SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2013 AND 2012

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholder of Sincere Navigation Corporation

We have audited the accompanying consolidated balance sheets of Sincere Navigation Corporation and subsidiaries as of December 31, 2013, December 31, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2013 and 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards 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 consolidated 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.

資誠聯合會計師事務所 *PricewaterhouseCoopers, Taiwan*
11012 臺北市信義區基隆路一段333號27樓 / 27F, 333, Keelung Road, Sec. 1, Xinyi Dist., Taipei City 11012, Taiwan
T: +886 (2) 2729 6666, F:+ 886 (2) 2757 6371, www.pwc.com/tw

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In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sincere Navigation Corporation and subsidiaries as of December 31, 2013, December 31, 2012 and January 1, 2012, and their financial performance and cash flows for the years ended December 31, 2013 and 2012 in conformity with the "Rules Governing the Preparations of Financial Statements by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

We have also audited the parent company only financial statements of Sincere Navigation Corporation (not presented herein) as of and for the years ended December 31, 2013 and 2012, on which we have expressed an unqualified opinion on these non-consolidated financial statements.

PricewaterhouseCoopers, Taiwan

March 28, 2014

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 generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such 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 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.

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11012 臺北市信義區基隆路一段333號27樓 / 27F, 333, Keelung Road, Sec. 1, Xinyi Dist., Taipei City 11012, Taiwan
T: +886 (2) 2729 6666, F: + 886 (2) 2757 6371, www.pwc.com/tw

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

	Assets	Notes	December 31, 2013 AMOUNT	%	December 31, 2012 AMOUNT	%	January 1, 2012 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 4,633,022	17	$ 5,527,841	19	$ 4,621,252	16
1170	Accounts receivable		573,842	2	419,497	2	456,528	2
1200	Other receivables	9(1)	149,549	1	39,189	-	42,269	-
1210	Other receivables - related parties	7(1)	7,651	-	15,616	-	5,332	-
130X	Bunker inventories		81,577	-	57,302	-	104,821	-
1410	Prepayments		52,702	-	83,673	-	47,859	-
1470	Other current assets	8	391,777	1	372,052	1	234,200	1
11XX	**Current assets**		5,890,120	21	6,515,170	22	5,512,261	19
	Non-current assets							
1600	Property, plant and equipment	6(2)(5), 7(1) and 8	21,815,193	79	22,508,793	78	23,407,677	81
1840	Deferred income tax assets	6(18)	4,445	-	4,204	-	11,885	-
1900	Other non-current assets		7,403	-	7,358	-	7,665	-
15XX	**Non-current assets**		21,827,041	79	22,520,355	78	23,427,227	81
1XXX	**Total assets**		$ 27,717,161	100	$ 29,035,525	100	$ 28,939,488	100

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

	Liabilities and Equity	Notes	December 31, 2013 AMOUNT	%	December 31, 2012 AMOUNT	%	January 1, 2012 AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(4) and 8	$ 730,000	2	$ 794,000	3	$ 774,000	3
2200	Other payables		216,819	1	246,733	1	260,780	1
2220	Other payables - related parties	7(1)	2,870	-	4,035	-	2,669	-
2230	Current income tax liabilities	6(18)	189,524	1	307,491	1	306,347	1
2300	Other current liabilities	6(5), 7(1) and 8	1,954,450	7	2,252,559	8	1,844,348	6
21XX	**Current liabilities**		3,093,663	11	3,604,818	13	3,188,144	11
	Non-current liabilities							
2540	Long-term borrowings	6(5) and 8	7,731,758	28	9,154,130	31	9,613,349	33
2570	Deferred income tax liabilities	6(18)	60,812	-	175,441	1	239,408	1
2600	Other non-current liabilities	6(6)	23,522	-	23,022	-	21,918	-
25XX	**Non-current liabilities**		7,816,092	28	9,352,593	32	9,874,675	34
2XXX	**Total liabilities**		10,909,755	39	12,957,411	45	13,062,819	45
	Equity attributable to owners of parent							
	Share capital	6(7)						
3110	Share capital - common stock		5,683,042	21	5,683,042	19	5,683,042	20
	Capital surplus	6(8)						
3200	Capital surplus		39,243	-	39,243	-	39,243	-
	Retained earnings	6(9)						
3310	Legal reserve		2,755,475	10	2,592,950	9	2,417,018	8
3320	Special reserve		1,807,384	7	1,193,150	4	1,741,586	6
3350	Unappropriated retained earnings	6(18)	5,915,949	21	6,303,836	22	5,159,103	18
	Other equity interest	6(10)						
3400	Other equity interest		(1,376,319)	(5)	(1,793,989)	(6)	(1,180,509)	(4)
31XX	**Equity attributable to owners of the parent**		14,824,774	54	14,018,232	48	13,859,483	48
36XX	**Non-controlling interest**		1,982,632	7	2,059,882	7	2,017,186	7
3XXX	**Total equity**		16,807,406	61	16,078,114	55	15,876,669	55
	Significant contingent liabilities and unrecognized contractual commitments	9						
	Significant events after balance sheet date	6(9) and 11						
	Total liabilities and equity		$ 27,717,161	100	$ 29,035,525	100	$ 28,939,488	100

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

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE)

			Year ended December 31			
			2013		2012	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Sales revenue**	6(11) and 7(1)	$ 4,763,653	100	$ 5,509,555	100
5000	**Operating costs**	6(16)(17) and 7(1)	(2,975,934)	(62)	(2,994,933)	(54)
5900	**Net operating margin**		1,787,719	38	2,514,622	46
	Operating expenses	6(6)(16)(17) and 7(1)				
6200	General & administrative expenses		(185,133)	(4)	(186,639)	(4)
6500	**Other gains - net**	6(12)	71,209	1	-	-
6900	**Operating profit**		1,673,795	35	2,327,983	42
	Non-operating income and expenses					
7010	Other income	6(13) and 9(1)	59,173	1	30,438	1
7020	Other gains and losses	6(14)	(36,520)	(1)	22,330	-
7050	Finance costs	6(15)	(156,872)	(3)	(223,225)	(4)
7000	**Total non-operating income and expenses**		(134,219)	(3)	(170,457)	(3)
7900	**Profit before income tax**		1,539,576	32	2,157,526	39
7950	Income tax expense	6(18)	(74,667)	(1)	(239,405)	(4)
8000	**Profit for the year from continuing operations**		1,464,909	31	1,918,121	35
8100	Profit for the year from discontinued operations **(tax expense of $0 and $12,166, respectively)**	6(3)(18)	236,321	5	452,562	8
8200	**Profit for the year**		$ 1,701,230	36	$ 2,370,683	43

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SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE)

	Items	Notes	Year ended December 31					
			2013			2012		
			AMOUNT		%	AMOUNT		%
	Other comprehensive income							
8310	Financial statements translation differences of foreign operations		$	472,139	10	($	697,842)	(13)
8360	Actuarial gain (loss) on defined benefit plan	6(6)		34	-	(	2,259)	-
8399	Income tax relating to the components of other comprehensive income	6(18)	(	6)	-		384	-
8500	**Total comprehensive income for the year**		$	2,173,397	46	$	1,670,966	30
	Profit , attributable to:							
8610	Owners of the parent		$	1,099,224	23	$	1,626,560	30
8620	Non-controlling interest			602,006	13		744,123	13
			$	1,701,230	36	$	2,370,683	43
	Comprehensive income attributable to:							
8710	Owners of the parent		$	1,516,922	32	$	1,011,205	18
8720	Non-controlling interest			656,475	14		659,761	12
			$	2,173,397	46	$	1,670,966	30
	Basic earnings per share	6(19)						
9710	Basic earnings per share from continuing operations		$		1.72	$		2.41
9720	Basic earnings per share from discontinued operations				0.21			0.45
9750	**Total basic earnings per share**		$		1.93	$		2.86
	Diluted earnings per share	6(19)						
9810	Diluted earnings per share from continuing operations		$		1.72	$		2.41
9820	Diluted earnings per share from discontinued operations				0.21			0.45
9850	**Total diluted earnings per share**		$		1.93	$		2.86

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

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

		Equity attributable to owners of the parent								
				Retained Earnings						
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total	Non-controlling interest	Total equity
Year 2012										
Balance at January 1, 2012		$ 5,683,042	$ 39,243	$ 2,417,018	$ 1,741,586	$ 5,159,103	($ 1,180,509)	$ 13,859,483	$ 2,017,186	$ 15,876,669
Reversal of special reserve		-	-	-	(548,436)	548,436	-	-	-	-
Appropriation of 2011 earnings:	6(9)									
Legal reserve		-	-	175,932	-	(175,932)	-	-	-	-
Cash dividends		-	-	-	-	(852,456)	-	(852,456)	-	(852,456)
Profit for the year		-	-	-	-	1,626,560	-	1,626,560	744,123	2,370,683
Other comprehensive loss for the year	6(6)(10)(18)	-	-	-	-	(1,875)	(613,480)	(615,355)	(84,362)	(699,717)
Change in non-controlling interest		-	-	-	-	-	-	-	(617,065)	(617,065)
Balance at December 31, 2012		$ 5,683,042	$ 39,243	$ 2,592,950	$ 1,193,150	$ 6,303,836	($ 1,793,989)	$ 14,018,232	$ 2,059,882	$ 16,078,114
Year 2013										
Balance at January 1, 2013		$ 5,683,042	$ 39,243	$ 2,592,950	$ 1,193,150	$ 6,303,836	($ 1,793,989)	$ 14,018,232	$ 2,059,882	$ 16,078,114
Appropriation of 2012 earnings:	6(9)									
Legal reserve		-	-	162,525	-	(162,525)	-	-	-	-
Special reserve		-	-	-	614,234	(614,234)	-	-	-	-
Cash dividends		-	-	-	-	(710,380)	-	(710,380)	-	(710,380)
Profit for the year		-	-	-	-	1,099,224	-	1,099,224	602,006	1,701,230
Other comprehensive income for the year	6(6)(10)(18)	-	-	-	-	28	417,670	417,698	54,469	472,167
Change in non-controlling interest		-	-	-	-	-	-	-	(733,725)	(733,725)
Balance at December 31, 2013		$ 5,683,042	$ 39,243	$ 2,755,475	$ 1,807,384	$ 5,915,949	($ 1,376,319)	$ 14,824,774	$ 1,982,632	$ 16,807,406

