

**SINCERE NAVIGATION CORPORATION
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT ACCOUNTANTS**

JUNE 30, 2009 AND 2008

REPORT OF INDEPENDENT ACCOUNTANTS

To Sincere Navigation Corporation

We have audited the consolidated balance sheets of Sincere Navigation Corporation and its subsidiaries as of June 30, 2009 and 2008, and the related consolidated statements of income, of changes in stockholders' equity and of cash flows for the six months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sincere Navigation Corporation and its subsidiaries as of June 30, 2009 and 2008, and the results of their operations and their cash flows for the six months then ended in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers", and generally accepted accounting principles in the Republic of China.

As disclosed in Note 3(3) to the consolidated financial statements, effective January 1, 2008, the Company and its subsidiaries adopted EITF96-052 of the Accounting Research and Development Foundation, R.O.C., dated March 16, 2007, "Accounting for Employees' Bonuses and Directors' and Supervisors' Remuneration".

August 19, 2009

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices utilized in the Republic of China to audit such consolidated financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of the independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

JUNE 30,

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

<u>ASSETS</u>	2009		2008	
	Amount	%	Amount	%
<u>Current Assets</u>				
Cash and cash equivalents (Note 4(1))	\$ 5,233,723	20	\$ 2,002,751	9
Financial assets at fair value through profit or loss - current (Note 4(2))	-	-	1,548,283	7
Accounts receivable	139,729	1	13,946	-
Accounts receivable - related parties (Note 5)	34,904	-	425,166	2
Other receivables	36,119	-	128,725	1
Other receivables - related parties (Note 5)	82,765	-	24,706	-
Other financial assets - current (Note 6)	119,782	-	31,789	-
Bunker inventories	13,165	-	3,280	-
Prepayments	31,322	-	37,427	-
Non-current assets classified as held for sale (Note 4(3))	1,173,403	5	-	-
	6,864,912	26	4,216,073	19
<u>Other financial assets - non-current</u> (Note 6)	-	-	35,037	-
<u>Fixed Assets</u> (Notes 4(3), and 6)				
Cost				
Land	90,215	-	90,215	-
Building	29,154	-	29,154	-
Vessels and equipment	19,917,291	76	19,924,716	90
Office equipment	3,692	-	3,558	-
	20,040,352	76	20,047,643	90
Less: Accumulated depreciation	(4,737,973)	(18)	(5,384,443)	(24)
	15,302,379	58	14,663,200	66
Prepayments for vessel construction	4,038,988	15	3,196,477	14
	19,341,367	73	17,859,677	80
<u>Intangible Asset</u>				
Deferred pension cost	195	-	292	-
<u>Other Assets</u>				
Refundable deposits	7,813	-	7,743	-
Deferred charges	97,267	1	151,787	1
Deferred income tax - non-current (Note 4(7))	21,096	-	-	-
	126,176	1	159,530	1
<u>TOTAL ASSETS</u>	\$26,332,650	100	\$22,270,609	100

(Continued)

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONSOLIDATED)
JUNE 30,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2009		2008	
	Amount	%	Amount	%
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>				
<u>Current Liabilities</u>				
Financial liabilities at fair value through profit or loss - current (Note 4(4))	\$ 34,879	-	\$ 35,577	-
Income tax payable (Note 4(7))	132,924	-	211,505	1
Accrued expenses	183,444	1	308,633	1
Other payables - related parties (Note 5)	874,728	3	734,866	3
Dividends payable (Note 4(10))	1,420,760	5	1,692,821	8
Other payables	51,993	-	7,384	-
Advance collections (Note 5)	166,102	1	90,817	1
Current portion of long-term liabilities (Note 4(5))	1,243,378	5	978,810	4
Deferred income tax - current (Note 4(7))	189,481	1	98,842	1
	<u>4,297,689</u>	<u>16</u>	<u>4,159,255</u>	<u>19</u>
<u>Long-term Liability</u>				
Long-term loans (Note 4(5))	<u>8,010,000</u>	<u>31</u>	<u>6,379,319</u>	<u>28</u>
<u>Other Liabilities</u>				
Reserve for pension	5,710	-	10,803	-
Deposits received	353	-	-	-
Deferred income tax - non-current (Note 4(7))	-	-	6,511	-
	<u>6,063</u>	<u>-</u>	<u>17,314</u>	<u>-</u>
<u>Total Liabilities</u>	<u>12,313,752</u>	<u>47</u>	<u>10,555,888</u>	<u>47</u>
<u>Stockholders' Equity</u>				
Common stock (Notes 4(8,10 and 11))				
Common stock subscribed	5,683,042	22	4,836,631	22
Stock dividend distributable	-	-	846,411	4
Capital reserve (Note 4(9))				
Treasury stock transaction	39,243	-	39,243	-
Long-term investments	90,236	1	90,236	-
Others	899	-	899	-
Retained earnings (Note 4(10))				
Legal reserve	1,898,585	7	1,609,406	7
Special reserve	-	-	147,466	1
Undistributed earnings	4,804,695	18	3,997,008	18
Cumulative translation adjustments	41,012	-	(941,279)	(4)
Excess of additional pension liability over unrecognized prior service cost	(11,519)	-	(9,236)	-
Minority interest	1,472,705	5	1,097,936	5
<u>Total Stockholders' Equity</u>	<u>14,018,898</u>	<u>53</u>	<u>11,714,721</u>	<u>53</u>
<u>Commitments and Contingent Liabilities (Note 7)</u>				
<u>Subsequent Events (Notes 4(3 and 10) and Note 9)</u>				
<u>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</u>				
	<u>\$26,332,650</u>	<u>100</u>	<u>\$22,270,609</u>	<u>100</u>

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

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30,

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)

	<u>2009</u>		<u>2008</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Operating revenues (Note 5)	\$2,848,103	100	\$2,261,161	100
Operating costs (Notes 4(13) and 5)	(1,156,520)	(41)	(923,852)	(41)
Gross profit	1,691,583	59	1,337,309	59
Operating expenses (Note 4(13))	(85,291)	(3)	(95,043)	(4)
Income from operations	<u>1,606,292</u>	<u>56</u>	<u>1,242,266</u>	<u>55</u>
Non-operating income				
Interest income	7,728	-	34,657	2
Gain on valuation of financial assets (Note 4(2))	-	-	5,283	-
Gain on valuation of financial liabilities (Note 4(4))	36,681	2	-	-
Exchange gain, net	-	-	93,012	4
Other income	<u>4,165</u>	<u>-</u>	<u>55,513</u>	<u>2</u>
	<u>48,574</u>	<u>2</u>	<u>188,465</u>	<u>8</u>
Non-operating expenses				
Interest expense (Note 4(4))	(175,391)	(6)	(200,008)	(9)
Loss on valuation of financial assets (Note 4 (4))	-	-	(51,768)	(2)
Exchange loss, net	(35,037)	(1)	-	-
Other expenses	(331)	-	(139)	-
	<u>(210,759)</u>	<u>(7)</u>	<u>(251,915)</u>	<u>(11)</u>
Income before income tax and minority interest	1,444,107	51	1,178,816	52
Income tax (expense) benefit (Note 4(7))	(159,627)	(6)	42,885	2
Net income from continuing operations	1,284,480	45	1,221,701	54
Post tax profit from discontinued operations (Notes 4(3) and 4(7))	198,971	7	607,036	27
Post tax gain on disposal of the discontinued operations (Notes 4(3) and 4(7))	-	-	144,942	6
Consolidated net income	<u>\$1,483,451</u>	<u>52</u>	<u>\$1,973,679</u>	<u>87</u>
Attributable to:				
Equity holders of the Company	\$1,270,021	45	\$1,791,652	79
Minority interest	<u>213,430</u>	<u>7</u>	<u>182,027</u>	<u>8</u>
Consolidated net income	<u>\$1,483,451</u>	<u>52</u>	<u>\$1,973,679</u>	<u>87</u>

	<u>2009</u>		<u>2008</u>	
	<u>Income before income tax</u>	<u>Net income</u>	<u>Income before income tax</u>	<u>Net income</u>
Basic earnings per share (Note 4(12))				
Net income from continuing operations	\$ 2.17	\$ 1.88	\$ 1.76	\$ 1.83
Net income from discontinued operations	<u>0.33</u>	<u>0.35</u>	<u>1.66</u>	<u>1.32</u>
Net income	<u>\$ 2.50</u>	<u>\$ 2.23</u>	<u>\$ 3.42</u>	<u>\$ 3.15</u>

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

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

2008	Common stock	Common Stock subscribed	Capital reserve	Retained Earnings			Cumulative translation adjustments	Excess of additional pension liability over unrecognized prior pension costs	Minority interest	Total
				Legal reserve	Special reserve	Undistributed earnings				
Balance as at January 1, 2008	\$ 4,836,631	\$ -	\$130,378	\$1,278,591	\$ 65,187	\$5,209,954	(\$ 138,230)	(\$ 9,236)	\$ 983,021	\$12,356,296
Distribution of 2007 earnings:										
Legal reserve	-	-	-	330,815	-	(330,815)	-	-	-	-
Special reserve	-	-	-	-	82,279	(82,279)	-	-	-	-
Employees' bonus	-	-	-	-	-	(26,136)	-	-	-	(26,136)
Directors' and supervisors' bonus	-	-	-	-	-	(26,136)	-	-	-	(26,136)
Cash dividend	-	-	-	-	-	(1,692,821)	-	-	-	(1,692,821)
Stock dividend	-	846,411	-	-	-	(846,411)	-	-	-	-
Net income for six months ended June 30, 2008	-	-	-	-	-	1,791,652	-	-	182,027	1,973,679
Cumulative translation adjustment on long - term investments in foreign subsidiaries	-	-	-	-	-	-	(803,049)	-	(67,112)	(870,161)
Balance as at June 30, 2008	<u>\$ 4,836,631</u>	<u>\$ 846,411</u>	<u>\$130,378</u>	<u>\$1,609,406</u>	<u>\$ 147,466</u>	<u>\$3,997,008</u>	<u>(\$ 941,279)</u>	<u>(\$ 9,236)</u>	<u>\$1,097,936</u>	<u>\$11,714,721</u>
2009										
Balance as at January 1, 2009	\$ 5,683,042	\$ -	\$130,378	\$1,609,406	\$ 147,466	\$5,097,174	\$ 47,584	(\$ 11,519)	\$1,263,212	\$13,966,716
Reversal on special reserve	-	-	-	-	(147,466)	147,466	-	-	-	-
Distribution of 2008 earnings: (Note)										
Legal reserve	-	-	-	289,179	-	(289,179)	-	-	-	-
Cash dividend	-	-	-	-	-	(1,420,760)	-	-	-	(1,420,760)
Net income for six months ended June 30, 2009	-	-	-	-	-	1,270,021	-	-	213,430	1,483,451
Cumulative translation adjustment on long - term investments in foreign subsidiaries	-	-	-	-	-	-	(6,572)	-	(3,937)	(10,509)
Balance as at June 30, 2009	<u>\$ 5,683,042</u>	<u>\$ -</u>	<u>\$130,378</u>	<u>\$1,898,585</u>	<u>\$ -</u>	<u>\$4,804,695</u>	<u>\$ 41,012</u>	<u>(\$ 11,519)</u>	<u>\$1,472,705</u>	<u>\$14,018,898</u>

Note: Directors' and supervisors' bonus of \$ 14,738 and employees' bonus of \$ 14,738 had been deducted from consolidated statements of income.

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

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>2009</u>	<u>2008</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Consolidated net income	\$1,483,451	\$1,973,679
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation	516,458	465,531
Amortization	75,666	65,080
(Gain) loss on valuation of financial assets	(36,681)	46,485
Gain on disposal of fixed assets, net	-	(193,256)
(Increase) decrease in assets:		
Financial assets at fair value through profit or loss - current	-	(1,543,000)
Accounts receivable, net	94,210	1,313
Accounts receivable, net - related parties	381,871	(319,867)
Other receivables	(22,124)	(56,940)
Other receivables - related parties	(2,680)	(11,323)
Bunker inventories	29,200	(539)
Prepaid expenses	15,322	3,729
Deferred income tax – non-current	(19,620)	-
Increase (decrease) in liabilities:		
Income tax payable	(119,430)	(14,918)
Accrued expenses	(159,581)	3,773
Other payables - related parties	(430)	3,039
Other payables	44,787	(1,217)
Advance collections	85,621	(53,781)
Reserve for pension	1,199	2,400
Deposits received	353	-
Deferred income tax	<u>36,323</u>	<u>(62,342)</u>
Net cash provided by operating activities	<u>2,403,915</u>	<u>307,846</u>

(Continued)

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE SIX MONTHS ENDED JUNE 30,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>2009</u>	<u>2008</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Other receivables - related parties	(\$ 63,044)	\$ -
(Increase) Decrease in other financial assets	(20,307)	10,351
Acquisition of fixed assets	(573,037)	(162,861)
Proceeds from disposal of fixed assets	-	218,750
Increase in deferred charges	(67,885)	(48,920)
(Increase) decrease in refundable deposits	(1)	164
Net cash (used in) provided by investing activities	<u>(724,274)</u>	<u>17,484</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Decrease in short-term loans	(70,000)	-
Other payables - related parties	(43,245)	(50,230)
Payments of long - term loans	<u>(1,070,093)</u>	<u>(507,371)</u>
Net cash used in financing activities	<u>(1,183,338)</u>	<u>(577,601)</u>
Foreign exchange difference	<u>2,857</u>	<u>(191,344)</u>
Net increase (decrease) in cash and cash equivalents	499,160	(423,615)
Cash and cash equivalents at beginning of the period	<u>4,734,563</u>	<u>2,426,366</u>
Cash and cash equivalents at end of the period	<u>\$ 5,233,723</u>	<u>\$ 2,002,751</u>
<u>SUPPLEMENTARY DISCLOSURE OF</u>		
<u>CASH FLOWS INFORMATION</u>		
Cash paid during the period for:		
Interest	<u>\$ 182,412</u>	<u>\$ 223,372</u>
Income tax	<u>\$ 252,188</u>	<u>\$ 227,022</u>
Non-cash financing activities:		
Employees' bonus not yet paid	\$ -	\$ 26,136
Directors' and supervisors' bonus not yet paid	-	26,136
Cash dividends not yet paid	<u>1,420,760</u>	<u>1,692,821</u>
	<u>\$ 1,420,760</u>	<u>\$ 1,745,093</u>

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

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE
INDICATED)

1. HISTORY AND ORGANIZATION

(1) Sincere Navigation Corporation (the “Company”)

The Company, which was incorporated in 1968 with an original capital of \$1,000, is engaged in bulk shipping, tug and barge services, and operating a shipping agency. On December 31, 1988, the Company was the surviving company in the merger with Karson and Tai Hsing Navigation Corporation to meet operating demands and further improve capital structure. The Company’s shares have been listed on the Taiwan Stock Exchange since December 8, 1989.

