,611	January-97	16.47	Naikai Zosen (Japan)
Bunun Wisdom...........	37,300	October-12	0.72	Imabari (Japan)
ID North Sea	28,367	July-09	3.94	Imabari (Japan)
Luilang Wisdom..........	22,782	August-85	27.93	Kanasashi (Japan)
Ocean Victory	28,386	July-11	1.97	Imabari (Japan)
Pacific Venus..............	18,712	March-01	12.34	Hakata (Japan)
Atayal Ace	16,805	January-13	0.41	Murakami Hide (Japan)
Atayal Brave...............	16,811	June-12	1.04	Murakami Hide (Japan)
Atayal Mariner	16,813	April-12	1.22	Murakami Hide (Japan)
Atayal Star	16,806	February-12	1.38	Murakami Hide (Japan)

Vessel name	Capacity (DWT)	Year Built	Age (years)	Shipyard (Country)
Babuza Wisdom..........	18,969	January-09	4.07	Kanasashi (Japan)
Beagle VII....................	16,822	July-07	6.00	Kanasashi (Japan)
Daiwan Wisdom	31,967	June-10	3.06	Namura (Japan)
Golden Kiku................	28,050	September-05	7.83	Shikoku (Japan)
Hoanya Wisdom	21,119	April-08	5.17	Murakami Hide (Japan)
Magnate	18,828	November-04	8.67	Yamanishi (Japan)
Meta	18,612	October-87	25.69	Kurushima (Japan)
Paiwan Wisdom..........	31,967	April-10	3.19	Namura (Japan)
Papora Wisdom	28,050	March-09	4.30	Imabari (Japan)
Pazeh Wisdom............	18,969	February-09	4.41	Kanasashi (Japan)
Poavosa Wisdom.........	28,324	June-09	4.06	Imabari (Japan)
Poavosa Wisdom III.....	28,232	April-11	2.25	Imabari (Japan)
Poavosa Wisdom VI	28,213	October-11	1.72	Imabari (Japan)
Poavosa Wisdom VII....	28,208	November-12	0.59	Imabari (Japan)
Poavosa Wisdom VIII...	28,008	January-13	0.42	Imabari (Japan)
Siraya Wisdom............	21,119	October-07	5.83	Murakami Hide (Japan)
Tao Brave	25,065	January-11	2.47	Murakami Hide (Japan)
Tao Mariner.................	25,065	October-10	2.68	Murakami Hide (Japan)
Tao Star.......................	25,065	August-10	2.91	Murakami Hide (Japan)
Tao Triumph	23,604	March-97	16.28	Saiki (Japan)
Taokas Wisdom...........	31,943	April-08	5.17	Hakodate Dock (Japan)
Tao Ace.......................	25,000	May-13	0.15	Murakami Hide (Japan)
Caribbean ID...............	28,748	January-96	17.44	Naikai Zosen
Global Faith	28,386	February-10	3.35	Imabari (Japan)
Small Handysize				
Arikun.........................	8,763	June-07	6.08	Ben Kien (Vietnam)
Bingo	8,732	June-07	5.92	Ha Long (Vietnam)
Bizen...........................	8,721	January-08	5.50	Ha Long (Vietnam)
Coral Hero	9,520	September-97	15.84	Honda (Japan)
Genius Mariner	7,645	September-00	12.84	Watanabe (Japan)
Mercy Wisdom............	12,764	July-03	10.01	Watanabe (Japan)
Unicorn Bravo	8,759	September-07	5.75	Ben Kien (Vietnam)
Unicorn Dolphin..........	7,528	August-00	12.92	Hakata (Japan)
Asia 21st Century	9,688	February-96	17.26	Hakata (Japan)
Fraternity Wisdom.......	9,238	January-00	13.50	Watanabe (Japan)
Taroko.........................	7,643	June-97	16.09	Nishi (Japan)
Unicorn Emerald	10,122	March-99	14.34	Shin-Kurushima (Japan)
Del Sol	11,410	June-98	15.09	Kitanihon (Japan)

