WISDOM MARINE LINES CO., LIMITED (CAYMAN)
AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT AUDITORS
31 DECEMBER 2016 AND 2015

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

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

Telephone: 886-2-2755-6911

TABLE OF CONTENTS

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").

In addition to the disclosure of accounting information, a complete consolidated financial report shall include the roles of each segment of the Group and their future development, so that the readers of the Financial Report can fully understand the future development and potential risk of the Group. In respect of the full and complete disclosure of accounting procedures and financial information, the Board has responsibility to review the Group'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 Group. 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 accrual items 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 2016 and 2015 on 24 March 2017. The consolidated financial report have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee, and give a true and fair view of the consolidated financial position of the Group as at 31 December 2016 and 2015 and the consolidated results and changes in equity of the Group for the years then ended, and there is no fraudulent or concealed information.

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

Wisdom Marine Lines Co., Limited
Director
24 March 2017

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

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

Independent Auditors' Report

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

Opinion

We have audited the accompanying consolidated balance sheets of Wisdom Marine Lines Co., Limited (Cayman) (the "Company") and its subsidiaries (together the "Group") as of 31 December 2016 and 2015, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2016 and 2015, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of 31 December 2016 and 2015, and their consolidated financial performance and cash flows for the years ended 31 December 2016 and 2015, in conformity with the requirements of the International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2016 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of property, plant and equipment

The management assessed if there is any indication that an asset may be impaired on balance sheet date. If there is any indication that an asset may be impaired, the Group should evaluate the recoverable amount of the cash-generating-unit (CGU), to which the asset belongs. The property, plant and equipment of the Group mainly consists of vessel equipment. The subsidiaries of the Company took the one-vessel-one-company strategy to manage vessels, and the main CGU for each subsidiary is their vessels. With the view that the amount of property, plant and equipment being material and the calculation of recoverable amount involving numerous assumptions and estimates, we have determined the impairment of property, plant and equipment as a key audit matter. The audit procedures we conducted regarding the impairment of property, plant and equipment included but not limited to the following, evaluating the appropriateness of the accounting policy for impairment of property, plant and equipment; inspecting the impairment evaluation report provided by the Group and assess the reasonableness of the identification of indication of impairment and the assumptions used, including identification of CGU, estimation of cash flows and discount rate. We also evaluated the disclosure regarding to property, plant and equipment in Note 5 and 6 of the consolidated financial statement.

Valuation of the put option embedded in bond payable

The fair value measurement hierarchy of the put option embedded in bond payable is categorized as Level 3. The measurement of Level 3 investment uses unobservable inputs. The management measured the put option based on source data from external valuation institute. As the external valuation has significant impact on the estimates of fair value, we determined the issue to be a key audit matter. The audit procedures we conducted regarding the valuation of the put option included but not limited to the following, comparing the report provided by internal experts with the report and related documents provided by the management; evaluating the reasonableness of the valuation methods and key valuation assumptions used by external valuation institute; conducting the recalculation and comparing the result with the one provided by the management. We also evaluated the disclosure regarding to valuation of the put option in Note 5, 6 and 12 of the consolidated financial statement.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee and Interpretations developed by the Standing Interpretations Committee and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2016 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

24 March 2017
Taipei, Taiwan
Republic of China

Ernst & Young

Notice to Readers

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

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2016 and 2015
(All Amounts Expressed in US Dollars)

	Notes	31 December 2016	31 December 2015
ASSETS			
Cash and cash equivalents	6.1	$32,603,818	$58,248,462
Financial assets at fair value through profit or loss-current	6.2	-	957,811
Available-for-sale financial assets-current	6.3 & 8	5,368,010	-
Held to maturity financial assets-current	6.4 & 8	-	3,000,577
Hedge derivatives financial assets-current	6.5	-	6,293,077
Accounts receivable, net	6.6	3,918,415	4,077,775
Lease receivables	6.13	-	1,224,470
Accounts receivable-related parties	6.6&7	255,884	176,125
Other receivables	7	368,113	1,846,992
Inventories	6.7	3,544,442	2,665,385
Prepaid expenses		5,542,377	5,428,367
Other financial assets-current	6.1& 8	25,347,361	23,819,537
Other current assets	7	10,200,635	9,386,243
Total current assets		87,149,055	117,124,821
Financial assets at fair value through profit or loss-noncurrent	6.2	-	505,198
Held to maturity financial assets-noncurrent	6.4& 8	569,365	577,015
Hedge derivative financial assets-noncurrent	6.5	-	3,536,612
Investment accounted for using equity method	6.8	4,273,280	-
Property, plant and equipment	6.9, 7& 8	2,463,988,391	2,328,743,136
Deferred income tax assets	6.20	36,735	63,595
Long-term lease receivables	6.13	-	2,999,421
Other financial assets-noncurrent		8,049,468	6,746,692
Other noncurrent assets-other	6.10	91,797,735	104,310,990
Total noncurrent assets		2,568,714,974	2,447,482,659
TOTAL ASSETS		$2,655,864,029	$2,564,607,480

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

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

CONSOLIDATED BALANCE SHEETS(CONT'D)

31 December 2016 and 2015

(All Amounts Expressed in US Dollars)

	Note	31 December 2016	31 December 2015
LIABILITIES			
Short-term borrowings	6.11	$25,342,002	$26,055,662
Financial liabilities at fair value through profit or loss -current	6.2& 6.12	2,771,935	8,819
Accounts payable		4,112,541	3,243,255
Accounts payable-related parties	7	3,335	29,990
Accrued expenses	7	19,412,964	15,284,085
Advance receipts		16,980,646	27,377,935
Other current liabilities-others		1,899,231	698,124
		70,522,654	72,697,870
Current portion of corporate bonds payable	6.12	74,568,868	-
Current portion of long-term borrowings	6.11	186,242,664	154,741,387
Current portion of long-term accounts payable	6.13	3,283,426	3,875,000
Current portion of lease payables	6.13	15,593,148	3,635,900
		279,688,106	162,252,287
Total current liabilities		350,210,760	234,950,157
Financial liabilities at fair value through profit or loss -noncurrent	6.2&6.12	-	1,394,446
Corporate bonds payable	6.12	11,951,781	85,159,074
Long-term borrowings	6.11	1,232,963,816	1,203,366,507
Deferred income tax liabilities	6.20	28,964	43,753
Long-term accounts payable	6.13	28,031,082	21,418,000
Long-term lease payables-noncurrent	6.13	46,577,216	37,743,601
Long-term accounts payable-related parties	7	90,932,264	78,521,491
Net defined benefit liabilities	6.14	127,258	243,216
Total non-current liabilities		1,410,612,381	1,427,890,088
TOTAL LIABILITIES		1,760,823,141	1,662,840,245
EQUITY	6.12&6.15		
Common stock		175,871,257	163,009,336
Capital surplus		64,554,101	80,911,063
Legal reserve		6,960	-
Unappropriated earnings		376,817,835	333,468,917
Cumulative translation adjustments		272,468,139	301,691,412
Unrealized gains or losses on available-for-sale financial assets		111,672	-
Effective portion of gains on hedging instrument in a cash flow hedge		1,626,743	18,178,062
Total equity attributable to equity holders of the Company		891,456,707	897,258,790
Non-controlling interest		3,584,181	4,508,445
TOTAL EQUITY		895,040,888	901,767,235
TOTAL EQUITY AND LIABILITIES		$2,655,864,029	$2,564,607,480

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

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2016 and 2015
(All Amounts Expressed in US Dollars)

	Notes	2016	2015
Operating revenues	6.16& 7	$331,004,781	$346,953,521
Operating costs	6.9, 6.17& 7	276,621,240	263,367,267
Gross profit from operations		54,383,541	83,586,254
Operating expenses	6.9, 6.17& 7	4,753,075	6,738,260
Profit from operating activities		49,630,466	76,847,994
Interest income	6.13 & 6.18	682,960	1,347,447
Others income and gains	6.3, 6.13, 6.18 & 9	42,840,445	5,475,257
Gains (Losses) on disposal of property, plant and equipment	6.9, 6.18 & 7	846,550	15,436,404
Foreign exchange gains (losses)	6.18	(1,511,751)	3,815,817
Gains (Losses) on valuation of financial instruments or liabilities at fair value through profit or loss	6.12 & 6.18	(2,005,318)	(257,396)
Gains (Losses) on derecognition of held to maturity financial assets	6.18	-	(1,253,560)
Interest expense	6.9, 6.12, 6.13 & 7	(36,133,021)	(30,182,892)
Other expenses and losses	6.18 & 7	(2,919,263)	(341,761)
Share of loss of associates and joint ventures accounted for using equity method	6.8	(8,126,797)	-
Total other income and losses		(6,326,195)	(5,960,684)
Profit before income tax		43,304,271	70,887,310
Income tax expense (income)	6.20	120,734	15,576
Profit for the year		43,183,537	70,871,734
Other Comprehensive income:	6.19		
Remeasurement of defined benefit plan		(31,923)	(15,899)
Cumulative translation adjustments	6.8	(29,223,273)	5,799,555
Unrealized gains or losses on available-for-sale financial assets		111,672	-
Effective portion of gains (losses) on hedging instrument in a cash flow hedge		(16,551,319)	(23,621,061)
Other Comprehensive income		(45,694,843)	(17,837,405)
Total Comprehensive income		$(2,511,306)	$53,034,329
Profit for the year attributable to:			
-Owners of the Company		$43,387,801	$70,720,929
-Non-controlling interests		(204,264)	150,805
		$43,183,537	$70,871,734
Total Comprehensive income attributable to:			
-Owners of the Company		$(2,307,042)	$52,883,524
-Non-controlling interests		(204,264)	150,805
		$(2,511,306)	$53,034,329
Primary earnings per Share	6.21	$0.08	$0.14
Diluted earnings per Share	6.21	$0.08	$0.13

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

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2016 and 2015
(All Amounts Expressed in US Dollars)

