

**SINCERE NAVIGATION CORPORATION
AND SUBSIDIARIES**

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

JUNE 30, 2010 AND 2009

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, 2010 and 2009, 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,

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.

2010 and 2009, 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.

August 12, 2010

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)

	2010		2009	
	Amount	%	Amount	%
<u>ASSETS</u>				
<u>Current Assets</u>				
Cash and cash equivalents (Note 4(1))	\$ 7,789,922	26	\$ 5,233,723	20
Accounts receivable	197,959	1	139,729	1
Accounts receivable - related parties (Note 5)	46,104	-	34,904	-
Other receivables	9,305	-	36,119	-
Other receivables - related parties (Note 5)	5,669	-	82,765	-
<u>Other financial assets - current (Note 6)</u>	173,082	1	119,782	-
<u>Bunker inventories</u>	2,695	-	13,165	-
Prepayments	58,261	-	31,322	-
Non-current assets classified as held for sale (Note 4(2))	-	-	1,173,403	5
	<u>8,282,997</u>	<u>28</u>	<u>6,864,912</u>	<u>26</u>
<u>Fixed Assets (Notes 4(2) and 6)</u>				
Cost				
Land	90,215	-	90,215	-
Building	29,154	-	29,154	-
Vessels and equipment	24,901,412	84	19,917,291	76
Office equipment	3,790	-	3,692	-
	25,024,571	84	20,040,352	76
Less: Accumulated depreciation	(5,708,665)	(19)	(4,737,973)	(18)
Accumulated impairment	(14,506)	-	-	-
	19,301,400	65	15,302,379	58
<u>Prepayments for vessel construction</u>	2,056,384	7	4,038,988	15
	<u>21,357,784</u>	<u>72</u>	<u>19,341,367</u>	<u>73</u>
<u>Intangible Asset</u>				
Deferred pension cost	97	-	195	-
<u>Other Assets</u>				
Refundable deposits	7,666	-	7,813	-
Deferred charges	135,933	-	97,267	1
Deferred income tax - non-current (Note 4(7))	-	-	21,096	-
	143,599	-	126,176	1
<u>TOTAL ASSETS</u>	<u>\$29,784,477</u>	<u>100</u>	<u>\$26,332,650</u>	<u>100</u>

(Continued)

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)

JUNE 30,

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2010		2009	
	Amount	%	Amount	%
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>				
<u>Current Liabilities</u>				
Short-term loans (Note 4(3))	\$ 154,000	-	\$ -	-
Financial liabilities at fair value through profit or loss - current (Note 4(4))	-	-	34,879	-
Income tax payable (Note 4(7))	288,978	1	132,924	-
Accrued expenses	268,149	1	183,444	1
Other payables – related parties (Note 5)	340,918	1	874,728	3
Dividends payable (Note 4(10))	1,704,913	6	1,420,760	5
Other payables	8,894	-	51,993	-
Advance collections (Note 5)	98,987	-	166,102	1
Current portion of long-term liabilities (Notes 4(5) and 6)	2,580,482	9	1,243,378	5
Deferred income tax - current (Note 4(7))	<u>334,223</u>	<u>1</u>	<u>189,481</u>	<u>1</u>
	<u>5,779,544</u>	<u>19</u>	<u>4,297,689</u>	<u>16</u>
<u>Long-term Liability</u>				
Long-term loans (Notes 4(5) and 6)	<u>8,639,050</u>	<u>29</u>	<u>8,010,000</u>	<u>31</u>
<u>Other Liabilities</u>				
Reserve for pension	4,880	-	5,710	-
Deposits received	294	-	353	-
Deferred income tax - non-current (Note 4(7))	<u>1,131</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>6,305</u>	<u>-</u>	<u>6,063</u>	<u>-</u>
<u>Total Liabilities</u>	<u>14,424,899</u>	<u>48</u>	<u>12,313,752</u>	<u>47</u>
<u>Stockholders' Equity</u>				
Common stock (Notes 4(8) and 4(11))				
Common stock subscribed	5,683,042	19	5,683,042	22
Capital reserve (Note 4(9))				
Treasury stock transactions	39,243	-	39,243	-
Long-term investments	90,236	-	90,236	1
Others	899	-	899	-
Retained earnings (Note 4(10))				
Legal reserve	2,206,671	8	1,898,585	7
Special reserve	367,411	1	-	-
Undistributed earnings	5,487,210	19	4,804,695	18
Cumulative translation adjustments	(269,881)	(1)	41,012	-
Excess of additional pension liability over unrecognized prior service cost	(11,437)	-	(11,519)	-
Minority interest	<u>1,766,184</u>	<u>6</u>	<u>1,472,705</u>	<u>5</u>
<u>Total Stockholders' Equity</u>	<u>15,359,578</u>	<u>52</u>	<u>14,018,898</u>	<u>53</u>
<u>Commitments and Contingent Liabilities (Note 7)</u>				
<u>Significant Subsequent Events (Note 9)</u>				
<u>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</u>	<u>\$ 29,784,477</u>	<u>100</u>	<u>\$ 26,332,650</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>2010</u>		<u>2009</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Operating revenues (Note 5)	\$3,311,391	100	\$2,848,103	100
Operating costs (Notes 4(13) and 5)	<u>(1,264,351)</u>	<u>(38)</u>	<u>(1,141,428)</u>	<u>(40)</u>
Gross profit	2,047,040	62	1,706,675	60
Operating expenses (Note 4(13))	<u>(105,594)</u>	<u>(3)</u>	<u>(100,383)</u>	<u>(4)</u>
Income from operations	<u>1,941,446</u>	<u>59</u>	<u>1,606,292</u>	<u>56</u>
Non-operating income				
Interest income	2,512	-	7,728	-
Gain on valuation of financial assets (Note 4(4))	6,479	-	-	-
Gain on valuation of financial liabilities (Note 4(4))	-	-	36,681	2
Foreign exchange gain, net	13,600	1	-	-
Other income	<u>6,981</u>	<u>-</u>	<u>4,165</u>	<u>-</u>
	<u>29,572</u>	<u>1</u>	<u>48,574</u>	<u>2</u>
Non-operating expenses				
Interest expense (Note 4(4))	<u>(82,012)</u>	<u>(2)</u>	<u>(175,391)</u>	<u>(6)</u>
Foreign exchange loss, net	-	-	<u>(35,037)</u>	<u>(1)</u>
Other expenses	<u>(19,777)</u>	<u>(1)</u>	<u>(331)</u>	<u>-</u>
	<u>(101,789)</u>	<u>(3)</u>	<u>(210,759)</u>	<u>(7)</u>
Income before income tax and minority interest	1,869,229	57	1,444,107	51
Income tax expense (Note 4(7))	<u>(229,515)</u>	<u>(7)</u>	<u>(159,627)</u>	<u>(6)</u>
Net income from continuing operations	1,639,714	50	1,284,480	45
Post tax profit from discontinued operations (Notes 4(2) and 4(7))	<u>-</u>	<u>-</u>	<u>198,971</u>	<u>7</u>
Consolidated net income	<u>\$1,639,714</u>	<u>50</u>	<u>\$1,483,451</u>	<u>52</u>
Attributable to:				
Equity holders of the Company	\$1,252,090	38	\$1,270,021	45
Minority interest	<u>387,624</u>	<u>12</u>	<u>213,430</u>	<u>7</u>
Consolidated net income	<u>\$1,639,714</u>	<u>50</u>	<u>\$1,483,451</u>	<u>52</u>

	<u>2010</u>		<u>2009</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	\$ 3.29	\$ 2.88	\$ 2.54	\$ 2.25
<u>Net income from discontinued operations</u>	-	-	0.33	0.35
Net income from minority interest	<u>(0.68)</u>	<u>(0.68)</u>	<u>(0.37)</u>	<u>(0.37)</u>
Net income	<u>\$ 2.61</u>	<u>\$ 2.20</u>	<u>\$ 2.50</u>	<u>\$ 2.23</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)