Vessel name	Capacity (DWT)	Year Built	Age (years)	Shipyard (Country)
Jasmine Ace	8,704	December-97	15.59	Shin Kochijyuko (Japan)
Unicorn Logger	8,732	August-08	4.90	Ha Long (Vietnam)
Multi-purpose				
Beagle I	17,224	November-05	7.67	Murakami Hide (Japan)
Beagle II	17,224	January-07	6.50	Murakami Hide (Japan)
Beagle III	17,224	March-09	4.30	Murakami Hide (Japan)
Genius Star I	10,977	October-04	8.75	Murakami Hide (Japan)
Genius Star II	10,977	July-05	8.00	Murakami Hide (Japan)
Genius Star III.............	12,005	February-06	7.41	Murakami Hide (Japan)
Genius Star IX	12,005	August-09	3.89	Kanasashi (Japan)
Genius Star VII	12,005	January-07	6.50	Kanasashi (Japan)
Genius Star VIII	12,005	September-07	5.83	Kanasashi (Japan)
Genius Star X.............	12,005	July-10	2.94	Kanasashi (Japan)
Genius Star XI	13,500	September-12	0.76	Kegoya (Japan)
Genius Star XII	13,400	March-13	0.33	Kegoya (Japan)
Mimasaka*	14,117	January-10	3.47	Higaki (Japan)
Mino*	14,117	August-07	5.89	Higaki (Japan)
Itami*.........................	20,140	May-09	4.15	Shitanoe (Japan)
Taikli*	13,139	November-11	1.64	Kegoya (Japan)
Izumo*.......................	20,150	December-07	5.54	Shitanoe (Japan)
Other				
Dumai Express............	42,692	June 1990	22.68	Sanoyas Hishino Meisyo (Japan)
MOL Grace	18,193	March 1998	15.09	Imabari (Japan)
Ligulao*	5,295	November 2010	2.60	Kegoya (Japan)

* These vessels have been on time charters of over ten years of charter period.

Estimated Value:

1) Aggregate value USD1,771.01 million

2) For the purpose of making this valuation:-

   a) We have assumed that the above information is true and accurate in every respect.

   b) This estimation is based on the comparison of the sales record of the period respectively trading/charter value of the same/similar type of ships.

   c) We have assumed that the vessels will be maintained in accordance with good commercial practice, that the vessels are in good working order and sound seaworthy condition as regards hull and machinery as can be expected for a vessel of this age, size, type and classification, and that it is free from all Classification Society recommendations and freely transferable.

d) We have not inspected the vessels and have relied solely on the above information which has been supplied to us. This valuation is therefore not a representation of fact or of the correctness of the above information or any other information available to us and no representation or warranties as the correctness of the information are made or implied by the giving of this valuation which is a statement of our opinion only.

e) This valuation is expressed solely to and is for the benefit solely of the person instructing us. No other party is entitled to rely on the contents hereof nor is it to be quoted or referred to in any document or filed with any government agency or other person without the written consent of Taiwan Wallem Transportation Co., Ltd.

- **RESPONSIBILITY WORDING:**

For the purposes of the Prospectus Rules, we are responsible for this Valuation Report and accept responsibility for the information contained in the Valuation Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure this is the case), the information contained in this Valuation Report is in accordance with the facts and contains no omission is likely to affect its import. This Valuation Report complies with the Prospectus Rules and paragraphs 143 to 144 of the ESMA Update of the CESR Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses no. 809/2004.

- **CONSENT WORDING:**

We hereby give our consent to the inclusion of this Valuation Report in the Prospectus, authorize the contents of this section of the Prospectus and to the references to this Valuation Report and our name therein in the form and context in which they appear

For and on behalf of

TAIWAN WALLEM TRANSPORTATION CO., LTD

CHAIRMAN OF THE BOARD

Date: October 29, 2013

台灣華林運通股份有限公司

TAIWAN WALLEM TRANSPORTATION CO LTD **TEL: +886-2-2570-8166**

Rm A2, 8Fl, No. 126 Nanjing East RD., Sec. 4 **FAX: +886-2-2570-1905/1906** **TAIPEI, TAIWAN. R.O.C** **EMAIL:** chartering@wallem.com.tw

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TO: The directors of Wisdom Marine Lines Co., Limited

INDICATIVE VALUATION CERTIFICATE

- **INFORMATION ABOUT THE EXPERT**

TAIWAN WALLEM TRANSPORTATION CO., LTD is a subsidiary of the Wallem Group, one of the world's largest and most experienced providers of maritime solutions. With 110 years of experience and a network of 47 offices across the globe, we know what it takes to deliver excellence across Ship Management, Ship Agency, Ship Broking, Commercial Vessel Management and Freight & Logistics.

- **VALUATION DATE**

October 29, 2013

- **INSTRUCTION**

We have been instructed by the Issuer to prepare an estimated value of each of Wisdom Marine Lines Co. Limited's (the "**Company**") newbuilding ships.

- **PURPOSE OF VALUATION**

We understand that this Indicative Valuation Report is required firstly, to confirm to the directors of the Company the current estimated value of the Company's newbuilding ships, and secondly for inclusion in the Prospectus in respect of the listing on the Official List of the UKLA and admission to trading on the main market of the London Stock Exchange of the Global Depositary Shares to be issued by the Company.