			Retained earnings		Other components of equity					
	Common stock	Capital surplus	Legal reserve	Unappropriated earnings	Cumulative translation adjustments	Unrealized gains or losses on available-for-sale financial assets	Effective portion of gains (losses) on hedging instrument in a cash flow hedge	Total equity attributable to equity holders of the Company	Non-controlling interest	Total
Balance, 1 January 2015	$149,096,462	$89,624,676	$-	$262,763,887	$295,891,857	$-	$41,799,123	$839,176,005	$5,077,640	$844,253,645
Cash dividends from capital surplus	-	(47,381,032)	-	-	-	-	-	(47,381,032)	-	(47,381,032)
Profit for the year ended 31 December, 2015	-	-	-	70,720,929	-	-	-	70,720,929	150,805	70,871,734
Other comprehensive income for the year ended 31 December 2015	-	-	-	(15,899)	5,799,555	-	(23,621,061)	(17,837,405)	-	(17,837,405)
Comprehensive income for the year ended 31 December 2015	-	-	-	70,705,030	5,799,555	-	(23,621,061)	52,883,524	150,805	53,034,329
Exercise of convertible bonds	13,912,874	35,503,096	-	-	-	-	-	49,415,970	-	49,415,970
Equity component-stock option from issuing convertible bonds	-	3,164,323	-	-	-	-	-	3,164,323	-	3,164,323
Non-controlling interest	-	-	-	-	-	-	-	-	(720,000)	(720,000)
Balance, 31 December 2015	$163,009,336	$80,911,063	$-	$333,468,917	$301,691,412	$-	$18,178,062	$897,258,790	$4,508,445	$901,767,235
Balance, 1 January 2016	$163,009,336	$80,911,063	$-	$333,468,917	$301,691,412	$-	$18,178,062	$897,258,790	$4,508,445	$901,767,235
Cash dividends from capital surplus	-	(39,537,270)	-	-	-	-	-	(39,537,270)	-	(39,537,270)
Legal reserve	-	-	6,960	(6,960)	-	-	-	-	-	-
Profit for the year ended 31 December 2016	-	-	-	43,387,801	-	-	-	43,387,801	(204,264)	43,183,537
Other comprehensive income for the year ended 31 December 2016	-	-		(31,923)	(29,223,273)	111,672	(16,551,319)	(45,694,843)	-	(45,694,843)
Comprehensive income for the year ended 31 December 2016	-	-	-	43,355,878	(29,223,273)	111,672	(16,551,319)	(2,307,042)	(204,264)	(2,511,306)
Capital increase by cash	12,633,041	22,655,998	-	-	-	-	-	35,289,039	-	35,289,039
Exercise of convertible bonds	228,880	524,310	-	-	-	-	-	753,190	-	753,190
Non-controlling interest	-	-	-	-	-	-	-	-	(720,000)	(720,000)
Balance, 31 December 2016	$175,871,257	$64,554,101	$6,960	$376,817,835	$272,468,139	$111,672	$1,626,743	$891,456,707	$3,584,181	$895,040,888

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

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2016 and 2015
(All Amounts Expressed in US Dollars)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	$43,304,271	$70,887,310
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expenses	122,852,665	114,549,668
Amortization expenses	8,837	13,785
Bad debt expenses	36,949	1,606,350
Losses (Gains) on financial assets or liabilities at fair value through profit or loss	2,896,514	1,655,484
Interest expense	36,133,021	30,182,892
Interest income	(682,960)	(1,347,447)
Losses (Gains) on foreign currency exchange on corporate bond payable	15,991	31,331
Share of loss of associates and joint ventures accounted for using equity method	8,126,797	-
Losses (Gains) on disposal of property, plant and equipment	(846,550)	(15,436,404)
Unrealized losses (gains) on foreign exchange	(334,939)	15,626
Amortization of available-for-sale financial assets	(508)	-
Amortization of held to maturity financial assets	8,227	(808,525)
Losses (Gains) on derecognition of held to maturity financial assets	-	1,253,560
Amortization of convertible bonds payable issuance costs	362,927	339,069
Other income	(13,330,985)	-
Other item	2,220,910	(1,867)
Change in assets and liabilities		
Decrease (Increase) in accounts receivable	(2,244,291)	167,495
Decrease (Increase) in accounts receivable-related parties	(79,759)	(176,125)
Decrease (Increase) in other receivables	1,432,515	(1,173,921)
Decrease (Increase) in inventories	(879,057)	(851,537)
Decrease (Increase) in prepaid expenses	(114,010)	(43,822)
Decrease (Increase) in other current assets	(814,392)	1,117,595
Increase (Decrease) in accounts payable	869,286	323,406
Increase (Decrease) in accounts payable-related parties	(26,655)	29,990
Increase (Decrease) in accrued expenses	1,755,477	2,462,388
Increase (Decrease) in advance receipts	(1,329,918)	409,248
Increase (Decrease) in other current liabilities	1,201,107	692,645
Increase (Decrease) in net defined benefit liabilities	(145,814)	(8,506)
Cash generated from operating activities	200,395,656	205,889,688
Interest received	719,768	1,289,514
Interest paid	(32,155,456)	(27,891,896)
Income taxes paid	(29,727)	(764)
Net cash provided by operating activities	168,930,241	179,286,542
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(994,780)	-
Proceeds from derecognition of held-to-maturity financial assets	3,000,000	2,902,040
Proceeds from disposal of hedge derivative financial assets	5,000,066	22,430,770
Acquisition of investment accounted for using equity method	(12,403,101)	-
Acquisition of property, plant and equipment	(9,944,155)	(17,959,555)
Proceeds from disposal of property, plant and equipment	29,610,176	105,073,500
Decrease (Increase) in long-term lease receivable	1,117,616	1,737,333
Decrease (Increase) in other financial assets	(1,543,401)	(2,782,348)
Decrease (Increase) in other noncurrent assets (prepaid expenses-vessel)	(272,562,335)	(398,134,754)
Net cash used in investing activities	(258,719,914)	(286,733,014)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in short-term borrowings	(713,660)	(2,363,047)
Issuance of bonds payable	-	78,311,844
Increase (Decrease) in long-term borrowings	30,560,426	103,218,337
Increase (Decrease) in lease payables	16,336,158	20,873,936
Increase (Decrease) in other finance liabilities	18,432,281	(1,985,425)
Distribution of cash dividend	(39,537,270)	(47,381,032)
Increase in Cash Capital	35,289,039	-
Changes in non-controlling interests	(720,000)	(720,000)
Net cash provided by financing activities	59,646,974	149,954,613
FOREIGN EXCHANGE RATE EFFECTS	4,498,055	350,820
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(25,644,644)	42,858,961
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	58,248,462	15,389,501
CASH AND CASH EQUIVALENTS, END OF PERIOD	$32,603,818	$58,248,462

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

1. History and organization

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

The Company's ultimate parent company: None.

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

The consolidated financial statements were authorized for issue by the board of directors on 24 March 2017.

3. Newly issued or revised standards and interpretations

(1) Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended 31 December 2015. Shown below are the standards and interpretations effective for annual periods beginning on or after 1 January 2016.

A. *IFRS 14 "Regulatory Deferral Accounts"*

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

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

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

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

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

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

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

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

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

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

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

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

IFRS 7 "Financial Instruments: Disclosures"

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

IAS 19 "Employee Benefits"

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

IAS 34 "Interim Financial Reporting"

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

G. *Disclosure Initiative — Amendment to IAS 1 "Presentation of Financial Statements":*

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

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

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

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

(2) The Group has not early adopted the following standards or interpretations issued by IASB but not yet effective:

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

The core principle of the new Standard is for companies to recognize revenue to depict the transfer of promised goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The new Standard includes a cohesive set of disclosure requirements that would result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Standard is effective for annual periods beginning on or after 1 January 2018.

B. *IFRS 9"Financial Instruments"*

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

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

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

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

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

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

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

D. *IFRS 16“Leases”*

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

E. *IAS 12“Income Taxes” — Recognition of Deferred Tax Assets for Unrealized Losses*

The amendments clarify how to account for deferred tax assets for unrealized losses. The amendments are effective for annual periods beginning on or after 1 January 2017.

F. *Disclosure Initiative — Amendment to IAS 7 “Statement of Cash Flows”*

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

G. *IFRS 15 “Revenue from Contracts with Customers” — Clarifications to IFRS 15*

The amendments clarify how to identify a performance obligation in a contract, determine whether an entity is a principal or an agent, and determine whether the revenue from granting a licence should be recognized at a point in time or over time. The amendments are effective for annual periods beginning on or after 1 January 2018.

H. *IFRS 2 “Shared-Based Payment” — Amendments to IFRS 2*

The amendments contain (1) clarifying that vesting conditions (service and non-market performance conditions), upon which satisfaction of a cash-settled share-based payment transaction is conditional, are not taken into account when estimating the fair value of the cash-settled share-based payment at the measurement date. Instead, these are taken into account by adjusting the number of awards included in the measurement of the liability arising from the transaction, (2) clarifying if tax laws or regulations require the employer to withhold a certain amount in order to meet the employee’s tax obligation associated with the share-based payment, such transactions will be classified in their entirety as equity-settled share-based payment transactions if they would have been so classified in the absence of the net share settlement feature, and (3) clarifying that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The equity-settled share-based payment transaction is measured by reference to the fair value of the equity instruments granted at the modification date and is recognised in equity, on the modification date, to the extent to which goods or services have been received. The liability for the cash-settled share-based payment transaction as at the modification date is derecognised on that date. Any difference between the carrying amount of the liability derecognised and the amount recognised in equity on the modification date is recognised immediately in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2018.

I. *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts — Amendments to IFRS 4*

The amendments help to resolve issues arising from the different effective dates for IFRS 9 "Financial Instruments" (1 January 2018) and the new insurance contracts standard about to be issued by the IASB (still to be decided, but not before 1 January 2020). The amendments allow entities issuing insurance contracts within the scope of IFRS 4 to mitigate certain effects of applying IFRS 9 "Financial Instruments" before the IASB's new insurance contracts standard becomes effective. The amendments introduce two approaches: an overlay approach and a temporary exemption. The overlay approach allows an entity applying IFRS 9 to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before the new insurance contracts standard is applied. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 until 2021 (these entities that defer the application of IFRS 9 will continue to apply IAS 39).

J. *Transfers of Investment Property — Amendments to IAS 40*

The amendments relate to the transfers of investment property. The amendments clarify that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use, the entity should transfer property into and out of investment property accordingly. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are effective for annual periods beginning on or after 1 January 2018.

K. *Improvements to International Financial Reporting Standards (2014-2016 cycle):*

IFRS 1 "First-time Adoption of International Financial Reporting Standards"

The amendments revise and amend transition requirements relating to certain standards and delete short-term exemptions under Appendix E for first-time adopter. The amendments are effective for annual periods beginning on or after 1 January 2018.

IFRS 12 "Disclosure of Interests in Other Entities"

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interests that are classified as held for sale or discontinued operations. The amendments are effective for annual periods beginning on or after 1 January 2017.

IAS 28"Investments in Associates and Joint Ventures"

The amendments clarify that when an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organisation, or a mutual fund, unit trust and other qualifying entities including investment-linked insurance funds, the entity may elect to measure that investment at fair value through profit or loss in accordance with IFRS 9 "Financial Instruments" on an investment-by-investment basis. Besides, if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries on an investment-by-investment basis. The amendments are effective for annual periods beginning on or after 1 January 2018.

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

The interpretation clarifies that when applying paragraphs 21 and 22 of IAS 21 "The Effects of Changes in Foreign Exchange Rates", in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation is effective for annual periods beginning on or after 1 January 2018.

The abovementioned standards and interpretations issued by IASB are not yet effective at the date when the Group's financial statements were authorized for issue. As the Group is still currently determining the potential impact of the standards and interpretations listed under A, B, D, F~H and L, it is not practicable to estimate their impact on the Group at this point in time. All other standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the year ended 31 December 2016 and 2015 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

(2) Basis of preparation

A. Basis of measurement

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

B. Functional and presentation currency

The functional currency of each Group entities is determined based on the primary economic environment in which the entities operate. The Group's consolidated financial statements are presented in US Dollar, which is the Company's functional currency and presentation currency. However in order to comply with the listing requirement in Taiwan, the Group translates its results and financial position into the presentation currency, New Taiwan Dollar (in thousands of NTD), in accordance with paragraph 38 of IAS 21 "The Effects of Changes in Foreign Exchange Rates". Statement of financial position presented is translated at the closing rate at the date of that statement of financial position. Statement of comprehensive income is translated at exchange rates at the dates of transactions. Equity transactions are translated at exchange rates at the dates of transactions.