2009	Common stock	Capital reserve	<u>Retained Earnings</u>			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, 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 of special reserve	-	-	-	(147,466)	147,466	-	-	-	-
Distribution of 2008 earnings: (Note)									
Legal reserve	-	-	289,179	-	(289,179)	-	-	-	-
Cash dividends	-	-	-	-	(1,420,760)	-	-	-	(1,420,760)
Net income for the 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>\$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>
2010									
Balance as at January 1, 2009	\$ 5,683,042	\$130,378	\$1,898,585	\$ -	\$6,615,530	(\$ 355,975)	(\$ 11,437)	\$1,443,661	\$15,403,784
Distribution of 2009 earnings: (Note)									
Legal reserve	-	-	306,086	-	(308,086)	-	-	-	-
Special reserve	-	-	-	367,411	(367,411)	-	-	-	-
Cash dividends	-	-	-	-	(1,704,913)	-	-	-	(1,704,913)
Net income for the six months ended June 30, 2010	-	-	-	-	1,252,090	-	-	387,624	1,639,714
Cumulative translation adjustment on long - term investments in foreign subsidiaries	-	-	-	-	-	86,094	-	9,673	95,767
Changes in minority interest	-	-	-	-	-	-	-	(74,774)	(74,774)
Balance as at June 30, 2010	<u>\$ 5,683,042</u>	<u>\$130,378</u>	<u>\$2,206,671</u>	<u>\$ 367,411</u>	<u>\$5,487,210</u>	<u>(\$ 269,881)</u>	<u>(\$ 11,437)</u>	<u>\$1,766,184</u>	<u>\$15,359,578</u>

Note: Directors' and supervisors' remunerations of \$ 20,962 and \$ 14,738; employees' bonus of \$ 20,962 and \$ 14,738 have been deducted from the consolidated statements of income for the years ended December 31, 2009 and 2008, respectively.

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>2010</u>	<u>2009</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Consolidated net income	\$1,639,714	\$1,483,451
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation	547,196	516,458
Amortization	40,293	75,666
Gain on valuation of financial assets	(6,479)	(36,681)
(Increase) decrease in assets:		
Accounts receivable, net	9,644	94,210
Accounts receivable, net - related parties	(18,617)	381,871
Other receivables	3,977	(22,124)
Other receivables - related parties	7,941	(2,680)
Bunker inventories	1,986	29,200
Prepaid expenses	7,513	15,322
Deferred income tax – non-current	-	(19,620)
Increase (decrease) in liabilities:		
Income tax payable	134,436	(119,430)
Accrued expenses	(37,077)	(159,581)
Other payables - related parties	(693)	(430)
Other payables	(14,343)	44,787
Advance collections	(29,339)	85,621
Reserve for pension	150	1,199
Deposits received	294	353
Deferred income tax	<u>(59,560)</u>	<u>36,323</u>
Net cash provided by operating activities	<u>2,227,036</u>	<u>2,403,915</u>

(Continued)

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

	<u>2010</u>	<u>2009</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Other receivables - related parties	\$ -	(\$ 63,044)
Increase in other financial assets	(38,354)	(20,307)
<u>Acquisition of fixed assets</u>	(1,853,236)	(573,037)
Increase in deferred charges	(75,476)	(67,885)
Decrease (increase) in refundable deposits	<u>125</u>	<u>(1)</u>
Net cash used in investing activities	(<u>1,966,941</u>)	(<u>724,274</u>)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Decrease in short-term loans	154,000	(70,000)
Other payables - related parties	(94,182)	(43,245)
Proceeds from long-term loans	1,344,266	-
Payments of long - term loans	(709,690)	(1,070,093)
<u>Decrease in minority interest</u>	(<u>184,660</u>)	<u>-</u>
Net cash provided by (used in) financing activities	<u>509,734</u>	(<u>1,183,338</u>)
Foreign exchange difference	<u>44,876</u>	<u>2,857</u>
Net increase in cash and cash equivalents	814,705	499,160
Cash and cash equivalents at beginning of the period	<u>6,975,217</u>	<u>4,734,563</u>
Cash and cash equivalents at end of the period	<u>\$ 7,789,922</u>	<u>\$ 5,233,723</u>
<u>SUPPLEMENTARY DISCLOSURE OF</u>		
<u>CASH FLOW INFORMATION</u>		
Cash paid during the period for:		
Interest	<u>\$ 103,194</u>	<u>\$ 182,412</u>
Income tax	<u>\$ 154,640</u>	<u>\$ 252,188</u>
Non-cash financing activities:		
Cash dividends not yet paid	<u>\$ 1,704,913</u>	<u>\$ 1,420,760</u>

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

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009

(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 operates 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, 2010, the Company and its subsidiaries had 465 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:

<u>Investee Company</u>	<u>Principal activities</u>	<u>Equity interest</u>		<u>Note</u>
		<u>2010</u>	<u>2009</u>	
Greatest South Shipping Co., Ltd.	Shipping	100%	100%	
Golden East Shipping Ltd.	”	-	100%	Note 1
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,		
		2010	2009	
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	Shipbuilding	80%	80%	
Victory Navigation Inc.	Investments holdings	55%	55%	
Everprime Shipping Limited	Shipping	55%	55%	
Zenith Marine Company Limited	"	100%	100%	
Ocean Wise Limited	"	51%	50%	
Poseidon Marine Limited	"	100%	100%	
Kenmore Shipping Inc.	Shipbuilding	100%	100%	
Maxon shipping Inc.	"	100%	-	Note 2

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,		
		2010	2009	
Great Wall Navigation Limited	Shipping	100%	100%	
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 company	"	100%	100%	
Maxson Shipping Inc.	Investment holdings	-	100%	Note 2
Honco Shipping Limited	"	100%	100%	
Century Shipping Limited	"	100%	100%	
Haihu Maritime Service (Shanghai) Co., Ltd.	Maritime services	100%	100%	

Note 1: Liquidated on July 22, 2009.

Note 2: Effective April 12, 2010, Heywood transferred all its shareholdings in Maxson Shipping Inc. to NCI.

(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, 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	4~18 years
Building	42 years
Office equipment	3~7 years

C. Major improvements and renewals are capitalized and depreciated accordingly. Maintenance and repairs are expensed as incurred.

When an asset is retired or sold, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss on the disposal is accounted for as non-operating income or loss.

(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 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 expense or gain from continuing operations.

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

Effective January 1, 2008, pursuant to EITF 96-052 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 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 EITF 97-127 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.

(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.

4. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30,	
	2010	2009
Checking account and demand deposits	\$ 1,661,612	\$ 752,270
Time deposits	6,128,310	4,481,453
	<u>\$ 7,789,922</u>	<u>\$ 5,233,723</u>

(2) Fixed assets / non-current assets held for sale / profit from discontinued operation / subsequent events

A) Cost and accumulated depreciation

	June 30, 2010			
	Cost	Accumulated depreciation	Accumulated Impairment	Net book value
Vessels and equipment	\$ 24,901,412	(\$ 5,694,980)	(\$ 14,506)	\$ 19,191,926
Land	90,215	-	-	90,215
Building	29,154	(10,862)	-	18,292
Office equipment	3,790	(2,823)	-	967
Prepayments for vessel construction	2,056,384	-	-	2,056,384
	<u>\$ 27,080,955</u>	<u>(\$ 5,708,665)</u>	<u>(\$ 14,506)</u>	<u>\$ 21,357,784</u>

	June 30, 2009			
	Cost	Accumulated depreciation	Accumulated Impairment	Net book value
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>\$ -</u>	<u>\$ 19,341,367</u>

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

C) On June 25, 2010, the Board of Directors approved and authorized the chairman to sell the vessel named "SHIN HSING NO. 2" on behalf of the Company. As of August 12, 2010, the

Company had not signed the related contract to sell. The Company has only one Taiwanese vessel named “SHIN HSING No. 2”. In order to comply with the local regulations, it is required that the Company should have more than one vessel to operate an international marine line. Accordingly, the Board of Directors approved and authorized the chairman to buy the vessel named “Madonna III” from Zenith Marine Company Limited on behalf of the Company and change its flag to R.O.C. The Company signed the memorandum of agreement with Zenith Marine Company Limited on July 2, 2010. The selling price is based on the book value of the vessel as of the delivery month. The payment term shall be negotiated by both parties. The Company also received the approvals from Keelung Harbor Bureau, Ministry of Transportation and Communications R.O.C. and Ministry of Economic Affairs, R.O.C. on July 14, 2010, July 23, 2010 and August 3, 2010, respectively. On July 16, 2010, the Board of Directors of the subsidiary, Norley Corporation Inc., resolved to credit the long-term loan facility of Zenith Marine Company Limited, amounting to \$18,998 (including interest), which was executed on July 20, 2010. The charterer, Korea Line Corporation, returned the vessel named Madonna III to Zenith Marine Company Limited on August 11, 2010 and the charter agreement will be terminated on the same date.

- 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, profit 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	<u>32,101</u>
	<u>\$ 359,106</u>

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

	For the six months ended June 30, <u>2009</u>
Profit or loss from discontinued operation	
Operating revenues	\$ 77,577
Operating costs	(118,241)
Loss from discontinued operation before income tax	(40,664)
Income tax benefit	<u>10,166</u>
Post tax loss from discontinued operation	<u><u>(\$ 30,498)</u></u>
Cash flows from discontinued operation	
Cash flows used in operating activities	(\$ 146,944)
Cash flows used in investing activities	(\$ 36,783)
Cash flows used in financing activities	(\$ 336,200)

E) On July 27, 2009, the vessel "TIEN SHAN" was sold and settled.

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 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, profit 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	\$ 782,382
Deferred charges	<u>31,915</u>
	<u><u>\$ 814,297</u></u>

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

	For the six months ended June 30, 2009
Profit or loss from discontinued operation	
Operating revenues	\$ 172,775
Operating costs	(117,157)
Profit from discontinued operation before income tax	55,618
Operating expenses	(879)
Operating income	54,739
Interest income	1
Other income	174,729
Income from discontinued operation	<u>\$ 229,469</u>
Cash flows from discontinued operation	
Cash flows provided by operating activities	\$ 285,307
Cash flows used in investing activities	(\$ 27,516)

G) On August 11, 2009, the vessel "TAI SHAN" was sold and settled.

(3) Short-term loans

	June 30,	
	2010	2009
Unsecured loans	\$ 100,000	\$ -
Secured loans	54,000	-
	<u>\$ 154,000</u>	<u>\$ -</u>
Interest rate	1.23%~1.25%	

As of June 30, 2010 and 2009, 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.

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

	June 30,	
	2010	2009
Current items:		
Financial liabilities held for trading		
Derivative financial instruments	<u>\$ -</u>	<u>\$ 34,879</u>

A) The Group recognized net gain of \$6,479 and \$36,681 for the six months ended June 30, 2010 and 2009, respectively.

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 466 thousand)	~September 3, 2009
		1,640,500	(28,816)	February 10, 2005
		(USD 50,000 thousand)	(USD 707 thousand)	~February 14, 2010
	\$	<u>3,281,000</u>	<u>(\$ 34,879)</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, 2010 and 2009, the net interest expense related to the interest rate swap transactions amounted to \$6,479 and \$29,301, respectively.

(5) Long-term loans

	June 30,	
	2010	2009
Mega Bank (and syndicate), due in 2010	\$ 626,202	\$ 781,069
BNP Paribas (and syndicate), due in 2013	380,817	449,661
BNP Paribas (and syndicate), due in 2013	351,078	418,656
Mega Bank (and syndicate), due in 2017	975,209	1,137,405
Mega Bank (and syndicate), due in 2016	502,230	591,392
Mega Bank, due in 2017	579,939	670,758
Mega Bank, due in 2016	833,754	981,773
Mega Bank, due in 2016	661,197	778,581
Mega Bank, due in 2017	608,599	703,906
Mega Bank (and syndicate), due in 2015	1,263,036	1,523,321
Mega Bank (and syndicate), due in 2018	1,066,865	1,216,856
Mega Bank (and syndicate), due in 2019	2,015,805	-
Mega Bank (and syndicate), due in 2020	1,354,801	-
	<u>\$ 11,219,532</u>	<u>\$ 9,253,378</u>
Less: Current portion-due within one year	<u>(2,580,482)</u>	<u>(1,243,378)</u>
	<u>\$ 8,639,050</u>	<u>\$ 8,010,000</u>
Interest rates	<u>0.94%~1.79%</u>	<u>1.32%~2.68%</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, 2010 and 2009 amounted to \$1,607 and \$2,878, respectively, which are recognized based on an actuarial valuation. The fund balance with Bank of Taiwan was \$37,477 and \$33,953 as of June 30, 2010 and 2009, 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, 2010 and 2009 amounted to \$980 and \$1,462, 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, 2010 and 2009 were \$534 and \$389, respectively.

(7)Income tax

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

	For the six months ended	
	June 30,	
	2010	2009
Income tax payable	\$ 288,978	\$ 132,924
Under provision of prior year's income tax	87	(174)
Prepaid income tax	10	8
Effect of the amended Income Tax Law	(59,180)	(320)
Income tax expense derived from taxable income	229,895	132,438
Deferred income tax	(380)	17,023
Income tax expense	229,515	149,461
Income tax benefit from discontinued operation	-	10,166
	<u>\$ 229,515</u>	<u>\$ 159,627</u>

The 10% tax on unappropriated earnings of 2009 and 2008 are \$70,045 and \$132,932, respectively.

B) Deferred income tax consisted of the following:

	June 30,			
	2010		2009	
	Amount	Tax effect	Amount	Tax effect
Deferred income tax liabilities-current				
Gain on disposal of fixed assets	\$ -	\$ -	\$ 1,413	\$ 354
Unrealized exchange loss	(20,078)	(3,143)	(9,457)	(2,365)
Accrued damage	41,795	7,105	-	-
Unrealized investment income	(1,987,735)	(337,915)	(749,880)	(187,470)
		<u>\$ 334,223</u>		<u>(\$189,481)</u>
Deferred income tax liabilities non-current				
Gain on disposal of fixed assets	\$ -	\$ -	\$ 12,401	\$ 2,480
Unfunded pension expense	(6,655)	(1,131)	(6,003)	(1,200)
Loss carryforwards	-	-	99,082	19,816
		<u>(\$ 1,131)</u>		<u>\$ 21,096</u>

C) The major differences between financial income and taxable income for the six months ended June 30, 2010 were as follows:

- a) Permanent differences: Unrealized investment gain of \$1,533,488.
- b) Temporary differences: This represents the net change of deferred income tax mentioned above.

D) As of June 30, 2010, the Company's income tax returns through 2008 have been assessed and

approved by the Tax Authority.