As of June 30, 2009, the Company and its subsidiaries had 408 employees.

(2) The consolidated financial statements include the following subsidiaries:

A) Norley Corporation Inc. (NCI)

NCI, a wholly-owned subsidiary of Sincere Navigation Corporation, is engaged in investment holdings. The following are the subsidiaries of NCI:

Investee Company	Principal activities	Equity interest		Note
		June 30,		
		2009	2008	
Greatest South Shipping Co., Ltd.	Shipping	100%	100%	
Golden East Shipping Ltd.	”	100%	100%	Note 1
Greatest East Shipping Co., Ltd.	”	-	100%	Note 2
Valentine Holdings Limited	Investment holdings	60%	60%	
Gemini Investment Company Limited	Shipping	60%	60%	
Millennia Investment Company Limited	”	60%	60%	
Confidence Navigation Limited	Oil tanker	100%	100%	
Kingswood Co., Ltd.	Investment holdings	50%	50%	
Seven Seas Shipping Ltd.	Oil tanker	50%	50%	

Investee Company	Principal activities	Equity interest		Note
		June 30,		
		2009	2008	
Welluck Co., Ltd.	Investments holdings	50%	50%	
Meko Shipping Inc.	Shipping	50%	50%	
Winnington Limited	Investments holdings	50%	50%	
Peg Shipping Company Limited	Shipping	50%	50%	
Jetwall Co., Ltd.	Investments holdings	80%	80%	
Everwin Maritime Limited	Shipping	80%	80%	
Victory Navigation Inc.	Investments holdings	55%	55%	
Everprime Shipping Limited	Shipping	55%	55%	
Zenith Marine Company Limited	"	100%	100%	
Kenmore Shipping Inc.	"	100%	100%	
Ocean Wise Limited	"	50%	50%	
Crimson Marine Company	"	-	100%	Note 3
Poseidon Marine Limited	"	100%	100%	

B) Heywood Limited (Heywood)

Heywood, a wholly-owned subsidiary of Sincere Navigation Corporation, is also engaged in investment holdings. The following are the subsidiaries of Heywood:

Investee Company	Principal activities	Equity interest		Note
		December 31,		
		2009	2008	
Great Wall Navigation Limited	Shipping	100%	100%	
Universal Navigation Inc.	"	-	100%	Note 4
Newton Navigation Limited	"	100%	100%	
Clifford Navigation Corporation	"	100%	100%	
Brighton Shipping Inc.	"	100%	100%	
Rockwell Shipping Limited	"	100%	100%	
Howells Shipping Inc.	"	100%	100%	
Crimson Marine Limited	"	100%	-	
Maxson Shipping Inc.	Investment holdings	100%	100%	
Honco Shipping Limited	"	100%	100%	
Century Shipping Limited	"	100%	100%	
Haihu Maritime Service (Shanghai) Co., Ltd.	Maritime Service	100%	100%	

Note 1: Liquidated on July 22, 2009.

Note 2: Liquidated on March 24, 2009.

Note 3: Effective November 1, 2008, NCI transferred all its shareholdings in Crimson Marine Limited to Heywood.

Note 4: Liquidated on March 10, 2009.

(3) Subsidiaries not included in the consolidated financial statements

None.

(4) Difference in accounting period between the Company and its consolidated subsidiaries, and adjustment method

None.

(5) Special operating risk of the foreign subsidiaries

None.

(6) Nature and extent of restrictions on fund remittance from subsidiaries to the parent company

None.

(7) Contents of subsidiaries' securities issued by the parent company

None.

(8) Information on convertible bonds and common stock issued subsidiaries

None.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements of the Company and its subsidiaries (collectively referred herein as the Group) are prepared in accordance with the "Rules Governing the Preparation of Financial Statements by Securities issuers" and accounting principles generally accepted in the Republic of China. The Group's significant accounting policies are summarized below:

(1) Principles of consolidation

All majority-owned subsidiaries and controlled entities are included in the consolidated financial statements. Effective January 1, 2008, the Company prepares consolidated financial statements on a quarterly/semi-annual and annual basis. Significant inter-company transactions and assets and liabilities arising from inter-company transactions are eliminated.

(2)Translation of financial statements of foreign subsidiaries

Assets and liabilities of foreign subsidiaries are translated into New Taiwan dollars using the exchange rates at the balance sheet date. Equity accounts are translated at historical rates except for beginning retained earnings, which are carried forward from prior year's balance. Dividends are translated at the rates prevailing at the date of declaration. Profit and loss accounts are translated at weighted-average rates of the year. The resulting translation differences are included in "cumulative translation adjustments" and shown under stockholders' equity.

(3)Foreign currency transactions

- A) The Company and its consolidated subsidiaries maintain their accounts in New Taiwan dollars and their functional currencies, respectively. Transactions denominated in foreign currencies are translated into New Taiwan dollars and their functional currencies at the spot exchange rates prevailing at the transaction dates. Exchange gains or losses due to the difference between the exchange rate on the transaction date and the exchange rate on the date of actual receipt and payment are recognized in the current year's profit or loss.
- B) Receivables, other monetary assets and liabilities denominated in foreign currencies are translated at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses are recognized in profit or loss.
- C) When a gain or loss on a non-monetary item is recognized directly in equity, any exchange component of that gain or loss shall be recognized directly in equity. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss shall be recognized in profit or loss. However, non-monetary items that are measured on a historical cost basis are translated using the exchange rate at the date of the transaction.

(4)Classification of current and non-current items

Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- A) Assets arising from operating activities that are expected to be realized or consumed, or are intended to be sold within the normal operating cycle;
- B) Assets held mainly for trading purposes;
- C) Assets that are expected to be realized within twelve months from the balance sheet date; and
- D) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet

date.

Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- A) Liabilities arising from operating activities that are expected to be paid off within the normal operating cycle;
- B) Liabilities arising mainly from trading activities;
- C) Liabilities that are to be paid off within twelve months from the balance sheet date; and
- D) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

(5)Financial assets and financial liabilities at fair value through profit or loss

- A) Financial assets and financial liabilities at fair value through profit or loss are recognized and derecognized using settlement date accounting and are recognized initially at fair value.
- B) These financial instruments are subsequently remeasured and stated at fair value, and the gain or loss is recognized in profit or loss. Any change in the fair value of the assets to be received during the period between the trade date and settlement date is included in profit and loss. The fair value of listed stocks and OTC stocks and closed-end mutual funds is based on latest quoted fair prices of the accounting period. The fair value of open-end and balanced mutual funds is based on the net asset value at the balance sheet date.
- C) When a derivative is an ineffective hedging instrument, it is initially recognized at fair value on the date a derivative contract is entered into and is subsequently remeasured at its fair value. If a derivative is a non-option derivative, the fair value initially recognized is zero.

(6)Accounts receivable

Accounts receivable represents claims resulting from the sale of goods or services. The fair value of accounts receivable is calculated based on the imputed interest rate. Accounts receivable which is collectible within one year and where the difference between the fair value and the value at maturity is insignificant is measured at carrying value.

(7)Allowance for doubtful accounts

Allowance for doubtful accounts is provided based on the evaluation of collectibility of the ending balances of accounts and other receivables.

(8)Bunker inventories

Bunker inventories are stated at cost.

(9)Non-current assets held for sale

For non-current assets to be sold (disposal group), they are measured at the lower of carrying value or fair value.

(10)Fixed assets

- A. Fixed assets are stated at cost. Interests incurred on the loans used to bring the assets to the condition and location necessary for their intended uses are capitalized.
- B. Depreciation is provided under the straight-line method based on the assets' estimated economic service lives. Salvage value of the fully depreciated assets that are still in use is depreciated based on the re-estimated economic service lives. The estimated economic service lives of fixed assets are set forth below:
- | | |
|-----------------------|------------|
| Vessels and equipment | 2~18 years |
| Building | 42 years |
| Office equipment | 3~8 years |
- C. Major improvements and renewals are capitalized and depreciated accordingly. Maintenance and repairs are expensed as incurred.

(11)Deferred charges

The costs of repairs and dry-dock inspection of the vessels are capitalized and amortized over 2.5 years.

(12)Impairment of non-financial assets

The Group recognizes impairment loss when there is indication that the recoverable amount of an asset is less than its carrying amount. The recoverable amount is the higher of the fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of the asset in an arm's length transaction after deducting any direct incremental disposal costs. The value in use is the present value of estimated future cash flows to be derived from continuing use of the asset and from its disposal at the end of its useful life. When the impairment no longer exists, the impairment loss recognized in prior years shall be recovered. However, impairment loss of goodwill is not recoverable.

(13)Retirement plan

- A) The Company has a non-contributory and funded defined benefit retirement plan covering all regular employees, excluding seamen, and contributes the monthly pension costs to an

independent retirement fund, with the Bank of Taiwan (formerly Central Trust of China) as the trustee. The independent retirement fund is not included in the consolidated financial statements. Under the defined contribution retirement plan, net periodic pension costs are recognized as incurred.

- B) When the reserve for pension is lower than the total amount of prior service cost and unrecognized net transition obligation, the amount is recognized in intangible assets account as "Deferred pension cost", otherwise, the excess amount is recognized under shareholders' equity amount as "Excess of additional pension liability over unrecognized past service cost".
- C) Haihu Maritime Service (Shanghai) Co., Ltd. has a defined contribution retirement plan, while net periodic pension costs are recognized as incurred.

(14)Income tax

- A) Provision for income tax includes deferred income tax resulting from temporary differences, investment tax credits and loss carryforward. Valuation allowance on deferred tax assets is provided to the extent that it is more likely than not that the tax benefit will not be realized. Over or under provision of prior years' income tax liabilities is included in the current year's income tax.
- B) Income Tax Credits arising from expenditures incurred on acquisitions of equipment or technology, research and development, employees' training, and equity investments are recognized in the year the related expenditures are incurred.
- C) An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- D) When there is any income tax law change, effective from the current fiscal year, the deferred income tax assets or liabilities will be re-calculated based on the change, the effect of the changes on deferred income tax assets or liabilities will be classified as income tax expenses or gain of the continuing operations.

(15)Employees' bonuses and directors' and supervisors' remunerations

Effective January 1, 2008, pursuant to EITF96-052 of the Accounting Research and Development Foundation, R.O.C., dated March 16, 2007, "Accounting for Employees' Bonuses and Directors' and Supervisors' Remuneration", the costs of employees' bonuses and directors' and supervisors' remuneration are accounted for as expenses and liabilities, provided that such a

recognition is required under legal obligation or constructive obligation and those amounts can be estimated reasonably. However, if the accrued amounts for employees' bonuses and directors' and supervisors' remuneration are significantly different from the actual distributed amounts resolved by the stockholders at their annual stockholders' meeting subsequently, the differences shall be recognized as gain or loss in the following year. In addition, according to EITF97-127 of the Accounting Research and Development Foundation, R.O.C., dated March 31, 2008, "Criteria for Listed Companies in Calculating the Number of Shares of Employees' Stock Bonus", the Company calculates the number of shares of employees' stock bonus based on the closing price of the Company's common stock at the previous day of the stockholders' meeting held in the year following the financial reporting year, and after taking into account the effects of ex-rights and ex-dividends (or based on the net asset value per share on the latest audited financial statements for unlisted public companies).

(16)Revenue and expenses

Revenues are recognized when the earning process is substantially completed and are realized or realizable. Costs and expenses are recognized as incurred.

(17)Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the reporting period. Actual results could differ from those assumptions and estimates.

(18)Settlement date accounting

If an entity recognizes financial assets using settlement date accounting, any change in the fair value of the asset to be received during the period between the trade date and the settlement date is not recognized for assets carried at cost or amortized cost. For financial asset or financial liability classified as at fair value through profit or loss, the change in fair value is recognized in profit or loss. For available-for-sale financial asset, the change in fair value is recognized directly in equity.

3.CHANGES IN ACCOUNTING PRINCIPLES

(1)Inventories

Effective January 1, 2009, the Group adopted the amendments to R.O.C. SFAS No. 10,

“Accounting for Inventories”. The adoption of such standard had no significant effect on the financial statements as of and for the six months ended June 30, 2009.