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

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31, 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year from continuing operations		$ 1,539,576	$ 2,157,526
Profit before tax for the year from discontinued operations		236,321	464,728
Consolidated profit before tax for the year		1,775,897	2,622,254
Adjustments to reconcile profit before tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(2)	1,355,726	1,373,482
Interest income		(18,630)	(17,414)
Interest expense		157,614	226,343
Loss (gain) on disposal of non-current assets held for sale	6(3)	2,516	(80,674)
Loss (gain) on disposal of property, plant and equipment		10	(323)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
(Increase) decrease in accounts receivable		(154,345)	37,031
(Increase) decrease in other receivables		(110,942)	3,296
Decrease (increase) in other receivables - related parties		7,965	(10,284)
(Increase) decrease in bunker inventories		(44,574)	41,943
Decrease (increase) in prepayments		30,971	(36,179)
Decrease (increase) other current assets		2,003	(2,003)
Net changes in liabilities relating to operating activities			
Decrease in other payables		(31,155)	(24,803)
(Decrease) increase in other payables - related parties		(1,165)	1,366
Decrease in advance collections		(9,074)	(23,458)
Increase (decrease) in other non-current liabilities		534	(1,155)
Cash generated from operations		2,963,351	4,109,422
Cash receipt of interest		19,254	17,134
Cash payment of income tax		(307,510)	(306,329)
Net cash provided by operating activities		2,675,095	3,820,227
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in other current assets		(21,728)	(135,849)
Acquisition of property, plant and equipment	6(2)	(667,659)	(1,671,212)
Proceeds from disposal of property, plant and equipment		-	469
Proceeds from disposal of non-current assets held for sale		606,676	377,798
(Increase) decrease in other non-current assets		(45)	307
Net cash used in investing activities		(82,756)	(1,428,487)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term loans		(64,000)	20,000
Proceeds from long-term borrowings		-	2,194,094
Repayment of long-term borrowings		(2,002,055)	(1,752,480)
Cash payment of interest		(172,913)	(213,818)
Cash dividend paid	6(9)	(710,380)	(852,456)
Change in non-controlling interests		(733,725)	(617,065)
Net cash used in financing activities		(3,683,073)	(1,221,725)
Effect of changes in foreign exchange rate		195,915	(263,426)
(Decrease) increase in cash and cash equivalents		(894,819)	906,589
Cash and cash equivalents at beginning of year		5,527,841	4,621,252
Cash and cash equivalents at end of year		$ 4,633,022	$ 5,527,841

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

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

Sincere Navigation Corporation (the “Company”) was incorporated in 1968 with an original capital of $1,000. 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. The Company and its subsidiaries (collectively referred herein as the “Group”) are engaged in bulk shipping, tug and barge services, and operating a shipping agency.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on March 28, 2014.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND NTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

Not applicable as it is the first-time adoption of IFRSs by the Group this year.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

IFRS 9, ‘Financial Instruments’: Classification and measurement of financial instruments

A. The International Accounting Standards Board (“IASB”) published IFRS 9, ‘Financial Instruments’, in November 2009, which will take effect on January 1, 2013 with early application permitted (Through the amendments to IFRS 9 published on November 19, 2013, the IASB has removed the previous mandatory effective date, but the standard is available for immediate application). Although the FSC has endorsed IFRS 9, FSC does not permit early application of IFRS 9 when IFRSs are adopted in R.O.C. in 2013. Instead, enterprises should apply International Accounting Standard No. 39 (“IAS 39”), ‘Financial Instruments: Recognition and Measurement’ reissued in 2009.

B. IFRS 9 was issued as the first step to replace IAS 39. IFRS 9 outlines the new classification and measurement requirements for financial instruments, which have no significant effect on the accounting treatments for financial instruments of the Group.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

The following are the assessment of new standards, interpretations and amendments, issued by IASB but not yet endorsed by the FSC (application of the new standards and amendments should follow the regulations of the FSC):

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendment to IFRS 1)	The amendment provides first-time adopters of IFRSs with the same transition relief that existing IFRS preparers received in IFRS 7, 'Financial Instruments: Disclosures' and exempts first-time adopters from providing the additional comparative disclosures.	July 1, 2010
Improvements to IFRSs 2010	Amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 34 and IFRIC 13.	January 1, 2011
IFRS 9, 'Financial instruments: Classification and measurement of financial liabilities'	IFRS 9 requires gains and losses on financial liabilities designated at fair value through profit or loss to be split into the amount of change in the fair value that is attributable to changes in the credit risk of the liability, which shall be presented in other comprehensive income, and cannot be reclassified to profit or loss when derecognising the liabilities; and all other changes in fair value are recognised in profit or loss. The new guidance allows the recognition of the full amount of change in the fair value in the profit or loss only if there is reasonable evidence showing on initial recognition that the recognition of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch (inconsistency) in profit or loss. (That determination is made at initial recognition and is not reassessed subsequently.)	November 19, 2013 (Not mandatory)

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
Disclosures - transfers of financial assets (amendment to IFRS 7)	The amendment enhances qualitative and quantitative disclosures for all transferred financial assets that are not derecognised and for any continuing involvement in transferred assets, existing at the reporting date.	July 1, 2011
Severe hyperinflation and removal of fixed dates for first-time adopters (amendment to IFRS 1)	When an entity's date of transition to IFRSs is on, or after, the functional currency normalisation date, the entity may elect to measure all assets and liabilities held before the functional currency normalisation date at fair value on the date of transition to IFRSs. First time adopters are allowed to apply the derecognition requirements in IAS 39, 'Financial instruments: Recognition and measurement ', prospectively from the date of transition to IFRSs, and they are allowed not to retrospectively recognise related gains on the date of transition to IFRSs.	July 1, 2011
Deferred tax: recovery of underlying assets (amendment to IAS 12)	The amendment gives a rebuttable presumption that the carrying amount of investment properties measured at fair value is recovered entirely by sale, unless there exists any evidence that could rebut this presumption. The amendment also replaces SIC 21, ' Income taxes—recovery of revalued non-depreciable assets'.	January 1, 2012

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
IFRS 10, ‘Consolidated financial statements’	The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where it is difficult to assess.	January 1, 2013
IFRS 11,‘Joint arrangements’	Judgments applied when assessing the types of joint arrangements-joint operations and joint ventures, the entity should assess the contractual rights and obligations instead of the legal form only. The standard also prohibits the proportional consolidation for joint ventures.	January 1, 2013
IFRS 12,‘Disclosure of interests in other entities’	The standard requires the disclosure of interests in other entities including subsidiaries, joint arrangements, associates and unconsolidated structured entities.	January 1, 2013
IAS 27,‘Separate financial statements’ (as amended in 2011)	The standard removes the requirements of consolidated financial statements from IAS 27 and those requirements are addressed in IFRS 10, ‘Consolidated financial statements’.	January 1, 2013
IAS 28,‘Investments in associates and joint ventures’ (as amended in 2011)	As consequential amendments resulting from the issuance of IFRS 11, ‘Joint arrangements’, IAS 28 (revised) sets out the requirements for the application of the equity method when accounting for investments in joint ventures.	January 1, 2013

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
IFRS 13, 'Fair value measurement'	IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.	January 1, 2013
IAS 19 revised, 'Employee benefits' (as amended in 2011)	The revised standard eliminates corridor approach and requires actuarial gains and losses to be recognised immediately in other comprehensive income. Past service costs will be recognised immediately in the period incurred. Net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. The return of plan assets, excluding net interest expense, is recognised in other comprehensive income.	January 1, 2013
Presentation of items of other comprehensive income (amendment to IAS 1)	The amendment requires profit or loss and other comprehensive income (OCI) to be presented separately in the statement of comprehensive income. Also, the amendment requires entities to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss subsequently.	July 1, 2012

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
IFRIC 20, ‘Stripping costs in the production phase of a surface mine’	Stripping costs that meet certain criteria should be recognised as the ‘stripping activity asset’. To the extent that the benefit from the stripping activity is realised in the form of inventory produced, the entity shall account for the costs of that stripping activity in accordance with IAS 2, ‘Inventories’.	January 1, 2013
Disclosures—Offsetting financial assets and financial liabilities (amendment to IFRS 7)	The amendment requires disclosures to include quantitative information that will enable users of an entity’s financial statements to evaluate the effect or potential effect of netting arrangements.	January 1, 2013
Offsetting financial assets and financial liabilities (amendment to IAS 32)	The amendments clarify the requirements for offsetting financial instruments on the statement of financial position: (i) the meaning of 'currently has a legally enforceable right to set off the recognised amounts'; and (ii) that some gross settlement mechanisms with certain features may be considered equivalent to net settlement.	January 1, 2014
Government loans (amendment to IFRS 1)	The amendment provides exception to first-time adopters to apply the requirements in IFRS 9, ‘ Financial instruments’, and IAS 20, ‘Accounting for government grants and disclosure of government assistance’, prospectively to government loans that exist at the date of transition to IFRSs; and first-time adopters should not recognise the corresponding benefit of the government loan at a below-market rate of interest as a government grant.	January 1, 2013

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
Improvements to IFRSs 2009-2011	Amendments to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.	January 1, 2013
Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance (amendments to IFRS 10, IFRS 11 and IFRS 12)	The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10, 11 and 12 is adopted.	January 1, 2013
Investment entities (amendments to IFRS 10, IFRS 12 and IAS 27)	The amendments define 'Investment Entities' and their characteristics. The parent company that meets the definition of investment entities should measure its subsidiaries using fair value through profit of loss instead of consolidating them.	January 1, 2014
IFRIC 21, 'Levies'	The interpretation addresses the accounting for levies imposed by governments in accordance with legislation (other than income tax). A liability to pay a levy shall be recognised in accordance with IAS 37, ' Provisions, contingent liabilities and contingent assets'.	January 1, 2014
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	The amendments remove the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or intangible assets with indefinite useful lives that were not impaired.	January 1, 2014

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	The amendment states that the novation of a hedging instrument would not be considered an expiration or termination giving rise to the discontinuation of hedge accounting when the hedging instrument that is being novated complies with specified criteria.	January 1, 2014
IFRS 9 "Financial assets: hedge accounting" and amendments to IFRS 9, IFRS 7 and IAS 39	1. IFRS 9 relaxes the requirements for hedged items and hedging instruments and removes the bright line of effectiveness to better align hedge accounting with the risk management activities of an entity. 2. An entity can elect to early adopt the requirement to recognise the changes in fair value attributable to changes in an entity's own credit risk from financial liabilities that are designated under the fair value option in ‘other comprehensive income’.	November 19, 2013 (Not mandatory)
Services related contributions from employees or third parties (amendments to IAS 19R)	The amendment allows contributions from employees or third parties that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.	July 1, 2014
Improvements to IFRSs 2010- 2012	Amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.	July 1, 2014
Improvements to IFRSs 2011- 2013	Amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.	July 1, 2014

The Group is assessing the potential impact of the new standards, interpretations and amendments above and has not yet been able to reliably estimate their impact on the consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A.These consolidated financial statements are the first consolidated financial statements prepared by the Group in accordance with the “Rules Governing the Preparation of Financial Statements by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

B.In the preparation of the balance sheet of January 1, 2012 (the Group’s date of transition to IFRSs) (“the opening IFRS balance sheet”), the Group has adjusted the amounts that were reported in the consolidated financial statements in accordance with previous R.O.C. GAAP. Please refer to Note 15 for the impact of transitioning from R.O.C. GAAP to IFRSs on the Group’s financial position, financial performance and cash flows.