(8)Common stock

As of June 30, 2010, 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. regulations 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. regulations 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

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, 2010 and 2009 are as follows:

a) Undistributed earnings:

	June 30,	
	2010	2009
Before December 31, 1997	\$ 359,267	\$ 359,267
After December 31, 1997	<u>5,127,943</u>	<u>4,445,428</u>
	<u>\$ 5,487,210</u>	<u>\$ 4,804,695</u>

b) Tax credit:

	2010	2009
Imputation tax credit account balance	\$ 490,234	\$ 571,637
Estimated creditable ratio	<u>8.78%</u>	<u>12.44%</u>

C) The appropriation of 2009 and 2008 earnings had been resolved at the stockholders' meeting on June 29, 2010 and June 26, 2009, respectively. Details are summarized below:

	2009		2008	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 308,086	\$ -	\$ 289,179	\$ -
Special reserve	367,411	-	-	-
Cash dividends	1,704,913	3.00	1,420,760	2.50
Total	\$ 2,380,410	\$ 3.00	\$ 1,709,939	\$ 2.50

The distribution of the earnings of year 2009 as discussed above was in accordance with the resolution approved by the Board of Directors during its meeting on April 29, 2010.

D) The estimated amounts of employees' bonus and directors' and supervisors' remuneration for the six months ended June 30, 2010 and 2009 amounted to \$20,962 and 29,476, respectively and are recognized as operating expenses. If the estimated amounts are different from the amounts approved by the stockholders subsequently, the difference is recognized as gain or loss in 2011.

E) Information on the appropriation of the Company's employees' bonus and directors' and supervisors' remuneration as resolved by the Board of Directors and approved by the stockholders will be posted in the "Market Observation Post system" at the website of the Taiwan Stock Exchange. Employees' bonus and directors' and supervisors' remuneration of 2009 as resolved by the stockholders were in agreement with those amounts recognized in the 2009 financial statements.

F) Subsequent events :

The ex-dividend date and payment date of the appropriation of 2009 earnings as resolved by the Board of Directors is August 6, 2010 and August 25, 2010, respectively.

(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, 2010				
	Amount			Earnings per share (in NT dollars)	
	Income before income tax	Net income	Outstanding common shares (in thousand shares)	Income before income tax	Net income
<u>Basic earnings per share</u>					
Net income	<u>\$ 1,481,605</u>	<u>\$ 1,252,090</u>	568,304	<u>\$ 2.61</u>	<u>\$ 2.20</u>
<u>Dilutive earnings per share</u>					
Dilutive effect of common stock equivalents: Employee bonus			662		
Net income attributable to common stock holders plus dilutive effect of common stock equivalents.	<u>\$ 1,481,605</u>	<u>\$ 1,252,090</u>	<u>568,966</u>	<u>\$ 2.60</u>	<u>\$ 2.20</u>

	For the six months ended June 30, 2009				
	Amount			Earnings per share (in NT dollars)	
	Income before income tax	Net income	Outstanding common shares (in thousand shares)	Income before income tax	Net income
<u>Basic earnings per share</u>					
Net income from continuing operation	\$ 1,230,677	\$ 1,071,050	568,304	\$ 2.17	\$ 1.88
Net income from discontinued operation	<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>

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.

(13) Personnel, depreciation and amortization expenses

	For the six months ended June 30, 2010		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Personnel expenses			
Salaries and wages	\$ 191,498	\$ 51,908	\$ 243,406
Insurance	1,306	1,365	2,671
Pension	450	2,671	3,121
Others	34,993	908	35,901
Depreciation	546,594	602	547,196
Amortization	40,293	-	40,293
	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

5. RELATED PARTY TRANSACTIONS

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

<u>Names of related parties</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 51% 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>2010</u>	<u>2009</u>
Euronav NV	\$ 154,960	\$ 161,839
Bocimar N.V.	317,564	118,515
	<u>\$ 472,524</u>	<u>\$ 280,354</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,	
	2010	2009
Euronav NV	\$ 46,104	\$ 34,904

C) Advance collection

	June 30,	
	2010	2009
Bocimar N.V.	\$ 11,695	\$ 20,732
Euronav NV	-	25,110
	<u>\$ 11,695</u>	<u>\$ 45,842</u>

D) Service revenue (shown as operating revenues)

	For the six months ended June 30,	
	2010	2009
U.M.S.A.	\$ 3,809	\$ 5,193
Oak HK	-	1,590
	<u>\$ 3,809</u>	<u>\$ 6,783</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,	
	2010	2009
Oak	\$ 5,669	\$ 19,721

F) Other payables - related party

a) Advances from related party and agency payable

	June 30,	
	2010	2009
U.M.S.A.	\$ 557	\$ 2,243

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

For the six months ended June 30, 2010				
	Maximum Balance	Ending Balance	Interest Rate	Interest Expense
Euronav	\$ 49,403	\$ 49,403	-	\$ -
Bocimar H.K.	478,590	290,958	-	-
		<u>\$ 340,361</u>		<u>\$ -</u>

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>

G) Management fee and commission expenses

	For the six months ended June 30,	
	2010	2009
Euronav NV	\$ 1,360	\$ 1,863
Bocimar N.V.	7,939	2,963
U.M.S.A.	16,869	16,903
	<u>\$ 26,168</u>	<u>\$ 21,729</u>

H) Technical management fee

	For the six months ended June 30,	
	2010	2009
U.M.S.A.	\$ 3,645	\$ 3,522

I) Supervision fees

	<u>For the six months ended June 30,</u>	
	<u>2010</u>	<u>2009</u>
U.M.S.A.	<u>\$ 2,393</u>	<u>\$ 2,516</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, 2010 and 2009, Oak HK is the guarantor for the building of new vessels provided to the Group in the amount of US\$90,040 thousand and US\$85,520 thousand, respectively.

b) As of June 30, 2010 and 2009, Bocimar N.V. is the guarantor for the building of new vessels provided to the Group in the amount of US\$0 thousand and US\$12,040 thousand, respectively.

K) As of June 30, 2010 and 2009, the Company issued notes payable as guarantee for credit lines. Please refer to Note 4(3) for details.

6. PLEDGED ASSETS

The Company's assets pledged as collateral as of June 30, 2010 and 2009 are as follows:

	<u>Purpose</u>	<u>June 30,</u>	
		<u>2010</u>	<u>2009</u>
Other financial assets-current			
Time deposits	Guarantee deposits	\$ -	\$ 9,044
Time deposits	Long-term loans	173,082	72,578
Time deposits	Guarantee deposits for financial instruments	-	38,160
Vessels and equipment - net	Long-term loans	17,408,092	13,252,629
Land and building - net	Credit limit	106,130	109,355
		<u>\$ 17,687,304</u>	<u>\$ 13,481,766</u>

7.COMMITMENTS AND CONTINGENT LIABILITIES

- (1) The Group had the following outstanding vessel charter agreements as of June 30, 2010:

<u>Contract company</u>	<u>Contract period</u>
RIO TINTO(Singapore)	August 2008 to August 2013
Bocimar International N.V.	March 2003 to June 2014
China National Chartering Corporation	January 2007 to January 2010
Nippon Yusen Kaisha	February 2010 to January 2018
Nippon Yusen Kaisha	September 2009 to September 2017
Nippon Yusen Kaisha	March 2010 to March 2015
Armada Bulk Carriers Ltd.	October 2003 to October 2013
Nippon Yusen Kaisha	August 2008 to August 2016
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 2013
Hachiuma Steamship Co., Ltd.	July 1997 to July 2012
Euronav NV	May 2005 to May 2010
Korea Line Corporation	September 2007 to August 2010
Korea Line Corporation	October 2008 to October 2011
RIO TINTO (Singapore)	September 2011 to September 2018

- (2) The Company's subsidiaries have ship building agreements with several shipbuilding companies. Under these agreements, the total paid construction commitments amounted to US\$264,800 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, 2010, the subsidiaries paid US\$63,740 thousand as prepayment of ships under construction.
- (3) As of June 30, 2010 and 2009, the Company issued notes payable as guarantee for credit lines. Please refer to Note 4(3) for details.
- (4) The Company entered into a Memorandum of Agreement (the "MOA") dated May 6, 2009 agreeing to sell the vessel named M/V TIEN SHAN (the "Vessel") to Madliena Shipping Ltd (the buyer). The parties then entered into an addendum to the MOA and postponed the delivery date. The Vessel was eventually delivered on July 27, 2009. Nevertheless, the buyer is seeking for damages due to claims that the Company breached the MOA. The litigation of the claim is in process and being handled by the London legal counsel. It is the legal counsel's opinion that the Company's exposure is approximately \$41,795 (US\$ 1,300 thousand) which has been accrued under other losses in the amounts of \$26,392 (USD825 thousand) and \$15,403 (USD475 thousand) for the year 2009 and for the six months ended June 30, 2010, respectively.