(2)Share-based payment - employee compensation plan

Effective January 1, 2008, the Group adopted R.O.C. SFAS No. 39, “Accounting for Share-based Payment”. The adoption of such standard had no significant effect on the financial statements as of and for the six months ended June 30, 2008.

(3)Employees’ bonuses and directors’ and supervisors’ remunerations

Effective January 1, 2008, the Group adopted EITF96-052 of the Accounting Research and Development Foundation, R.O.C., dated March 16, 2007. As a result of the adoption of EITF96-052, net income decreased by \$18,000 and earnings per share decreased by \$0.03 (in NT dollars) for the six months ended June 30, 2008.

4.DETAILS OF SIGNIFICANT ACCOUNTS

(1)Cash and cash equivalents

	June 30,	
	2009	2008
Checking account and demand deposits	\$ 752,270	\$ 407,384
Time deposits	4,481,453	1,595,367
	<u>\$ 5,233,723</u>	<u>\$ 2,002,751</u>

(2)Financial assets at fair value through profit or loss - current

	June 30,	
	2009	2008
Current items:		
Financial assets held for trading		
Redeemable mutual funds	\$ -	\$ 1,543,000
Derivative financial instruments	-	5,283
	<u>\$ -</u>	<u>\$ 1,548,283</u>

The Group recognized net gain of \$5,283 for the six months ended June 30, 2008.

(3) Fixed assets

A) Cost and accumulated depreciation

	June 30, 2009		
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
Vessels and equipment	\$ 19,917,291	(\$ 4,725,450)	\$ 15,191,841
Land	90,215	-	90,215
Building	29,154	(10,014)	19,140
Office equipment	3,692	(2,509)	1,183
Prepayments for vessel construction	4,038,988	-	4,038,988
	<u>\$ 24,079,340</u>	<u>(\$ 4,737,973)</u>	<u>\$ 19,341,367</u>

	June 30, 2008		
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
Vessels and equipment	\$ 19,924,716	(\$ 5,373,402)	\$ 14,551,314
Land	90,215	-	90,215
Building	29,154	(9,165)	19,989
Office equipment	3,558	(1,876)	1,682
Prepayments for vessel construction	3,196,477	-	3,196,477
	<u>\$ 23,244,120</u>	<u>(\$ 5,384,443)</u>	<u>\$ 17,859,677</u>

B) Certain fixed assets are pledged as security for bank loans. Please refer to Note 6 for details on pledged assets.

C) No interest expense was capitalized for the six months ended June 30, 2009 and 2008.

D) On May 7, 2009, the Board of Directors approved and authorized the chairman to sell the vessel named "TIEN SHAN" on behalf of the Company. Based on the resolution above, the vessel disposal meets the criteria in R.O.C. SFAS No. 38 "Non-current Assets Held for sale and Discontinued Operations" and is classified as a discontinued operation. Held for sale assets-non-current, income and loss and cash flows on the discontinued operation are as follows:

a) Non-current assets classified as held for sale:

	<u>June 30, 2009</u>
	Net book value
Vessels and equipment	\$ 327,005
Deferred charges	32,101
	<u>\$ 359,106</u>

b) Income and loss and cash flows from discontinued operation:

	<u>For the six months ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
Income or loss from discontinued operation		
Operating revenues	\$ 77,577	\$ 712,259
Operating costs	(118,241)	(139,920)
Income or loss from discontinued operation before income tax	(40,664)	572,339
Income tax benefit (expense)	10,166	(143,085)
Post tax income or loss from discontinued operation	<u>(\$ 30,498)</u>	<u>\$ 429,254</u>
Cash flows from discontinued operation		
Cash flows (used in) provided by operating activities	(\$ 146,944)	\$ 479,655
Cash flows (used in) provided by investing activities	\$ 36,783	\$ -
Cash flows provided by (used in) financing activities	\$ 336,200	(\$ 73,203)

E) On July 27, 2009, the vessel "TIEN SHAN" was sold and settled. For the detailed information, please see Note 9.(1).

F) On May 12, 2009, the Board of Directors of Greatest South Co., which is 100% owned by the Company approved and authorized the Chairman to sell the vessel named "TAI SHAN" on behalf of the Company. Based on the resolution above, the vessel disposal meets the criteria in SFAS No. 38 and is classified as a discontinued operation. Held for sale assets-non-current, income and loss and cash flows on the discontinued operation are as follows:

a) Non-current assets classified as held for sale:

	<u>June 30, 2009</u>
	Net
	<u>book value</u>
Vessels and equipment	\$ 782,382
Deferred charges	31,915
	<u>\$ 814,297</u>

b) Income and loss and cash flows from discontinued operation:

	<u>For the six months ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
Income or loss from discontinued operation		
Operating revenues	\$ 172,775	\$ 259,365
Operating costs	(117,157)	(84,997)
Income or loss from discontinued operation before income tax	55,618	174,368
Operating expenses	(879)	(370)
Operating income	54,739	173,998
Interest income	1	38
Other income	174,729	-
Income from discontinued operations	<u>\$ 229,469</u>	<u>\$ 174,036</u>
Cash flows from discontinued operation		
Cash flows provided by operating activities	\$ 285,307	\$ 201,793
Cash flows used in investing activities	(\$ 27,516)	\$ -

G) On August 11, 2009 the vessel "TAI SHAN" was sold and settled. For the detailed information, please see Note 9.(2).

H) On February 21, 2008, the Board of Directors approved and authorized the Chairman to sell the vessel "SHIN HSING" on behalf of the Company. Based on the resolution above, the vessel disposal meets the criteria in SFAS No. 38 and is classified as a discontinued operation. On April 21, 2008, the vessel was sold and settled. Income and loss and cash flows on the discontinued operation are as follows:

	For the six months ended June 30, 2008	
Income or loss from discontinued operation		
Operating revenues	\$	37,637
Operating costs	(32,643)
Income or loss from discontinued operation before income tax		4,994
Income tax expense	(1,248)
Post tax income from discontinued operation	\$	<u>3,746</u>
 Gain or loss on disposal of the discontinued operation		
Gain or loss on disposal of the discontinued operation before income tax	\$	193,256
Income tax expense	(48,314)
Post tax gain on disposal of the discontinued operation	\$	<u>144,942</u>
 Cash flows from discontinued operation		
Cash flows provided by operating activities	\$	21,588
Cash flows provided by investing activities	\$	218,750

(4) Financial liabilities at fair value through profit or loss - current

	June 30,	
	<u>2009</u>	<u>2008</u>
Current items:		
Financial liabilities held for trading		
Derivative financial instruments	\$ 34,879	\$ 35,577

A) The Group recognized net gain of \$36,681 and net loss of \$51,768 for the six months ended June 30, 2009 and 2008.

B) The trading items and contract information of derivatives are as follows:

		June 30, 2009		
		Contract Amount	Fair Value	Contract Period
Interest rate swap (IRS)	\$	1,640,500	(\$ 6,063)	September 1, 2004
		(USD 50,000 thousand)	(USD 185 thousand)	~September 3, 2009
		1,640,500	(28,816)	February 10, 2005
		(USD 50,000 thousand)	(USD 878 thousand)	~February 14, 2010
	\$	<u>3,281,000</u>	<u>(\$ 34,879)</u>	
		June 30, 2008		
		Contract Amount	Fair Value	Contract Period
Interest rate swap (IRS)	\$	1,517,000	(\$ 14,125)	September 1, 2004
		(USD 50,000 thousand)	(USD 466 thousand)	~September 3, 2009
		1,517,000	(21,452)	February 10, 2005
		(USD 50,000 thousand)	(USD 707 thousand)	~February 14, 2010
	\$	<u>3,034,000</u>	<u>(\$ 35,577)</u>	

- a) The Group entered into interest rate swap contracts with financial institutions to hedge the cash flow risk due to change in interest rate.
- b) For the six months ended June 30, 2009 and 2008, the net interest expense related to the interest rate swap transactions amounted to \$29,301 and \$3,213, respectively.

(5) Long-term loans

	June 30,	
	2009	2008
ING Bank N.V., due in 2008	\$ -	\$ 73,177
Calyon, due in 2011	-	447,515
Mega Bank (and syndicate), due in 2010	781,069	853,591
BNP Paribas (and syndicate), due in 2013	449,661	472,242
BNP Paribas (and syndicate), due in 2013	418,656	442,964
Mega Bank (and syndicate), due in 2017	1,137,405	1,183,251
Mega Bank (and syndicate), due in 2016	591,392	619,787
Mega Bank, due in 2017	670,758	693,234
Mega Bank, due in 2017	981,773	1,028,911
Mega Bank, due in 2016	778,581	815,964
Mega Bank, due in 2017	703,906	727,493
Mega Bank (and syndicate), due in 2015	1,523,321	-
Mega Bank (and syndicate), due in 2018	1,216,856	-
	<u>\$ 9,253,378</u>	<u>\$ 7,358,129</u>
Less: Current portion-due within one year	(1,243,378)	(978,810)
	<u>\$ 8,010,000</u>	<u>\$ 6,379,319</u>
Interest rates	<u>1.32%~2.68%</u>	<u>2.17%~5.72%</u>

(6) Retirement plan

A) The Company has a non-contributory and funded defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees. Under the defined benefit plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly to a retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Total pension expense for the six months ended June 30, 2009 and 2008 amounted to \$2,878 and \$4,200, respectively, which are recognized based on an actuarial valuation. The fund

balance with Bank of Taiwan was \$33,953 and \$29,746 as of June 30, 2009 and 2008, respectively, and is not included in the consolidated financial statements.

- B) Effective July 1, 2005, the Company established a funded defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”). Employees have the option to be covered under the New Plan. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are portable when the employment is terminated. Total pension expense for the six months ended June 30, 2009 and 2008 amounted to \$1,462 and \$1,944, respectively.
- C) The Company’s mainland subsidiary has a defined contribution retirement plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on the employees’ monthly salaries and wages. The pension costs for the six months ended June 30, 2009 and 2008 were \$389 and \$283, respectively.

(7) Income tax

- A) Income tax payable and income tax benefit (expense) are reconciled as follows:

	For the six months ended June 30,	
	2009	2008
Income tax payable	\$ 132,924	\$ 211,505
Under provision of prior year's income tax	(174)	114
Prepaid income tax	8	485
Effect of the amended Income Tax Law	(320)	-
Income tax expense derived from taxable income	132,438	212,104
Deferred income tax	17,023	(62,342)
Income tax expense	149,461	149,762
Income tax benefit (expense) from discontinued operation	10,166	(192,647)
	<u>\$ 159,627</u>	<u>(\$ 42,885)</u>

The 10% tax on unappropriated earnings of 2008 and 2007 are \$132,932 and \$30,355, respectively.

B) Deferred income tax consisted of the following:

	June 30,			
	2009		2008	
	Amount	Tax effect	Amount	Tax effect
Deferred income tax liabilities-current				
Gain on disposal of fixed assets	\$ 1,413	\$ 354	\$ 1,413	\$ 354
Unrealized exchange loss	(9,457)	(2,365)	(108,156)	(27,039)
Unrealized investment income	(749,880)	(187,470)	(288,627)	(72,157)
		<u>(\$ 189,481)</u>		<u>(\$ 98,842)</u>
Deferred income tax liabilities non-current				
Unrealized exchange gain	\$ -	\$ -	(\$ 41,129)	(\$ 10,282)
Gain on disposal of fixed assets	12,401	2,480	13,814	3,453
Unfunded pension expense	(6,003)	(1,200)	1,274	318
Loss carryforwards	99,082	19,816	-	-
		<u>\$ 21,096</u>		<u>(\$ 6,511)</u>

C) The major differences between financial income and taxable income for the six months ended June 30, 2009 were as follows:

- a) Permanent differences: Unrealized investment gain of \$1,522,065.
- b) Temporary differences: This represents the net change of deferred income tax mentioned above.

D) As of June 30, 2009, the Company's income tax returns through 2007 have been assessed and approved by the Tax Authority.

(8)Common stock

A) As of June 30, 2009, the Company's authorized capital amounted to \$7,000,000, consisting of 700,000 thousand common shares with a par value of \$10 (in New Taiwan dollars) per share. Issued and outstanding shares amounted to \$5,683,042.

(9)Capital reserve

- A) The R.O.C. SFC requires that capital reserve shall be used exclusively either to offset losses if legal reserve is insufficient for this purpose, or to increase capital.
- B) The R.O.C. SFC requires that the capital reserve resulting from paid-in capital in excess of par value during the current year cannot be used to increase capital in the same year and the use of capital reserve to increase capital can only be done once a year.

(10)Retained earnings/ Subsequent events

LEGAL RESERVE

Under the R.O.C. Company Law, the Company is required to set aside a legal reserve equal to 10% of its annual net income (less losses of prior years, if any), before it declares any part of such net profits as dividends and bonuses, until the accumulated reserve equals the total capital stock. This reserve shall be used exclusively to offset losses or, if the balance of the reserve exceeds 50% of paid-in capital, to increase capital not exceeding 50% of reserve balance.

SPECIAL RESERVE

In accordance with the R.O.C. regulations, in addition to legal reserve and prior to distribution of earnings, the Company should set aside a special reserve in an amount equal to the net change in the reduction of the stockholders' equity as of the prior year from its annual net income and undistributed earnings of prior years, resulting from adjustments such as cumulative foreign currency translation adjustments and unrealized loss on long-term investments. Such special reserve is not available for dividend distribution. In the subsequent year(s), if the year-end balances of the cumulative foreign currency translation adjustments and unrealized loss on long-term investment no longer result in a reduction in stockholders' equity, the special reserve previously set aside will then be available for distribution to be decided in the annual stockholders' meeting.