(2) Basis of preparation

A.Except for the following item, these consolidated financial statements have been prepared under the historical cost convention:

Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B.The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A.Basis for preparation of consolidated financial statements:

(a)All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies. In general, control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible have been considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

B. Subsidiaries included in the consolidated financial statements:

(a) Norley Corporation Inc. (Norley)

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

			Ownership(%)		
Name of investor	Name of subsidiary	Main business activities	December 31, 2013	December 31, 2012	Description
Norley	Poseidon Marine Ltd.	Shipping	100%	100%	
"	Kenmore Shipping Inc.	Oil tanker	100%	100%	
"	Maxson Shipping Inc.	Shipping	100%	100%	
"	Ocean Wise Limited	Shipping	51%	51%	
"	Confidence Navigation Ltd.	Oil tanker	100%	100%	
"	Valentine Holdings Ltd.(Valentine)	Investment holdings	60%	60%	
"	Kingswood Co., Ltd.(Kingswood)	Investment holdings	50%	50%	
"	Welluck Co., Ltd.(Welluck)	Investment holdings	50%	50%	
"	Winnington Limited (Winnington)	Investment holdings	50%	50%	
"	Jetwall Co., Ltd.(Jetwall)	Investment holdings	80%	80%	
"	Victory Navigation Inc.(Victory)	Investment holdings	55%	55%	
"	Pacifica Maritime Limited	Holding in	100%	-	
"	Dynasty Navigation Limited	Holding in	100%	-	
Valentine	Gemini Investment Company Ltd.	Shipping	100%	100%	
Valentine	Millennia Investment Co., Ltd.	Shipping	100%	100%	
Kingswood	Seven Seas Shipping Ltd.	Oil tanker	100%	100%	
Welluck	Meko Shipping Inc.	Shipping	100%	100%	
Winnington	Peg Shipping Company Ltd.	Shipping	100%	100%	
Jetwall	Everwin Maritime Limited	Oil tanker	100%	100%	
Victory	Everprime Shipping Limited	Shipping	100%	100%	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership(%) January 1, 2012	Description
Norley	Poseidon Marine Ltd.	Shipping	100%	
"	Kenmore Shipping Inc.	Oil tanker	100%	
"	Maxson Shipping Inc.	Shipping	100%	
"	Zenith Marine Company	Shipping	100%	Note 1
"	Ocean Wise Limited	Shipping	51%	
"	Confidence Navigation Ltd.	Oil tanker	100%	
"	Valentine Holdings Ltd. (Valentine)	Investment holdings	60%	
"	Kingswood Co.,	Investment holdings	50%	
"	Welluck Co., Ltd.(Welluck)	Investment holdings	50%	
"	Winnington Limited (Winnington)	Investment holdings	50%	
"	Jetwall Co., Ltd.(Jetwall)	Investment holdings	80%	
"	Victory Navigation Inc.(Victory)	Investment holdings	55%	
Valentine	Gemini Investment Company	Shipping	100%	
Valentine	Millennia Investment Co., Ltd.	Shipping	100%	
Kingswood	Seven Seas Shipping Ltd.	Oil tanker	100%	
Welluck	Meko Shipping Inc.	Shipping	100%	
Winnington	Peg Shipping Company Ltd.	Shipping	100%	
Jetwall	Everwin Maritime Limited	Oil tanker	100%	
Victory	Everprime Shipping Limited	Shipping	100%	

Note 1: Zenith Marine Company Limited was dissolved on August 27, 2012.

(b)Heywood Limited (Heywood)

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

Name of investor	Name of subsidiary	Main business activities	Ownership(%) December 31, 2013	December 31, 2012	Description
Heywood	Newton Navigation	Shipping	100%	100%	
"	Clifford Navigation Corporation	Shipping	100%	100%	
"	Brighton Shipping Inc.	Shipping	100%	100%	
"	Rockwell Shipping	Shipping	100%	100%	
"	Howells Shipping Inc.	Shipping	100%	100%	
"	Crimson Marine Company	Shipping	100%	100%	
"	Helmsman Navigation Co. Ltd.	Holding in shipbuilding	100%	100%	
"	Keystone Shipping Co.	Holding in	100%	100%	
"	Honco Shipping Limtied	Investment holdings	100%	100%	
"	Century Shipping Limited (Centutry)	Investment holdings	100%	100%	
Century	Haihu Maritime Service (Shanghai) Co., Ltd.	Maritime service	100%	100%	

Name of investor	Name of subsidiary	Main business activities	Ownership(%) January 1, 2012	Description
Heywood	Great Wall Navigation Limited	Shipping	100%	Note 2
"	Newton Navigation Limited	Shipping	100%	
"	Clifford Navigation Corporation	Shipping	100%	
"	Brighton Shipping Inc.	Shipping	100%	
"	Rockwell Shipping Limited	Shipping	100%	
"	Howells Shipping Inc.	Shipping	100%	
"	Crimson Marine Company	Shipping	100%	
"	Honco Shipping Limtied	Investment holdings	100%	
"	Century Shipping Limited (Century)	Investment holdings	100%	
Century	Haihu Maritime Service (Shanghai) Co., Ltd.	Maritime service	100%	

Note 2: Great Wall Navigation Limited was dissolved on September 6, 2012.

C.Subsidiaries not included in the consolidated financial statements:

None.

D.Adjustments for subsidiaries with different balance sheet dates:

None.

E.Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company:

None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Group's presentation currency.

A.Foreign currency transactions and balances

(a)Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b)Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c)Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d)All foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within ‘other gains and losses‘.

B.Translation of foreign operations

The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a)Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b)Income and expenses for each statement of comprehensive income are translated at average exchange rate of that period; and

(c)All resulting exchange differences are recognized in other comprehensive income.

(5) Classification of current and non-current items

A.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 are intended to be sold or consumed 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;

(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.

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

(a)Liabilities 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;

(d)Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Loans and receivables

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by providing services to customers in the ordinary course of business. Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(8) Impairment of financial assets

A.The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event‘) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B.The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:

(a)Significant financial difficulty of the issuer or debtor;

(b)A breach of contract, such as a default or delinquency in interest or principal payments;

(c)The Group, for economic or legal reasons relating to the borrower’s financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(d)It becomes probable that the borrower will enter bankruptcy or other financial reorganizaion;

(e)The disappearance of an active market for that financial asset because of financial difficulties;

(f)Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

(g)Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or

(h)A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

Financial assets measured at amortized cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost that would have been at the date of reversal had the impairment loss not been recognized previously. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(9) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(10) Bunker inventories

Bunker inventories are stated at cost. Cost is determined using the first-in, first-out (FIFO) method.

(11) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(12) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized. The cost of vessel acquired on installment payment plan is stated based on the aggregate amount of installment payments as indicated in the acquisition contract with the vessel seller.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Building	42 years
Vessels and equipment	2.5 to 20 years
Office equipment	3 to 7 years

(13) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(14) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(15) Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(16) Derecognition of financial liabilities

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

(17) Employee benefits

A.Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B.Pensions

(a)Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b)Defined benefit plans

i.Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date).

ii.Actuarial gains and losses arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise.

C.Employees' bonus and directors' and supervisors' remuneration

Employees' bonus and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognized based on the accounting for changes in estimates. The Group calculates the number of shares of employees' stock bonus based on the fair value per share 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.

(18) Income tax

A.The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. 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.

C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

(19) <u>Share capital</u>

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(20) <u>Dividends</u>

Dividends are recorded in the Company’s financial statements in the period in which they are approved by the Company’s shareholders. Cash dividends are recorded as liabilities.

(21) <u>Revenue recognition</u>

The Group recognizes the revenue, when it is probable that any future economic benefits associated with the transaction will flow to the entity; and the amount of revenue can be measured reliably. Voyage charterer: revenue is recognized according to the percentage of completion of services rendered; time charter: revenue is recognised by straight-line method over the charter agreement term; and maritime management revenue is recognized by contract during the service period.

(22) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The above information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Impairment assessment of tangible assets

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilized and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2013	December 31, 2012	January 1, 2012
Checking accounts and demand deposits	$ 2,245,392	$ 1,978,396	$ 2,582,143
Time deposits	2,387,630	3,549,445	2,039,109
Total	$ 4,633,022	$ 5,527,841	$ 4,621,252

A.The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. The Group's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

B.The Group has no cash and cash equivalents pledged to others.