8. SIGNIFICANT CATASTROPHE

None.

9. SUBSEQUENT EVENTS

(1) Please refer to Note 4(2) for details.

(2) Please refer to Note 4(10) for details.

10. OTHERS

(1) The fair values of the financial instruments

	June 30, 2010		
		Fair value	
	Book 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	\$ 8,222,041	\$ -	\$ 8,222,041
Refundable deposits	7,666	-	7,666
Liabilities			
Financial liabilities with fair values equal to book values	2,476,874	-	2,476,874
Long-term loans (current portion included)	11,219,532	-	11,219,532

	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
Refundable deposits	7,813	-	7,813
Liabilities			
Financial liabilities with fair values equal to book values	2,530,925	-	2,530,925
Long-term loans (current portion included)	9,253,378	-	9,253,378

Derivative financial instruments

Assets		
Interest rate swap	34,879	34,879

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, Short-term loans, 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,	
	2010	2009
Guarantees for the credit line	<u>USD 405,155 thousand</u>	<u>USD 387,339 thousand</u>

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

A) For the six months ended June 30, 2010 and 2009, 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 period was profit of \$6,479 and loss of \$36,681, respectively.

B) For or the six months ended June 30, 2010 and 2009, 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 \$2,512 and \$7,728, respectively, and total interest expense amounted to \$75,533 and \$146,090, respectively.

(4) Information on interest rate risk positions

As of June 30, 2010 and 2009, the financial assets with fair value risk due to change of interest amounted to \$2,557,122 and \$0, respectively, and the financial liabilities with fair value risk due to change of interest amounted to \$154,000 and \$34,879, respectively. The financial assets with cash flow risk due to the change of interest amounted to \$3,744,270 and \$4,601,235, respectively, and the financial liabilities with cash flow risk due to the change of interest amounted to \$11,219,532 and \$9,253,378, 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. Hence, 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 \$112,195, if the interest rate is raised by 1% at the balance sheet date.

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	Ending balance	Interest rate	Type of loan	Annual	Reason for the short-term lending	Bad debt allowance provided	Collateral and its value	Credit	Ceiling of loan amount
				balance for the six months ended June 30,2010				sales amount to (purchase from) the borrower				limit on the respective borrower	
(Note 1)							(Note 3)					(Note 2)	(Note 2)
0	Sincere Navigation Corporation : None											\$ 4,078,018	\$ 5,437,358
1	Norley Corporation Inc.	Sincere Navigation Corporation	Other receivables related parties	\$ 1,189,550 (USD37,000 thousand)	\$ 482,250 (USD15,000 thousand)	-	2	\$ -	Working capital	\$ -	\$ -	11,497,008	11,497,008
		Valentine Holdings Ltd.	Advance to associated entity	115,740 (USD3,600 thousand)	- (USD 0 thousand)	0.01%	"	-	"	-	-	3,449,102	4,598,803
		Jetwall Co., Ltd.	"	2,218 (USD69 thousand)	- (USD 0 thousand)	-	"	-	"	-	-	"	"
		Victory Navigation Inc.	"	40,670 (USD1,265 thousand)	- (USD 0 thousand)	0.01%	"	-	"	-	-	"	"
		Kenmore Shipping Inc.	"	2,218 (USD69 thousand)	- (USD 0 thousand)	-	"	-	"	-	-	11,497,008	11,497,008
		Ocean Wise Limited	"	486,590 (USD15,135 thousand)	290,958 (USD9,050 thousand)	1.02%	"	-	"	-	-	3,449,102	4,598,803
		Kingswood Co., Ltd.	"	51,086 (USD1,589 thousand)	49,415 (USD1,537 thousand)	1.02%	"	-	"	-	-	"	"
		Zenith Marine Company Limited	"	9,934 (USD309 thousand)	- (USD 0 thousand)	-	"	-	"	-	-	11,497,008	11,497,008
		Confidence Navigation Ltd.	"	18,904 (USD588 thousand)	- (USD 0 thousand)	-	"	-	"	-	-	"	"
		Winnington Limited	"	5,208 (USD 162 thousand)	- (USD 0 thousand)	-	"	-	"	-	-	3,449,102	4,598,803

<u>Number</u>	<u>Name of investee</u>	<u>Name of borrowers</u>	<u>Accounts used to record loan</u>	<u>Maximum balance for the six months ended June 30,2010</u>	<u>Ending balance</u>	<u>Interest rate</u>	<u>Type of loan</u>	<u>Annual sales amount to (purchase from) the borrower</u>	<u>Reason for the short-term lending</u>	<u>Bad debt allowance provided</u>	<u>Collateral and its value</u>	<u>Credit limit on the respective borrower</u>	<u>Ceiling of loan amount</u>
(Note 1)							(Note 3)					(Note 2)	(Note 2)
1	Norley Corporation Inc.	Welluck Co., Ltd.	Advance to associated entity	\$ 8,809 (USD 274 thousand)	\$ - (USD 0 thousand)	-	2	\$ -	Working capital	\$ -	\$ -	\$ 3,449,102	\$ 4,598,803
2	Greatest South Shipping Co., Ltd.	Norley Corporation Inc.	"	23,116 (USD 719 thousand)	- (USD 0 thousand)	-	"	-	"	-	-	24,692	24,692
3	Confidence Navigation Limited	Norley Corporation Inc.	"	10,610 (USD 330 thousand)	- (USD 0 thousand)	-	"	-	"	-	-	1,278,956	1,278,956
4	Valentine Holdings Limited	Gemini Investment Company Limited	"	84,876 (USD 2,640 thousand)	70,473 (USD 2,192 thousand)	-	"	-	"	-	-	227,365	303,154
		Norley Corporation Inc.	"	99,665 (USD 3,100 thousand)	- (USD 0 thousand)	-	"	-	"	-	-	"	"
5	Kingswood Co., Ltd.	Seven Seas Shipping Ltd.	"	148,469 (USD 4,618 thousand)	98,797 (USD 3,073 thousand)	-	"	-	"	-	-	219,338	292,451
6	Zenith Marine Company Limited	Norley Corporation Inc.	"	14,532 (USD 452 thousand)	- (USD 0 thousand)	-	"	-	"	-	-	368,409	368,409
7	Poseidon Marine Ltd.	Norley Corporation Inc.	"	177,693 (USD 5,527 thousand)	- (USD 0 thousand)	-	"	-	"	-	-	1,339,994	1,339,994
8	Millennia Investment Company Limited	Valentine Holding Limited	"	20,737 (USD 645 thousand)	- (USD 0 thousand)	-	"	-	"	-	-	120,211	160,281
9	Jetwall Co., Ltd.	Everwin Maritime Limited	"	1,993 (USD 62 thousand)	- (USD 0 thousand)	-	"	-	"	-	-	311,855	415,807
10	Victory Navigation Inc.	Norley Corporation Inc.	"	11,285 (USD 351 thousand)	- (USD 0 thousand)	-	"	-	"	-	-	183,004	244,005