UNDISTRIBUTED EARNINGS

- A) Based on the Company's Articles of Incorporation, the Company's net income (less income taxes and prior years' losses, if any) is appropriated in the following order:
- a) 10% for legal reserve.
 - b) Special reserve.
 - c) Appropriation of remaining income according to the decision of the Board of Directors and stockholders, which include the minimum of 1% as employees' bonus and maximum of 5% as directors' and supervisors' bonus.
- B) Under the Taiwan imputation tax system, any undistributed current earnings are subject to an additional 10% corporate income tax if the earnings are not distributed before a specific time. This 10% additional tax on undistributed earnings paid by the Company can be used as tax credit by stockholders, including foreign stockholders, against the withholding tax on dividends. In addition, the domestic individual stockholders can claim a proportionate share in the Company's corporate income tax as tax credit against its individual income tax liability effective 1999. Details of undistributed earnings and tax credit as of June 30, 2009

and 2008 are as follows:

a) Undistributed earnings:

	June 30,	
	<u>2009</u>	<u>2008</u>
Before December 31, 1997	\$ 359,267	\$ 359,267
After December 31, 1997	<u>4,445,428</u>	<u>3,637,741</u>
	<u>\$ 4,804,695</u>	<u>\$ 3,997,008</u>

b) Tax credit:

	June 30,	
	<u>2009</u>	<u>2008</u>
Imputation tax credit account balance	\$ 571,637	\$ 426,094
Estimated creditable ratio	<u>12.44%</u>	<u>9.60%</u>

C) The appropriation of 2008 and 2007 earnings had been resolved at the stockholders' meeting on June 26, 2009 and June 20, 2008, respectively. Details are summarized below:

	<u>2008</u>		<u>2007</u>	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Legal reserve	\$ 289,179	\$ -	\$ 330,815	\$ -
Special reserve	-	-	82,279	-
Stock dividends	-	-	846,411	1.75
Cash dividends	1,420,760	2.50	1,692,821	3.50
Directors' and supervisors' remuneration	-	-	26,136	-
Employees' cash bonus	-	-	26,136	-
Total	<u>\$ 1,709,939</u>	<u>\$ 2.50</u>	<u>\$ 3,004,598</u>	<u>\$ 5.25</u>

The distribution of the earnings of year 2008 as discussed above was in accordance with the resolution approved by the Board of Directors during its meeting on April 24, 2009. Special reserve amounting to \$147,466 distributed in 2007 and 2006 was reversed which was approved at the stockholders' meeting on June 26, 2009; on the same day, the ex-right and ex-dividend date of the appropriation of 2008 earnings as resolved by the Board of Directors is August 25, 2009.

D) The estimated amounts of employees' bonus and directors' and supervisors' remuneration of

the six months ended June 30, 2009 are both \$14,738 and are recognized as operating expenses for the six months ended June 30, 2009. If the estimated amounts are different from the amounts approved by the stockholders subsequently, the difference is recognized as gain or loss in 2010.

(11)Remittability of funds

The foreign investors of the Company can remit from Taiwan all dividends distributed, net of withholding taxes on such dividends. In addition, the foreign investors can repatriate their invested capital.

(12) Earnings per share (shares in thousands)

	For the six months ended June 30, 2009				
	<u>Amount</u>		Outstanding common shares (in thousand shares)	<u>Earnings per share (in NT dollars)</u>	
	<u>Income before income tax</u>	<u>Net income</u>		<u>Income before tax</u>	<u>Net income</u>
<u>Basic earnings per share</u>					
Net Income from continuing operations	\$ 1,230,677	\$ 1,071,050	568,304	\$ 2.17	\$ 1.88
Net Income from discontinued operations	<u>188,805</u>	<u>198,971</u>		<u>0.33</u>	<u>0.35</u>
Net Income	<u>\$ 1,419,482</u>	<u>\$ 1,270,021</u>		<u>\$ 2.50</u>	<u>\$ 2.23</u>
<u>Dilutive earnings per share</u>					
Dilutive effect of common stock equivalents: Employee bonus			230		
Net income from continuing operations attributable to common stock holders plus dilutive effect of common stock equivalents.	\$ 1,230,677	\$ 1,071,050	<u>568,534</u>	\$ 2.17	\$ 1.88
Net income from discontinued operation attributable to common stock holders plus dilutive effect of common stock equivalents.	<u>188,805</u>	<u>198,971</u>		<u>0.33</u>	<u>0.35</u>
Net income attributable to common stock holders plus dilutive effect of common stock equivalents.	<u>\$ 1,419,482</u>	<u>\$ 1,270,021</u>		<u>\$ 2.50</u>	<u>\$ 2.23</u>

For the six months ended June 30, 2008

	Amount		Outstanding common shares (in thousand shares)	Earnings per share (in NT dollars)	
	Income before income tax	Net income		Income before tax	Net income
<u>Basic earnings per share</u>					
Net Income from continuing operations	\$ 996,789	\$ 1,039,674	568,304	\$ 1.76	\$ 1.83
Net Income from discontinued operation	<u>944,625</u>	<u>751,978</u>		<u>1.66</u>	<u>1.32</u>
Net Income	<u>\$ 1,941,414</u>	<u>\$ 1,791,652</u>		<u>\$ 3.42</u>	<u>\$ 3.15</u>

Effective January 1, 2008, as employees' bonus could be distributed in the form of stock, the diluted EPS computation shall include those estimated shares that would be increased from employees' stock bonus issuance in the weighted-average number of common shares outstanding during the reporting year, which taking into account the dilutive effects of stock bonus on potential common shares; whereas, basic EPS shall be calculated based on the weighted-average number of common shares outstanding during the reporting year that include the shares of employees' stock bonus for the appropriation of prior year earnings, which have already been resolved at the stockholders' meeting held in the reporting year. Since capitalization of employees' bonus no longer belongs to distribution of stock dividends (or retained earnings and capital reserve capitalized), the calculation of basic EPS and diluted EPS for all periods presented shall not be adjusted retroactively. However, the accounting treatment for the appropriation of employees' bonus for 2007 earnings resolved at the stockholders' meeting held in 2008 is still in accordance with the regulations on capitalization of employees' bonus under paragraphs 19 and 39 of R.O.C. SFAS No. 24, "Earnings per Share". The above weighted-average outstanding common shares have been adjusted retroactively in proportion to retained earnings capitalized during the six months ended June 30, 2008.

(13) Personnel, depreciation and amortization expenses

	For the six months ended June 30, 2009		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Personnel expenses			
Salaries and wages	\$ 204,815	\$ 48,557	\$ 253,372
Insurance	2,041	1,175	3,216
Pension	1,017	3,712	4,729
Others	35,493	809	36,302
Depreciation	515,783	675	516,458
Amortization	75,666	-	75,666

	For the six months ended June 30, 2008		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Personnel expenses			
Salaries and wages	\$ 165,477	\$ 34,057	\$ 199,534
Insurance	2,049	1,191	3,240
Pension	1,380	5,047	6,427
Others	29,231	1,117	30,348
Depreciation	464,787	744	465,531
Amortization	65,080	-	65,080

5. RELATED PARTY TRANSACTIONS

(1) Names and relationship of major related parties with significant transactions

<u>Name</u>	<u>Relationship with the Company</u>
Fred Tsai	The Company's chairman
Universal Mariners S.A. (U.M.S.A.)	Owned by relatives of a major stockholder of the Company
Oak Maritime (Agencies) Inc. (Oak)	Oak's chairman is a director of the Company
Oak Maritime (HK) Inc. (Oak HK)	Oak HK's chairman is a director of the Company
Lexus Investment Limited (Lexus)	Minority stockholder of a subsidiary which is 60% owned by NCI
Apex Shipping Company Limited (Apex)	Minority stockholder of a subsidiary which is 80% owned by NCI
Success Investment Limited (Success)	Minority stockholder of a subsidiary which is 55% owned by NCI
Bocimar Hong Kong Limited (Bocimar H.K.)	Minority stockholder of a subsidiary which is 50% owned by NCI
Bocimar Internaitonal N.V. (Bocimar N.V.)	Affiliated Company of Bocimar H.K.
Euronav Luxembourg S.A. (Euronav)	Minority stockholder of a subsidiary which is 50% owned by NCI
Euronav NV	Parent company of Euronav

(2) Major transactions and balances with related parties

A) Charter revenue

	<u>For the six months ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
Euronav NV	\$ 161,839	\$ 772,505
Bocimar	118,515	186,801
	<u>\$ 280,354</u>	<u>\$ 959,306</u>

The terms of the above charter revenue are processed with terms of general sales and fixed pricing, along with a collection period of approximately 8 to 15 days. In addition, the Company collects profit sharing annually at the year-end based on certain charter agreements.

B) Receivables from related parties

	June 30,	
	2009	2008
Euronav NV	\$ 34,904	\$ 424,606
Bocimar	-	82
Oak HK	-	478
	<u>\$ 34,904</u>	<u>\$ 425,166</u>

C) Advance collection

	June 30,	
	2009	2008
Bocimar	\$ 20,732	\$ -
Euronav NV	25,110	22,874
	<u>\$ 45,842</u>	<u>\$ 22,874</u>

D) Service revenue

	For the six months ended June 30,	
	2009	2008
U.M.S.A.	\$ 5,193	\$ 4,453
Oak HK	1,590	1,422
	<u>\$ 6,783</u>	<u>\$ 5,875</u>

The revenues are generated from the contract the Group signed with U.M.S.A. and Oak HK.

E) Other receivables - related parties

a) Amounts prepaid on behalf of related party and agent

	June 30,	
	2009	2008
Oak	<u>\$ 19,721</u>	<u>\$ 24,706</u>

b) Loans to related party (shown as other receivables-related parties)

	For the six months ended June 30, 2009			
	Maximum Balance	Ending Balance	Interest Rate	Interest Expense
Bocimar H.K.	<u>\$ 65,157</u>	<u>\$ 63,044</u>	-	<u>\$ -</u>

F) Other payables - related party

a) Advances from related party and agency payable

	June 30,	
	2009	2008
U.M.S.A.	\$ -	\$ 3,039

b) Loans from related parties (shown as other payables-related parties)

	For the six months ended June 30, 2009			
	Maximum Balance	Ending Balance	Interest Rate	Interest Expense
Euronav	\$ 323,387	\$ 312,897	-	\$ -
Bocimar H.K.	423,991	372,200	-	-
Apex	146,220	141,477	-	-
Success	134,457	45,911	-	-
		<u>\$ 872,485</u>		<u>\$ -</u>

	For the six months ended June 30, 2008			
	Maximum Balance	Ending Balance	Interest Rate	Interest Expense
Euronav	\$ 147,123	\$ 137,642	-	\$ -
Bocimar H.K.	323,126	302,472	-	-
Lexus	39,029	36,514	-	-
Apex	139,838	130,826	-	-
Success	132,941	124,373	-	-
		<u>\$ 731,827</u>		<u>\$ -</u>

G) Management fee and commission expenses

	For the six months ended June 30,	
	2009	2008
Euronav NV	\$ 1,863	\$ 4,746
Bocimar	2,963	4,670
U.M.S.A.	16,903	15,582
	<u>\$ 21,729</u>	<u>\$ 24,998</u>

H) Technical management fee

	<u>For the six months ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
U.M.S.A.	<u>\$ 3,522</u>	<u>\$ 3,253</u>

I) Supervision fees

	<u>For the six months ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
U.M.S.A.	<u>\$ 2,516</u>	<u>\$ -</u>

The supervision fees for building of new vessels paid by the Group to U.M.S.A. were capitalized as vessel costs.

J) Guarantee transactions

a) As of June 30, 2009 and 2008, Oak HK is the guarantor for the building of new vessels provided to the Group in the amount of US\$85,520 thousand and US\$135,685 thousand, respectively.

b) As of June 30, 2009 and 2008, Bocimar N.V. is the guarantor for the building of new vessels provided to the Group in the amount of US\$12,040 thousand and US\$18,060 thousand, respectively.

K) As of December 31, 2009 and 2008, the Company's credit lines for short-term loans were both \$274,000. The Company's chairman, Fred Tsai, was the guarantor for the credit line of \$274,000, while the Company issued notes payable as guarantee for credit lines amounting to \$174,000.