(2) Property, plant and equipment

	Land	Buildings	Vessels and equipment	Office equipment	Prepayment for vessels contruction	Total
At January 1, 2013						
Cost	$ 90,215	$ 28,191	$ 30,079,524	$ 2,863	$ 165,582	$ 30,366,375
Accumulated depreciation	-	(12,019)	(7,609,440)	(1,871)	-	(7,623,330)
Accumulated impairment	-	-	(234,252)	-	-	(234,252)
	$ 90,215	$ 16,172	$ 22,235,832	$ 992	$ 165,582	$ 22,508,793
Year ended December 31, 2013						
Opening net book amount	$ 90,215	$ 16,172	$ 22,235,832	$ 992	$ 165,582	$ 22,508,793
Additions	-	-	134,104	304	533,251	667,659
Disposals	-	-	(573,551)	(10)	-	(573,561)
Retirement - cost	-	-	(59,477)	-	-	(59,477)
Retirement - accumulated depreciation	-	-	59,477	-	-	59,477
Depreciation	-	(656)	(1,354,789)	(281)	-	(1,355,726)
Net exchange differences	-	-	561,473	9	6,546	568,028
Closing net book amount	$ 90,215	$ 15,516	$ 21,003,069	$ 1,014	$ 705,379	$ 21,815,193
At December 31, 2013						
Cost	$ 90,215	$ 28,191	$ 29,805,386	$ 3,120	$ 705,379	$ 30,632,291
Accumulated depreciation	-	(12,675)	(8,561,854)	(2,106)	-	(8,576,635)
Accumulated impairment	-	-	(240,463)	-	-	(240,463)
	$ 90,215	$ 15,516	$ 21,003,069	$ 1,014	$ 705,379	$ 21,815,193

	Land	Buildings	Vessels and equipment	Office equipment	Prepayment for vessels contruction	Total
At January 1, 2012						
Cost	$ 90,215	$ 29,154	$ 28,760,548	$ 3,572	$ 1,987,033	$ 30,870,522
Accumulated depreciation	-	(12,134)	(7,203,481)	(2,976)	-	(7,218,591)
Accumulated impairment	-	-	(244,254)	-	-	(244,254)
	$ 90,215	$ 17,020	$ 21,312,813	$ 596	$ 1,987,033	$ 23,407,677
Year ended December 31, 2012						
Opening net book amount	$ 90,215	$ 17,020	$ 21,312,813	$ 596	$ 1,987,033	$ 23,407,677
Transfer	-	-	1,987,033	-	(1,987,033)	-
Additions	-	-	1,501,779	829	168,604	1,671,212
Disposals	-	-	(282,541)	(146)	-	(282,687)
Retirement - cost	-	(963)	(251,854)	-	-	(252,817)
Retirement - accumulated depreciation	-	963	251,854	-	-	252,817
Depreciation	-	(848)	(1,372,358)	(276)	-	(1,373,482)
Net exchange differences	-	-	(910,894)	(11)	(3,022)	(913,927)
Closing net book amount	$ 90,215	$ 16,172	$ 22,235,832	$ 992	$ 165,582	$ 22,508,793
At December 31, 2012						
Cost	$ 90,215	$ 28,191	$ 30,079,524	$ 2,863	$ 165,582	$ 30,366,375
Accumulated depreciation	-	(12,019)	(7,609,440)	(1,871)	-	(7,623,330)
Accumulated impairment	-	-	(234,252)	-	-	(234,252)
	$ 90,215	$ 16,172	$ 22,235,832	$ 992	$ 165,582	$ 22,508,793

A.The estimated useful lives of the Group's significant components of vessels ad equipment are as follows:

(a) Vessel	20 years
(b) Repairs and dry-dock inspection of vessel	2.5 years

B.Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(3) Non-current assets held for sale and discontinued operation

A.On June 21, 2013, the Board of Directors approved and authorized the Chairman to sell the vessel named "Mineral Sines" on behalf of the Company and entered into a sale agreement with the buyer – Augustea Bunge Maritime Ltd.. On August 26, 2013, the vessel disposal met the definition of non-current assets held for sale and discontinued operations and is classified as a discontinued operation. On August 28, 2013, the vessel was sold and the transaction was settled.

(a)The cash flow information of the discontinued operation is as follows:

	For the years ended December 31,	
	2013	2012
Operating cash flows	$ 229,366	$ 440,003
Investing cash flows	615,782	(16,054)
Financing cash flows	(188,383)	(57,734)
Total cash flows	$ 656,765	$ 366,215

(b)Analysis of the result of discontinued operation, and the result recognized on the remeasurement of assets or disposal group, is as follows:

	For the years ended December 31,	
	2013	2012
Revenue	$ 301,982	$ 532,012
Cost	(59,534)	(131,477)
Net operating margin from discontinued operation	242,448	400,535
Expenses	(3,218)	(4,275)
Profit from discontinued operation	239,230	396,260
Other income	349	34
Other gains and losses	-	(12)
Finance costs	(742)	(3,118)
Profit for the year from discontinued operation	$ 238,837	$ 393,164
Loss on disposal of the property, plant and equipment from discontinued operation	($ 2,516)	$ -
Total profit for the year from discontinued operation	$ 236,321	$ 393,164
Profit from discontinued operation, attributable to:		
Owners of the parent	$ 118,161	$ 196,582
Non-controlling interest	118,160	196,582
	$ 236,321	$ 393,164

B.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. On June 12, 2012, the Company had entered into a sale agreement with the buyer. Based on the resolution and the sale agreement above, the vessel disposal meets the definition of non-current assets held for sale and discontinued operation and is classified as a discontinued operation. On July 11, 2012, the vessel was sold and settled.

(a)The cash flow information of the discontinued operation is as follows:

	For the year ended December 31, 2012
Operating cash flows	$ 30,713
Investing cash flows	377,798
Financing cash flows	-
Total cash flows	$ 408,511

(b)Analysis of the result of discontinued operation, and the result recognized on the remeasurement of assets or disposal group, is as follows:

	For the year ended December 31, 2012
Revenue	$ 59,141
Cost	(68,251)
Loss from discontinued operation	(9,110)
Income tax benefit	1,549
Post tax loss from discontinued operation	($ 7,561)
Gain on disposal of discontinued operation	$ 80,674
Income tax expense	(13,715)
Post tax gain on disposal of discontinued operation	$ 66,959
Profit from discontinued operation (Total attributable to owners of the parent)	$ 59,398

C.Profit from continuing and discontinued operation attributable to owners of the parent: Please refer to Note 6(19).

(4) Short-term borrowings

Type of borrowings	December 31, 2013	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 50,000	1.32%	Buildings, land and promissory notes
Unsecured borrowings	680,000	1.27%～1.29%	
	$ 730,000		

Type of borrowings	December 31, 2012	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 114,000	1.32%	Buildings, land and promissory notes
Unsecured borrowings	680,000	1.26%～1.29%	
	$ 794,000		

Type of borrowings	January 1, 2012	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 114,000	1.37%	Buildings, land and promissory notes
Unsecured borrowings	660,000	1.28%～1.37%	
	$ 774,000		

As of December 31, 2013, December 31, 2012 and January 1, 2012, the Company's Chairman, Fred Tsai, guaranteed for the credit lines of $ 1,074,000; the Company also issued notes payable as guarantee for credit lines amounting to $ 774,000, wherein joint – guaranteed amount was $574,000.

(5) Long-term borrowings

Bank	Collateral	December 31, 2013	December 31, 2013	January 1, 2012
Mega Bank (and syndicate)	Maxim	$ 1,687,097 (USD 56,595 thousand)	$ 1,862,655 (USD 64,141 thousand)	$ 2,170,682 (USD 71,687 thousand)
BNP Paribas (and syndicate)	Mineral Antwerpen	158,440 (USD 5,315 thousand)	208,943 (USD 7,195 thousand)	274,185 (USD 9,055 thousand)
BNP Paribas (and syndicate)	Mineral Sines	- (USD 0 thousand)	183,533 (USD 6,320 thousand)	247,085 (USD 8,160 thousand)
Mega Bank (and syndicate)	V. K. Eddie	452,115 (USD 15,167 thousand)	566,276 (USD 19,500 thousand)	721,668 (USD 23,833 thousand)
Mega Bank (and syndicate)	Chin Shan	214,927 (USD 7,210 thousand)	279,167 (USD 9,613 thousand)	363,860 (USD 12,017 thousand)
Mega Bank	Heng Shan	282,956 (USD 9,492 thousand)	367,530 (USD 12,656 thousand)	479,030 (USD 15,820 thousand)
Mega Bank	Chou Shan	286,789 (USD 9,621 thousand)	349,226 (USD 12,026 thousand)	436,966 (USD 14,431 thousand)
Mega Bank	Bao Shan	356,802 (USD 11,969 thousand)	463,447 (USD 15,959 thousand)	604,045 (USD 19,949 thousand)
Mega Bank	Madonna III	376,202 (USD 12,620 thousand)	439,782 (USD 15,144 thousand)	534,987 (USD 17,668 thousand)
Mega Bank (and syndicate)	Huang Shan	425,857 (USD 14,286 thousand)	622,286 (USD 21,429 thousand)	865,143 (USD 28,571 thousand)
Mega Bank (and syndicate)	Georgiana	581,891 (USD 19,520 thousand)	680,232 (USD 23,424 thousand)	827,492 (USD 27,328 thousand)
Mega Bank (and syndicate)	Yue Shan	1,180,476 (USD 39,600 thousand)	1,341,648 (USD 46,200 thousand)	1,598,784 (USD 52,800 thousand)
Mega Bank (and syndicate)	Kondor	1,880,117 (USD 63,070 thousand)	2,047,029 (USD 70,490 thousand)	- (USD 0 thousand)
Mega Bank (and syndicate)	Mineral Oak	816,526 (USD 27,391 thousand)	917,809 (USD 31,605 thousand)	1,084,599 (USD 35,819 thousand)
Mega Bank (and syndicate)	Tai Shan	855,099 (USD 28,685 thousand)	937,138 (USD 32,271 thousand)	1,085,725 (USD 35,856 thousand)
		9,555,294	11,266,701	11,294,251
Less: Current portion-due within one year		(1,823,536)	(2,112,571)	(1,680,902)
		$ 7,731,758	$ 9,154,130	$ 9,613,349
Interest rates		0.97% ~ 1.74%	1.06% ~ 1.86%	0.95% ~ 2.03%

(6) Pensions

A.(a)The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension 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 the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

(b)The amounts recognized in the balance sheet are determined as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of funded obligations	($ 65,306)	($ 65,284)	($ 61,064)
Fair value of plan assets	41,784	42,262	38,911
Deposit in transit	-	-	235
Net liability in the balance sheet	($ 23,522)	($ 23,022)	($ 21,918)

(c)Changes in present value of funded obligations are as follows:

	For the years ended December 31,	
	2013	2012
At January 1	$ 65,284	$ 61,064
Current service cost	1,334	1,250
Interest expense	979	977
Actuarial profit and loss	(146)	1,993
Benefits paid	(2,145)	-
At December 31	$ 65,306	$ 65,284

(d)Changes in fair value of plan assets are as follows:

	For the years ended December 31,	
	2013	2012
At January 1	$ 42,262	$ 38,911
Expected return on plan assets	634	622
Actuarial profit and loss	(111)	(265)
Employer contributions	1,144	2,994
Benefits paid	(2,145)	-
At December 31	$ 41,784	$ 42,262

(e)Amounts of expenses recognized in comprehensive income statements are as follows:

	2013	2012
Current service cost	$ 1,334	$ 1,250
Interest cost	979	977
Expected return on plan assets	(634)	(622)
Current pension costs	$ 1,679	$ 1,605

Details of cost and expenses recognized in comprehensive income statements are as follows:

	2013	2012
General and administrative expenses	$ 1,679	$ 1,605

(f)Amounts recognised under other comprehensive income are as follows:

	2013	2012
Recognition for current period	($ 34)	$ 2,259
Accumulated amount	$ 2,225	$ 2,259

(g)The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of December 31, 2013 and 2012 is given in the Annual Labor Retirement Fund Utilisation Report published by the government.