<u>Number</u>	<u>Name of investee</u>	<u>Name of borrowers</u>	<u>Accounts used to record loan</u>	<u>Maximum balance for the six months ended June 30,2010</u>	<u>Ending balance</u>	<u>Interest rate</u>	<u>Type of loan</u>	<u>Annual sales amount to (purchase from) the borrower</u>	<u>Reason for the short-term lending</u>	<u>Bad debt allowance provided</u>	<u>Collateral and its value</u>	<u>Credit limit on the respective borrower</u>	<u>Ceiling of loan amount</u>
(Note 1)							(Note 3)					(Note 2)	(Note 2)
10	Victory Navigation Inc.	Everprime Shipping Limited	Advance to associated entity	\$ 47,357 (USD 1,473 thousand)	\$ - (USD 0 thousand)	-	2	\$ -	Working capital	\$ -	\$ -	\$ 183,004	\$ 244,005
11	Everprime Shipping Limited	Victory Navigation Inc.	"	6,977 (USD 217 thousand)	- (USD 0 thousand)	-	"	-	"	-	-	181,745	242,326
12	Winnington Limited	Norley Corporation Inc.	"	16,268 (USD 506 thousand)	- (USD 0 thousand)	-	"	-	"	-	-	177,566	236,754
		Peg Shipping Company Limited	"	10,513 (USD 327 thousand)	- (USD 0 thousand)	-	"	-	"	-	-	"	"
13	Peg Shipping Company Limited	Winnington Limited	"	10,995 (USD 342 thousand)	- (USD 0 thousand)	-	"	-	"	-	-	175,998	234,664
14	Welluck Co., Ltd.	Norley Corporation Inc.	"	16,139 (USD 502 thousand)	- (USD 0 thousand)	-	"	-	"	-	-	160,580	214,106
		Meko Shipping Inc.	"	17,779 (USD 553 thousand)	- (USD 0 thousand)	-	"	-	"	-	-	"	"
15	Meko Shipping Inc.	Welluck Co., Ltd.	"	7,169 (USD 223 thousand)	- (USD 0 thousand)	-	"	-	"	-	-	157,907	210,542
16	Heywood Limited	Sincere Navigation Corporation	Other receivables related parties	1,125,250 (USD 35,000 thousand)	546,550 (USD 17,000 thousand)	-	"	-	"	-	-	4,918,602	4,918,602
		Howells Shipping Inc.	Advance to associated entity	129,854 (USD 4,039 thousand)	129,854 (USD 4,039 thousand)	-	"	-	"	-	-	"	"
		Haihu Maritime Service (Shanghai) Co.,Ltd.	"	579 (USD 18 thousand)	579 (USD 18 thousand)	-	"	-	"	-	-	"	"

Number	Name of investee	Name of borrowers	Accounts used to record loan	Maximum balance for the six months ended June 30,2010	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)
17	Great Wall Navigation Limited	Heywood Limited	Advance to associated entity	\$ 5,369 (USD 167 thousand)	\$ 5,369 (USD 167 thousand)	-	2	\$ -	Working capital	\$ -	\$ -	\$ 5,658	\$ 5,658
18	Clifford Navigation Corporation	Heywood Limited	"	1,023,881 (USD 31,847 thousand)	43,306 (USD 1,347 thousand)	-	"	-	"	-	-	170,668	170,668
19	Newton Navigation Limited	Heywood Limited	"	1,190 (USD 37 thousand)	- (USD 0 thousand)	-	"	-	"	-	-	873,947	873,947
20	Brighton Shipping Inc.	Heywood Limited	"	28,935 (USD 900 thousand)	- (USD 0 thousand)	-	"	-	"	-	-	479,580	479,580
21	Rockwell Shipping Limited	Heywood Limited	"	43,306 (USD 1,347 thousand)	- (USD 0 thousand)	-	"	-	"	-	-	437,688	437,688
22	Crimson Marine Company	Heywood Limited	"	586,030 (USD 18,228 thousand)	457,430 (USD 14,228 thousand)	-	"	-	"	-	-	926,047	926,047

Note 1: Number 0 represents the Company
Number 1 to Number 22 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. The maximum financing between subsidiaries which are 100% owned by the Company is limited to 100% of the lending company's net value.

Note 3: Number 1 represents the business transaction.

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, 2010	Outstanding guarantee amount at 6/30/2010	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 2)	(Note 3)					(Note 3)
(Note 1) 0	Sincere Navigation Corporation	Confidence Navigation Limited	3	\$ 13,593,394	\$ 692,317 (USD 21,642 thousand)	\$ 626,202 (USD 19,478 thousand)	\$ -	90.00%	\$ 33,983,485
		Brighton Shipping Inc.	"	"	539,601 (USD 16,823 thousand)	502,230 (USD 15,621 thousand)	-		"
		Rockwell Shipping Limited	"	"	615,523 (USD 19,241 thousand)	579,939 (USD 18,039 thousand)	-		"
		Seven Seas Shipping Ltd.	"	"	1,042,429 (USD 32,500 thousand)	975,209 (USD 30,333 thousand)	-		"
		Howells Shipping Inc.	"	"	895,794 (USD 27,928 thousand)	833,754 (USD 25,933 thousand)	-		"
		Norley Corporation Inc.	2	"	964,500 (USD 30,000 thousand)	964,500 (USD 30,000 thousand)	-		"
		Everprime Shipping Limited	3	"	710,397 (USD 22,148 thousand)	661,197 (USD 20,566 thousand)	-		"
		Zenith Marine Company Limited	"	"	811,466 (USD 25,240 thousand)	811,466 (USD 25,240 thousand)	-		"
		Clifford Navigation Corporation	"	"	1,607,500 (USD 50,000 thousand)	1,607,500 (USD 50,000 thousand)	-		"
		Crimson Marine Company	"	"	1,255,136 (USD 39,040 thousand)	1,255,136 (USD 39,040 thousand)	-		"
		Poseidon Marine Ltd	"	"	2,121,900 (USD 66,000 thousand)	2,121,900 (USD 66,000 thousand)	-		"

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, 2010	Outstanding guarantee amount at 6/30/2010	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								
0	Sincere Navigation Corporation	Ocean Wise Limited	3	\$ 13,593,394	\$ 1,354,801 (USD 42,140 thousand)	\$ 1,354,801 (USD 42,140 thousand)	\$ -		\$ 33,983,485
1	Norley Corporation Inc.	Peg Shipping Company Limited	3	11,497,008	409,758 (USD 12,775 thousand)	380,817 (USD 11,845 thousand)	-	6.37%	28,742,520
		Meko Shipping Inc.	"	"	378,762 (USD 11,840 thousand)	351,078 (USD 10,920 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 100% and 250% of the Company's net value, respectively.

C) Marketable securities held by the Company at June 30, 2010

Name of investor	Marketable securities		Relationship with the issuers	General ledger accounts	June 30, 2010			
	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	\$ 11,497,008	100%	\$ 11,497,008
		Heywood Limited			"	4,918,602	"	4,918,602
						<u>\$ 16,415,610</u>		
Norley Corporation Inc. (NCI)	Common Stock	Greatest South Shipping Co., Ltd.	100% shares owned by NCI	"	"	24,691 (USD 768 thousand)	"	24,691 (USD 768 thousand)
		Confidence Navigation Limited	"	"	1,278,959 (USD 39,781 thousand)	"	1,278,959 (USD 39,781 thousand)	
		Kenmore Shipping Inc.	"	"	681,548 (USD 21,199 thousand)	"	681,548 (USD 21,199 thousand)	
		Zenith Marine Company Limited	"	"	368,407 (USD 11,459 thousand)	"	368,407 (USD 11,459 thousand)	
		Poseidon Marine Limited	"	"	1,339,980 (USD 41,679 thousand)	"	1,339,980 (USD 41,679 thousand)	
		Maxson Shipping Inc.	"	"	328,219 (USD 10,209 thousand)	"	328,219 (USD 10,209 thousand)	
		Ocean Wise Limited	51% shares owned by NCI	"	255	51,504 (USD 1,602 thousand)	51%	102,976 (USD 3,203 thousand)
		Welluck Co., Ltd.	50% shares owned by NCI	"	250	267,617 (USD 8,324 thousand)	50%	535,265 (USD 16,649 thousand)
		Winnington Limited	"	"	"	295,941 (USD 9,205 thousand)	"	591,882 (USD 18,410 thousand)
		Kingswood Co., Ltd.	"	"	"	365,578 (USD 11,371 thousand)	"	731,123 (USD 22,741 thousand)
		Valentine Holdings Limited	60% shares owned by NCI	"	300	454,730 (USD 14,144 thousand)	60%	757,872 (USD 23,573 thousand)
		Jetwall Co., Ltd.	80% shares owned by NCI	"	400	831,624 (USD 25,867 thousand)	80%	1,039,506 (USD 32,333 thousand)
		Victory Navigation Inc.	55% shares owned by NCI	"	275	335,517 (USD 10,436 thousand)	55%	610,014 (USD 18,974 thousand)