(3) Basis of consolidation

A. Preparation principle of consolidated financial statements

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

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

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

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

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

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

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

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

If the Group loses control of a subsidiary, it:

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

B. The consolidated entities are listed as follows:

Investor	Investee Company Name	2016.12.31 Ownership Percentage	2015.12.31 Ownership Percentage
The Company	Wisdom Marine Lines S.A. (Panama) (WML)	100%	100%
The Company	Wisdom Marine International Inc. (WII)	100%	100%
WII	Well Ship management and Maritime Consultant Co., Ltd. (WELL)	100%	100%
WML	Adixi Wisdom S.A.	100%	100%
WML	Amis Carriers S.A.	100%	100%
WML	Amis Elegance S.A.	100%	100%
WML	Amis Fortune S.A.	100%	100%
WML	Amis International S.A.	100%	100%
WML	Amis Mariner S.A.	100%	100%

Investor	Investee Company Name	2016.12.31 Ownership Percentage	2015.12.31 Ownership Percentage
WML	Amis Navigation S.A.	100%	100%
WML	Amis Star S.A.	100%	100%
WML	Amis Wisdom S.A.	100%	100%
WML	Arikun Wisdom S.A.	100%	100%
WML	Atayal Brave S.A.	100%	100%
WML	Atayal Mariner S.A.	100%	100%
WML	Atayal Star S.A.	100%	100%
WML	Atayal Wisdom S.A.	100%	100%
WML	Babuza Wisdom S.A.	100%	100%
WML	Beagle Marine S.A.	100%	100%
WML	Beagle Wisdom S.A.	100%	100%
WML	Bunun Brave S.A.	100%	100%
WML	Bunun Champion S.A.	100%	100%
WML	Bunun Dynasty S.A.	100%	100%
WML	Bunun Elegance S.A.	100%	100%
WML	Bunun Fortune S.A.	100%	100%
WML	Bunun Hero S.A.	100%	100%
WML	Bunun Infinity S.A.	100%	-
WML	Bunun Justice S.A.	100%	-
WML	Bunun Marine S.A.	100%	100%
WML	Bunun Navigation S.A.	100%	100%
WML	Bunun Wisdom S.A.	100%	100%
WML	Cosmic Wisdom S.A.	100%	100%
WML	Daiwan Champion S.A.	100%	100%
WML	Daiwan Dolphin S.A.	100%	100%
WML	Daiwan Elegance S.A.	100%	100%
WML	Daiwan Fortune S.A.	100%	100%
WML	Daiwan Glory S.A.	100%	100%
WML	Daiwan Hero S.A.	100%	-
WML	Daiwan Infinity S.A.	100%	-
WML	Daiwan Justice S.A.	100%	-
WML	Daiwan Kalon S.A.	100%	-
WML	Dumun Marine S.A.	100%	100%
WML	Dumun Navigation S.A.	100%	100%
WML	Elite Steamship S.A.	100%	100%

Investor	Investee Company Name	2016.12.31 Ownership Percentage	2015.12.31 Ownership Percentage
WML	Euroasia Investment S.A.	100%	100%
WML	Favoran Wisdom S.A.	100%	100%
WML	Fourseas Maritime S.A. Panama	100%	100%
WML	Fraternity Marine S.A.	100%	100%
WML	Fraternity Ship Investment S.A.	100%	100%
WML	Genius Marine S.A.	100%	100%
WML	Genius Prince S.A.	100%	100%
WML	Genius Star Carriers S.A	100%	100%
WML	Genius Star Navigation S.A.	100%	100%
WML	GS Global S.A.	100%	100%
WML	GS Navigation S.A.	100%	100%
WML	GSX Maritime S.A.	100%	100%
WML	Guma Marine S.A.	100%	100%
WML	Guma Navigation S.A.	100%	100%
WML	Harmony Pescadores S.A.(Panama)	100%	100%
WML	Harmony Success S.A.	40%	40%(Note a)
WML	Harmony Transport S.A.	100%	100%
WML	Hoanya Wisdom S.A.	100%	100%
WML	Infinite Wisdom S.A.	100%	100%
WML	Katagalan Carriers S.A.	100%	100%
WML	Katagalan Line S.A.	100%	100%
WML	Katagalan Marine S.A.	100%	100%
WML	Katagalan Navigation S.A.	100%	100%
WML	Katagalan Star S.A.	100%	100%
WML	Katagalan Wisdom S.A.	100%	100%
WML	Kavalan Wisdom S.A.	100%	100%
WML	Ligulao Wisdom S.A.	100%	100%
WML	Lloa Wisdom S.A.	100%	100%
WML	Log Wisdom S.A.	100%	100%
WML	Luilang Wisdom S.A.	100%	100%
WML	Magnate Maritime S.A.	100%	100%
WML	Makatao Wisdom S.A.	100%	100%
WML	Mercy Marine Line S.A.	100%	100%
WML	Mighty Maritime S.A.	100%	100%
WML	Mimasaka Investment S.A.	100%	100%

Investor	Investee Company Name	2016.12.31 Ownership Percentage	2015.12.31 Ownership Percentage
WML	Mount Wisdom S.A.	100%	100%
WML	Paiwan Wisdom S.A	100%	100%
WML	Papora Wisdom S.A.	100%	100%
WML	Pazeh Wisdom S.A.	100%	100%
WML	Pescadores International Line S.A.	100%	100%
WML	Poavosa International S.A.	100%	100%
WML	Poavosa Maritime S.A.	100%	100%
WML	Poavosa Navigation S.A.	100%	100%
WML	Poavosa Wisdom S.A.	100%	100%
WML	Rukai Maritime S.A.	100%	100%
WML	Sakizaya Diamond S.A.	100%	100%
WML	Sakizaya Fortune S.A.	100%	100%
WML	Sakizaya Glory S.A.	100%	100%
WML	Sakizaya Hero S.A.	100%	-
WML	Sakizaya Integrity S.A.	100%	-
WML	Sakizaya Justice S.A.	100%	-
WML	Sakizaya Kalon S.A.	100%	-
WML	Sakizaya Leader S.A.	100%	-
WML	Sakizaya Line S.A.	100%	100%
WML	Sakizaya Marine S.A.	100%	100%
WML	Sakizaya Navigation S.A.	100%	100%
WML	Sakizaya Wisdom S.A.	100%	100%
WML	Sao Wisdom S.A.	100%	100%
WML	Saysiat Wisdom S.A.	100%	100%
WML	Siraya Wisdom S.A.	100%	100%
WML	Taivoan Wisdom S.A.	100%	100%
WML	Tao Ace S.A.	100%	100%
WML	Tao Brave S.A.	100%	100%
WML	Tao Mariner S.A.	100%	100%
WML	Tao Star S.A.	100%	100%
WML	Tao Treasure S.A.	100%	100%
WML	Taokas Marine S.A.	100%	100%
WML	Taokas Navigation S.A.	100%	100%
WML	Taokas Wisdom S.A.	100%	100%
WML	Taroko Maritime S.A.	100%	100%

Investor	Investee Company Name	2016.12.31 Ownership Percentage	2015.12.31 Ownership Percentage
WML	Taroko Wisdom S.A.	100%	100%
WML	Triumph Wisdom S.A.	100%	100%
WML	Trobian Wisdom S.A.	100%	100%
WML	Unicorn Bravo S.A.	100%	100%
WML	Unicorn Fortune S.A.	100%	100%
WML	Unicorn Logger S.A.	100%	100%
WML	Unicorn Logistics S.A.	100%	100%
WML	Unicorn Marine S.A.	100%	100%
WML	Unicorn Pescadores S.A.	100%	100%
WML	Unicorn Successor S.A.	100%	100%
WML	Vayi Wisdom S.A.	100%	100%
WML	Winsome Wisdom S.A.	100%	100%
WML	Wisdom Ace S.A.	100%	100%

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

b: Subsidiaries excluded from consolidation: None.

(4) Foreign currency transactions

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

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

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

(b) Foreign currency items within the scope of IAS 39 Financial Instruments: Recognition and Measurement are accounted for based on the accounting policy for financial instruments.

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

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

(5) Translation of financial statements in foreign currency

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

The following partial disposals are accounted for as disposals:

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

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

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

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

(6) Current and non-current distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

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

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

(8) Financial instruments

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

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

(a) Financial assets

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

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

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

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

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

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

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

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

Available-for-sale financial assets

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

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

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

Held-to-maturity financial assets

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

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

Loans and receivables

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

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

Impairment of financial assets

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

Loss events include:

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

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

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

Derecognition of financial assets

A financial asset is derecognized when:

i. The rights to receive cash flows from the asset have expired
ii. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
iii. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

(b) Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Compound instruments

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

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

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

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

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

<u>Financial liabilities</u>

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

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

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

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

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

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

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

<u>Financial liabilities at amortized cost</u>

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

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

Derecognition of financial liabilities

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

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

(c) Offsetting of financial instruments

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

(9) Derivative financial instrument

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

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

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

(10) Fair value measurement

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

(a) In the principal market for the asset or liability, or

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

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

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

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

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

(11) Inventories

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

(12) Investments accounted for using equity method

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

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

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

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

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

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

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

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

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

(13) Property, plant and equipment

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

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

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

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

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

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

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

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

vessels	4-25 years
vessel equipment	3-5 years
dry-dockings	2-2.5 years
other	3-10 years

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

(14) Leases

Group as a lessee

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

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

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

Group as a lessor

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

(15) Impairment of non-financial assets

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

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

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

(16) Provisions

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

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

(17) Revenue recognition

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

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

(18) Borrowing costs

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

(19) Post-employment benefits

(a) Defined contribution plans

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

(b) Defined benefit plans

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

Past service costs are recognized in profit or loss on the earlier of:

i. the date of the plan amendment or curtailment, and
ii. the date that the Group recognizes restructuring-related costs

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

(c) Short-term benefits

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

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

(20) Income taxes

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

<u>Current income tax</u>

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

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

<u>Deferred tax</u>

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

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

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

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

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

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

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

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

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

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

5. Significant accounting judgments, estimates and assumptions

In the preparation of consolidated financial statements, a number of estimates and associated assumptions have been made relating to the application of accounting policies and reported amounts of assets, liabilities, income and expense. The estimates and associated assumptions are assessed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to reasonable under the circumstances. The estimates resources of the significant risk and the significant adjustment for the financial report's assets or liabilities carry amount in the following year consistent with the annual consolidated financial report for the years ended 31 December 2016 and 2015.

(a) Fair value of financial instruments

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

(b) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

(c) 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.

(d) Provision for losses from accidents

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

6. Contents of significant accounts

(1) Cash and cash equivalents

	31 December 2016	31 December 2015
Cash on hand	$5,122	$5,569
Check deposits	171	16
Demand deposits	9,882,745	20,014,246
Time deposits	22,715,780	38,228,631
Total	$32,603,818	$58,248,462

As at 31 December 2016 and 2015, cash and cash equivalents with carrying amounts of $25,347,361 and $23,819,537 respectively, were pledged to secure bank loans and were classified under other financial assets.