- **VALUATION METHOD**

This valuation report is based on the prices of comparable newbuilding vessels trading in the global market on an arm's length basis over the last twelve months prior to the date of this report. The estimated value of each of the newbuilding vessels is estimated on a charter free basis and on the assumption that the vessel is ready for sale and delivery as of the date of this report and has been purchased in the global market on an arm's length basis. Since these vessels are newbuildings, the estimated values are estimates, and no physical inspection could be carried out or relied upon for the production of this valuation report since the vessels as of the date of this report have not been constructed.

This valuation report further takes into account the builder and tonnage of the each of the newbuilding vessels.

- **INDICATIVE VALUATION FOR NEWBUILDING VESSELS**

Name	Yard (Country)	DWT	Delivery	Type	Estimated Value
Tao Treasure	Murakami Hide (Japan)	25000	August 2013	Handy	USD 22,000,000
Poavosa Ace	Imabari (Japan)	28000	Q3/2013	Handy	USD 23,000,000
Daiwan Ace	Namura (Japan)	34000	Q2-Q3/2014	Handy	USD 24,500,000
Daiwan Brave	Namura (Japan)	34000	Q2-Q3/2014	Handy	USD24,500,000
Daiwan Champion	Namura (Japan)	34000	Q1-Q2/2015	Handy	USD 24,500,000
Daiwan Dolphin	Namura (Japan)	34000	Q1-Q2/2015	Handy	USD 24,500,000
Bunun Ace	Imabari (Japan)	37300	November 2013	Handy	USD 26,000,000
Bunun Fortune	Imabari (Japan)	38000	2014Q4~2015	Handy	USD 26,000,000
Bunun Brave	Tsuneishi (Japan)	45400	Q2/2014	Handy	USD 27,000,000
Bunun Champion	Tsuneishi (Japan)	45400	Q3/2014	Handy	USD 27,000,000
Bunun Elegance	Tsuneishi (Japan)	45400	Q4/2014	Handy	USD 27,000,000
Bunun Dynasty	Imabari (Japan)	38000	Q3-Q4/ 2014	Handy	USD 26,000,000
H-152	Tsuneishi (Japan)	35300	Q1/ 2015	Handy	USD 24,500,000
Amis Ace	Oshima (Japan)	60000	August 2, 2013	Supramax	USD 31,000,000
Amis Champion	Oshima (Japan)	60400	June 30, 2014	Supramax	USD 31,000,000
Amis Dolphin	Oshima (Japan)	60400	January 31, 2015	Supramax	USD 31,000,000
Amis Elegance	Kawasaki (Japan)	55000	January 31, 2015	Supramax	USD 30,500,000
Copenship Wisdom	Imabari (Japan)	61000	November 2013	Supramax	USD 31,500,000
Scarlet Falcon	Oshima (Japan)	82000	Q2/ 2014	Panamax	USD 35,000,000
Scarlet Eagle	Tsuneishi (Japan)	82000	Q3/ 2014	Panamax	USD 35,000,000
Sakizaya Champion	Sasebo (Japan)	77000	April 2014	Panamax	USD 33,500,000
Scarlet Rosella	Oshima (Japan)	82000	Q2/2015	Panamax	USD 35,000,000
Katagalan Dolphin	Imabari (Japan)	84000	Q3/2015	Panamax	USD 35,500,000
Katagalan Elegance	Imabari (Japan)	84000	Q3/2015	Panamax	USD 35,500,000

a) We have assumed that the above information is true and accurate in every respect.

b) The estimations are indicative estimates based on the comparison of the sales record of the period respectively trading value of the same/similar type of ship.

c) We have assumed that the newbuilding vessels will be maintained in accordance with good commercial practice, that the newbuilding vessels will be in good working order and sound seaworthy condition as regards hull and machinery as can be expected for a vessel of comparable size, type and classification, and that newbuilding vessels will be free from all Classification Society recommendations and freely transferable.

d) We have not inspected the vessels and have relied solely on the above information which has been supplied to us. This valuation is therefore indicative and is not a representation of fact or of the correctness of the above information or any other information available to us and no representation or warranties as the correctness of the information are made or implied by the giving of this valuation which is a statement of our opinion only.

e) This valuation is expressed solely to and is for the benefit solely of the person instructing us. No other party is entitled to rely on the contents hereof nor is it to be quoted or referred to in any document or filed with any government agency or other person without the written consent of Taiwan Wallem Transportation Co., Ltd.