Expected return on plan assets was a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilisation by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund's minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

(h)The Company's actual return on plan assets was $522 and $357 for the years ended December 31, 2013 and 2012, respectively.

(i)The principal actuarial assumptions used were as follows:

	2013	2012	2011
Discount rate	1.80%	1.50%	1.60%
Future salary increases	3.25%	3.25%	3.25%
Expected return on plan assets	1.80%	1.50%	1.60%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

(j)Historical information of experience adjustments was as follows:

	2013	2012
Present value of defined benefit obligation	($ 65,306)	($ 65,284)
Fair value of plan assets	41,784	42,262
Deficit in the plan	($ 23,522)	($ 23,022)
Experience adjustments on plan liabilities	$ 1,564	$ 890
Experience adjustments on plan assets	($ 111)	($ 265)

(k)Expected contributions to the defined benefit pension plans of the Group within one year from December 31, 2013 amounts to $1,144.

B.(a)Effective July 1, 2005, the Company established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. 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 paid monthly or in lump sum upon termination of employment. Total pension cost under the defined contribution pension plan in 2013 and 2012 amounted to $2,323 and $2,757, respectively.

(b)The Company's mainland subsidiary, Haihu Maritime Service (Shanghai) Co., Ltd. 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 years ended December 31, 2013 and 2012 were $1,344 and $1,314, respectively.

(7) Share capital

As of December 31, 2013, the Company's authorized capital was $7,000,000, consisting of 700,000 thousands shares of common stock, and the paid-in capital was $5,683,042, consisting of 568,034,171 common shares with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

(8) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(9) Retained 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. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. For the years ended December 31, 2013 and 2012, employees' bonus was accrued at $10,970 and $11,011, respectively; directors' and supervisors' remuneration was accrued at $10,970 and $11,011, respectively, based on a 1.7% of net income of the year after taking into account the legal reserve and other factors (as prescribed by the Company's Articles of Incorporation). Employees' bonus and directors' and supervisors' remuneration of 2012 as resolved by the stockholders' were in agreement with those amounts recognized in the 2012 financial statements.

Information about the appropriation of employees' bonus and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

E. (a) The appropriation of 2012 and 2011 earnings had been resolved at the stockholder's meeting on June 25, 2013 and June 22, 2012, respectively. Details are summarized below:

	2012		2011	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 162,525		$ 175,932	
Special reserve	614,234		-	
Cash dividends	710,380	$ 1.25	852,456	$ 1.50
	$ 1,487,139		$ 1,028,388	

(b) Subsequent events: The appropriation of 2013 earnings had been proposed by the Board of Directors on March 28, 2014. Details are summarized below:

	2013	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 109,922	
Cash dividends	625,135	$ 1.10
	$ 735,057	

(10) Other equity items

	Currency translation
At January 1, 2013	$ 1,793,989
Currency translation differences:	(417,670)
At December 31, 2013	$ 1,376,319

	Currency translation
At January 1, 2012	$ 1,180,509
Currency translation differences:	613,480
At December 31, 2012	$ 1,793,989

(11) Operating revenue

	For the years ended December 31,	
	2013	2012
Bulk carrier	$ 3,997,356	$ 4,672,388
Oil tanker	763,759	834,825
Management service	2,538	2,342
	$ 4,763,653	$ 5,509,555

(12) Other gains - net

The vessel charter agreement between the subsidiary-Newton Navigation Limited and Nippon Yusen Kaisha was terminated on June 27, 2013. For the year ended December 31, 2013, the Group recognized net compensation income (claims less related cost) amounting to $71,209 (USD 2,398 thousand). As of July 19, 2013, the compensation has been collected.

(13) Other income

	For the years ended December 31,	
	2013	2012
Interest income	$ 18,280	$ 17,380
Overdue unclaimed dividends	1,635	2,913
Others	39,258	10,145
Total	$ 59,173	$ 30,438

(14) Other gains and losses

	For the years ended December 31,	
	2013	2012
Net currency exchange (losses) gains	($ 35,049)	$ 23,875
(Loss) gain on disposal of property, plant and equipment	(10)	323
Others	(1,461)	(1,868)
Total	($ 36,520)	$ 22,330

(15) Finance costs

	For the years ended December 31,	
	2013	2012
Interest expense:		
Bank borrowings	$ 156,872	$ 223,225
Finance costs	$ 156,872	$ 223,225

(16) Expenses by nature

	For the years ended December 31,					
	2013			2012		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense	$ 577,522	$ 75,529	$ 653,051	$ 593,655	$ 77,661	$ 671,316
Depreciation	1,354,789	937	1,355,726	1,372,358	1,124	1,373,482

Note: The above information includes related costs and expenses of discontinued operation.

(17) Employee benefit expense

	For the years ended December 31,					
	2013			2012		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Wages and salaries	$ 478,246	$ 66,126	$ 544,372	$ 497,656	$ 69,148	$ 566,804
Labor and health insurance fees	3,432	3,392	6,824	3,607	2,835	6,442
Pension costs	1,105	4,241	5,346	1,610	4,066	5,676
Other personnel expenses	94,739	1,770	96,509	90,782	1,612	92,394

Note: The above information includes related costs and expenses of discontinued operation.

(18) Income tax

A.Income tax expense

Components of income tax expense:

	For the years ended December 31,	
	2013	2012
Current tax:		
Current tax on profits for the year	$ 189,544	$ 307,509
Adjustments in respect of prior years	(1)	(36)
Total current tax	189,543	307,473
Deferred tax:		
Origination and reversal of temporary differences	(114,876)	(55,902)
Total deferred tax	(114,876)	(55,902)
Income tax expense	74,667	251,571
Income tax expense from discontinued operation	-	(12,166)
Income tax expense from continuing operations	$ 74,667	$ 239,405

B.The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2013	2012
Actuarial gains/losses on defined benefit obligations	$ 6	($ 384)

C.Reconciliation between income tax expense and accounting profit

	For the years ended December 31, 2013	2012
Tax calculated based on profit before tax and statutory tax rate	$ 199,562	$ 319,282
Effects from items disallowed by tax regulation	(178)	(429)
Additional 10% tax on undistributed earnings	13,811	127,937
Adjustments in respect of prior years	(1)	(36)
Unrealized investment income	(138,527)	(195,183)
Income tax expense	74,667	251,571
Income tax expense from discontinued operation	-	(12,166)
Income tax expense from continuing operations	$ 74,667	$ 239,405

D.Amounts of deferred tax assets or liabilities as a result of temporary difference are as follows:

For the year ended December 31, 2013	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
—Deferred tax assets:				
Unrealised exchange (gain) loss	($ 2,653)	$ 2,792	$ -	$ 139
Unfunded pension expense	3,873	92	(6)	3,959
Unused compensated absences	331	16	-	347
	$ 1,551	$ 2,900	($ 6)	$ 4,445
—Deferred tax liabilities:				
Unrealized investment income	($ 172,788)	$ 111,976	$ -	($ 60,812)
	($ 172,788)	$ 111,976	$ -	($ 60,812)
Total	($ 171,237)	$ 114,876	($ 6)	($ 56,367)

	For the year ended December 31, 2012			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
－Deferred tax assets:				
Unfunded pension expense	$ 3,765	($ 276)	$ 384	$ 3,873
Unused compensated absences	314	17	-	331
	$ 4,079	($ 259)	$ 384	$ 4,204
－Deferred tax liabilities:				
Unrealized investment income	($ 239,408)	$ 66,620	$ -	($ 172,788)
Unrealised exchange loss (gain)	7,806	(10,459)	-	(2,653)
	($ 231,602)	$ 56,161	$ -	($ 175,441)
Total	($ 227,523)	$ 55,902	$ 384	($ 171,237)

E.The Company has not recognized partial taxable temporary difference associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2013, December 31, 2012 and January 1, 2012, the controllable temporary difference were $15,399,800, $14,167,272 and $13,632,380, respectively.

F.As of December 31, 2013, the Company's income tax returns through 2011 have been assessed and approved by the Tax Authority.

G.Unappropriated retained earnings:

	December 31, 2013	December 31, 2012	January 1, 2012
Earnings generated in and before 1997	$ 359,267	$ 359,267	$ 359,267
Earnings generated in and after 1998	5,556,682	5,944,569	4,799,836
	$ 5,915,949	$ 6,303,836	$ 5,159,103

H.As of December 31, 2013, December 31, 2012 and January 1, 2012, the balance of the imputation tax credit account were $746,292, $665,269 and $459,534, respectively. The creditable tax rate was 16.36% for 2012 and is estimated to be 16.70% for 2013.

(19) Earnings per share

	For the year ended December 31, 2013		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit from continuing operations attributable to the parent	$ 981,063		$ 1.72
Profit from discontinued operation attributable to the parent	118,161		0.21
Profit attributable to ordinary shareholders of the parent	$ 1,099,224	568,304	$ 1.93
Diluted earnings per share			
Profit from continuing operation attributable to the parent	$ 981,063		$ 1.72
Profit from discontinued operation attributable to the parent	118,161		0.21
Assumed conversion of all dilutive potential ordinary shares - Employees' bonus	-	402	-
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,099,224	568,706	$ 1.93

	For the year ended December 31, 2012		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Profit from continuing operations attributable to the parent	$ 1,370,580		$ 2.41
Profit from discontinued operation attributable to the parent	255,980		0.45
Profit attributable to ordinary shareholders of the parent	$ 1,626,560	568,304	$ 2.86

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions and balances

A. Charter revenue - time charter (shown as sales revenues)

	For the years ended December 31,	
	2013	2012
Other related parties	$ 544,762	$ 575,098

The term of the above charter revenue are processed with terms of general sales and fixed pricing.