Name of investor	Marketable securities		Relationship with the issuers	General ledger accounts	June 30, 2010						
	Types	Name			Number of shares	Book value	Percentage	Market value			
Heywood Limited (Heywood)	Common Stock	Great Wall Navigation Limited	100% shares owned by Heywood	Long-term Investment	500	\$ 5,658	100%	\$ 5,658			
		Newton Navigation Limited			"	"	"	873,933	"	873,933	
		Clifford Navigation Corporation			"	"	"	170,652	"	170,652	
		Brighton Shipping Inc.			"	"	"	479,582	"	479,582	
		Rockwell Shipping Limited			"	"	"	437,690	"	437,690	
		Howells Shipping Inc.			"	"	"	426,277	"	426,277	
		Crimson Marine Company			"	"	"	926,049	"	926,049	
		Honco Shipping Limited			"	"	"	2	-	"	-
		Century Shipping Limited			"	"	"	50,000	9,870	"	9,870
		Century Shipping Limited			"	"	"	-	(USD 307 thousand)	"	(USD 307 thousand)
Century Shipping Limited	Common Stock	Haihu Maritime Service (Shanghai) Co., Ltd.	100% shares owned by Century	"	-	10,195	"	10,195			
Valentine Holdings Limited	Common Stock	Millennia Investment Company Limited	100% shares owned by Valentine	"	500	400,718	"	400,718			
Jetwall Co., Ltd	Common Stock	Gemini Investment Company Limited	"	"	"	273,725	"	273,725			
		Everwin Maritime Limited	100% shares owned by Jetwall	"	"	1,039,795	"	1,039,795			
Victory Navigation Inc.	Common Stock	Everprime Shipping Limited	100% shares owned by Victory	"	"	605,802	"	605,802			
Winnington Limited	Common Stock	Peg Shipping Company Limited	100% shares owned by Winnington	"	"	586,673	"	586,673			
Welluck Co., Ltd.	Common Stock	Meko Shipping Inc.	100% shares owned by Welluck	"	"	526,360	"	526,360			
Kingswood Co., Ltd.	Common Stock	Seven Seas Shipping Ltd.	100% shares owned by Kingswood	"	"	698,394	"	698,394			
						(USD 21,723 thousand)		(USD 21,723 thousand)			

D) Acquisition or sale of the same security with the accumulated cost exceeding \$100,000,000 or 20% of the Company's paid-in capital during the six months ended June 30, 2010: None

E) Acquisition of real estate properties exceeding \$100 million or 20% of the Company's paid-in capital during the six months ended, June 30, 2010

If the counterparty is a related party, information as to the last transaction of the property is disclosed below:													
Property acquired by	Property acquired	Date of transaction	Transaction amount	Status of payment	Counterparty	Relationship with the Company	Original owner who sold the property to the counterparty	Relationship of the original owner with the Company	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of properties and status of the properties	Other commitments
Ocean Wise Limited	Vessel "MINERAL OAK"	99.3.10	\$ 1,968,962 (USD 61,243 thousand)	Settled	China Shipbuilding Trading Co.,Ltd , Shanghai Waigaoqiao Shipbuilding Co.,Ltd.	-	-	-	-	\$-	Cost of new vessel acquired	Expand operation scale	-

F) Disposed real estate properties exceeding \$100,000 or over 20% of the Company's paid-in capital during the six months ended June 30, 2010: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, 2010:

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	USD4,858 thousand	78%	The same as third parties	N/A	USD1,434 thousand	38%	
Peg Shipping Company Limited	Bocimar International N.V.	Majority shareholder of Winnington	"	USD9,955 thousand	100%	"	"	-	-	Advance collections USD364 thousand

H) Receivables from related parties exceeding \$100 million or 20% of the Company's paid-in capital as at June 30, 2010:

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 NCI	\$ 482,250 (USD 15,000 thousand)	-	\$ -		\$ -	\$ -
	Ocean Wise Limited	51% shares owned by NCI	290,958 (USD 9,050 thousand)	-	-	-	-	-
Heywood Limited	Sincere Navigation Corporation	Parent company of Heywood	546,550 (USD 17,000 thousand)	-	-	-	-	-
	Howells Shipping Inc.	100% shares owned by Heywood	129,854 (USD 4,039 thousand)	-	-	-	-	-
Crimson Marine Company	Heywood Limited	Parent company of Crimson	457,430 (USD 14,228 thousand)	-	-	-	-	-