6. PLEDGED ASSETS

	Purpose	June 30,	
		2009	2008
Other financial assets-current			
Time deposits	Guarantee deposits	\$ 9,044	\$ 10,895
Time deposits	Long-term loans	72,578	20,894
Time deposits	Guarantee deposits for financial instruments	38,160	35,037
Vessels and equipment - net	Long-term loans	13,252,629	11,356,862
Land and building - net	Credit limit	109,355	110,204
		<u>\$ 13,481,766</u>	<u>\$ 11,533,892</u>

7. COMMITMENTS AND CONTINGENT LIABILITIES

(1) The Group had the following outstanding vessel charter agreements as of June 30, 2009:

Contract Company	Contract period
RIO TINTO(Singapore)	August 2008 to August 2013
Bocimar International N.V.	March 2003 to March 2014
China National Chartering Corporation	January 2007 to January 2010
Nippon Yusen Kaisha	January 2010 to January 2015
Nippon Yusen Kaisha	September 2009 to September 2014
Armada Bulk Carriers Ltd.	October 2003 to October 2013
Nippon Yusen Kaisha	August 2008 to August 2013
Cosco HK	September 2006 to September 2011
Nippon Yusen Kaisha	December 2007 to December 2012
Mitsui O.S.K.	March 2006 to March 2011
Hachiuma Steamship Co., Ltd.	October 1996 to October 2011
Hachiuma Steamship Co., Ltd.	July 1997 to August 2012
Euronav NV	May 2005 to June 2010
Korea Line Corporation	September 2007 to September 2010
Korea Line Corporation	October 2008 to December 2011

(2) The Company's subsidiaries have ship building agreements with several shipbuilding companies. Under these agreements, the total paid construction commitments amounted to US\$376,150 thousand which are divided into 4 or 5 installments, 50%~60% of the amount should be paid before the ships are delivered, while the remaining amount should be paid upon delivery of the ships. As of June 30, 2009, the subsidiaries paid US\$116,090 thousand as prepayment of ships under construction.

(3) As of June 30, 2009 and 2008, the Company issued notes payable as guarantee for credit lines

amounting to \$174,000 for both years.

8. SIGNIFICANT CATASTROPHE

None.

9. SUBSEQUENT EVENTS

- (1) On May 7, 2009, the Board of Directors approved and authorized the Chairman sell the Vessel named "TIEN SHAN" on behalf of the Company. The vessel will be sold to Madliena Shipping Limited on July 27, 2009. The selling price and gain on disposal from the sale of the vessel are US\$19,000 thousand and NT\$271,800 thousand, respectively.
- (2) On May 12, 2009, the Board of Directors of Greatest South Co., which is 100% owned by the Company approved, authorized its Chairman sell the Vessel named "TAI SHAN" on behalf of the Company. The vessel will be sold to Seamer Shipping Corporation, Monrovia, Liberia on August 11, 2009. The selling price and gain on disposal from the sale of the vessel are US\$38,000 thousand and US\$13,117 thousand, respectively.

10. OTHERS

(1) Financial statement presentation

Certain accounts in the June 30, 2008 consolidated financial statements were reclassified to conform with the June 30, 2009 consolidated financial statement presentation.

(2)The fair values of the financial instruments

	June 30, 2009		
	Book value	Fair value	
		Quotations in an active market	Estimated using a valuation technique
<u>Non-derivative financial instruments</u>			
Assets			
Financial assets with fair values equal to book values	\$ 5,647,022	\$ -	\$ 5,647,022
Financial assets with fair values	-	-	-
Refundable deposits	7,813	-	7,813
Liabilities			
Financial liabilities with fair values equal to book values included)	2,530,925	-	2,530,925
	9,253,378	-	9,253,378
<u>Derivative financial instruments</u>			
Liabilities			
Interest rate swap	34,879	-	34,879
	June 30, 2008		
	Book value	Fair value	
		Quotations in an active market	Estimated using a valuation technique
<u>Non-derivative financial instruments</u>			
Assets			
Financial assets with fair values equal to book values	\$ 2,627,083	\$ -	\$ 2,627,083
Refundable deposits	7,743	-	7,743
Liabilities			
Financial liabilities with fair values equal to book values included)	2,955,209	-	2,955,209
	7,358,129	-	7,358,129
<u>Derivative financial instruments</u>			
Assets			
Interest rate swap	35,577	-	35,577

The methods and assumptions used to estimate the fair values of the above financial instruments are summarized below:

- A) For short-term instruments, the fair values were determined based on their carrying values because of the short maturities of the instruments. This method was applied to Cash and cash equivalents, Accounts receivable, Accounts receivable - related parties, Other receivables, Other receivables - related parties, Other financial assets, Accrued expenses, Dividend payables, Other payables and Other payables - related parties.
- B) The fair values of other financial assets-non-current were determined based on their carrying value.
- C) As floating interest rates are adopted for the long-term loans, the fair value is based on the book value.
- D) The fair value of the deposits-out was based on the present value of expected cash flow amount. The discount rate was the one-year deposit rate of the Directorate General of Postal Remittances and Savings Bank. But the amounts were not material to be discounted.
- E) The fair values of derivative financial instruments which include unrealized gain or losses on unsettled contracts were determined based upon the amounts to be received or paid assuming that the contracts were settled as of the reporting date.
- F) The financial instruments with credit risk on the balance sheets are as follows:

	June 30,	
	2009	2008
Guarantees for the credit line	<u>USD 387,339 thousand</u>	<u>USD 276,623 thousand</u>

(3) Information on significant gain/loss on financial instruments and equity items

- A) For the six months ended June 30, 2009 and 2008, the total amount of the change in fair value which was estimated using a valuation technique that was recognized in profit or loss during the year was profit of \$36,681 and loss of \$51,768, respectively.
- B) For or the six months ended June 30, 2009 and 2008, total interest income (calculated using the effective interest method) on financial assets or financial liabilities that are not at fair value through profit or loss amounted to \$7,728 and \$27,376, respectively and total interest expense amounted to \$146,090 and \$189,476, respectively.

(4) Information on interest rate risk positions

As of June 30, 2009 and 2008, the financial liabilities with fair value risk due to change of

interest amounted to \$34,879 and \$35,577, respectively. The financial assets with cash flow risk due to the change of interest amounted to \$4,601,235 and \$1,662,193, respectively, and the financial liabilities with cash flow risk due to the change of interest amounted to \$9,253,378 and \$7,358,129, respectively.

(5) Procedure of financial risk control and hedge

The Group's activities expose the Group to a variety of financial risks: market risk, credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by a central treasury department (Group Treasury) in accordance with the policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk.

A) Interest rate risk

The Group undertakes derivative financial instruments such as interest rate swaps to hedge cash flow risk and fair value risk arising from fluctuations in interest rates. To mitigate interest rate risk, the Group also closely monitors interest rate trends and sets a stop-loss amount on the derivatives undertaken.

B) Credit risk

The Group has a stringent credit policy in place. Transactions are conducted only with counterparties with good credit conditions. Appropriate measures are also undertaken where necessary to protect the Group's credit rights and thereby mitigate credit risk.

(6) Information of material financial risk

A) Market risk- Foreign exchange risk

The Group's major export transactions are conducted in United States dollars (USD). The change of fair value will be caused by foreign exchange rate fluctuations. However, the amounts and periods of the Group's accounts receivable is equivalent to its accounts payable, so the market risk could be offset. If the gap is raised, the Group would adopt the forward contract to hedge the risk, so the Group estimates there would be no material risk.

B) Credit risk

a) The Group has no significant concentrations of credit risk. It has policies in place to ensure that charters are made to charterers with an appropriate credit history. Derivative

counterparties and cash transactions are limited to high-credit-quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

- b) Loan guarantees provided by the Group are in compliance with the Group’s “Procedures for Provision of Endorsements and Guarantees” and are only provided to the related parties, which are over 50%-owned, directly or indirectly, by the parent company, Sincere Navigation Corporation. As the Group is fully aware of the credit conditions of these related parties, it has not asked for collateral for the loan guarantees provided. In the event that these related parties fail to comply with loan agreements with banks, the maximum loss to the Group is the total amount of loan guarantees as listed above.

C) Cash flow risk

The Group’s interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The amount of cash flow would decrease by \$92,534, if the interest rate is raised by 1% at the balance sheet date.

(7) Derivative financial instruments

As of June 30, 2009, the Company’s subsidiaries entered into several interest rate swap transaction contracts as follows:

	June 30, 2009	
	Book value	Contract amount
Interest rate swap	(\$ 34,879)	\$ 3,281,000
	<u>(USD 1,063 thousand)</u>	<u>(USD 100,000 thousand)</u>

A) Market risk-rate risk

The Group uses the PVBP (Present Value of Basis Point) method to evaluate the market risk, and pre-set a “stop loss” amount to limit its loss, so the Group estimates there would be no material risk.

B) Credit risk

Derivative counterparties and cash transactions are limited to high-credit-quality international financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

C) Liquidity risk

The IRS contract is settled based on the fixed amount of interest to be paid or received,

which is based on the nominal principal times the difference of interest rates. The Group expects no significant liquidity risk would arise as the Group has sufficient working capital.

D) Cash flow risk

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

11. ADDITIONAL DISCLOSURES REQUIRED BY THE SECURITIES AND FUTURE

(1) Related information of significant transactions

In accordance with the "Rules Governing Preparation of the Financial Statements by Securities Issuers", summaries of the information of major transactions are described below:

A) Financing activities to any company or person:

Number	Name of investee	Name of borrowers	Accounts used to record loan	Maximum balance for the six months ended June 30, 2009	Ending balance	Interest rate	Type of loan	Annual sales amount to (purchase from) the borrower	Reason for the short-term lending	Bad debt allowance provided	Collateral and its value	Credit limit on the respective borrower	Ceiling of loan amount
(Note 1)							(Note 3)					(Note 2)	(Note 2)
												\$ 3,763,858	\$ 5,018,477
0	Sincere Navigation Corporation	None											
1	Norley Corporation Inc.	Sincere Navigation Corporation	Other receivables related parties	\$ 721,820 (USD 22,000 thousand)	\$ 721,820 (USD 22,000 thousand)	-	2	\$ -	Working capital	\$ -	\$ -	"	"
		Zenith Marine Company Limited	Advance to associated entity	58,238 (USD 1,775 thousand)	13,518 (USD 412 thousand)	-	"	-	"	-	-	"	"
		Kenmore Shipping Inc.	"	697,475 (USD 21,258 thousand)	697,475 (USD 21,258 thousand)	-	"	-	"	-	-	"	"
		Winnington Limited	"	49,149 (USD 1,498 thousand)	- (USD 0 thousand)	-	"	-	"	-	-	"	"
		Kingswood Co., Ltd.	"	142,494 (USD 4,343 thousand)	- (USD 0 thousand)	-	"	-	"	-	-	"	"
		Jetwall Co., Ltd.	"	567,908 (USD 17,309 thousand)	567,908 (USD 17,309 thousand)	-	"	-	"	-	-	"	"
		Ocean Wise Limited	"	296,274 (USD 9,030 thousand)	296,274 (USD 9,030 thousand)	-	"	-	"	-	-	"	"
		Poseidon Marine Limited	"	703,020 (USD 21,427 thousand)	703,020 (USD 21,427 thousand)	-	"	-	"	-	-	"	"
2	Greatest South Shipping Co., Ltd.	Norley Corporation Inc.	"	1,439,178 (USD 43,864 thousand)	1,439,178 (USD 43,864 thousand)	-	"	-	"	-	-	"	"

Number	Name of investee	Name of borrowers	Accounts used to record loan	Maximum balance for the six months ended June 30,2009	Ending balance	Interest rate	Type of loan	Annual sales amount to (purchase from) the borrower	Reason for the short-term lending	Bad debt allowance provided	Collateral and its value	Credit limit on the respective borrower	Ceiling of loan amount
(Note 1)							(Note 3)					(Note 2) \$ 3,763,858	(Note 2) \$ 5,018,477
3	Greatest East Shipping Co., Ltd.	Norley Corporation Inc.	"	\$ 70,837 (USD 2,159 thousand)	\$ - (USD 0 thousand)	-	2	\$ -	Wording capital	\$ -	\$ -	"	"
4	Golden East Shipping Ltd.	Norley Corporation Inc.	"	159,949 (USD 4,875 thousand)	159,949 (USD 4,875 thousand)	-	"	-	"	-	-	"	"
5	Confidence Navigation Limited	Norley Corporation Inc.	"	963,859 (USD 29,377 thousand)	963,859 (USD 29,377 thousand)	-	"	-	"	-	-	"	"
6	Valentine Holdings Limited	Norley Corporation Inc.	"	187,804 (USD 5,724 thousand)	187,804 (USD 5,724 thousand)	0.01%	"	-	"	-	-	"	"
		Gemini Investment Company Limited	"	91,179 (USD 2,779 thousand)	62,962 (USD 1,919 thousand)	-	"	-	"	-	-	"	"
7	Welluck Co., Ltd.	Norley Corporation Inc.	"	307,102 (USD 9,360 thousand)	307,102 (USD 9,360 thousand)	1.01%	"	-	"	-	-	"	"
		Meko Shipping Inc.	"	123,038 (USD 3,750 thousand)	- (USD 0 thousand)	-	"	-	"	-	-	"	"
8	Winnington Limited	Norley Corporation Inc.	"	9,351 (USD 285 thousand)	9,351 (USD 285 thousand)	1.01%	"	-	"	-	-	"	"
		Peg Shipping Company Limited	"	134,652 (USD 4,104 thousand)	76,382 (USD 2,328 thousand)	-	"	-	"	-	-	"	"
9	Kingswood Co., Ltd.	Norley Corporation Inc.	"	294,601 (USD 8,979 thousand)	262,349 (USD 7,996 thousand)	1.01%	"	-	"	-	-	"	"
		Seven Seas Shipping Ltd.	"	484,243 (USD 14,759 thousand)	81,763 (USD 2,492 thousand)	-	"	-	"	-	-	"	"