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

	31 December 2016	31 December 2015
Financial assets at fair value through profit or loss		
-Financial assets held for trading-current	$-	$957,811
-Financial assets held for trading-noncurrent	$-	$505,198
Financial liabilities at fair value through profit or loss		
-Financial liabilities held for trading-current	$(2,771,935)	$(8,819)
-Financial liabilities held for trading-noncurrent	$-	$(1,394,446)

(a) As at 31 December 2016 and 2015, the amount of the Group's bonds payable, including embedded derivative instruments － put right were $2,771,935 and $1,394,446, respectively. The bonds payable, including embedded derivative instruments－put right was recognized as financial liabilities held for trading-current/noncurrent. Please refer to Note 6.(12) for further details.

(b) In order to hedge the foreign exchange risk in connection with assets and liabilities measured in foreign currency, the Group has entered into forward exchange contracts with financial institutions. However, hedge accounting was not applied to these contracts. As at 31 December 2016, there was no unsettled forward contract. The unsettled forward contracts as at 31 December 2015 were as follows:

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

(3) Available- for-sale financial assets

	31 December 2016	31 December 2015
Available-for-sale financial assets		
Bonds	$999,053	$-
Stocks	4,368,957	-
Current	$5,368,010	$-

(1) Due to amendment of hire contract between the Group and the leasee in October 2016, the Group received stocks of listed company as the payment of rent for two years, which had been transferred in 2016 and accounted for unearned revenue.

(2) Due to early termination of contract by a lessee on 5 July 2016, the Group received a non-listed company, as early termination fee. The Group recognized compensation of $2,870,000, accounted for other income. The financial asset is measured at cost since the fair value cannot be reliably measured.

(3) As at 31 December 2016 and 2015, financial assets with the carrying amounts of $999,053 and $0, respectively, were pledged for bank loans. Please refer to Note 8.

(4) Held-to-maturity financial assets

	31 December 2016	31 December 2015
Held-to-maturity financial assets		
Bonds		
Current	$-	$3,000,577
Non-current	$569,365	$577,015

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

b. As at 31 December 2016 and 2015, financial assets with the carrying amounts of $569,365 and $3,577,592, respectively, were pledged for bank loans. Please refer to Note 8.

(5) Derivatives as hedging instruments

	31 December 2016	31 December 2015
Derivative financial assets (liabilities) for hedging		
Cash flow hedge -forward contracts		
Current	$-	$6,293,077
Non-current	$-	$3,536,612

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

Forward contracts are designed to match the hedged items. As at 31 December 2016, there was no unsettled forward contract. The unsettled forward contracts at 31 December 2015 were as follows:

31 December 2015					
Hedging instrument	Fair value of designated hedging instrument	Periods when the cash flows are expected to occur	Periods when the related profit or loss are expected to affect the statement of comprehensive income	Amount	Settlement
Derivative financial assets (liabilities) for hedging –current					
Forward contracts	$2,680,449	2013/06~2016/03	2013/06~2016/03	$12,540,000	¥1,184,904,600
Forward contracts	3,612,628	2013/10~2016/09	2013/10~2016/09	$17,500,000	¥1,657,075,000
Total	$6,293,077				
Derivative financial assets (liabilities) for hedging -noncurrent					
Forward contracts	$3,536,612	2013/10~2017/03	2013/10~2017/03	$17,500,000	¥1,640,450,000

(6) Accounts receivable, net

	31 December 2016	31 December 2015
Accounts receivable	$4,001,673	$4,161,033
Less: allowance for doubtful debts	(83,258)	(83,258)
Subtotal	3,918,415	4,077,775
Accounts receivable－related parties	255,884	176,125
Less: allowance for doubtful debts	-	-
Subtotal	255,884	176,125
Net accounts receivable	$4,174,299	$4,253,900

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

The movements in the provision for impairment and aging report of accounts receivables and accounts receivables – related parties are as follow (please refer to Note 12 for disclosure on credit risk exposure):

	31 December 2016	31 December 2015
Amount at beginning of period	$83,258	$-
Provision for impairment	36,949	1,606,350
Write off	(36,949)	(1,523,092)
Amount at end of period	$83,258	$83,258

Impairment loss that was individually determined at 31 December 2016 and 2015, arose due to the fact that the counterparty was in financial difficulties. The amount of impairment loss recognized was the difference between the carrying amount of the trade receivable and the present value of its expected recoverable amount. The Group does not hold any collateral for such accounts receivables.

Accounts receivable and accounts receivable from related parties, net－the aging analysis is as follow:

	Neither past due nor impaired	Past due but not impaired					
		Under 6 months	7~12 months	13~18 months	19~24 months	Over 24 months	Total
2016.12.31	$3,339,079	$134,984	$148,995	$11,834	$20,734	$518,673	$4,174,299
2015.12.31	2,958,656	211,645	20,789	508,545	102,241	452,024	4,253,900

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

(7) Inventories

	31 December 2016	31 December 2015
Fuel	$3,544,442	$2,665,385

As at 31 December 2016 and 2015, the aforesaid inventories were not pledged as collateral.

(8) Investments accounted for using the equity method

	31 December 2016		31 December 2015	
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:				
Pescadores Investment and Development Inc.	$4,273,280	40%	$-	-%

A. For the purpose of building the Group's headquarter, the Group has participated in an investment with Pescadores Co., Ltd. and Mr. Lan Chun Sheng by subscribing for new shares of Pescadores Investment and Development Inc., of which capital has amounted to NT$1 billion. The Group holds 40% of the shares issued by Pescadores Investment and Development Inc., with a par value of NT$10 per share for 40,000,000 shares, and the Group paid at a price of NT$10 per share in the amount of NT$400 million in cash. As at 28 April 2016, the Group had fully paid the amount. And as at 8 June 2016, Pescadores Investment and Development Inc. had completed the alteration of the registered capital amount.

B. The summary financial information of the investment in associates was listed below:

	31 December 2016	31 December 2015
Current assets	$302,539	$-
Non-current assets	133,175,792	-
Current liabilities	(4,434)	-
Non-current liabilities	(122,790,698)	-
Equity	10,683,199	-
Percentage of ownership (%)	40%	-
Group's carrying amount of the investment	$4,273,280	$-

	For the Year Ended 31 December	
	2016	2015
Revenue	$-	$-
Profit for the year (continuing operations)	(20,316,993)	-
Other comprehensive income for the year	-	-
Comprehensive income for the year	$(20,316,993)	$-

(a) The investments in associates do not have a quoted market price in active market.

(b) The investments in associates had no contingent liabilities, capital commitments, or guaranty.

C. As at 31 December 2016 and 2015, the foreign exchange rate effects for investments accounted for using the equity method were as follows:

	31December 2016	31 December 2015
Pescadores Investment and Development Inc.	$(3,024)	$-

D. The aforementioned investments in associates were not pledged and had no contingent liabilities or capital commitments as at 31 December 2016 and 2015.

(9) Property, plant and equipment

31 December2016	Beginning balance	Addition	Disposal	Re-classification	Foreign exchange rate effects	Ending balance
Cost						
Vessel	$2,709,389,232	$637,717	$63,050,861	$253,015,321	$43,539	$2,900,034,948
Vessel equipment	13,946,964	2,452,769	1,335,423	-	-	15,064,310
Dry-dock	19,229,751	6,530,600	6,391,238	1,630,000	-	20,999,113
Transportation equipment	167,555	-	-	-	2,988	170,543
Office equipment	209,961	19,188	-	-	3,751	232,900
Leased assets	68,435,676	303,881	-	24,777,270	-	93,516,827
Leasehold improvements	82,399	-	-	-	1,470	83,869
Total	2,811,461,538	9,944,155	70,777,522	279,422,591	51,748	3,030,102,510
Accumulated depreciation						
Vessel	457,533,584	107,248,564	32,397,341	-	1,484	532,386,291
Vessel equipment	6,067,798	3,143,993	1,313,164	-	3	7,898,630
Dry-dock	7,395,086	8,956,730	5,754,714	-	18	10,597,120
Transportation equipment	166,074	1,507	-	-	2,962	170,543
Office equipment	165,113	16,014	-	-	2,950	184,077
Leased assets	11,343,015	3,477,498	-	-	-	14,820,513
Leasehold improvements	47,732	8,359	-	-	854	56,945
Total	482,718,402	122,852,665	39,465,219	-	8,271	566,114,119
Net Balance	$2,328,743,136	$(112,908,510)	$31,312,303	$279,422,591	$43,477	$2,463,988,391

31 December 2015	Beginning balance	Addition	Disposal	Re-classification	Foreign exchange rate effects	Ending balance
Cost						
Vessel	$2,394,731,073	$4,522,032	$105,440,912	$415,577,039	$-	$2,709,389,232
Vessel equipment	10,697,598	3,719,929	470,563	-	-	13,946,964
Dry-dock	15,328,207	9,234,534	7,862,990	2,530,000	-	19,229,751
Transportation equipment	173,776	-	-	-	(6,221)	167,555
Office equipment	202,527	14,684	-	-	(7,250)	209,961
Leased assets	41,312,641	468,376	647,918	27,302,577	-	68,435,676
Leasehold improvements	85,458	-	-	-	(3,059)	82,399
Total	2,462,531,280	17,959,555	114,422,383	445,409,616	(16,530)	2,811,461,538
Accumulated depreciation						
Vessel	363,633,011	102,111,134	8,207,839	-	(2,722)	457,533,584
Vessel equipment	3,583,232	2,874,404	389,838	-	-	6,067,798
Dry-dock	7,324,687	7,478,587	7,408,188	-	-	7,395,086
Transportation equipment	145,910	26,255	-	-	(6,091)	166,074
Office equipment	149,317	21,865	-	-	(6,069)	165,113
Leased assets	9,962,639	2,028,294	647,918	-	-	11,343,015
Leasehold improvements	40,349	9,129	-	-	(1,746)	47,732
Total	384,839,145	114,549,668	16,653,783	-	(16,628)	482,718,402
Net Balance	$2,077,692,135	$(96,590,113)	$97,768,600	$445,409,616	$98	$2,328,743,136

A. For the years ended 31 December 2016 and 2015, the Group had amortization expenses as follows:

	For the Year Ended 31 December	
	2016	2015
Operating Cost	$122,826,785	$114,492,419
Operating Expenses	25,880	57,249

B. As at 31 December 2016 and 2015, the residual value of the vessels amounted to $350,723 thousand and $311,522 thousand, respectively, and the estimated useful lives were both ranging from 4 to 25 years.

C. As at 31 December 2016 and 2015, the Group had agreed to assign the chartering income of some vessels as security for loan repayment.

D. As at 31 December 2016 and 2015,105 and 96 vessels, respectively, were pledged to banks. The pledge of these vessels is required by the banks which granted the loans to finance the purchase of the vessels and to secure the timely repayment of the loans. The carrying amount of these vessels were $2,435,313 thousand and $2,301,306 thousand, respectively.

E. As at 31 December 2016 and 2015, the Group has entered into certain shipbuilding contracts. Refer to Note 9.(a) for further details.

F. As at 31 December 2016 and 2015, the vessels of the Group were insured for $2,618,000 thousand and $2,451,000 thousand, respectively.

G. For the years ended 31 December 2016 and 2015, the Group disposed of certain vessels for $29,610,176 and $105,073,500, which resulted in gains (losses) on disposal of property and equipment of $846,550 and $15,436,404, respectively. Refer to Note 7 for further details.