- **RESPONSIBILITY WORDING:**

For the purposes of the Prospectus Rules, we are responsible for this Indicative Valuation Report and accept responsibility for the information contained in the Indicative Valuation Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure this is the case), the information contained in this Indicative Valuation Report is in accordance with the facts and contains no omission is likely to affect its import. This Indicative Valuation Report complies with the Prospectus Rules and paragraphs 143 to 144 of the ESMA Update of the CESR Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses no. 809/2004.

- **CONSENT WORDING:**

We hereby give our consent to the inclusion of this Indicative Valuation Report in the Prospectus, authorize the contents of this section of the Prospectus and to the references to this Indicative Valuation Report and our name therein in the form and context in which they appear

For and on behalf of

TAIWAN WALLEM TRANSPORTATION CO., LTD

CHAIRMAN OF THE BOARD

Date: October 29, 2013

APPENDIX A — THE SECURITIES MARKET OF THE ROC

The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by us, the Initial Purchaser or any of our respective affiliates or advisors in connection with this Offering.

In September 1960, the ROC government established the ROC Securities and Exchange Commission to supervise and control all aspects of the existing domestic securities market and the TWSE began to take shape soon thereafter. In the 1970s and the early 1980s, the ROC government implemented a number of steps designed to upgrade the quality and importance of the ROC securities markets, such as encouraging listing on the TWSE and establishing an over-the-counter securities exchange . In the mid-1980s, the ROC government began to revise its laws and regulations in a manner designed to facilitate the gradual internationalization of the ROC securities markets. In 1997, the ROC Securities and Exchange Commission was renamed the ROC Securities and Futures Commission. Effective July 1, 2004, the ROC Securities and Futures Commission has been renamed the ROC Securities and Futures Bureau of the FSC, and its supervisory authority has been transferred from the Ministry of Finance to the FSC.

The Taiwan Stock Exchange

In 1961, the ROC SFB established the TWSE to provide a marketplace for securities trading. The TWSE is a corporation owned by government-controlled and privately owned banks and enterprises. The TWSE is independent of the entities transacting business through it, each of which pays to the TWSE a user's fee. Subject to limited exceptions, all transactions in listed securities by brokers, traders and integrated securities firms must be made through the TWSE.

The TWSE commenced operations in 1962. During the early 1980s, the ROC SFB actively encouraged new listings on the TWSE and the number of listed companies has grown from 119 in 1983 to 809 as of December 31, 2012. As of December 31, 2012, the market capitalization of companies listed on the TWSE was approximately NT$21.4 trillion.

Historically, ROC companies have listed only shares and bonds on the TWSE. However, the ROC SFB has encouraged companies to list other types of securities. In 1988, the Ministry of Finance permitted the issuance of ROC's first exchangeable bonds. Since 1989, there have been offerings of domestic convertible bonds and convertible preferred shares. In addition, beneficiary units evidencing beneficiary interests in closed-end investment funds and bonds issued by super-national financial institutions are also listed on the TWSE or traded on the GTSM (which is discussed below). The ROC SFB also has promulgated regulations which permit foreign issuers to list certain securities on the TWSE.

The TWSE considers the following factors when evaluating a company for listing:

- the number and distribution of stockholders, including the diversification of such stockholders;

- length of time in business;

- amount of paid-in capital; and

- profitability.

However, special listing criteria apply to technology companies and key businesses that are engaged in the national economic development.

The following table shows for the periods indicated information relating to the TAIEX.

Period	No. of Listed Companies at Period End	Stock Trading Values	Index High	Index Low	Index at Period End
		(in NT$ billions)			
1996	382	12,907.6	6,982.81	4,690.22	6,933.94
1997	404	37,241.2	10,116.84	6,820.35	8,187.27
1998	437	29,619.0	9,277.09	6,251.38	6,418.43
1999	462	29,291.5	8,608.91	5,474.79	8,448.84
2000	531	30,526.6	10,202.20	4,614.60	4,739.09
2001	584	18,354.9	6,104.20	3,446.26	5,551.24
2002	638	21,874.0	6,462.30	3,850.04	4,452.45
2003	669	20,333.2	6,142.32	4,139.50	5,890.69
2004	697	23,875.4	7,034.10	5,316.87	6,139.69
2005	691	18,818.9	6,575.53	5,632.97	6,548.34
2006	688	23,900.4	7,823.72	6,257.80	7,823.72
2007	698	33,043.8	9,809.88	7,344.56	8,506.28
2008	718	26,115.4	9,295.20	4,089.93	4,591.22
2009	741	29,680.5	8,188.11	4,242.61	8,188.11
2010	758	28,218.7	8,972.50	7,071.67	8,972.50
2011	790	26,197.4	9,145.35	6,633.33	7,072.08
2012	809	20,238.2	8,144.04	6,894.66	7,699.50
2013 (through September 2013)	815	14,064.0	8,398.84	7,616.64	8,173.87