B. Advance collection - time charter (shown as other current liabilities)

	December 31, 2013	December 31, 2012	January 1, 2012
Other related parties	$ 26,834	$ 15,734	$ 20,757

C. Service revenues (shown as sales revenues)

	For the years ended December 31,	
	2013	2012
Other related parties	$ 2,538	$ 10,472

The revenue are generated from the contract of maritime management service.

D. Other receivables

Amounts prepaid on behalf of related parties and agents:

	December 31, 2013	December 31, 2012	January 1, 2012
Other related parties	$ 7,651	$ 15,616	$ 5,332

E. Other payables

Advances from related parties and agency payable:

	December 31, 2013	December 31, 2012	January 1, 2012
Other related parties	$ 2,870	$ 4,035	$ 2,669

F. Management fee (shown as operating expenses)

	For the years ended December 31,	
	2013	2012
Other related parties	$ 50,006	$ 50,976

G. Technical management fee (shown as operating costs)

	For the years ended December 31,	
	2013	2012
Other related parties	$ 9,550	$ 9,936

H. Supervision fee

	For the years ended December 31,	
	2013	2012
Other related parties	$ 13,361	$ 1,479

The supervision fees for building the new vessels paid by the Group were capitalized as vessel costs.

I. Guarantee transactions

	December 31, 2013	December 31, 2012	January 1, 2012
Other related parties	USD 21,420 thousand	USD 10,800 thousand	USD - thousand

J. Other guarantee transactions

Please refer to Note 6(4) for details.

(2) Key management compensation

	For the years ended December 31,	
	2013	2012
Salaries and other short-term employee benefits	$ 24,792	$ 37,173
Post-employment benefits	351	399
Total	$ 25,143	$ 37,572

8. PLEDGED ASSETS

The Group’s assets pledged as collateral are as follows:

	Book value			
	December 31, 2013	December 31, 2013	January 1, 2012	Purpose
Time deposits (shown as other current assets- current)	$ 391,777	$ 372,052	$ 234,200	Long-term loans and gurantee deposits
Vessels and equipment -net	18,685,054	19,786,508	18,346,776	Long-term loans
Land and building-net	103,658	104,227	104,855	Credit lines
	$ 19,180,489	$ 20,262,787	$ 18,685,831	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

The vessel named "Chou Shan" of the subsidiary, Rockwell Shipping Limited (Rockwell) collided with another vessel outside of Chang Jiang, Shanghai on March 19, 2013 and part of the hull and some machinery of the vessel was damaged. As a result of the incident, M/V "Chou Shan" should be repaired and off-hired. The Shanghai Maritime Safety Administration (Shanghai MSA) demanded that Rockwell provide a security deposit in the sum of RMB 70 million by way of cash and letter of undertaking to cover the public emergency response costs. Rockwell remitted the cash deposit amounting to RMB 25 million (shown as other receivables) to the Shanghai MSA and the China Reinsurance (Group) Company provided the security letter of undertaking amounting to RMB 45 million. Subsequently, M/V "Chou Shan" was released and resumed its voyage on May 11, 2013.

The responsibility for the collision shall be determined by the final unappealable judgement. However, Rockwell and the relevant party did not reach a consensus on which court would have competent jurisdiction. Thus, the suit has not been filed.

Most damages from operation interruption, loss of hire, repair cost of machinery, and legal and pollution claims shall be recoverd by the insurance. Therefore, there is no material effect on the Company's financial position.

As of December 31, 2013, Rockwell collected the insurance claim arising from operation interruption and loss of hire amounting to US$800 thousand (shown as other income). Rockwell recognized and assessed insurance claim receivables which were associated with repairing cost of machinery and legal and pollution claim based on the insurance contract. The remaining claim receivables less partial amount of repair cost of machinery collected from the insurance company amounts to US$663 thousand (shown as other receivables).

(2) Commitments

A.The Group had the following outstanding vessel charter agreements as of December 31, 2013:

Contract Company	Contract period
Bocimar International N. V.	2003.03～2015.10
Nippon Yusen Kaisha	2010.01～2018.01
Nippon Yusen Kaisha	2009.09～2017.09
Nippon Yusen Kaisha	2010.03～2015.03
Nippon Yusen Kaisha	2008.08～2016.08
RIO TINTO (Singapore)	2011.09～2018.09

Expected receivables arising from the outstanding vessel charter agreements were as follows:

(in USD thousands)

	December 31, 2013	December 31, 2012	January 1, 2012
Not later than one year	$ 67,263	$ 118,950	$ 151,992
Later than one year but not over five years	108,468	180,053	263,869
Over five years	-	5,771	39,479
	$ 175,731	$ 304,774	$ 455,340

B.The Company issued notes payable as guarantee for credit lines. Please refer to Note 6(4) for details.

C.The Board of Directors authorized and approved that the Company issue a promissory note to Mega Bank as guarantee for the subsidiaries' loans. The subsidiary, Norley provide guarantees to BNP Paribas (and syndicates) for its holding companies. The information of guarantees provided by the Group is as follows:

(in USD thousands)

			Endorsement balance as of the balance sheet		
Subsidiaries	Purpose	Original credit amount	December 31, 2013	December 31, 2012	January 1, 2012
Brighton Shipping Inc.	Bank loans	$ 28,840	$ 7,210	$ 9,613	$ 12,016
Rockwell Shipping Limited	Bank loans	28,862	9,621	12,026	14,431
Seven Seas Shipping Ltd.	Bank loans	52,000	15,166	19,500	23,833
Howells Shipping Inc.	Bank loans	39,920	11,969	15,959	19,949
Everprime Shipping Limited	Bank loans	31,640	9,492	12,656	15,820
Clifford Navigation Corporation	Bank loans	50,000	32,143	32,143	32,143
Crimson Marine Company	Bank loans	39,040	29,280	29,280	29,280
Poseidon Marine Ltd.	Bank loans	66,000	49,500	49,500	66,000
Ocean Wise Ltd.	Bank loans	42,140	31,605	42,140	42,140
Everwin Maritime Limited	Bank loans	75,460	56,595	75,460	75,460
Maxson Shipping Inc.	Bank loans	37,450	37,450	37,450	37,450
Kenmore Shipping Inc.	Bank loans	74,200	74,200	74,200	74,200
Peg Shipping Company Ltd.	Bank loans	28,000	5,315	7,195	9,055
Meko Shipping Inc.	Bank loans	27,000	-	6,320	8,160
Helmsman Navigation Co. Ltd.	Bank loans	18,900	18,900	-	-
Keystone Shipping Co. Ltd.	Bank loans	18,900	18,900	-	-
			$ 407,346	$ 423,442	$ 459,937

D. The Company's subsidiaries have ship building agreements with several shipbuilding companies. Under these agreements, the total paid construction commitments are divided into four installments. 30% of the amount should be paid before the ships are delivered while the remaining amount should be paid upon delivery of the ships.

(in USD thousands)

	December 31, 2013	December 31, 2012	January 1, 2012
Total contract price	$ 147,600	$ 54,000	$ -
Amount paid	(22,860)	(5,400)	-
Outstanding balance amount	$ 124,740	$ 48,600	$ -

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) The appropriation of 2013 earnings was proposed by the Board of Directors. Please refer to Note 6(9)E.

(2) On February 17, 2014, the Board of Directors of Ocean Grace Limited, 55% owned by Norley Corporation Inc., resolved to enter into a shipbuilding contract for the construction of one 250,000 DWT ore carrier with expected delivery not later than October, 2016. The contract price is US$63,800 thousand and will be paid in five installments.

(3) On March 28, 2014, the Board of Directors of the Company resolved to borrow from the subsidiary, Norley Corporation Inc. amounting to US$40,000 thousand for working capital purpose.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Fair value information of financial instruments

Except for those listed in the table below, the carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, accounts receivable, other receivables, other assets, short-term loans and other payables) are approximate to their fair values.

	December 31, 2013	
	Book value	Fair value
Financial liabilities:		
Long-term borrowings (including current portion)	$ 9,555,294	$ 9,555,294

	December 31, 2012	
	Book value	Fair value
Financial liabilities:		
Long-term borrowings (including current portion)	$ 11,266,701	$ 11,266,701

	January 1, 2012	
	Book value	Fair value
Financial liabilities:		
Long-term borrowings (including current portion)	$ 11,294,251	$ 11,294,251

B.Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

C.Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and JPY. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

ii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2013		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 5,758	29.81	$ 171,372
NTD:USD	7,935	0.03	7,915
JPY: USD	37,524	0.01	10,642
Financial liabilities			
Monetary items			
USD:NTD	$ 34,090	29.81	$ 1,015,969

	December 31, 2012		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 9,876	29.04	$ 286,855
NTD:USD	72,376	0.03	71,879
JPY: USD	159,507	0.01	53,732
Financial liabilities			
Monetary items			
USD:NTD	$ 37,745	29.04	$ 1,096,107

	January 1, 2012		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 2,594	30.28	$ 77,930
NTD:USD	28,402	0.03	28,145
JPY: USD	114,221	0.01	44,952
Financial liabilities			
Monetary items			
USD:NTD	$ 40,794	30.28	$ 1,235,230

iii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	For the year ended December 31, 2013		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 1,714	$ -
NTD:USD	1%	79	-
JPY: USD	1%	106	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 10,159	$ -

	For the year ended December 31, 2012				
	Sensitivity analysis				
	Degree of variation	Effect on profit or loss		Effect on other comprehensive income	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	1%	$	2,869	$	-
NTD:USD	1%		719		-
JPY: USD	1%		537		-
Financial liabilities					
Monetary items					
USD:NTD	1%	$	10,961	$	-

Interest rate risk

i. 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 which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the years ended December 31, 2013 and 2012, the Group's borrowings at variable rate were denominated in United States dollars.

ii. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

iii. At December 31, 2013 and 2012, if interest rates on USD-denominated borrowings had been 1% higher/lower with all other variables held constant, pre-tax profit for the years ended December 31, 2013 and 2012 would have been $95,553 and $112,667 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b)Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and service terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to charterers, including outstanding receivables.

ii. No credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

iii. The ageing analysis of accounts receivable is as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Not past due nor impaired	$ 573,826	$ 419,497	$ 456,528
Past due but not impaired within 1 year	$ 16	$ -	$ -

The Group signed the charter agreements with well-known international charterers and oil carriers belong to the Tankers International Pool. The Group received and wrote-off accounts receivable by contracts.

The Group assessed its accounts receivable that were past due but not impaired and determined that there were no significant changes in credit quality and the related accounts receivable could also be collected. Therefore, these receivables were not impaired.