H. As at 31 December 2016 and 2015, the amounts of total interest expense before capitalization of borrowing costs were $36,215,903 and $30,607,750; the capitalization of interest were $82,882 and $424,858, and the capitalization of interest will be paid annually at a rate of 1.91~2.96% and 1.87~2.68%, respectively.

(10) Other noncurrent assets－Other

	31 December 2016	31 December 2015
Prepayment for vessels	$91,772,500	$104,295,500
Deferred expenses	25,235	15,490
Total	$91,797,735	$104,310,990

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

(11) Interest-bearing loans and borrowings

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

	31 December 2016	31 December 2015
Bank loans－Short-term borrowings	$25,342,002	$26,055,662
Long-term borrowings (including current portion)	$1,419,206,480	$1,358,107,894

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

Loans	Currency	Nominal interest rate	Year of maturity	Amount
31 December 2016				
Unsecured	USD	1.35%~2.54%	2016.01.05~2018.12.26	$40,750,000
	JPY	0.88%~1.22%	2015.12.31~2018.08.31	10,684,089
Secured	USD	1.16%~3.82%	2009.02.20~2026.06.30	635,992,049
	JPY	0.75%~2.25%	2005.12.12~2030.04.02	755,782,809
	TWD	1.86%~1.89%	2016.03.28~2023.03.28	1,339,535
Total				$1,444,548,482

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

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

Maturity Period	31 December 2016	31 December 2015
Within one year	$186,242,664	$154,741,387
Beyond one year and up to five years	808,368,511	718,546,245
More than five years	424,595,305	484,820,262
Total	$1,419,206,480	$1,358,107,894

(a) As at 31 December 2016 and 2015, WML had provided financing guarantees for its subsidiaries of $1,232,527 thousand and $1,159,127 thousand, respectively.

(b) As at 31 December 2016 and 2015, the Group had unused credit facilities of $72,054 thousand and $70,043 thousand, respectively.

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

(i) Loan lenders shall be notified of any significant movement of the Group's shareholder's equity.
(ii) In certain circumstances, the Group retains the option to select the currency to be used for loan or debt settlement.
(iii) Some equity shares of the Company's subsidiaries were pledged to secure bank loans.

(d) As at 31 December 2016 and 2015, WML and the Company had provided financial guarantees for the Company's subsidiaries. Please refer to Note 9.(d) for further details.

(12) Bonds Payable

	31December 2016	31 December 2015
Domestic convertible bonds	$86,520,649	$85,159,074
Less: current portion	74,568,868	-
Net	$11,951,781	$85,159,074

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

	31 December 2016	31 December 2015
First overseas unsecured convertible bonds issued in 2012		
Convertible bonds issued	$20,387,360	$20,387,360
Discounts on bonds payable	(57,598)	(77,029)
Accumulated converted amount	(11,361,140)	(10,916,525)
Accumulated redeemed amount	(7,682,967)	(7,682,967)
Valuation on bonds payable	(869,171)	(885,162)
Net	416,484	825,677
Less: Current portion of bonds payable	(416,484)	-
Subtotal	-	825,677
First overseas unsecured convertible bonds issued in 2013		
Convertible bonds issued	60,000,000	60,000,000
Discounts on bonds payable	(548,219)	(850,475)
Accumulated converted amount	(47,500,000)	(47,250,000)
Net	11,951,781	11,899,525
Less: Current portion of bonds payable	-	-
Subtotal	11,951,781	11,899,525
Second overseas unsecured convertible bonds issued in 2015		
Convertible bonds issued	80,000,000	80,000,000
Discounts on bonds payable	(5,847,616)	(7,566,128)
Accumulated converted amount	-	-
Net	74,152,384	72,433,872
Less: Current portion of bonds payable	(74,152,384)	-
Subtotal	-	72,433,872
Total	$11,951,781	$85,159,074

Embedded derivative instruments－put right, accounted under financial liabilities at fair value through profit or loss	$2,771,935	$1,394,446
Equity components－Capital surplus, accounted under capital surplus	$7,242,446	$7,262,052
Liability components－Financial liabilities reported at fair value through (profit) or loss	$1,442,324	$1,099,984
Interest expense	$3,552,767	$3,354,684

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

Item	First overseas unsecured convertible bonds issued in 2012
1. Offering amount	NT$600,000 thousand
2. Issue date	29 March 2012
3. Outstanding amount	NT$13,500 thousand
4. Interest	The bonds will not bear any interest.
5. Issue Period	From 29 March 2012 to the maturity date of 29 March 2017
6. Guarantee Institutions	None
7. Settlement	A converting bond holder can convert bonds into the Company's common stock or execute put option based on the Company's conversion rules. The Company can also buy back cancellation from bonds dealers. Otherwise, bonds are repayable at face value by cash when they mature.
8. Redemption at the option of the holder	The bondholders can execute put option after two years from issuance date (29 March 2014). The Company should send through registered mail the "Notification of bondholder's put option" 30 days before the maturity date. (The list of bondholders who should receive the notification through registered mail is based on the register list 5 business days before mailing date. Investors who purchase the bonds after the mailing date are notified through announcement.) OTC (Over the Counter) should be notified by the Company and should announce the bondholder's put option; a written notification should be sent to the share transfer agent by bondholders 30 days after the OTC's announcement. The redemption value is the bonds face value plus interest. (Face value * 101% after two years maturity period, the real yield is 0.5%). After accepting the redemption request, the Company should redeem the bonds by cash within 5 business days after the maturity date.
9. Conversion	(a) Conversion period The bondholders will have the right to convert their bonds at any time during the conversion period commencing 30 April 2012 (the 30th day following the closing date) and ending at the close of business on 19 March 2017 (the 10th day prior to the maturity Date), provided, however, that the conversion right during any closed period shall be suspended and the conversion period shall not include any such closed period, which means (i) the period during which the Company may be required to close its stock transfer books under ROC laws and regulations applicable from time to time; (ii) the period beginning on the 15th trading day prior to the record date for the distribution of stock or cash dividends, or subscription of new shares due to capital increase to the date ending on (and including) such record date; (iii) the period beginning on the record date of a capital reduction to one day prior to the trading day on which the shares of the Company are reissued after such capital reduction. (b) Conversion price The conversion price had been adjusted from NT$46.00 per share to NT$40.36 per share effective 14 August 2012. The conversion price had been adjusted from NT$40.36 per share to NT$36.80 per share effective 20 August 2013. The conversion price had been adjusted from NT$36.80 per share to NT$33.70 per share effective 2 August 2014. The conversion price had been adjusted from NT$33.70 per share to NT$31.30 per share effective 4 July 2015. The conversion price had been adjusted from NT$31.30 per share to NT$29.20 per share effective 3 July 2016. The conversion price had been adjusted from NT$29.20 per share to NT$29.10 per share effective 28 October 2016.

Item	First overseas unsecured convertible bonds issued in 2013
1. Offering amount	US$60 million
2. Issue date	12 November 2013
3. Outstanding amount	US$12,500 thousand
4. Interest	The bonds will not bear any interest.
5. Issue Period	From 12 November 2013 to maturity date of 12 November 2018
6. Guarantee Institutions	Citicorp International Limited
7. Settlement	Unless the bonds have been previously redeemed, repurchased and cancelled or converted, the bonds will be redeemed by the Company on maturity date at an amount equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis, which is 110.46% of the principal amount.
8. Redemption at the option of the holder	(1) Each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds on 12 November 2015 at a redemption price equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis, which is 104.06% of the principal amount. (2) In the event that the Company's common shares ceased to be listed or admitted to trading on the TWSE, each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds at the early redemption amount equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis. (3) In theevent of change of control occurs with respect to the Company, each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds at the early redemption amount.
9. Conversion	(1) Conversion period Unless the bonds have been redeemed before maturity, repurchased and cancelled or converted, each holder of the bonds will have the right at any time during the conversion period commencing 23 December 2013 (the 41st day following the closing Date) and ending at the close of business on 2 November 2018 (the 10thday prior to the maturity Date), to convert their bonds. (2) Conversion price The conversion price was NT$35.3369 per share which was100.1% of the closing price reported by the TWSE in respect of the common shares of the Company on 4 November 2013. The conversion price had been adjusted from NT$35.3369 per share to NT$32.6486 per share effective 2 August 2014. The conversion price had been adjusted from NT$32.6486 per share to NT$30.3524 per share effective 4 July 2015. The conversion price had been adjusted from NT$30.3524 per share to NT$28.3011 per share effective 3 July 2016. The conversion price had been adjusted from NT$28.3011 per share to NT$28.2794 per share effective 28 October 2016 (3) Conversion to common shares Upon conversion, the number of common shares converted is calculated by the issuance price (translated at a fixed exchange rate applicable on conversion of bonds of NT$29.4180 =US$1.00) divided by the conversion price on the conversion date.

Item	Second overseas unsecured convertible bonds issued in 2015
1. Offering amount	US$80 million
2. Issue date	10 April 2015
3. Outstanding amount	US$80 million
4. Interest	The bonds will not bear any interest.
5. Issue Period	From 10 April 2015 to maturity date of 10 April 2020
6. Guarantee Institutions	Citicorp International Limited
7. Settlement	Unless the bonds have been previously redeemed, repurchased and cancelled or converted, the bonds will be redeemed by the Company on maturity date at an amount equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis, which is 110.46% of the principal amount.
8. Redemption at the option of the holder	(1) Each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds on 10 April 2017 at a redemption price equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis, which is 104.06% of the principal amount. (2) In the event that the Company's common shares ceased to be listed or admitted to trading on the TWSE, each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds at the early redemption amount equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis. (3) In the event of change of control occurs with respect to the Company, each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds at the early redemption amount.
9. Conversion	(1) Conversion period Unless the bonds have been redeemed before maturity, repurchased and cancelled or converted, each holder of the bonds will have the right at any time during the conversion period commencing 21 May 2015 (the 41st day following the closing Date) and ending at the close of business on 31 March 2020 (the 10thday prior to the maturity Date), to convert their bonds. (2) Conversion price The conversion price was NT$42.79 per share which was 110% of the closing price reported by the TWSE in respect of the common shares of the Company on 1 April 2015. The conversion price had been adjusted from NT$42.79 per share to NT$39.78 per share effective 4 July 2015. The conversion price had been adjusted from NT$39.78 per share to NT$37.09 per share effective 3 July 2016. The conversion price had been adjusted from NT$37.09 per share to NT$36.43 per share effective 28 October 2016. (3) Conversion to common shares Upon conversion, the number of common shares converted is calculated by the issuance price (translated at a fixed exchange rate applicable on conversion of bonds of NT$31.271 =US$1.00) divided by the conversion price on the conversion date.

(13) Leases

A. Lessors

(a) Finance leases of vessels

(i) The Group had no finance leases of vessels as at 31 December 2016.

(ii) Future lease receivable under financing lease of vessels as at 31 December 2015:

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

(iii) The Group leases out some vessels to third parties. The lessees have the option to purchase the assets at a price that is sufficiently lower than the fair value upon the expiry of the contracts. These lease agreements will mature in May 2018. M.V. Caribbean ID had been returned on 30 November 2016. As at 31 December 2016, the balance of lease receivable was $0.