Source: Taiwan Stock Exchange

The ROC GreTai Securities Market

To complement the TWSE, the GTSM was established in September 1982 on the initiative of the ROC SFB to encourage the trading of securities of companies that do not qualify for listing on the TWSE. As of December 31, 2012, 638 companies had listed equity securities on the GTSM and the total market capitalization of those companies was NT$1.7 trillion.

Price Limits, Commissions, Transaction Tax and Other Matters

The TWSE has placed limits on block trading and on the range of daily price movements. According to the TWSE's block trading guidelines, transactions in one class of securities that involve 500 or more trading lots or trading amounts exceeding NT$15 million, and transactions involving five or more different classes of securities and trading amounts exceeding NT$15 million must be registered and executed in accordance with the guidelines. Fluctuations in the price of stock traded on the TWSE are currently subject to a restriction of 7% above and below the previous day closing price (or reference price set by the TWSE if the previous day closing price is not available because of lack of trading activity). However, these restrictions have been modified from time to time by the ROC SFB based on market conditions. The ROC SFB has announced that limitations on price fluctuations may be relaxed with a view to eventually abolish all share price fluctuation controls. Brokerage commission can be set at any rate of the transaction price, *provided that* any rate exceeding 0.1425% shall be reported to the TWSE and notified to the client in advance. A securities transaction tax, currently levied at 0.3% of the transaction price, is payable by the seller of equity securities. Such securities transaction taxes are withheld at the time of the transaction giving rise to such tax. Sales of shares of companies listed on the TWSE are currently sold in round lots of 1,000 shares. Investors who desire to sell less than 1,000 shares of a listed company occasionally experience delays in effecting such sales.

Regulation and Supervision

The ROC SFB has extensive regulatory authority over public companies. Public companies are generally required to obtain the deemed approval from the ROC SFB for all securities offerings. The ROC SFB has promulgated regulations requiring, unless otherwise exempted, periodic reporting of financial and operating information by all public companies. In addition, the ROC SFB establishes standards for financial reporting and carries out licensing and supervision of participants in the ROC securities market.

The ROC SFB has responsibility for implementing ROC Securities and Exchange Law and for overall administration of governmental policies in the ROC securities market. It has extensive regulatory authority over the offering, issuance and trading of securities. In addition, ROC Securities and Exchange Law specifically empowers the ROC SFB to promulgate necessary rules. ROC Securities and Exchange Law prohibits market manipulation. For example, it permits a ROC public company to recover short-swing trading profits made through purchases and sales within six months by directors, managerial personnel, supervisors, as well as the spouses, minor children and nominees of these parties, and stockholders (together with their spouses, minor children and nominees) who hold more than 10% of the shares of the company. ROC Securities and Exchange Law prohibits trading by "insiders" based on non-public information that materially affects share price movement prior to publication of such information and within 18 hours after publication of such information. "Insiders" include:

- directors, supervisors, managers, as well as the spouses, minor children and nominees of these parties, and stockholders (together with their spouses, minor children and nominees) who hold more than 10% of a ROC public company's shares and any individual designated by a governmental or corporate director or supervisor to act on its behalf;

- any person who has learned material, non-public information due to an occupational or controlling relationship with a ROC public company;

- any person who has discharged from the status or position in the first and second bullet points for not more than six months; and

- any person who has learned material, non-public information from any of the above.

Sanctions include imprisonment. In addition, damages may be awarded to persons injured by the transaction. ROC Securities and Exchange Law also imposes criminal liability on certified public accountants and lawyers who make false certifications in their examination and audit of a company's contracts, reports and other documents related to securities transactions. The ROC SFB regulations require that financial reports of listed companies be audited by accounting firms consisting of at least three certified public accountants and be signed by at least two certified public accountants.

The ROC SFB does not have criminal or civil enforcement powers under ROC Securities and Exchange Law. Criminal actions may be pursued only by government prosecutors. Civil actions may only be brought by plaintiffs who assert that they have suffered damages. The ROC SFB is empowered to curb abuses and violations of laws and regulations only through administrative measures including:

- issuance of warnings;
- temporary suspension of operation;
- imposition of administrative fines; and
- revocation of licenses.