Number	Name of investee	Name of borrowers	Accounts used to record loan	Maximum balance for the six months ended June 30,2009	Ending balance	Interest rate	Type of loan	Annual sales amount to (purchase from) the borrower	Reason for the short-term lending	Bad debt allowance provided	Collateral and its value	Credit limit on the respective borrower	Ceiling of loan amount
(Note 1)							(Note 3)					(Note 2)	(Note 2)
				\$	\$			\$		\$	\$	\$	\$
10	Jetwall Co., Ltd.	Everwin Maritime Limited	"	709,188 (USD 21,615 thousand)	709,188 (USD 21,615 thousand)	-	2	-	Wording capital	-	-	"	"
11	Victory Navigation Inc.	Norley Corporation Inc.	"	126,187 (USD 3,846 thousand)	101,022 (USD 3,079 thousand)	0.01%	"	-	"	-	-	"	"
		Everprime Shipping Limited	"	45,507 (USD 1,387 thousand)	- (USD 0 thousand)	-	"	-	"	-	-	"	"
12	Millennia Investment Company Limited	Valentine Holding Limited	"	214,610 (USD 6,541 thousand)	214,610 (USD 6,541 thousand)	-	"	-	"	-	-	"	"
13	Meko Shipping Inc.	Welluck Co., Ltd.	"	361,796 (USD 11,027 thousand)	361,796 (USD 11,027 thousand)	-	"	-	"	-	-	"	"
14	Everprime Shipping Limited	Victory Navigation Inc.	"	75,824 (USD 2,311 thousand)	50,659 (USD 1,544 thousand)	-	"	-	"	-	-	"	"
15	Heywood Limited	Sincere Navigation Corporation	Other receivables related parties	590,580 (USD 18,000 thousand)	590,580 (USD 18,000 thousand)	-	"	-	"	-	-	"	"
		Howells Shipping Inc.	Advance to associated entity	219,597 (USD 6,693 thousand)	137,277 (USD 4,184 thousand)	-	"	-	"	-	-	"	"
		Newton Navigation Limited	"	502,190 (USD 15,306 thousand)	258,248 (USD 7,871 thousand)	-	"	-	"	-	-	"	"
		Haihu Maritime Service (Shanghai) Co.,Ltd.	"	689 (USD 21 thousand)	558 (USD 17 thousand)	-	"	-	"	-	-	"	"
		Century Shipping Limited	"	656 (USD 20 thousand)	656 (USD 20 thousand)	-	"	-	"	-	-	"	"

Number	Name of investee	Name of borrowers	Accounts used to record loan	Maximum balance for the six months ended June 30, 2009	Ending balance	Interest rate	Type of loan	Annual sales amount to (purchase from) the borrower	Reason for the short-term lending	Bad debt allowance provided	Collateral and its value	Credit limit on the respective borrower	Ceiling of loan amount
(Note 1)							(Note 3)					(Note 2)	(Note 2)
				\$ 420,362	\$ -	-	2	\$ -	Wording capital	\$ -	\$ -	\$ 3,763,858	\$ 5,018,477
16	Universal Navigation Inc.	Heywood Limited	"	(USD 12,812 thousand)	(USD 0 thousand)	-	"	-		-	-	"	"
17	Great Wall Navigation Limited	Heywood Limited	"	1,186,672 (USD 36,168 thousand)	1,186,672 (USD 36,168 thousand)	-	"	-	"	-	-	"	"
18	Brighton Shipping Inc.	Heywood Limited	"	318,552 (USD 9,709 thousand)	293,912 (USD 8,958 thousand)	-	"	-	"	-	-	"	"
19	Rockwell Shipping Limited	Heywood Limited	"	133,963 (USD 4,083 thousand)	123,792 (USD 3,773 thousand)	-	"	-	"	-	-	"	"
20	Clifford Navigation Corporation	Heywood Limited	"	1,346,391 (USD 41,036 thousand)	1,342,060 (USD 40,904 thousand)	-	"	-	"	-	-	"	"
21	Crimson Marine Company	Heywood Limited	"	500,221 (USD 15,246 thousand)	499,532 (USD 15,225 thousand)	-	"	-	"	-	-	"	"

Note 1: Number 0 represents the Company
Number 1 to Number 20 represent the subsidiaries

Note 2: In accordance with the financing procedures of the Company, for business transaction purposes, maximum financing to each subsidiary and total financing is limited to 30% and 40% of the Company's net value, respectively. For short-term lending purposes, maximum financing to each subsidiary and total financing is limited to 30% and 40% of the Company's net value, respectively.

Note 3: Number 1 represents the business transaction.
Number 2 represents the necessity for short-term lending.

B) Guarantee Information:

Name of investee		Name of guaranteed parties	Relationship with the Company	Limit on guarantee	Maximum outstanding guarantee amount during the six months ended June 30, 2009	Outstanding guarantee amount at 6/30/2009	Amount of guarantee with collateral placed	Ratio of accumulated guarantee amount to net value of the Company	Ceiling on outstanding guarantee for the respective party
Number	Name								
(Note 1)			(Note 2)	(Note 3)					(Note 3)
0	Sincere Navigation Corporation	Confidence Navigation Limited	3	\$ 25,092,386	\$ 982,575 (USD 25,970 thousand)	\$ 781,069 (USD 23,806 thousand)	\$ -	94%	\$ 37,638,579
		Brighton Shipping Inc.	"	"	701,451 (USD 19,226 thousand)	591,392 (USD 18,025 thousand)	-		"
		Rockwell Shipping Limited	"	"	779,987 (USD 21,646 thousand)	670,758 (USD 20,444 thousand)	-		"
		Seven Seas Shipping Ltd.	"	"	1,335,025 (USD 36,833 thousand)	1,137,405 (USD 34,666 thousand)	-		"
		Howells Shipping Inc.	"	"	1,164,482 (USD 31,918 thousand)	981,773 (USD 29,923 thousand)	-		"
		Norley Corporation Inc.	"	"	1,747,000 (USD 50,000 thousand)	984,300 (USD 30,000 thousand)	-		"
		Everprime Shipping Limited	"	"	923,477 (USD 25,312 thousand)	778,581 (USD 23,730 thousand)	-		"
		Zenith Marine Company Limited	"	"	881,886 (USD 25,240 thousand)	828,124 (USD 25,240 thousand)	-		"
		Clifford Navigation Corporation	"	"	1,747,000 (USD 50,000 thousand)	1,640,500 (USD 50,000 thousand)	-		"
		Crimson Marine Company	"	"	1,364,058 (USD 39,040 thousand)	1,280,902 (USD 39,040 thousand)	-		"
		Poseidon Marine Ltd	"	"	2,165,460 (USD 66,000 thousand)	2,165,460 (USD 66,000 thousand)	-		"

Name of investee		Name of guaranteed parties	Relationship with the Company	Limit on guarantee	outstanding	Outstanding	Amount of guarantee with collateral placed	Ratio of accumulated guarantee amount to net value of the Company	Ceiling on
Number	Name				guarantee amount during the six months ended June 30, 2009	guarantee amount at 6/30/2009			outstanding guarantee for the respective party
(Note 1)			(Note 2)	(Note 3)					(Note 3)
1	Norley Corporation Inc.	Peg Shipping Company Limited	3	"	\$ 541,419 (USD 14,635 thousand)	\$ 449,661 (USD 13,705 thousand)	\$ -	6.92%	\$ 37,638,579
		Meko Shipping Inc.	"	"	503,314 (USD 13,680 thousand)	418,656 (USD 12,760 thousand)	-		"

Note 1: Number 0 represents the Company.

Number 1 represents the subsidiaries.

Note 2: Number 3 means majority owned subsidiaries.

Note 3: In accordance with the guarantee procedure of the Company, the Company's guarantee to others and total guarantee amount should not exceed twice and triple of the Company's net value, respectively.

C) Marketable securities held by the Company at June 30, 2009

Name of investor	Marketable securities		Relationship with the issuers	General ledger accounts	June 30, 2009			
	Types	Name			Number of shares	Book value	Percentage	Market value
Sincere Navigation Corporation	Common Stock	Norley Corporation Inc.	100% shares owned by the Company	Long-term Investment	500	\$ 10,746,991	100%	\$ 21,493,982
		Heywood Limited	"	"	"	3,895,750	"	7,791,500
						<u>\$ 14,642,741</u>		
Norley Corporation Inc. (NCI)	Common Stock	Greatest South Shipping Co., Ltd.	100% shares owned by NCI	Long-term Investment	"	\$ 2,204,701 (USD 67,196 thousand)	"	\$ 4,409,402 (USD 134 thousand)
		Confidence Navigation Limited	"	"	"	2,083,730 (USD 63,509 thousand)	"	4,167,460 (USD 127 thousand)
		Golden East Shipping Ltd.	"	"	"	159,949 (USD 4,875 thousand)	"	319,898 (USD 10 thousand)
		Kenmore Shipping Inc.	"	"	"	66 (USD 2 thousand)	"	132 (USD 0 thousand)
		Zenith Marine Company Limited	"	"	"	275,079 (USD 8,384 thousand)	"	550,158 (USD 17 thousand)
		Poseidon Marine Limited	"	"	"	1,340,551 (USD 40,858 thousand)	"	2,681,102 (USD 82 thousand)
		Ocean Wise Limited	50% shares owned by NCI	"	250	(427) (USD -13 thousand)	50%	(1,708) (USD 0 thousand)
		Wellluck Co., Ltd.	50% shares owned by NCI	"	250	400,020 (USD 12,192 thousand)	50%	1,600,080 (USD 49 thousand)
		Winnington Limited	"	"	"	184,327 (USD 5,618 thousand)	"	737,308 (USD 22 thousand)
		Kingswood Co., Ltd.	"	"	"	309,989 (USD 9,448 thousand)	"	1,239,956 (USD 38 thousand)
Norley Corporation Inc.	Common Stock	Valentine Holdings Limited	60% shares owned by NCI	"	300	556,130 (USD 16,950 thousand)	60%	1,853,767 (USD 57 thousand)
		Jetwall Co., Ltd.	80% shares owned by NCI	"	400	(66) (USD -2 thousand)	80%	(165) (USD 0 thousand)
		Victory Navigation Inc.	55% shares owned by NCI	"	275	254,343 (USD 7,752 thousand)	55%	924,884 (USD 28 thousand)

Name of investor	Marketable securities		Relationship with the issuers	General ledger accounts	June 30, 2009				
	Types	Name			Number of shares	Book value	Percentage	Market value	
Heywood Limited (Heywood)	Common Stock	Great Wall Navigation Limited	100% shares owned by Heywood	"	500	\$ 1,187,000 (USD 36,178 thousand)	100%	\$ 2,374,000 (USD 72 thousand)	
		Newton Navigation Limited		"	"	619,551 (USD 18,883 thousand)	"	1,239,102 (USD 38 thousand)	
		Clifford Navigation Corporation		"	"	664,895 (USD 20,265 thousand)	"	1,329,790 (USD 41 thousand)	
		Brighton Shipping Inc.		"	"	1,009,957 (USD 30,782 thousand)	"	2,019,914 (USD 62 thousand)	
		Rockwell Shipping Limited		"	"	655,806 (USD 19,988 thousand)	"	1,311,612 (USD 40 thousand)	
		Howells Shipping Inc.		"	"	294,765 (USD 8,984 thousand)	"	589,530 (USD 18 thousand)	
		Maxson Shipping Inc.		100% shares owned by Heywood	"	500	328 (USD 10 thousand)	"	656 (USD 0 thousand)
		Crimson Marine Company			"	"	920,025 (USD 28,041 thousand)	"	1,840,050 (USD 56 thousand)
		Honco Shipping Limited			"	2	- (USD 0 thousand)	"	- (USD 0 thousand)
Century Shipping Limited	Common Stock	Haihu Maritime Service (Shanghai) Co., Ltd.	100% shares owned by Century	"	-	9,553 (Renminbi 1,989 thousand)	"	9,553 (Renminbi 1,989 thousand)	
		Valentine Holdings Limited		100% shares owned by Valentine	"	500	597,372 (USD 18,207 thousand)	"	1,194,744 (USD 36 thousand)
Jetwall Co., Ltd	Common Stock	Gemini Investment Company Limited	100% shares owned by Jetwall	"	"	293,387 (USD 8,942 thousand)	"	586,774 (USD 18 thousand)	
		Everwin Maritime Limited		"	"	131 (USD 4 thousand)	"	262 (USD 0 thousand)	
Victory Navigation Inc.	Common Stock	Everprime Shipping Limited	100% shares owned by Victory	"	"	458,060 (USD 13,961 thousand)	"	916,120 (USD 28 thousand)	
Winnington Limited	Common Stock	Peg Shipping Company Limited	100% shares owned by Winnington	"	"	363,797 (USD 11,088 thousand)	"	727,594 (USD 22 thousand)	
Welluck Co., Ltd.	Common Stock	Meko Shipping Inc.	100% shares owned by Welluck	"	"	791,705 (USD 24,130 thousand)	"	1,583,410 (USD 48 thousand)	
Kingswood Co., Ltd.	Common Stock	Seven Seas Shipping Ltd.	100% shares owned by Kingswood	"	"	588,775 (USD 17,945 thousand)	"	1,177,550 (USD 36 thousand)	

D) Acquisition or sale of the same security with the accumulated cost exceeding \$100,000 or 20% of the Company's paid-in capital during the six months ended June 30, 2009:None

E) Acquired real estate properties exceeding \$100,000 or over 20% of the Comopany's paid-in capital during the six months ended June 30, 2009: None

F) Disposed real estate properties exceeding \$100,000 or over 20% of the Company's paid-in capital: None

G) Purchases from or sales to related parties exceeding \$100,000 or 20% of the Company's paid-in capital during the six months ended June 30, 2009:

Name of investor	Counterparty	Relationship with the Company	Transaction type	Purchases or sales		Transaction condition		Accounts receivable (payable)		Remark
				Amount	Percentage	Price	Payment term	Amount	Percentage	
	Sincere Navigation Corporation	None								
Seven Seas Shipping Ltd.	Euronav NV	Majority shareholder of Kingswood	Charter revenue	USD4,825 thousand	100%	The same as third parties	N/A	USD1,064 thousand	100%	Advance collections USD765 thousand
Peg Shipping Company Limited	Bocimar International N.V.	Majority shareholder of Winnington	"	USD3,534 thousand	"	"	"	-	-	Advance collections USD632 thousand

H) Receivables from related parties exceeding \$100 million or 20% of the Company's paid-in capital as at June 30, 2009:

Creditor	Counterparty	Relationship with the Company	Balance of receivable from related parties	Turnover rate	Overdue receivable		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Sincere Navigation Corporation	None							
Norley Corporation Inc. (NCI)	Sincere Navigation Corporation	Parent company of Norley	\$ 721,820 (USD 22,000 thousand)	-	\$ -		\$ -	\$ -
	Kenmore Shpping Inc.	100% shares owned by NCI	697,475 (USD 21,258 thousand)	-	-	-	-	-
	Poseidon Marine Limited	"	703,020 (USD 21,427 thousand)	-	-	-	-	-
	Jetwall Co., Ltd.	80% shares owned by NCI	567,908 (USD 17,309 thousand)	-	-	-	-	-
	Ocean Wise Limited	50% shares owned by NCI	296,274 (USD 9,030 thousand)	-	-	-	-	-
Greatest South Shipping Co., Ltd.	Norley Corporation Inc. (NCI)	Parent company of Greatest South	1,439,178 (USD 43,864 thousand)	-	-	-	-	-
Golden East Shipping Ltd.	Norley Corporation Inc. (NCI)	Parent company of Golden East	159,949 (USD 4,875 thousand)	-	-	-	-	-
Confidence Navigation Limited	Norley Corporation Inc. (NCI)	Parent company of Confidence	963,859 (USD 29,377 thousand)	-	-	-	-	-
Valentine Holdings Limited	Norley Corporation Inc. (NCI)	100% shares owned by Valentine	187,804 (USD 5,724 thousand)	-	-	-	-	-
Welluck Co., Ltd.	Norley Corporation Inc. (NCI)	100% shares owned by Welluck	307,102 (USD 9,360 thousand)	-	-	-	-	-
Kingswood Co., Ltd.	Norley Corporation Inc. (NCI)	100% shares owned by Kingswood	262,349 (USD 7,996 thousand)	-	-	-	-	-
Jetwall Co., Ltd.	Everwin Maritime Limited	100% shares owned by Jetwall	709,188 (USD 21,615 thousand)	-	-	-	-	-
Victory Navigation Inc.	Norley Corporation Inc. (NCI)	100% shares owned by Victory	101,022 (USD 3,079 thousand)	-	-	-	-	-
Meko Shipping Inc.	Welluck Co., Ltd.	Parent company of Meko	361,796 (USD 11,027 thousand)	-	-	-	-	-

Creditor	Counterparty	Relationship with the Company	Balance of receivable from related parties	Turnover rate	Overdue receivable		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Millennia Investment Company Limited Heywood Limited	Valentine Holding Limited	100% shares owned by Valentine	\$ 214,610 (USD 6,541 thousand)	-	\$ -	-	\$ -	\$ -
	Sincere Navigation Corporation	Parent company of Heywood	590,580 (USD 18,000 thousand)	-	-	-	-	-
	Howells Shipping Inc.	100% shares owned by Heywood	137,277 (USD 4,184 thousand)	-	-	-	-	-
	Newton Navigation Limited	100% shares owned by Heywood	258,248 (USD 7,871 thousand)	-	-	-	-	-
Great Wall Navigation Limited	Heywood Limited	Parent company of Great Wall	1,186,672 (USD 36,168 thousand)	-	-	-	-	-
Brighton Shipping Inc.	Heywood Limited	Parent company of Brighton	293,912 (USD 8,958 thousand)	-	-	-	-	-
Rockwell Shipping Limited	Heywood Limited	Parent company of Rockwell	123,792 (USD 3,773 thousand)	-	-	-	-	-
Clifford Navigation Corporation	Heywood Limited	Parent company of Clifford	1,342,060 (USD 40,904 thousand)	-	-	-	-	-
Crimson Marine Company	Heywood Limited	Parent company of Crimson	499,532 (USD 15,225 thousand)	-	-	-	-	-

I) Derivative financial instruments undertaken during the six months ended June 30, 2009: None.

(2) Disclosure information of investee company

1. Disclosure information of investee company as following:

Name of Investor	Name of Investee	Address	Main activities	Original Investment amount		Held by the Company			Income (loss) of the investee Company	Investment Income
				Ending of this period	Ending of last period	Number of shares	Rate	Book value		
Sincere Navigation Corporation	Norley Corporation Inc.	80 Board Street, City of Monrovia, Republic of Liberia	Investment Holdings	USD1,000 thousand	USD20,000 thousand	500	100%	\$ 10,746,991 (USD327,552 thousand)	\$ 622,891 (USD18,600 thousand)	\$ 622,891
	Heywood Limited	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	"	USD1,000 thousand	USD10,000 thousand	500	100%	3,895,750 (USD118,737 thousand)	899,174 (USD26,741 thousand)	899,174
Norley Corporation Inc. (NCI)	Valentine Holdings Limited	80 Board Street, City of Monrovia, Republic of Liberia	"	USD6 thousand	USD6 thousand	300	60%	USD16,950 thousand	USD957 thousand	-
	Golden East Shipping Ltd.	"	Shipping chartering	USD10 thousand	USD10 thousand	500	100%	USD4,875 thousand	USD2 thousand	-
	Greatest South Shipping Co., Ltd.	"	"	"	"	"	"	USD67,196 thousand	USD6,564 thousand	-
	Confidence Navigation Limited	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	"	"	"	"	"	USD63,509 thousand	USD2,722 thousand	-
	Kenmore Shipping Inc.	"	Holding in Shipbuilding contract	"	"	"	"	USD2 thousand	USD-1 thousand	-
	Zenith Marine Company Limited	"	Shipping chartering	"	"	"	"	USD8,384 thousand	USD2,112 thousand	-
	Welluck Co., Ltd.	"	Investment Holdings	USD5 thousand	USD5 thousand	250	50%	USD12,192 thousand	USD7,149 thousand	-

Name of Investor	Name of Investee	Address	Main activities	Original Investment amount		Held by the Company			Income (loss) of the investee Company	Investment Income
				Ending of this period	Ending of last period	Number of shares	Rate	Book value		
Norley Corporation Inc. (NCI)	Winnington Limited	Trust Company Complex, Ajeltake Rood, Ajeltake Island, Majuro, Marshall Islands MH96960	Investment Holdings	USD5 thousand	USD5 thousand	250	50%	USD5,618 thousand	USD1,113 thousand	-
	Jetwall Co., Ltd.	"	"	USD8 thousand	USD8 thousand	400	80%	USD-2 thousand	USD-2 thousand	-
	Victory Navigation Inc.	"	"	USD6 thousand	USD6 thousand	275	55%	USD7,752 thousand	USD3,013 thousand	-
	Kingswood Co., Ltd.	"	"	USD5 thousand	USD5 thousand	250	50%	USD9,448 thousand	USD1,011 thousand	-
	Poseidon Marine Limited	"	"	USD40,860 thousand	USD40,860 thousand	500	100%	USD40,858 thousand	USD-1 thousand	-
Valentine Holdings Limited	Ocean Wise Limited	80 Board Street, City of Monrovia, Republic of Liberia	Holding in Shipbuilding contract	USD5 thousand	USD5 thousand	250	50%	USD-13 thousand	USD-2 thousand	-
	Millennia Investment Company Limited	R.R.E. Commerical Center, Delap Wing Suite 208, P.O. Box Majuro Marshall Islands MH96960	Shipping chartering	USD10 thousand	USD10 thousand	500	100%	USD18,207 thousand	USD902 thousand	-
	Gemini Investment Company Limited	"	"	"	"	"	"	USD8,942 thousand	USD57 thousand	-
Welluck Co. Ltd.	Meko Shipping Inc.	80 Board Street, City of Monrovia, Republic of Liberia	"	"	"	"	USD24,130 thousand	USD7,116 thousand	-	
Winnington Limited	Peg Shipping Company Limited	"	"	"	"	"	USD11,088 thousand	USD1,107 thousand	-	
Kingswoos Co., Ltd.	Seven Seas Shipping Ltd.	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	"	"	"	"	USD17,945 thousand	USD938 thousand	-	
Jetwall Co., Ltd.	Everwin Maritime Limited	"	Holding in Shipbuilding contract	"	"	"	"	USD4 thousand	USD-1 thousand	-

Name of Investor	Name of Investee	Address	Main activities	Original Investment amount		Held by the Company			Income (loss) of the investee Company	Investment Income
				Ending of this period	Ending of last period	Number of shares	Rate	Book value		
Victory Navigation Inc.	Everprime Shipping Limited	Trust Company Complex,Ajeltake Road,Ajeltake Island,Majuro, Marshall Islands MH96960	Shipping chartering	USD10 thousand	USD10 thousand	500	100%	USD13,961 thousand	USD3,014 thousand	-
Heywood Limited	Great Wall Navigation Limited	"	"	"	"	"	"	USD36,178 thousand	USD-1 thousand	-
	Newton Navigation Limited	"	"	USD10 thousand	"	"	"	USD18,883 thousand	USD6,332 thousand	-
	Clifford Navigation Corporation	"	"	"	"	"	"	USD20,265 thousand	USD6,953 thousand	-
	Brighton Shipping Inc.	"	"	"	"	"	"	USD30,782 thousand	USD5,202 thousand	-
	Rockwell Shipping Limited	"	"	"	"	"	"	USD19,988 thousand	USD2,526 thousand	-
	Howells Shipping Inc.	"	"	"	"	"	"	USD8,984 thousand	USD2,096 thousand	-
	Crimson Marine Company	"	"	USD24,398 thousand	USD24,398 thousand	"	"	USD28,041 thousand	USD3,640 thousand	-
	Maxson Shipping Inc.	"	Investment Holdings	USD10 thousand	USD10 thousand	"	"	USD10 thousand	USD0 thousand	-
	Honco Shipping Limited	2301, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong	"	-	-	2	"	USD0 thousand	USD0 thousand	-

Name of Investor	Name of Investee	Address	Main activities	Original Investment amount		Held by the Company			Income (loss) of the investee Company	Investment Income
				Ending of this period	Ending of last period	Number of shares	Rate	Book value		
	Century Shipping Limited	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	"	USD500 thousand	USD500 thousand	50,000	"	USD282 thousand	USD49 thousand	-
Century Shipping Limited	Haihu Maritime Service (Shanghai) Co., Ltd.	Room 1906, China Merchants Tower, 161 Lu Jia Road(E), Pudong, Shanghai	Maritime Service	USD500 thousand	USD500 thousand	-	"	RMB1,989 thousand	RMB355 thousand	-

2. Significant transactions between investee company:

A) Loans granted during the six months ended June 30, 2009: Please see Note 11.(1)A).

B) Endorsements and guarantees provided during the six months ended June 30, 2009: Please see Note 11.(1)B).

C) Marketable securities held as at June 30, 2009: Please see Note 11.(1)C).

D) Acquisition or sale of the same security with the accumulated cost exceeding \$100,000 or 20% of the Company's paid-in capital during the six months ended June 30, 2009: None.

E) Acquisition of real estate properties exceeding \$100,000 or 20% of the Company's paid-in capital during the six months ended June 30, 2009: None.

F) Disposal of real estate properties exceeding \$100,000 or 20% of the Company's paid-in capital during the six months ended June 30, 2009: None.

G) Purchases from or sales to related parties exceeding \$100,000 or 20% of the Company's paid-in capital during the six months ended June 30, 2009: Please see Note 11.(1)G).

H) Receivables from related parties exceeding \$100,000 or 20% of the Company's paid-in capital as at June 30, 2009: Please see Note 11.(1)H).

I) Derivative financial instruments undertaken during the six months ended June 30, 2009: Please see Note 11.(1)I).

(3) Disclosure of information on indirect investments in Mainland China

Name of investee in Mainland China	Main activities of investee	Investment amount and method	Beginning investment balance from Taiwan	Investment amount		Ending investment balance from Taiwan	Shares held by the Company (Direct and indirect)	Investment loss (Note 2)	Investment amount as of June 30, 2009	Accumulated remittance
				Payment	Remittance					
Haihu Maritime Service (Shanghai) Co., Ltd.	Maritime Service	\$ 15,855 (USD 500 thousand) Note 1	\$ 15,855 (USD 500 thousand)	\$ -	-	\$ 15,855 (USD 500 thousand)	100%	\$ 1,756 (RMB 355 thousand)	\$ 9,553 (RMB 1,989 thousand)	-

<u>Accumulated investment balance from Taiwan to Mainland China</u>	<u>Amount approved by MOEA</u>	<u>Ceiling amount of investment in Mainland Chian</u>
\$ 15,855 (USD 500 thousand)	\$ 95,130 (USD 3,000 thousand)	\$ 7,527,716

Note 1: Investment in Mainland China was made through investee located in third country.

Note 2: The basis of investment loss recognition is based on the financial statements of the investee company which was audited by independent accountants as of and for the six months ended June 30, 2009.