(b) Chartering

(i) Future hiring receivables as at 31 December 2016 and 2015 were as follows:

	31 December 2016	31 December 2015
Within one year	$243,555,891	$274,037,986
Beyond one year and up to five years	609,441,100	778,598,123
More than five years	419,919,829	567,762,577
Total	$1,272,916,820	$1,620,398,686

(ii) The Group recognized compensation of $13,800,000 due to early termination of contract by a lessee on 19 February 2016 and 30 March 2016. The Group also recognized compensation of JPY 1,480,000,000 due to early termination of contract by a lessee on 11 November 2016. The compensations have been recovered in full, and accounted for other income.

B. Lessee

(a) Finance leases of vessels

(i) Future non-cancellable lease payments under financing lease as at 31 December 2016 and 2015:

	31 December 2016		31 December 2015	
	Minimum Lease Payment	Interest expense	Minimum Lease Payment	Interest Expense
Within one year	$15,593,148	$805,511	$3,635,900	$754,634
Beyond one year and up to five years	12,387,396	2,032,083	18,598,098	1,289,922
More than five years	34,189,820	1,296,426	19,145,503	850,897
Total	$62,170,364	$4,134,020	$41,379,501	$2,895,453

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

(b) Bareboat Hire and Purchase (BBHP)

(i) For the year ended 31 December 2016, the Group engaged in vessels sale and lease back transactions based on the operating performance and the investment strategies. The sale and lease back transactions resulted in financial leases, and the related information of these transactions was as follows:

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

(ii) Future non-cancellable chartering payments as at 31 December 2016 and 2015 were as follows:

	31 December 2016	31 December 2015
Within one year	$2,771,000	$3,875,000
Beyond one year and up to five years	8,715,000	13,418,000
Total	$11,486,000	$17,293,000

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

(iv) As at 31 December 2016 and 2015, the Group has issued promissory notes of $12,974,000 and $20,057,000, respectively, for these lease agreements.

(14) Post-Employment Defined Benefit Plan

A. Defined contribution plans

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

B. Defined benefit plans

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

(15) Equities

A. Capital

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

As at 31 December 2016 and 2015, the total outstanding capital of the Company amounted to NT$5,549,741 thousand and NT$5,142,401 thousand, consisting of 554,974 thousand and 514,240 thousand shares with a par value of NT $10 per share.

(b) On 27 May 2016, the shareholders resolved at their meeting to distribute the 2015 capital surplus as cash at NT$2.50 per share. The record date of this capital increase was 3 July 2016.

(c) For the year ended 31 December 2016, convertible bonds were converted into common stock and capital surplus of $228,880 and $524,310, respectively.

(d) A resolution was passed at a board of directors meeting of the Company held on 29 July 2016 to issued 40,000,000 shares of stock with per value of NT$10 per share. The board of directors authorized the chairman of directors to set the offering price at NT$28 per share on 3 October. The issuance was approved by the Financial Supervisory Commission on 8 September 2016, and the subscription was completed on 28 October 2016.

B. Capital Surplus

The components of the capital surplus were as follows:

	31 December 2016	31 December 2015
From issuance of share capital	$57,192,309	$73,534,586
Employee share options	119,346	114,425
Stock option from convertible bonds	7,242,446	7,262,052
Total	$64,554,101	$80,911,063

C. Retained earnings

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

(b) On 27 May 2016 and 29 May 2015, the Company's shareholders resolved at the shareholder's meeting to appropriate the 2015 and 2014 earnings. These earnings were distributed as dividends and remuneration to directors and supervisors as follows:

Unit: NTD

	For the Years Ended 31 December	
Item	2015	2014
Cash dividends distributed from Capital surplus -per share	$2.50	$3.00

	For the Years Ended 31 December	
Item	2015	2014
Directors' and supervisors' remuneration	$308,270	$275,263

(c) The differences between the actual appropriations of 2015 and 2014 earnings for directors and supervisors' remunerations as approved at the shareholders' meeting and the amounts recognized in the financial statements were as follows:

	2015		
	The actual appropriation according to the shareholders meeting	The amount recognized in the financial report	Difference
Directors' and supervisors' remuneration	$308,270	$308,266	$4

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

The aforementioned difference for the years ended 31 December 2015 and 2014 was accounted for as a change in accounting estimates and was charged to profit or loss for the years ended 31 December 2016 and 2015.

Directors' and supervisors' remuneration amounted to $232,835 and $308,266 for the years ended 31 December 2016 and 2015, respectively. These amounts were calculated based on the Company's net profit for the years ended 31 December 2016 and 2015, and were estimated according to the earnings allocation method, priority and factor for employee benefits and key management personnel compensation as stated under the Articles of Association. These benefits were expensed under salaries expenses during the years ended 31 December 2016 and 2015.

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

(16) Operating revenues

	For the Years Ended 31 December	
	2016	2015
Hire revenue	$306,584,325	$320,313,121
Freight revenue	13,355,382	17,292,607
Vessel management revenue	4,719,956	4,403,890
Other operating revenue	6,345,118	4,943,903
Total	$331,004,781	$346,953,521

(17) Operating costs

	For the Years Ended 31 December	
	2016	2015
Depreciation expense (Note 6. (9)A)	$122,826,785	$114,492,419
Cost of materials	40,405,308	40,755,468
Expenses for chartering services	17,356,557	17,374,698
Wages and personnel expenses	84,448,277	79,431,078
Other operating costs	11,584,313	11,313,604
Total	$276,621,240	$263,367,267

(a) Cost of materials

	For the Years Ended 31 December	
	2016	2015
Fuel oil	$6,793,949	$9,541,355
Lubricants	9,238,698	9,382,724
Materials	5,716,377	4,842,586
Spare parts	7,032,559	5,478,555
Survey fees	4,056,639	3,922,386
Repairs and maintenance	1,418,770	1,733,436
Postage and international communication	2,643,203	2,324,658
Paints	869,105	825,903
Other	2,636,008	2,703,865
Total	$40,405,308	$40,755,468

(b) Expenses for chartering services

	For the Years Ended 31 December	
	2016	2015
Commissions	$10,490,491	$11,049,889
Expenses at ports	2,942,204	3,006,587
Agency costs	630,056	609,804
Chartering expenses	3,055,509	2,482,702
Dispatch expenses	238,297	225,716
Total	$17,356,557	$17,374,698

(c) Wages and personnel expenses

	For the Years Ended 31 December	
	2016	2015
Crew wages	$63,663,182	$59,202,901
Insurance fees	8,128,590	8,668,033
Food and meals	5,737,443	5,311,100
Crew travel fees	4,842,968	4,400,286
Bonus	1,949,815	1,731,789
Pension cost	126,279	116,969
Total	$84,448,277	$79,431,078

(d) Other operating costs

	For the Years Ended 31 December	
	2016	2015
Hull and machinery insurance	$8,972,569	$9,317,977
Compensation	1,503,322	896,705
Lease payments	307,873	323,314
Other	800,549	775,608
Total	$11,584,313	$11,313,604

(e) Summary statement of employee benefits, depreciation and amortization expenses by function during the years ended 31 December 2016 and 2015:

	For the years ended 31December					
	2016			2015		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$65,612,997	$1,447,782	$67,060,779	$60,934,690	$1,744,399	$62,679,089
Insurance expenses	8,128,590	99,550	8,228,140	8,668,033	104,204	8,772,237
Pension	126,279	82,460	208,739	116,969	68,389	185,358
Other employee benefits expense	5,739,948	50,059	5,790,007	5,313,569	50,626	5,364,195
Depreciation	122,826,785	25,880	122,852,665	114,492,419	57,249	114,549,668
Amortization	-	8,837	8,837	-	13,785	13,785

(18) Other income and losses

(a) Other income

	For the years ended 31 December	
	2016	2015
Interest income	$682,960	$1,347,447
Other income-others	42,840,445	5,475,257
Total	$43,523,405	$6,822,704

The aforesaid other income-others, please refer to Note 6.(3) and Note 6.(13)A.(b)(ii) and Note 9.(b) and (c) for more details.

(b) Other gains and losses

	For the years ended 31 December	
	2016	2015
Gains (Losses) on disposal of property, plant and equipment	$846,550	$15,436,404
Foreign exchange gains (losses)	(1,511,751)	3,815,817
Gains (Losses) on valuation of financial instruments or liabilities at fair value through profit or loss	(2,005,318)	(257,396)
Other expenses and losses	(2,919,263)	(341,761)
Gains (Losses) on derecognition of held to maturity financial assets	-	(1,253,560)
Total	$(5,589,782)	$17,399,504

(19) Components of other comprehensive income

For the year ended 31 December 2016

	Arising during the period	The original cost that was removed to hedged item	Other comprehensive income	Income tax benefits (expenses)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Defined benefit plan actuarial losses	$(31,923)	$-	$(31,923)	$-	$(31,923)
To be reclassified to profit or loss in subsequent periods:					
Cumulative translation adjustments	(29,223,273)	-	(29,223,273)	-	(29,223,273)
Unrealized gains or losses on available-for-sale financial assets	111,672	-	111,672	-	111,672
Effective portion of gains (losses) on hedging instrument in a cash flow hedge	(4,829,622)	(11,721,697)	(16,551,319)	-	(16,551,319)
Total of other comprehensive income	$(33,973,146)	$(11,721,697)	$(45,694,843)	$-	$(45,694,843)

For the year ended 31 December 2015

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

(20) Income tax

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

B. For the years ended 31 December 2016 and 2015, the components of income tax expenses(benefits) of WELL and WII were as follows:

	For the years ended 31 December	
	2016	2015
Current income tax expense (income)	$108,314	$2,090
Deferred tax expense (income)	12,420	13,486
Total income tax expense (income)	$120,734	$15,576

The effective income tax rate for WELL and WII is 17%. These two companies are alsosubject to the "Income Basic Tax Act" for purposes of calculating their basic income tax for the years ended 31 December 2016 and 2015.