In addition to providing a market for securities trading, the TWSE reviews applications by ROC issuers to list securities on the TWSE. If issuers of listed securities violate laws and regulations or encounter significant difficulties, the TWSE may, with the approval of the ROC SFB, delist the securities of these issuers.

APPENDIX B — FOREIGN INVESTMENT AND EXCHANGE CONTROLS IN THE ROC

The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by us, the Initial Purchaser or any of our respective affiliates or advisors in connection with this Offering.

Foreign Investment

Foreign investments in ROC securities markets were once restricted. Since 1983, the ROC government has adopted, enacted and amended laws and regulations to enable investment in ROC securities markets by oversea Chinese, foreign nationals, and PRC nationals. Currently, the Regulations Governing Investment in Securities by Overseas Chinese and Foreign Nationals, or the Securities Investment Regulations for Foreign Investors, announced on May 26, 1983 and last amended on March 23, 2006, and the Regulations Governing Securities Investment and Futures Trading in Taiwan by Mainland Area Investors, or the Securities Investment Regulations for PRC Nationals, announced on April 30, 2009 and last amended on October 6, 2010, are the two major regulations governing foreign investment in ROC securities. Foreign investors who are not PRC nationals shall follow the Securities Investment Regulations for Foreign Investors for their respective investment in ROC securities.

Under the Securities Investment Regulations for Foreign Investors, investors are classified into "Offshore General Foreign Investors", "Onshore General Foreign Investors", "Offshore Foreign Institutional Investors" and "Onshore Foreign Institutional Investors", based upon whether they are institutional investors or natural persons, and whether they reside in the ROC ("Offshore General Foreign Investors" and "Offshore Foreign Institutional Investors", hereafter "Offshore Investor"; Onshore General Foreign Investors" and "Onshore Foreign Institutional Investors", hereafter "Onshore Investor"). Foreign investors are required to register with the TWSE to trade securities listed on TWSE, and the TWSE may withdraw or rescind the registration if the application documents submitted by foreign investors are untrue or incomplete, or if any material violation of the relevant regulations exists. Offshore investors are required to appoint their local agent or nominee to act on their behalf in Taiwan.

An Offshore Investor may only invest in ROC securities as permitted by the FSC such as shares, certificates of bond conversion entitlement, and Taiwan Depositary Receipts publicly or privately offered by TWSE-listed, GTSM-listed or emerging market-listed companies, beneficiary certificates issued by securities investment trusts, government bonds, bank debentures, corporate bonds, convertible bonds, bonds with warrant, beneficiary securities or asset-backed securities issued by the special purpose trust or special purpose vehicle and warrants. The FSC may set a cap for the total investment amount of offshore investors, after consulting with the CBC; provided that the FSC lifted such cap in 2008.

In the past, PRC persons were prohibited from investing, whether directly or indirectly, in ROC securities. The Securities Investment Regulations for PRC Nationals promulgated in 2009 (as amended in 2010) allow PRC nationals and institutional investors to make investment in ROC securities, if they are qualified for any of the following categories: (i) qualified domestic institutional investors approved by the PRC government, also known as "QDIIs"; (ii) PRC residents who are employees of a TWSE-listed or GTSM listed company and thereupon granted securities; (iii) companies incorporated under the laws of PRC or PRC residents who are the stockholders of a foreign company whose shares or depositary receipts are listed and traded on the TWSE or GTSM; or (iv) other categories as permitted by the competent authority. Subject to the requirements and restrictions set forth below, a PRC investor may invest in TWSE-listed or GTSM-listed securities, beneficiary certificates issued by securities investment trusts, government bonds, bank debentures, corporate bonds issued by public companies, beneficiary securities or asset-backed securities issued by the special purpose trust or special purpose vehicle, warrants and other securities as permitted by the FSC.

- PRC investors are required to appoint their agent or nominee in Taiwan for opening a securities trading account.

- PRC investors are required to appoint a custodian permitted by the competent authority to handle the custody of funds and certificates related to securities.
- In exercising the voting rights of the shares of a TWSE-listed or GTSM-listed company, unless otherwise permitted by laws and regulations, PRC investors may not substantial control or effect the operation and management of the company.
- The amount of investment remittance for each QDII is capped at US$100 million, and the total amount remitted into Taiwan by all QDIIs shall not exceed US$500 million.
- The PRC investor may not exceed the PRC ownership limit imposed by the Taiwan competent authority.