(4) Significant related party transactions and balances due from (to) related parties

Included in the June 30, 2009 consolidated financial statements:

Number	The Company or investee company	Counterparty	Relationship with the company	Conditions of transaction		Ratio of the accumulated revenues to the total consolidated revenues or the ratio of the ending balance to the total consolidated assets
				General ledger account	Amount	
(Note 1)						(Note 3)
0	Sincere Navigation Corporation	Confidence Navigation Limited	1	Guarantees	\$ 781,069 (USD 23,806 thousand)	As the company's policy 2.97%
		Brighton Shipping Inc.	"	"	591,392 (USD18,025 thousand)	" 2.25%
		Rockwell Shipping Limited	"	"	670,758 (USD20,444 thousand)	" 2.55%
		Seven Seas Shipping Ltd.	"	"	1,137,405 (USD34,666 thousand)	" 4.32%
		Howells Shipping Inc.	"	"	981,773 (USD29,923 thousand)	" 3.73%
		Norley Corporation Inc.	"	"	984,300 (USD30,000 thousand)	" 3.74%
		Everprime Shipping Limited	"	"	778,581 (USD23,730 thousand)	" 2.96%
		Zenith Marine Company Limited	"	"	828,124 (USD25,240 thousand)	" 3.14%
		Clifford Navigation Corporation	"	"	1,640,500 (USD50,000 thousand)	" 6.23%
		Crimson Marine Company	"	"	1,280,902 (USD39,040 thousand)	" 4.86%
		Poseidon Marine Ltd	"	"	2,165,460 (USD66,000 thousand)	" 8.22%

Number	The Company or investee company	Counterparty	Relationship with the company	Conditions of transaction			Ratio of the accumulated revenues to the total consolidated revenues or the ratio of the ending balance to the total consolidated assets
				General ledger account	Amount	Terms of transactions	
(Note 1)							(Note 3)
1	Norley Corporation Inc.	Sincere Navigation Corporation	2	Other receivable-related parties	\$ 721,820 (USD22,000 thousand)	As the company's policy	2.74%
		Peg Shipping Company Limited	3	Guarantees	449,661 (USD13,705 thousand)	”	1.71%
		Meko Shipping Inc.	”	Guarantees	418,656 (USD12,760 thousand)	”	1.59%
		Kenmore Shipping Inc.	”	Advance to associated entity	697,475 (USD21,258 thousand)	”	2.65%
		Jetwall Co., Ltd.	”	”	567,908 (USD17,309 thousand)	”	2.16%
		Ocean Wise Limited	”	”	296,274 (USD9,030 thousand)	”	1.13%
		Poseidon Marine Limited	”	”	703,020 (USD21,427 thousand)	”	2.67%
2	Greatest South Shipping Co., Ltd.	Norley Corporation Inc.	”	”	1,439,178 (USD43,864 thousand)	”	5.47%
3	Golden East Shipping Co., Ltd.	Norley Corporation Inc.	”	”	159,949 (USD4,875 thousand)	”	0.61%
4	Confidence Navigation Limited	Norley Corporation Inc.	”	”	963,859 (USD29,377 thousand)	”	3.66%
5	Valentine Holdings Limited	Norley Corporation Inc.	”	”	187,804 (USD5,724 thousand)	”	0.71%
		Gemini Investment Company Limited	”	”	62,962 (USD 1,919 thousand)	”	0.24%

Number	The Company or investee company	Counterparty	Relationship with the company	Conditions of transaction			Ratio of the accumulated revenues to the total consolidated revenues or the ratio of the ending balance to the total consolidated assets
				General ledger account	Amount	Terms of transactions	
(Note 1)							(Note 3)
6	Welluck Co., Ltd.	Norley Corporation Inc.	3	Advance to associated entity	\$ 307,102 (USD9,360 thousand)	As the company's policy	1.17%
7	Winnington Limited	Peg Shipping Company Limited	"	"	76,382 (USD2,328 thousand)	"	0.29%
8	Kingswood Co., Ltd.	Norley Corporation Inc.	"	"	262,349 (USD7,996 thousand)	"	1.00%
		Seven Seas Shipping Ltd.	"	"	81,763 (USD2,492 thousand)	"	0.31%
9	Jetwall Co., Ltd.	Everwin Maritime Limited	"	"	709,188 (USD21,615 thousand)	"	2.69%
10	Victory Navigation Inc.	Norley Corporation Inc.	"	"	101,022 (USD3,079 thousand)	"	0.38%
11	Millennia Investment Company Limited	Valentine Holding Limited	"	"	214,610 (USD6,541 thousand)	"	0.81%
12	Meko Shipping Inc.	Welluck Co., Ltd.	"	"	361,796 (USD11,027 thousand)	"	1.37%
13	Everprime Shipping Limited	Victory Navigation Inc.	"	"	50,659 (USD1,544 thousand)	"	0.19%
14	Heywood Limited	Sincere Navigation Corporation	2	Other receivable-related parties	590,580 (USD18,000 thousand)	"	2.24%
		Howells Shipping Inc.	3	Advance to associated entity	137,277 (USD4,184 thousand)	"	0.52%

Number	The Company or investee company	Counterparty	Relationship with the company	Conditions of transaction			Ratio of the accumulated revenues to the total consolidated revenues or the ratio of the ending balance to the total consolidated assets
				General ledger account	Amount	Terms of transactions	
(Note 1)							(Note 3)
14	Heywood Limited	Newton Navigation Limited	3	Advance to associated entity	\$ 258,248 (USD7,871 thousand)	As the company's policy	0.98%
15	Great Wall Navigation Limited	Heywood Limited	"	"	1,186,672 (USD36,168 thousand)	"	4.51%
16	Brighton Shipping Inc.	Heywood Limited	"	"	293,912 (USD8,958 thousand)	"	1.12%
17	Rockwell Shipping Limited	Heywood Limited	"	"	123,792 (USD3,773 thousand)	"	0.47%
18	Clifford Navigation Corporation	Heywood Limited	"	"	1,342,060 (USD40,904 thousand)	"	5.10%
19	Crimson Marine Company	Heywood Limited	"	Advance to associated entity	499,532 (USD15,225 thousand)	"	1.90%

The transactions between parent company and affiliated companies under 0.1% of consolidated assets or revenues are not disclosed.

Note 1: Number 0 represents the Company
Numbers 1 to 13 represent the subsidiaries

Note 2: Number 1 represents the Company towards the subsidiaries
Number 2 represents the subsidiaries towards the Company
Number 3 represents the subsidiaries towards other subsidiaries

Note 3: Ratios of transactions involved with balance sheet accounts are calculated using consolidated assets;
Ratios of transactions involved with income statement accounts are calculated using consolidated revenues

Included in the June 30, 2008 consolidated financial statements:

Number	The Company or investee company	Counterparty	Relationship with the company	Conditions of transaction			Ratio of the accumulated revenues to the total consolidated revenues or the ratio of the ending balance to the total consolidated assets
				General ledger account	Amount	Terms of transactions	
(Note 1)			(Note 2)				(Note 3)
0	Sincere Navigation Corporation	Confidence Navigation Limited	1	Guarantees	\$ 853,591 (USD 28,134 thousand)	As the company's policy	3.83%
		Brighton Shipping Inc.	"	"	619,787 (USD 20,428 thousand)	"	2.78%
		Rockwell Shipping Limited	"	"	693,233 (USD 22,849 thousand)	"	3.11%
		Seven Seas Shipping Ltd.	"	"	1,183,251 (USD 39,000 thousand)	"	5.31%
		Howells Shipping Inc.	"	"	1,028,911 (USD 33,913 thousand)	"	4.62%
		Norley Corporation Inc.	"	"	1,517,000 (USD 50,000 thousand)	"	6.81%
		Everprime Shipping Limited	"	"	815,964 (USD 26,894 thousand)	"	3.66%
		Zenith Marine Company Limited	"	"	765,782 (USD 25,240 thousand)	"	3.44%
1	Norley Corporation Inc.	Sincere Navigation Corporation	2	Other receivable-related parties	667,480 (USD 22,000 thousand)	"	3.00%
		Peg Shipping Company Limited	3	Guarantees	472,242 (USD 15,565 thousand)	"	2.12%
		Meko Shipping Inc.	"	"	442,964 (USD 14,600 thousand)	"	1.99%
		Clifford Navigation Corporation	"	Other receivable-related parties	606,800 (USD 20,000 thousand)	"	2.72%
		Newton Navigation Limited	"	"	606,800 (USD 20,000 thousand)	"	2.72%

Number (Note 1)	The Company or investee company	Counterparty	Relationship with the company (Note 2)	Conditions of transaction			Ratio of the accumulated revenues to the total consolidated revenues or the ratio of the ending balance to the total consolidated assets (Note 3)
				General ledger account	Amount	Terms of transactions	
1	Norley Corporation Inc.	Welluck Co., Ltd.	3	Advance to associated entity	\$ 47,512 (USD 1,566 thousand)	As the company's policy	0.21%
		Winnington Limited	”	”	64,108 (USD 2,113 thousand)	”	0.29%
		Zenith Marine Company Limited	”	”	95,541 (USD 3,149 thousand)	”	0.43%
		Kenmore Shipping Inc.	”	”	644,877 (USD 21,255 thousand)	”	2.90%
		Ocean Wise Limited	”	”	182,647 (USD 6,020 thousand)	”	0.82%
		Jetwall Co., Ltd.	”	”	524,700 (USD 17,294 thousand)	”	0.36%
		Crimson Marine Company	”	”	157,920 (USD 5,205 thousand)	”	0.71%
2	Greatest South Shipping Co., Ltd.	Norley Corporation Inc.	”	”	895,030 (USD 29,500 thousand)	”	4.02%
3	Greatest East Shipping Co., Ltd.	Norley Corporation Inc.	”	”	76,700 (USD 2,528 thousand)	”	0.34%
4	Golden East Shipping Co., Ltd.	Norley Corporation Inc.	”	”	127,155 (USD 4,191 thousand)	”	0.57%
5	Confidence Navigation Limited	Norley Corporation Inc.	”	”	409,499 (USD 13,497 thousand)	”	1.84%
6	Valentine Holdings Limited	Norley Corporation Inc.	”	”	79,248 (USD 2,612 thousand)	”	0.36%

Number (Note 1)	The Company or investee company	Counterparty	Relationship with the company (Note 2)	Conditions of transaction			Ratio of the accumulated revenues to the total consolidated revenues or the ratio of the ending balance to the total consolidated assets (Note 3)
				General ledger account	Amount	Terms of transactions	
6	Valentine Holdings Limited	Gemini Investment Company Limited	3	Advances to associated entity	\$ 101,214 (USD 3,336 thousand)	As the company's policy	0.45%
7	Welluck Co., Ltd.	Meko Shipping Inc.	”	”	101,184 (USD 3,335 thousand)	”	0.45%
8	Winnington Limited	Peg Shipping Company Limited	”	”	142,992 (USD 4,713 thousand)	”	0.06%
9	Jetwall Co., Ltd.	Everwin Maritime Limited	”	”	655,435 (USD 21,603 thousand)	”	2.94%
10	Victory Navigation Inc.	Everprime Shipping Limited	”	”	107,555 (USD 3,545 thousand)	”	0.48%
11	Kingswood Co., Ltd.	Seven Seas Shipping Ltd.	”	”	119,297 (USD 3,932 thousand)	”	0.54%
		Norley Corporation Inc.	”	”	42,870 (USD 1,413 thousand)	”	0.19%
12	Millennia Investment Company Limited	Valentine Holding Limited	”	”	110,832 (USD 3,653 thousand)	”	0.50%
13	Heywood Limited	Howells Shipping Inc.	”	”	190,141 (USD 6,267 thousand)	”	0.85%
		Sincere Navigation Cororation	2	Other receivable- related parties	546,120 (USD 18,000 thousand)	”	2.45%
14	Universal Navigation Inc.	Howells Shipping Inc.	3	Advances to associated entity	388,018 (USD 12,789 thousand)	”	1.74%

Number	The Company or investee company	Counterparty	Relationship with the company	General ledger account	Conditions of transaction		Ratio of the accumulated revenues to the total consolidated revenues or the ratio of the ending balance to the total consolidated assets
					Amount	Terms of transactions	
(Note 1)			(Note 2)				(Note 3)
15	Great Wall Navigation Limited	Heywood Limited	3	”	\$ 1,097,367 (USD 36,169 thousand)	As the company's policy	4.93%
16	Brighton Shipping Inc.	Heywood Limited	”	”	133,193 (USD 4,390 thousand)	”	0.60%
17	Rockwell Shipping Limited	Heywood Limited	”	”	70,085 (USD 2,310 thousand)	”	0.31%
18	Newton Navigation Limited	Heywood Limited	”	”	60,983 (USD 2,010 thousand)	”	0.27%
19	Clifford Navigation Corporat	Heywood Limited	”	”	72,300 (USD 2,383 thousand)	”	0.32%

The transactions between parent company and affiliated companies under 0.1% of consolidated assets or revenues are not disclosed.

Note 1: Number 0 represents the Company
Numbers 1 to 13 represent the subsidiaries

Note 2: Number 1 represents the Company towards the subsidiaries
Number 2 represents the subsidiaries towards the Company
Number 3 represents the subsidiaries towards other subsidiaries

Note 3: Ratios of transactions involved with balance sheet accounts are calculated using consolidated assets;
Ratios of transactions involved with income statement accounts are calculated using consolidated revenues

12. SEGMENT INFORMATION

Not applicable.