I) Derivative financial instruments undertaken during the six months ended June 30, 2010: 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	Company	Investment	
Sincere Navigation Corporation	Norley Corporation Inc.	80 Board Street, City of Monrovia, Republic of Liberia	Investment Holdings	USD1,000 thousand	USD1,000 thousand	500	100%	\$ 11,497,008 (USD357,605 thousand)	\$ 697,053 (USD21,851 thousand)	\$ 697,053	
	Heywood Limited	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	"	USD1,000 thousand	USD1,000 thousand	500	100%	4,918,602 (USD152,989 thousand)	836,435 (USD26,221 thousand)	836,435	
Norley Corporation Inc. (NCI)	Valentine Holdings Limited	80 Board Street, City of Monrovia, Republic of Liberia	"	USD6 thousand	USD6 thousand	300	60%	USD14,144 thousand	USD895 thousand	-	
	Greatest South Shipping Co., Ltd.	"	Shipping chartering	USD10 thousand	USD10 thousand	500	100%	USD768 thousand	USD36 thousand	-	
	Confidence Navigation Limited	Trust Company Complex, Ajeltake Rood, Ajeltake Island, Majuro, Marshall Islands MH96960	"	"	"	"	"	USD39,781 thousand	USD3,484 thousand	-	
	Kenmore Shipping Inc.	"	Holding in Shipbuilding contract	USD21,210 thousand	USD21,210 thousand	"	"	USD21,199 thousand	USD-1 thousand	-	
	Zenith Marine Company Limited	"	Shipping chartering	USD10 thousand	USD10 thousand	"	"	USD11,459 thousand	USD1,436 thousand	-	
Welluck Co., Ltd.	"	Investment Holdings	USD5 thousand	USD5 thousand	250	50%	USD8,324 thousand	USD5,772 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%	USD9,205 thousand	USD7,418 thousand	-
	Jetwall Co., Ltd.	"	"	USD25,880thousand	USD17,256thousand	400	80%	USD25,867 thousand	USD-2 thousand	-
	Victory Navigation Inc.	"	"	USD6 thousand	USD6 thousand	275	55%	USD10,436 thousand	USD4,726 thousand	-
	Kingswood Co., Ltd.	"	"	USD5thousand	USD5thousand	250	50%	USD11,371 thousand	USD2,910 thousand	-
	Poseidon Marine Limited	"	Shipping chartering	USD35,860thousand	USD35,860thousand	500	100%	USD41,679 thousand	USD3,663 thousand	-
	Maxson Shipping Inc.	"	"	USD10,210thousand	USD0thousand	500	100%	USD10,209 thousand	USD-1 thousand	-
	Ocean Wise Limited	80 Board Street, City of Monrovia, Republic of Liberia	"	USD5 thousand	USD5 thousand	255	51%	USD1,602 thousand	USD3,234 thousand	-
Valentine Holdings Limited	Millennia Investment Company Limited	R.R.E. Commerical Center, Delap Wing Suite 208, P.O. Box Majuro Marshall Islands MH96960	"	USD10 thousand	USD10 thousand	500	100%	USD12,464 thousand	USD783 thousand	-
	Gemini Investment Company Limited	"	"	"	"	"	"	USD8,514 thousand	USD115 thousand	-
Welluck Co. Ltd.	Meko Shipping Inc.	80 Board Street, City of Monrovia, Republic of Liberia	"	"	"	"	"	USD16,372 thousand	USD5,773 thousand	-
Winnington Limited	Peg Shipping Company Limited	"	"	"	"	"	"	USD18,248 thousand	USD7,418 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		
Kingswoos Co., Ltd.	Seven Seas Shipping Ltd.	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	Shipping chartering	USD10 thousand	USD10 thousand	500	100%	USD21,723 thousand	USD2,910 thousand	-
Jetwall Co., Ltd.	Everwin Maritime Limited	"	Holding in Shipbuilding contract	"	"	"	"	USD32,342 thousand	USD-1 thousand	-
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%	USD18,843 thousand	USD4,728 thousand	-
Heywood Limited	Great Wall Navigation Limited	"	"	"	"	"	"	USD176 thousand	USD-1 thousand	-
	Newton Navigation Limited	"	"	"	"	"	"	USD27,183 thousand	USD6,326 thousand	-
	Clifford Navigation Corporation	"	"	"	"	"	"	USD5,308 thousand	USD5,291 thousand	-
	Brighton Shipping Inc.	"	"	"	"	"	"	USD14,917 thousand	USD5,445 thousand	-
	Rockwell Shipping Limited	"	"	"	"	"	"	USD13,614 thousand	USD2,567 thousand	-
	Howells Shipping Inc.	"	"	"	"	"	"	USD13,259 thousand	USD2,220 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		
Heywood Limited	Crimson Marine Company	Trust Company Complex,Ajeltake Road,Ajeltake Island,Majuro, Marshall Islands MH96960	Shipping chartering	USD24,398 thousand	USD24,398 thousand	500	100%	USD28,804 thousand	USD4,369 thousand	-
	Honco Shipping Limited	2301, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong	Investment Holding	-	-	2	"	USD0 thousand	USD0 thousand	-
	Century Shipping Limited	Trust Company Complex,Ajeltake Road,Ajeltake Island,Majuro, Marshall Islands MH96960	"	USD500 thousand	USD500 thousand	50,000	"	USD307 thousand	USD37 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	-	"	RMB2,150 thousand	RMB254 thousand	-

2. Significant transactions between investee company:

- A) Loans granted during the six months ended June 30, 2010: Please see Note 11.(1)A).
- B) Endorsements and guarantees provided during the six months ended June 30, 2010: Please see Note 11.(1)B).
- C) Marketable securities held as at June 30, 2010: 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, 2010: 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, 2010: Please see Note 11.(1)E).
- 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, 2010: 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, 2010: 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, 2010: Please see Note 11.(1)H).
- I) Derivative financial instruments undertaken during the six months ended June 30, 2010: None.

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

A)

Name of investee in Mainland China	Main activities of investee	Investment amount	Investment amount and method	Beginning investment balance	Investment amount		Ending investment balance	Shares held by the Company (Direct and indirect)	Investment loss (Note 2)	Investment amount as of June 30, 2010	Accumulated remittance
				from Taiwan	Payment	Remittance	from Taiwan				
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%	\$ 1,186 (RMB 254 thousand)	\$ 10,195 (RMB 2,150 thousand)	-
Accumulated investment balance from Taiwan to Mainland China		Amount approved by MOEA		Ceiling amount of investment in Mainland China							
\$ 15,855 (USD 500 thousand)		\$ 95,130 (USD 3,000 thousand)		\$ 8,156,036							

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, 2010.

B) Major transactions with the investee in Mainland China: None.

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

Included in the June 30, 2010 consolidated financial statements:

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)
0	Sincere Navigation Corporation	Confidence Navigation Limited	1	Guarantees	\$ 626,202 (USD 19,478 thousand)	As the company's policy	2.10%
		Brighton Shipping Inc.	"	"	502,230 (USD 15,621 thousand)	"	1.69%
		Rockwell Shipping Limited	"	"	579,939 (USD 18,039 thousand)	"	1.95%
		Seven Seas Shipping Ltd.	"	"	975,209 (USD 30,333 thousand)	"	3.27%
		Howells Shipping Inc.	"	"	833,754 (USD 25,933 thousand)	"	2.80%
		Norley Corporation Inc.	"	"	964,500 (USD 30,000 thousand)	"	3.24%
		Everprime Shipping Limited	"	"	661,197 (USD 20,566 thousand)	"	2.22%
		Zenith Marine Company Limited	"	"	811,466 (USD 25,240 thousand)	"	2.72%
		Clifford Navigation Corporation	"	"	1,607,500 (USD 50,000 thousand)	"	5.40%
		Crimson Marine Company	"	"	1,255,136 (USD 39,040 thousand)	"	4.21%
		Poseidon Marine Ltd	"	"	2,121,900 (USD 66,000 thousand)	"	7.12%
		Ocean Wise Limited	"	"	1,354,801 (USD 42,140 thousand)	"	4.55%
1	Norley Corporation Inc.	Sincere Navigation Corporation	2	Other receivable-related parties	482,250 (USD 15,000 thousand)	"	1.62%
		Peg Shipping Company Limited	3	Guarantees	380,817 (USD 11,845 thousand)	"	1.28%

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.	Meko Shipping Inc.	3	Guarantees	\$ 351,078 (USD 10,920 thousand)	As the company's policy	1.18%
2	Heywood Limited	Sincere Navigation Cororation	2	Other receivable- related parties	546,550 (USD 17,000 thousand)	"	1.84%
3	Crimson Marine Company	Heywood Limited	3	Advance to associated entity	457,430 (USD 14,228 thousand)	"	1.54%

The transactions between parent company and affiliated companies under 1% of consolidated assets or revenues are not disclosed.

Note 1: Number 0 represents the Company
Numbers 1 to 3 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, 2009 consolidated financial statements:

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 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 (Note 1)	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 (Note 3)
				General ledger account	Amount	Terms of transactions	
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	Welluck Co., Ltd.	Norley Corporation Inc.	"	"	\$ 307,102 (USD9,360 thousand)	"	1.17%
6	Kingswood Co., Ltd.	Norley Corporation Inc.	"	"	262,349 (USD7,996 thousand)	"	1.00%

Number (Note 1)	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 (Note 3)
				General ledger account	Amount	
7	Jetwall Co., Ltd.	Everwin Maritime Limited	3	Advance to associated entity	709,188 (USD21,615 thousand)	As the Company's policy 2.69%
8	Meko Shipping Inc.	Welluck Co., Ltd.	"	"	361,796 (USD11,027 thousand)	" 1.37%
9	Heywood Limited	Sincere Navigation Corporation	2	Other receivable- related parties	590,580 (USD18,000 thousand)	" 2.24%
10	Great Wall Navigation Limited	Heywood Limited	"	"	1,186,672 (USD36,168 thousand)	" 4.51%
11	Brighton Shipping Inc.	Heywood Limited	"	"	293,912 (USD8,958 thousand)	" 1.12%
12	Clifford Navigation Corporation	Heywood Limited	"	"	1,342,060 (USD40,904 thousand)	" 5.10%
13	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 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.