Depositary Receipts

In April 1992, the ROC Securities and Futures Commission (later reformed and known as the Securities and Futures Bureau of the FSC) enacted regulations permitting ROC companies with securities listed on the TWSE, with the prior approval of the FSC, to sponsor the issue and sale to foreign investors of depositary receipts. Depositary receipts represent deposited shares of ROC companies. In December 1994, the ROC Ministry of Finance allowed companies whose shares are traded on the GTSM or listed on the TWSE, upon approval of the FSC, to sponsor the issue and sale of depositary receipts.

After depositary receipts are issued initially by a foreign depositary, a holder of depositary receipts may request the foreign depositary to cause the underlying shares (1) to be sold in the ROC, with the proceeds from that sale distributed to the depositary receipt holder after deducting tax payments and relevant costs and expenses, or (2) to be withdrawn from the depositary receipt facility and transferred to the depositary receipt holder.

Under existing laws and regulations relating to foreign exchange control, a depositary or a holder of depositary receipts may, without obtaining further approvals from the CBC or any other governmental authority or agency of the ROC, convert NT Dollars into other currencies, including US Dollars, in respect of the following: proceeds of the sale of shares represented by depositary receipts, proceeds of the sale of shares received as stock dividends which have been deposited into the depositary receipt facility and any cash dividends or cash distributions received. In addition, a depositary, also without any of these approvals, may convert inward remittances of payments into NT Dollars for purchases of underlying shares for deposit into the depositary receipt facility against the creation of additional depositary receipts. However, a depositary may be required to obtain foreign exchange approval from the CBC on a payment-by-payment basis for conversion from NT Dollars into other currencies relating to the sale of subscription rights for new shares. Proceeds from the sale of any underlying shares by holders of depositary receipts withdrawn from the depositary receipt facility may be converted into other currencies without obtaining CBC approval. Proceeds from sale of the underlying shares withdrawn from the depositary receipt facility may be used for reinvestment in the TWSE, the GTSM, or stock of emerging market companies, subject to limitations and restrictions set forth in "Foreign Investment" above (as applicable).

Overseas Corporate Bonds

Since 1989, the ROC Securities and Futures Commission has approved a series of overseas bonds issued by ROC companies listed on the TWSE in offerings outside the ROC. Under current ROC law and subject to the FSC approval, overseas corporate bonds can be (i) exchanged or converted by bondholders, other than persons of the PRC except for QDIIs, into shares of ROC companies; or (ii) converted into or exchanged for depositary receipts issued by the same ROC company or by the issuing company of the exchange shares, in the case of exchangeable bonds. The relevant regulations also permit ROC companies attaining public company status to issue corporate bonds in offerings outside the ROC. Proceeds from the sale of the shares converted from overseas convertible bonds may be used for reinvestment in securities listed on the TWSE or traded on the GTSM, subject to limitations and restrictions set for in "Foreign Investment" section above (as applicable).

According to the Securities Investment Regulations for Foreign Investors, a non-resident foreign converting bondholder, when exercising the conversion right to convert bonds into shares of a ROC company, will be required to register with the TWSE, and to appoint a local agent (with such qualifications provided by the FSC) to open a securities trading account with a local brokerage firm, pay ROC taxes, remit funds, exercise stockholders' rights and perform such other matters as may be designated by such converting bondholder on behalf of and as agent for such converting bondholder. The converting holder is also required to appoint a custodian bank to hold the securities and any cash proceeds in safekeeping, to make confirmation to settle trades, and to report all relevant information. Additionally, such converting holder is required to appoint a tax guarantor for filing tax returns and making tax payments.

According to the Securities Investment Regulations for PRC Nationals, a PRC holder of overseas convertible bonds issued by a ROC company may not convert or exchange such convertible into shares unless (i) it is a qualified QDII, (ii) the businesses of the issuer are in the Positive List promulgated by the MOEA, (iii) the shares converted from overseas convertible bonds, in general, would not, jointly with the other PRC stockholders of the issuer, account for 10% or more of the issuer's shares.

Unless otherwise limited by the CBC, a ROC company may, without obtaining further approval from the CBC or any other government authority of the ROC, convert NT Dollars to other non-ROC currencies, including US Dollars, for making payments in respect of proceeds of the redemption of the bonds or repayment of principal of and interest on the bonds. A non-ROC converting bondholder may, through its local agent and without obtaining prior approval from the CBC, convert into foreign currencies net proceeds realized from the sale of certificates of bond conversion entitlement, shares or any stock dividends relating to such shares, or any cash dividend or other cash distribution in respect of such shares, as well as inward remittance of subscription payments in respect of rights offerings. However, a converting bondholder must obtain prior approval from the CBC on a payment-by-payment basis for conversion from NT Dollars into other currencies in respect of the proceeds from the sale of subscription rights for newly issued Shares.