	For the years ended 31 December	
	2016	2015
Tax at the domestic rates applicable to profits in the country concerned	$(1,267,253)	$ 6,411
Tax effect of revenues exempt from taxation and expenses not deductible for tax purposes	1,369,677	13,827
Tax effect of deferred tax assets/liabilities	(2,210)	(5,555)
Adjustments of other income tax	20,520	893
Total income tax expense (income) recognized in profit or loss	$120,734	$15,576

Deferred tax assets (liabilities) relate to the following:

(a) Unrecognized deferred tax assets

Unrecognized deferred tax assets of the Group are as follows:

	31 December 2016	31 December 2015
Deductible temporary difference		
Tax loss	$98,884	$109,930

The ROC Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

The Group's estimated unused tax effects of the loss carry-forwards as at 31 December 2016:

Year	Unused Amount	Expiration Year
2014	$98,884	2024

(b) Recognized deferred tax assets

For the years ended 31 December 2016 and 2015, changes in deferred tax assets and liabilities are as follows:

	Defined benefit plans	Other	Total
Deferred tax assets (liabilities):			
Balance, 1st January 2016	$41,347	$(21,505)	$19,842
Debit (Credit) in income statement	(20,442)	8,022	(12,420)
Exchange rate effects	729	(380)	349
Balance, 31 December 2016	$21,634	$(13,863)	$7,771
Balance, 1st January 2015	$40,397	$(6,294)	$34,103
Debit (Credit) in income statement	2,478	(15,964)	(13,486)
Exchange rate effects	(1,528)	753	(775)
Balance, 31 December 2015	$41,347	$(21,505)	$19,842

(c) The assessment of income tax returns

As at 31 December 2016, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
Wisdom Marine International Inc. (WII)	Assessed and approved up to 2014
Well Shipmanagement and Maritime Consultant Co.,Ltd.(WELL)	Assessed and approved up to 2014

(21) Earnings per share

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

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

	2016	2015
Basic earnings per share		
Profit attributable to ordinary shareholders	$43,387,801	$70,720,929
Weighted-average number of ordinary shares	521,252,664	495,580,891
	$0.08	$0.14
Diluted earnings per share		
Profit attributable to ordinary shareholders(diluted)	$43,387,801	$70,720,929
Interest expenses on convertible notes, net of tax	3,552,767	3,287,380
Foreign exchange (gains) losses	15,990	-
Amortization of deferred issuance costs	362,927	339,069
(Gains) Losses on valuation on convertible notes, net of tax	1,442,324	421,485
Profit attributable to ordinary shareholders (diluted)	$48,761,809	$74,768,863
Weighted average number of ordinary shares(diluted)	521,252,664	495,580,891
Effect of conversion of convertible notes	82,526,142	91,440,297
Weight average number of ordinary shares (diluted)	603,778,806	587,021,188
	$0.08	$0.13

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

7. Related parties

A. Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

B. Significant transactions with related parties

(a) Chartering expenses

	For the years ended 31 December	
Related party	2016	2015
Other related parties	$3,055,509	$2,482,702

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

(b) Services received / rendered

For the years ended 31 December 2016 and 2015, the Group received service from (rendered service to) related parties as follows:

Related party	Item	Amount
For the year Ended 31 December 2016		
Other related parties	Vessel management service	$(2,942,550)
〃	Commissions	1,231,422
〃	Commissions and agency fees	1,457,438
〃	Business travel expenses and entertainment exp.	180,975
〃	Entertainment expenses and miscellaneous expenses	15,792
〃	Management revenue	(373,406)
〃	Other expenses	18,000
〃	Commission income	(26,372)
〃	Port charges、Agency fees、Travel	26,936
〃	Passenger ticket revenue、Other revenue	(639,623)
〃	Other Losses	209,815
〃	Loss on Disposal of Assets (Commissions)	75,315

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

(c) Receivables and payables

Accounts receivable	31 December 2016	31 December 2015
Name of related party		
Other related parties	$255,884	$176,125

Other current assets / other receivables	31 December 2016	31 December 2015
Name of related party		
Other related parties	$35,421	$492,936

Accounts payable	31 December 2016	31 December 2015
Name of related party		
Other related parties	$3,335	$29,990

Accrued expense	31 December 2016	31 December 2015
Name of related party		
Other related parties	$11,408	$33,566

(d) Financing

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

31 December 2016		
Name of related party	Max balance	Ending balance
Other related parties	$106,033,281	$90,932,264

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

Interest Expenses	For the years Ended 31 December	
Name of related party	2016	2015
Other related parties	$2,135,020	$1,627,451

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

(e) Leases

For the years ended 31 December 2016 and 2015, the Group incurred other related parties and key management transactions as follows:

	For the years Ended 31 December	
	2016	2015
Key management	$172,140	$174,978
Other related parties	137,375	139,638
Total	$309,515	$314,616

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

(f) Guarantee

As at 31 December 2016 and 2015, key management had provided a time deposit guarantee for the Group's financing loan of $32,439 thousand and $32,232 thousand, respectively.

(g) Others

(i) On 30 September 2016, the Group signed a contract with Benefit Transport S.A. to sell Jasmine Ace vessel and Wisdom Grace vessel for $4,000,000 and $6,500,000, respectively. The Group recognized gains on disposal of property, plant and equipment in the amount of $1,350,077 and $546,250, respectively.

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

C. Salaries and compensation for key management

The Group paid salaries to key management as follows:

	For the years ended 31 December	
	2016	2015
Salary and bonus (including BODS remunerations)	$696,181	$758,758
Post-employment benefits	8,830	7,802
	$705,021	$766,560

8. Pledged assets

The carrying amount of pledged assets were as follows:

Pledged assets	Object	31 December 2016	31 December 2015
Property, plant and equipment	Bank Loans	$2,435,313,000	$2,301,306,000
Available-for-sale financial assets	〃	999,053	-
Held-to-maturity investments	〃	569,365	3,577,592
Other financial assets	〃	25,347,361	23,819,537
		$2,462,228,779	$2,328,703,129

9. Significant commitments and contingencies

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

	31 December 2016	31 December 2015
Vessels	21	28
Contract price	¥2,270,000 thousand	¥-
	$544,910 thousand	$770,220 thousand
Prepaid	$91,773 thousand	$104,296 thousand
Financed shipbuilding contracts	$33,930 thousand	$56,250 thousand

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

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

Year of delivery	Contract Price		Number of vessels
	Yen (thousand)	USD (thousand)	
2017	¥-	$360,310	12
2018	2,270,000	140,600	7
2019	-	22,500	1
2020	-	21,500	1
Total	¥2,270,000	$544,910	21

(b) As at 31 December 2016, the Group had confiscated the deposit of $10,500,000 from Arabian Gas & Oil Development Company for breaching the contract in the purchase of two undelivered vessels for $52,500,000. Aforementioned deposit was charged to profit or loss under other income after deducting commission of $157,500.

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

(d) Financial Guarantee

Guarantee	Name of relative party guarantee	31 December 2016	Period	Purpose
The Company	WML	$19,600 thousand ¥ -	2014.07~2018.06	Operating fund
WML	Subsidiaries	$589,041 thousand ¥85,481,650 thousand	2005.12~2030.04	Borrowings
The Company	Subsidiaries	$593,403 thousand ¥86,718,878 thousand	2009.11~2030.04	Borrowings and Operating fund
WML	The Company	$6,000 thousand ¥ -	2016.12~2017.12	Operating fund

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

10. Losses due to major disasters: None.

11. Significant subsequent events:

On 25 February 2017, the Group sold M.V. Poavosa Champion to Huge Fortune International Limited for $2,620,000. The loss from selling the vessel was $667,756 after deducting commission. On 16 March 2017, the Group had fully received the proceeds.

12. Others

A. Categories of financial instruments

Financial assets

	31 December 2016	31 December 2015
Financial assets at fair value through profit or loss:		
Held for trading	$-	$1,463,009
Available- for-sale financial assets	5,368,010	-
Held-to-maturity investments	569,365	3,577,592
Loans and receivables:		
Cash and cash equivalents (exclude cash on hand)	32,598,696	58,242,893
Accounts receivable and other receivables (include from related parties)	4,542,412	6,100,892
Lease receivables	-	4,223,891
Subtotal	37,141,108	68,567,676
Derivative financial assets for hedging	-	9,829,689
Other financial assets	33,396,829	30,566,229
Total	$76,475,312	$114,004,195

Financial liabilities

	31 December 2016	31 December 2015
Financial liabilities at amortized cost:		
Short-term borrowings	$25,342,002	$26,055,662
Accounts payable (include from related parties)	4,115,876	3,273,245
Bonds payable (include current portion)	86,520,649	85,159,074
Long-term borrowings (include current portion)	1,419,206,480	1,358,107,894
Long-term payable (include from related parties)	122,246,772	103,814,491
Lease payables (include current portion)	62,170,364	41,379,501
Subtotal	1,719,602,143	1,617,789,867
Financial liabilities at fair value through profit or loss:		
Financial liabilities held for trading	-	8,819
Embedded derivative instruments－put right	2,771,935	1,394,446
Total	$1,722,374,078	$1,619,193,132

B. Financial risk management objectives and policies

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

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

C. Market risk

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

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

Foreign currency risk

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

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

When USD strengthens/weakens against foreign currency Yen by 10%, the profit for the years ended 31 December 2016 and 2015 decreases/increases by $4,122,337 and $4,611,075, respectively; the equity decreases/increases by $0 and $3,852,519, respectively.

Interest rate risk

Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group's exposure to changes in interest rates relates primarily to the Group's cash and cash equivalents, bank deposits, and bank borrowings.

The Group does not use financial derivatives to hedge against interest rate risk.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 0.25% of interest rate in a reporting period could cause the profit for the years ended 31 December 2016 and 2015 to increase/decrease by $4,072,414 and $3,823,394, respectively.

Equity price risk

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

D. Credit risk management

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

(b) The risk exposure of credit risk

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

	31 December 2016	31 December 2015
Cash and cash equivalents	$32,598,696	$58,242,893
Financial assets at fair value through profit or loss	-	1,463,009
Accounts receivables and other receivables (include from related parties)	4,542,412	6,100,892
Lease receivables	-	4,223,891
Available-for-sale financial assets	5,368,010	-
Held to maturity financial assets	569,365	3,577,592
Derivative financial assets for hedging	-	9,829,689
Other financial assets	33,396,829	30,566,229
	$76,475,312	$114,004,195

E. Liquidity risk management

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

As at 31 December 2016:

	Carrying amount	Contractual cash flow	1 year	2 years	3 to 5 years	> 5 years
Non-derivative financial instruments						
Short-term borrowings	$25,342,002	$25,780,871	$25,780,871	$-	$-	$-
Accounts payables (include from related parties)	4,115,876	4,115,876	4,115,876	-	-	-
Corporate bonds payable	86,520,649	97,474,105	83,666,605	13,807,500	-	-
Long-term borrowings	1,419,206,480	1,533,231,016	214,642,202	206,841,468	671,969,755	439,777,591
Long-term Accounts payable	31,314,508	34,593,122	4,033,922	3,250,753	9,153,229	18,155,218
Long-term Accounts payable-related parties	90,932,264	101,534,736	2,650,618	2,650,618	2,650,618	93,582,882
Lease payables	62,170,364	66,616,986	16,434,384	3,604,870	10,814,610	35,763,122
	$1,919,602,143	$1,863,346,712	$351,324,478	$230,155,209	$694,588,212	$587,278,813

As at 31 December 2015:

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

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

F. Fair values of financial instruments

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

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

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

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

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

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

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

(c) Fair value measurement hierarchy for financial instruments

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

G. Derivative financial instruments

The Group's derivative financial instruments include forward currency contracts and embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as at 31 December 2016 and 31 December 2015 is as follows:

<u>Forward currency contracts</u>

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

<u>Embedded derivatives</u>

The embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note 6.(12) for further information on this transaction.

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

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

H. Fair value measurement hierarchy

(a) Fair value measurement hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability

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

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

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

As at 31 December 2016

	Level 1	Level 2	Level 3	Total
Derivative financial assets	$-	$-	$-	$-
Financial assets at fair value through profit or loss	$-	$-	$-	$-
Financial liabilities at fair value through profit or loss	$-	$-	$2,771,935	$2,771,935
Available-for-sale financial assets	$2,498,010	$-	$2,870,000	$5,368,010

As at 31 December 2015

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

<u>Transfers between Level 1 and Level 2 during the period</u>

During the years ended 31 December 2016 and 2015, there were no transfers between Level 1 and Level 2 fair value measurements.