(c)Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, external regulatory or legal requirements.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury.

iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2013	Up to 1 year	Between 1 year and 5 years	Over 5 years
Short-term borrowings	$ 730,000	$ -	$ -
Other payables	219,689	-	-
Long-term borrowings (including current portion)	1,962,012	5,956,499	2,078,739

Non-derivative financial liabilities:

December 31, 2012	Up to 1 year	Between 1 year and 5 years	Over 5 years
Short-term borrowings	$ 794,000	$ -	$ -
Other payables	250,768	-	-
Long-term borrowings (including current portion)	2,303,235	6,508,749	3,112,543

Non-derivative financial liabilities:

January 1, 2012	Up to 1 year	Between 1 year and 5 years	Over 5 years
Short-term borrowings	$ 774,000	$ -	$ -
Other payables	263,449	-	-
Long-term borrowings (including current portion)	1,922,926	6,932,559	3,257,461

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A.Loans to others:

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2013	Balance at December 31, 2013	Actual amount drawn down	Interest rate	Nature of loan (Note 3)	Amount of transactions with the borrower （Note 5）	Reason for shortterm financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 2)	Footnote
													Item	Value			
0	Sincere Navigation Corporation	None													$ 4,447,432	$ 5,929,910	
1	Norley Corporation Inc.	Confidence Navigation Ltd.	Advance to associated entity	Y	$ 270,792 (USD 9,026 thousand)	$ 269,077	$ 269,077 (USD 9,026 thousand)	-	2	$ -	Working capital	$ -	-	$ -	10,823,817	10,823,817	
"	"	Sincere Navigation Corporation	Other receivables - related parties	Y	671,175 (USD 22,500 thousand)	-	- (USD 0 thousand)	-	2	-	"	-	-	-	3,247,145	4,329,527	
2	Heywood Limited	"	"	Y	900,000 (USD 30,000 thousand)	626,010	626,010 (USD 21,000 thousand)	-	2	-	"	-	-	-	1,499,660	1,999,547	
"	"	Howells Shipping Inc.	Advance to associated entity	Y	31,180 (USD 1,039 thousand)	30,983	30,983 (USD 1,039 thousand)	-	2	-	"	-	-	-	4,998,868	4,998,868	
"	"	Century Shipping Limited	"	Y	600 (USD 20 thousand)	596	596 (USD 20 thousand)	-	2	-	"	-	-	-	4,998,868	4,998,868	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

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 purpose, maximum financing to each subsidiary and total financing is limited 30% to 40% of the Company’s net value, respectively. The maximum financing between the subsidiaries which are directly or indirectly 100% owned by the Company is limited to 100% of the lender’s net value.

Note 3: Number 1 represents the business transaction.

Number 2 represents the necessity for short-term leading.

B.Provision of endorsements and guarantees to others:

		Party being endorsed/guaranteed												
No. (Note 1)	Endorser/ guarantor	Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2013	Outstanding endorsement/ guarantee amount at December 31, 2013	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 4)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 4)	Provision of endorsements/ guarantees to the party in Mainland China (Note 4)	Footnote
0	Sincere Navigation Corporation	Helmsman Navigation Co. Ltd.	3	$ 14,824,774	$ 563,409	$ 563,409	$ -	$ -	80.84%	$ 37,061,935	Y	N	N	Note 9
"	"	Keystone Shipping Co. Inc.	3	14,824,774	563,409	563,409	-	-	80.84%	37,061,935	Y	N	N	"
"	"	Brighton Shipping Inc.	3	14,824,774	286,762	214,927	214,927	-	80.84%	37,061,935	Y	N	N	"
"	"	Everprime Shipping Limited	3	14,824,774	378,794	282,956	282,956	-	80.84%	37,061,935	Y	N	N	"
"	"	Rockwell Shipping Limited	3	14,824,774	349,226	286,789	286,789	-	80.84%	37,061,935	Y	N	N	"
"	"	Howells Shipping Inc.	3	14,824,774	473,342	356,802	356,802	-	80.84%	37,061,935	Y	N	N	"
"	"	Clifford Navigation Corporation	3	14,824,774	964,286	958,179	425,857	-	80.84%	37,061,935	Y	N	N	"
"	"	Seven Seas Shipping Ltd.	3	14,824,774	581,681	452,115	452,115	-	80.84%	37,061,935	Y	N	N	"
"	"	Crimson Marine Company	3	14,824,774	878,400	872,837	581,891	-	80.84%	37,061,935	Y	N	N	"
"	"	Ocean Wise Limited	3	14,824,774	1,223,746	942,145	816,526	-	80.84%	37,061,935	Y	N	N	"
"	"	Maxson Shipping Inc.	3	14,824,774	1,123,500	1,116,384	855,099	-	80.84%	37,061,935	Y	N	N	"
"	"	Poseidon Marine Ltd.	3	14,824,774	1,485,000	1,475,595	1,180,476	-	80.84%	37,061,935	Y	N	N	"
"	"	Everwin Maritime Limited	3	14,824,774	2,263,800	1,687,097	1,697,097	-	80.84%	37,061,935	Y	N	N	"
"	"	Kenmore Shipping Inc.	3	14,824,774	2,226,000	2,211,902	1,880,117	-	80.84%	37,061,935	Y	N	N	"
1	Norley Corporation Inc.	Meko Shipping Inc.	3	10,823,817	183,533	-	-	-	-	27,059,543	N	N	N	"
"	"	Peg Shipping Company Ltd.	3	10,823,817	213,404	158,440	158,440	-	1.46%	27,059,543	N	N	N	"

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories.

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

(4) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

(5) Mutual guarantee of the trade as required by the construction contract.

(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3: In accordance with the guarantee procedures 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. The guarantee amount for business transaction purposes should not exceed the total transaction amount with the Company within the current year. The total guarantee amount of the Company and its subsidiaries together should not exceed 300% of the Company's net value. The guarantee amount to a single enterprise should not exceed the Company's net value.

Note 4: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Note 5: Guarantee balance in US Dollars, please refer to Note 9.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more:

Real estate disposed by	Real estate	Date or date of the event	Date of acquisition	Book value	Disposal amount	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the seller	Reason for disposal	Basis or reference used in setting the price	Other commitments
Meko Shipping Inc.	Mineral Sines	2013/8/28	2002/4/30	$ 573,551 (USD 19,318 thousand)	$ 586,377 (USD 19,750 thousand)	Collected	($ 2,516) (USD -85 thousand)	Augustea Bunge Maritime Limited	None	Group's overall operation	Sale agreement	-

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more:

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Peg Shipping Company Ltd.	Bocimar International N.V.	Parent company of majority shareholder of Winnington	Charter revenue	USD 18,348 thousand	100%	None	The same as third parties	None	$ -	-	Advance collections of USD 900 thousand

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more:

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2013	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Sincere Navigation Corporation	None							
Norley Corporation Inc. (Norley)	Confidence Navigation Ltd.	100% shares owned by Norley	$ 269,077 (USD 9,026 thousand)	-	$ -	-	$ -	$ -
Heywood Limited	Sincere Navigation Corporation	Heywood Limited's parent company	$ 626,010 (USD 21,000 thousand)	-	-	-	-	-

I. Derivative financial instruments undertaken during the year ended December 31, 2013: None.

J. Significant inter-company transactions during the year ended December 31, 2013:

For the year ended December 31, 2013:

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Sincere Navigation Corporation	Helmsman Navigation Co. Ltd.	1	Guarantees	$ 563,409 (USD 18,900 thousand)	As per the Company's policy	2.03%
"	"	Keystone Shipping Co. Ltd.	"	"	563,409 (USD 18,900 thousand)	"	2.03%
"	"	Rockwell Shipping Limited	"	"	286,789 (USD 9,621 thousand)	"	1.03%
"	"	Howells Shipping Inc.	"	"	356,802 (USD 11,969 thousand)	"	1.29%
"	"	Seven Seas Shipping Ltd.	"	"	452,115 (USD 15,166 thousand)	"	1.63%
"	"	Everprime Shipping Limited	"	"	282,956 (USD 9,492 thousand)	"	1.02%
"	"	Clifford Navigation Corporation	"	"	958,179 (USD 32,143 thousand)	"	3.46%
"	"	Crimson Marine Company	"	"	872,837 (USD 29,280 thousand)	"	3.15%
"	"	Poseidon Marine Ltd.	"	"	1,475,595 (USD 49,500 thousand)	"	5.32%
"	"	Ocean Wise Limited	"	"	942,145 (USD 31,605 thousand)	"	3.40%
"	"	Everwin Maritime Limited	"	"	1,687,097 (USD 56,595 thousand)	"	6.09%
"	"	Maxson Shipping Inc.	"	"	1,116,384 (USD 37,450 thousand)	"	4.03%
"	"	Kenmore Shipping Inc.	"	"	2,211,902 (USD 74,200 thousand)	"	7.98%
1	Heywood Limited	Sincere Navigation Corporation	2	Other receivables	626,010 (USD 21,000 thousand)	"	2.26%

For the year ended December 31, 2012:

Number	Company name	Counterparty	Relationship	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
0	Sincere Navigation Corporation	Rockwell Shipping Limited	"	Guarantees	$ 349,226 (USD 12,026 thousand)	As per the Company's policy	1.20%
"	"	Howells Shipping Inc.	"	"	463,447 (USD 15,959 thousand)	"	1.60%
"	"	Seven Seas Shipping Ltd.	"	"	566,276 (USD 19,500 thousand)	"	1.95%
"	"	Everprime Shipping Limited	"	"	367,530 (USD 12,656 thousand)	"	1.27%
"	"	Clifford Navigation Ltd.	"	"	933,429 (USD 32,143 thousand)	"	3.21%
"	"	Crimson Marine Company	"	"	850,291 (USD 29,280 thousand)	"	2.93%
"	"	Poseidon Marine Ltd.	"	"	1,437,480 (USD 49,500 thousand)	"	4.95%
"	"	Ocean Wise Limited	"	"	1,223,756 (USD 42,140 thousand)	"	4.21%
"	"	Everwin Maritime Limited	"	"	2,191,358 (USD 75,460 thousand)	"	7.55%
"	"	Maxson Shipping Inc.	"	"	1,087,548 (USD 37,450 thousand)	"	3.75%
"	"	Kenmore Shipping Inc.	"	"	2,154,768 (USD 74,200 thousand)	"	7.42%
1	Norley Corporation Inc.	Sincere Navigation Corporation	2	Other receivables related parties	653,400 (USD 22,500 thousand)	"	2.25%

The inter-company transactions under 1% of consolidated assets or revenue are not disclosed.