Other Foreign Investment

In addition to investments permitted under the Regulations, foreign investors (other than foreign investors who have registered with the TWSE for making investments in the ROC securities market) who wish to make direct investments in the shares of ROC companies are required to submit a Foreign Investment Approval application to the Investment Commission of the ROC Ministry of Economic Affairs or other government authority. The Investment Commission or such other government authority reviews each Foreign Investment Approval application and approves or disapproves each application after consultation with other governmental agencies (such as the CBC and the FSC).

Under current law, any non-ROC person possessing a Foreign Investment Approval may remit capital for the approved investment and is entitled to repatriate annual net profits, interest and cash dividends attributable to such investment. Dividends attributable to such investment, investment capital and capital gains attributable to such investment may be repatriated after approvals of the Investment Commission or other authorities have been obtained.

In addition to the general restriction against investment by non-ROC persons in ROC securities markets, non-ROC persons (except in certain limited cases) are currently prohibited from investing in certain industries in the ROC pursuant to a Negative List, as amended by the Executive Yuan. The prohibition on foreign investment in the prohibited industries specified in the Negative List is absolute in the absence of specific exemption from the application of the Negative List. Pursuant to the Negative List, certain other industries are restricted so that non-ROC persons (except in certain limited cases) may invest in such industries only up to a specified level and with the specific approval of the relevant competent authority which is responsible for enforcing the relevant legislation which the Negative List is intended to implement.

Exchange Controls

The Foreign Exchange Control Statute and regulations provide that all foreign exchange transactions must be executed by banks designated to handle such business by the FSC and by the CBC. Current regulations favor trade-related foreign exchange transactions and Foreign Investment Approval investments. Consequently, foreign currency earned from exports of merchandise and services may now be retained and used freely by exporters, and all foreign currency needed for the importation of merchandise and services may be purchased freely from the designed foreign exchange banks.

Trade aside, ROC companies and resident individuals may, without foreign exchange approval, remit outside the ROC foreign currency of up to US$50,000,000 (or its equivalent) and US$5,000,000 (or its equivalent) respectively in each calendar year. In addition, ROC companies and resident individuals may, without foreign exchange approval, remit into the ROC foreign currency of up to US$50,000,000 (or its equivalent) and US$5,000,000 (or its equivalent) respectively in each calendar year. Furthermore, any remittance of foreign currency into the ROC by an ROC company or resident individual in a year will be offset by the amount remitted out of the ROC by the company or individual (as applicable) within its annual quota and will not use up its annual inward remittance quota to the extent of such offset. The above limits apply to remittances involving a conversion of NT Dollars to a foreign currency and vice versa. A requirement is also imposed on all enterprises to register medium-and long-term foreign debt with the CBC.

In addition, foreign persons may, subject to certain requirements, but without foreign exchange approval of the CBC, remit outside and into the ROC foreign currencies of up to US$100,000 (or its equivalent) for each remittance. The above limit applies to remittances involving a conversion of NT Dollars to a foreign currency and vice versa.

REGISTERED OFFICE OF THE COMPANY

Wisdom Marine Lines Co., Limited
P.O. Box 1350, Clifton House
75 Fort Street, Grand Cayman
KY1-1108, Cayman Islands

DEPOSITARY

JPMorgan Chase Bank, N.A.
1 Chase Manhattan Plaza, Floor 58
New York, NY 10005-1401
USA

CUSTODIAN

JPMorgan Chase Bank, N.A., Taipei Branch
8th Floor, No. 108, Section 5, Xinyi Road
Taipei City 11047
Taiwan, ROC

INDEPENDENT ACCOUNTANTS

KPMG
68th Floor, Taipei 101 Tower
No. 7, Section 5, Xinyi Road Taipei City
11049 Taiwan, ROC

LEGAL ADVISORS

ROC Legal Advisors to the Company

LCS & Partners
5th Floor
No. 8, Section 5, Xinyi Road
Taipei City 11049
Taiwan, ROC

U.S. Legal Advisors to the Company

Troutman Sanders LLP
c/o Troutman Sanders
34th Floor
Two Exchange Square
8 Connaught Place, Central
Hong Kong

U.K. Legal Advisors to the Company

Proskauer Rose LLP
Ten Bishops Square
London E1 6EG
United Kingdom

Cayman Islands Legal Advisors to the Company

Travers Thorp Alberga
1205A The Centrium
60 Wyndham Street
Central
Hong Kong

U.S. Legal Advisors to the Initial Purchaser

Simpson Thacher & Bartlett
35th Floor
ICBC Tower
3 Garden Road, Central
Hong Kong