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

	Assets	Liabilities
	Available-for-sale	At fair value through profit or loss
	Stock	Derivatives
Beginning balances as at 1 January 2016	$-	$1,394,446
Total gains and losses recognized for the year ended 31 December 2016:		
Amount recognized in profit or loss(presented in "other profit or loss")	-	1,442,324
Acquisition/issues for the year ended 31 December 2016	2,870,000	-
Disposal/settlements for the year ended 31 December 2016	-	(64,835)
Transfer in/(out) of Level 3	-	-
Ending balances as at 31 December 2016	$2,870,000	$2,771,935

Total gains and losses recognized for year ended 31 December 2016 in the table above contain gains and losses related to derivatives on hand as at 31 December 2016 in the amount of $(1,452,943).

Information on significant unobservable inputs to valuation

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

As at 31 December 2016

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial Assets:					
Available-for-sale financial assets					
Stock	Market method	Lack of liquidity discounts	0.3152	The higher the lack of liquidity discounts, the lower the fair value of the stock	5% increase in the volatility would result in decrease in the Group's equity by $377,785; 5% decrease in the volatility would result in increase in the Group's equity by $5,427
Financial liabilities:					
At fair value through profit or loss					
Embedded derivatives – Second overseas unsecured convertible bonds issued in 2015	Option pricing model	Volatility	14.07%	The higher the volatility, the lower the fair value of the embedded derivatives	5% increase in the volatility would result in increase in the Group's profit by $1,419,120;5% decrease in the volatility would result in decrease in the Group's profit by $1,981,440
Embedded derivatives – First overseas unsecured convertible bonds issued in 2012	Option pricing model	Volatility	15 .50%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase in the volatility would result in decrease in the Group's profit by $3,542;5% decrease in the volatility would result in increase in the Group's profit by $3,078

As at 31 December 2015

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial liabilities:					
At fair value through profit or loss					
Embedded derivatives – Second overseas unsecured convertible bonds issued in 2015	Option pricing model	Volatility	13.15%	The higher the volatility, the lower the fair value of the embedded derivatives	5% increase in the volatility would result in increase in the Group's profit by $329,040;5% decrease in the volatility would result in decrease in the Group's profit by $709,120
Embedded derivatives – First overseas unsecured convertible bonds issued in 2012	Option pricing model	Volatility	15.32%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase in the volatility would result in decrease in the Group's profit by $14,263;5% decrease in the volatility would result in increase in the Group's profit by $10,301

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

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

I. Significant assets and liabilities denominated in foreign currencies

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

	31 December 2016			31 December 2015		
	Foreign currency (Note1)	Exchange rate (Note2)	USD	Foreign currency (Note1)	Exchange rate (Note2)	USD
Financial assets						
Derivatives financial assets						
Sell JPY: Buy USD	-		-	￥5,201,233,700	0.0083~0.0085	$55,030,000
Financial liabilities						
Monetary item						
JPY：USD	￥8,658,388,382	0.0085	$73,946,438	￥7,707,228,379	0.0083	$64,029,479

Note 1: The amounts under the derivatives financial assets and monetary items are the carrying amounts of forward foreign exchange contract and financial liabilities, respectively.

Note 2: The exchange rates under the derivatives financial assets and monetary items are the forward exchange rate and spot rate, respectively.

For the year ended 31 December 2016 and 2015, the Group had foreign exchange gains (losses) of $(1,511,751) and $3,815,817 respectively.

J. Capital management

The capital risk management is established to ensure the Group's ability to continue to operate as a going concern. Under this risk management, the Group may adjust dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, adjust capital expenditure plan and dispose assets to settle any liabilities in order to maintain or adjust capital structure according to operating needs, investment purpose and market environment. The Group's capital structures is consisted of net liabilities (borrowings excluding the amount of cash and cash equivalents) and equity (common stock, capital surplus and other equity).

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

L. Certain accounts in the consolidated financial statements as at and for the years ended 31 December 2015 were reclassified to conform to the presentation adopted in the consolidated financial statements as at and for the year ended 31 December 2016.

M.List of the Group vessels as at 31 December 2016

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
1	Amis Ace	2013	60,830	Supramax
2	Amis Brave	2013	61,467	Supramax
3	Amis Champion	2014	60,830	Supramax
4	Amis Dolphin	2015	60,830	Supramax
5	Amis Elegance	2015	55,404	Supramax
6	Amis Fortune	2015	55,468	Supramax
7	Amis Glory	2016	55,474	Supramax
8	Amis Kalon	2010	58,107	Supramax
9	Amis Leader	2010	58,107	Supramax
10	Amis Wisdom I	2010	61,611	Supramax
11	Amis Wisdom II	2010	61,611	Supramax
12	Amis Wisdom III	2011	61,527	Supramax
13	Amis Wisdom VI	2011	61,456	Supramax
14	Arikun	2007	8,763	Small Handy
15	Atayal Ace	2013	16,805	Small Handy
16	Atayal Brave	2012	16,805	Small Handy
17	Atayal Mariner	2012	16,805	Small Handy
18	Atayal Star	2012	16,805	Small Handy
19	Babuza Wisdom	2009	18,969	Small Handy
20	Beagle II	2007	17,224	Small Handy
21	Beagle VI	2001	18,320	Small Handy
22	Beagle VII	2007	16,822	Small Handy
23	Bizen	2008	8,721	Small Handy
24	Blue Horizon	2012	207,867	Cape
25	Bunun Ace	2013	37,744	Handy
26	Bunun Brave	2014	45,556	Handy
27	Bunun Champion	2014	45,556	Handy
28	Bunun Dynasty	2014	37,795	Handy
29	Bunun Elegance	2014	45,556	Handy
30	Bunun Fortune	2015	37,790	Handy
31	Bunun Glory	2015	37,046	Handy
32	Bunun Hero	2015	37,811	Handy
33	Bunun Infinity	2016	37,654	Handy
34	Bunun Wisdom	2012	38,168	Handy
35	Clear Horizon	2012	207,947	Cape

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
36	Daiwan Ace	2014	34,358	Handy
37	Daiwan Brave	2014	34,358	Handy
38	Daiwan Champion	2015	34,393	Handy
39	Daiwan Dolphin	2015	34,393	Handy
40	Daiwan Elegance	2015	35,331	Handy
41	Daiwan Fortune	2015	34,893	Handy
42	Daiwan Glory	2015	35,531	Handy
43	Daiwan Hero	2016	34,376	Handy
44	Daiwan Infinity	2016	34,376	Handy
45	Daiwan Justice	2016	34,327	Handy
46	Daiwan Kalon	2016	34,327	Handy
47	Daiwan Wisdom	2010	31,967	Handy
48	Del Sol	1998	11,410	Small Handy
49	Frontier Bonanza	2010	179,435	Cape
50	Genius Star I	2004	10,977	Small Handy
51	Genius Star II	2005	10,977	Small Handy
52	Genius Star III	2006	13,567	Small Handy
53	Genius Star IX	2009	12,005	Small Handy
54	Genius Star VII	2007	12,005	Small Handy
55	Genius Star VIII	2007	12,005	Small Handy
56	Genius Star X	2010	12,005	Small Handy
57	Genius Star XI	2012	13,663	Small Handy
58	Genius Star XII	2013	13,077	Small Handy
59	Global Faith	2010	28,050	Handy
60	Golden Kiku	2005	29,858	Handy
61	Hibiscus	2002	48,610	Handy
62	Hoanya Wisdom	2008	21,119	Handy
63	Izumo	2007	20,150	Handy
64	Jasmine Ace	1997	8,704	Small Handy
65	Katagalan Wisdom	2012	98,697	Panamax
66	Katagalan Wisdom III	2012	98,697	Panamax
67	LBC Energy	2011	71,066	Panamax
68	Ligulao	2010	5,296	Other-PCTC
69	Magnate	2004	18,828	Small Handy
70	Mimasaka	2010	14,062	Small Handy
71	Mino	2007	14,118	Small Handy
72	Naluhu	2010	58,107	Supramax
73	Ocean Victory	2011	28,386	Handy

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
74	Pacific Venus	2001	18,712	Small Handy
75	Paiwan Wisdom	2010	31,967	Handy
76	Papora Wisdom	2009	28,050	Handy
77	Pazeh Wisdom	2009	18,969	Small Handy
78	Pescadores	1999	198	Other-Passenger
79	Poavosa Ace	2013	28,208	Handy
80	Poavosa Brave	2009	28,367	Handy
81	Poavosa Champion	1996	28,748	Handy
82	Poavosa Wisdom	2009	28,050	Handy
83	Poavosa Wisdom III	2011	28,232	Handy
84	Poavosa Wisdom VI	2011	28,050	Handy
85	Poavosa Wisdom VII	2012	28,208	Handy
86	Poavosa Wisdom VIII	2013	28,208	Handy
87	Sakizaya Ace	2013	74,936	Panamax
88	Sakizaya Brave	2013	74,940	Panamax
89	Sakizaya Champion	2014	78,080	Panamax
90	Sakizaya Diamond	2015	81,938	Panamax
91	Sakizaya Elegance	2015	81,938	Panamax
92	Sakizaya Future	2016	81,938	Panamax
93	Sakizaya Glory	2016	84,883	Panamax
94	Sakizaya Hero	2016	81,067	Panamax
95	Sakizaya Integrity	2016	80,800	Panamax
96	Sakizaya Wisdom	2011	76,457	Panamax
97	Scarlet Eagle	2014	81,842	Panamax
98	Scarlet Falcon	2014	82,260	Panamax
99	Scarlet Rosella	2015	82,235	Panamax
100	Siraya Wisdom	2007	21,119	Handy
101	Taikli	2011	13,139	Small Handy
102	Tao Ace	2013	25,037	Handy
103	Tao Brave	2011	25,065	Handy
104	Tao Mariner	2010	25,065	Handy
105	Tao Star	2010	25,065	Handy
106	Tao Treasure	2013	25,036	Handy
107	Taokas Wisdom	2008	31,943	Handy
108	Timu	2005	17,224	Small Handy
109	Unicorn Bravo	2007	8,759	Small Handy
110	Unicorn Dolphin	2000	7,528	Small Handy
111	Unicorn Logger	2008	8,700	Small Handy
112	Wisdom Grace	1998	18,193	Other-Container

13. Segment information

(1) General information

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

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

(2) Geographic information

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

	For the years ended 31 December	
	2016	2015
Revenue from external customers:		
Japan	$85,599,752	$91,279,656
The Netherlands	49,248,224	43,355,846
Singapore	44,485,760	50,475,148
Denmark	26,893,330	31,275,341
Hong Kong	24,460,734	25,748,016
Others	100,316,981	104,819,514
Total	$331,004,781	$346,953,521

	2016.12.31	2015.12.31
Non-current assets:		
Panama	$2,443,640,636	$2,316,445,541
Hong Kong	109,555,360	114,149,596
Taiwan	2,564,895	2,443,499
Total	$2,555,760,891	$2,433,038,636

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

(3) Major customers

Individual customers accounting for at least 10% of net sales for the years ended 31 December 2016 and 2015 were as follows:

	For the years ended 31 December	
	2016	2015
Customer A:	$49,248,224	$43,355,846
Customer B:	$34,633,066	$35,668,931