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship with the transaction company:

(1) Parent company to subsidiary is numberd “1”.

(2) Subsidiary to parent company is numberd “2”.

(3) Subsidiary to subsidiary is numberd “3”.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the year to consolidated total operating revenues for income statement accounts.

(2)Information on investees (not including investees in Mainland China)

				Initial investment amount (Note 1)		Shares held as at December 31, 2013 (Note 2)			Net profit (loss) of the investee for the year ended December 31, 2013 (Note 2)	Investment income (loss) recognised by the Company for the year ended December 31, 2013	
Investor	Investee	Location	Main business activities	Balance as at December 31, 2013	Balance as at December 31, 2012	Number of shares	Ownership (%)	Book value	Amount	Amount	Footnote
Sincere Navigation Corporation	Norley Corporation Inc.	Republic of Liberia	Investment holdings	$ 29,810 (USD 1,000 thousand)	$ 29,040 (USD 1,000 thousand)	500	100	$ 10,823,817	$ 806,557	$ 806,557	Subsidiary
"	Heywood Limited	Marshall Islands	"	29,810 (USD 1,000 thousand)	29,040 (USD 1,000 thousand)	500	100	4,998,868	549,621	549,621	Subsidiary
Norley Corporation Inc.	Valentine Holdings Ltd.	Republic of Liberia	"	179 (USD 6 thousand)	174 (USD 6 thousand)	300	60	303,491	(55,971)	-	Indirectly owned subsidiary
"	Confidence Navigation Ltd.	Marshall Islands	Oil tanker	298 (USD 10 thousand)	290 (USD 10 thousand)	500	100	1,145,513	(28,315)	-	Indirectly owned subsidiary
"	Kenmore Shipping Inc.	"	"	1,598,114 (USD 53,610 thousand)	1,556,834 (USD 53,610 thousand)	500	100	1,469,992	(54,448)	-	Indirectly owned subsidiary
"	Welluck Co., Ltd.	"	Investment holdings	149 (USD 5 thousand)	145 (USD 5 thousand)	250	50	7,450	239,413	-	Indirectly owned subsidiary
"	Winnington Limited	"	"	149 (USD 5 thousand	145 (USD 5 thousand	250	50	261,324	413,859	-	Indirectly owned subsidiary
"	Jetwall Co., Ltd.	"	"	1,316,887 (USD 44,176 thousand	1,213,175 (USD 41,776 thousand	400	80	1,137,245	(69,456)	-	Indirectly owned subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount (Note 1) Balance as at December 31, 2013	Balance as at December 31, 2012	Shares held as at December 31, 2013 (Note 2) Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2013 (Note 2) Amount	Investment income (loss) recognised by the Company for the year ended December 31, 2013 Amount	Footnote
Norley Corporation Inc.	Victory Navigation Inc.	Marshall Islands	Investment holdings	$ 179 (USD 6 thousand)	$ 174 (USD 6 thousand)	275	55	$ 349,501	$ 296,248	$ -	Indirectly owned subsidiary
"	Kingswood Co., Ltd.	"	"	186,074 (USD 6,242 thousand)	94,148 (USD 3,242 thousand)	250	50	539,679	9,437	-	Indirectly owned subsidiary
"	Poseidon Marine Limited	"	Shipping charting	536,580 (USD 18,000 thousand)	667,920 (USD 23,000 thousand)	500	100	1,414,631	189,436	-	Indirectly owned subsidiary
"	Maxson Shipping Inc.	"	"	626,010 (USD 21,000 thousand)	682,730 (USD 23,510 thousand)	500	100	889,378	119,809	-	Indirectly owned subsidiary
"	Ocean Wise Limited	Republic of Liberia	"	76,165 (USD 2,555 thousand)	74,197 (USD 2,555 thousand)	127,755	51	404,571	347,237	-	Indirectly owned subsidiary
"	Pacifica Maritime Limited	"	Holding in shipbuilding	139,809 (USD 4,690 thousand)	- (USD 0 thousand)	500	100	139,762	(47)	-	Indirectly owned subsidiary
"	Dynasty Navigation Limited	"	"	139,809 (USD 4,690 thousand)	- (USD 0 thousand)	500	100	139,762	(47)	-	Indirectly owned subsidiary
Valentine Holding Ltd.	Millennia Investment Co., Ltd.	Marshall Islands	Shipping charting	298 (USD 10 thousand)	290 (USD 10 thousand)	500	100	248,045	(51,564)	-	Indirectly owned subsidiary
Valentine Holdings Ltd.	Gemini Investment Company Ltd.	"	"	298 (USD 10 thousand)	290 (USD 10 thousand)	500	100	216,293	(4,400)	-	Indirectly owned subsidiary
Welluck Co., Ltd.	Meko Shipping Inc.	Republic of Liberia	"	298 (USD 10 thousand)	290 (USD 10 thousand)	500	100	6,253	239,253	-	Indirectly owned subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount (Note 1)		Shares held as at December 31, 2013 (Note 2)			Net profit (loss) of the investee for the year ended December 31, 2013 (Note 2)	Investment income (loss) recognised by the Company for the year ended December 31, 2013	Footnote
				Balance as at December 31, 2013	Balance as at December 31, 2012	Number of shares	Ownership (%)	Book value	Amount	Amount	
Winnington Limited	Peg Shipping Company Ltd.	Republic of Liberia	Shipping charting	$ 298 (USD 10 thousand)	$ 290 (USD 10 thousand)	500	100	$ 517,449	$ 413,655	$ -	Indirectly owned subsidiary
Kingswood Co., Ltd.	Seven Seas Shipping Ltd.	Marshall Islands	Oil tanker	372,118 (USD 12,483 thousand)	188,266 (USD 6,483 thousand)	500	100	1,049,394	9,312	-	Indirectly owned subsidiary
Jetwall Co., Ltd.	Everwin Maritime Limited	"	"	1,646,108 (USD 52,220 thousand)	1,516,469 (USD 52,220 thousand)	500	100	1,422,122	(69,363)	-	Indirectly owned subsidiary
Victory Navigation Inc.	Everprime Shipping Limited	"	Shipping charting	298 (USD 10 thousand)	290 (USD 10 thousand)	500	100	631,893	296,327	-	Indirectly owned subsidiary
Heywood Limited	Clifford Navigation Corporation	"	"	298 (USD 10 thousand)	290 (USD 10 thousand)	500	100	212,582	306,226	-	Indirectly owned subsidiary
"	Newton Navigation Limited	"	"	298 (USD 10 thousand)	290 (USD 10 thousand)	500	100	766,991	267,276	-	Indirectly owned subsidiary
"	Brighton Shipping Inc.	"	"	298 (USD 10 thousand)	290 (USD 10 thousand)	500	100	663,365	45,847	-	Indirectly owned subsidiary
"	Rockwell Shipping Limited	"	"	298 (USD 10 thousand)	290 (USD 10 thousand)	500	100	514,632	13,853	-	Indirectly owned subsidiary
"	Howells Shipping Inc.	"	"	298 (USD 10 thousand)	290 (USD 10 thousand)	500	100	526,820	(26,276)	-	Indirectly owned subsidiary
"	Crimson Marine Company	"	"	727,304 (USD 24,398 thousand)	708,518 (USD 24,398 thousand)	500	100	584,001	(47,957)	-	Indirectly owned subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount (Note 1)		Shares held as at December 31, 2013 (Note 2)			Net profit (loss) of the investee for the year ended December 31, 2013 (Note 2)	Investment income (loss) recognised by the Company for the year ended December 31, 2013	Footnote
				Balance as at December 31, 2013	Balance as at December 31, 2012	Number of shares	Ownership (%)	Book value	Amount	Amount	
Heywood Limited	Honco Shipping Limited	Hong Kong	Investment holdings	$ - (USD 0 thousand)	$ - (USD 0 thousand)	2	100	$ -	$ -	$ -	Indirectly owned subsidiary
"	Century Shipping Limited	Marshall Islands	"	14,905 (USD 500 thousand)	14,520 (USD 500 thousand)	50,000	100	8,311	(301)	-	Indirectly owned subsidiary
"	Helsman Navigation Co. Ltd.	"	Holding in shipbuilding	241,759 (USD 8,110 thousand)	78,698 (USD 2,710 thousand)	500	100	241,655	(58)	-	Indirectly owned subsidiary
"	Keystone Shipping Co. Ltd.	"	"	161,272 (USD 5,410 thousand)	78,698 (USD 3,710 thousand)	500	100	161,177	(50)	-	Indirectly owned subsidiary

Note 1: The above charts of balance of initial investment as at December 31, 2013 and 2012 was translated at the closing exchange rates at the balance sheet date.

Note 2: The above charts of carrying amount of shares held as at December 31, 2013 and net profit (loss) of the investee for the year ended December 31, 2013 was translated at the closing exchange rates at the balance sheet and the average exchange rates for the year ended December 31, 2013, respectively.

(3) Information on investments in Mainland China

A. Basic information:

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2013	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2013		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2013	Net income of investee as of December 31, 2013	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2013 (Note 2)	Book value of investments in Mainland China as of December 31, 2013	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2013	Remark
					Remitted to Mainland China	Remitted back to Taiwan							
Haihu Maritime Service (Shanghai) Co., Ltd.	Maritime service	$ 15,855 (USD 500 thousand)	2	$ 15,855 (USD 500 thousand)	$ -	$ -	$ 15,855 (USD 500 thousand)	($ 440) (RMB -91 thousand)	100%	($ 440) (RMB -91 thousand)	$ 8,473 (RMB 1,733 thousand)	$ -	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2013	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Haihu Maritime Service (Shanghai) Co., Ltd.	$ 15, 855	$ 95, 130	$ 8, 894, 864

Note 1: Investment methods are classified into the following three categories.

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China. (The investee in the third area is Century Shipping Limited)

(3) Others

Note 2: Investment income (loss) recognised during the year was based on financial statements audited by the Company’s CPA.

B. Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas: None.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Group's chief operating decision-maker operates businesses by the type of carriers. Under IFRS 8, the reportable segments are bulk carrier segment and oil tanker segment.

There in no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information in this period.

(2) Measurement of segment information

The chief operating decision-maker assesses the performance of the operating segments based on the profit or loss before income tax. This measurement basis excludes the effects of non-recurring expenditures from the operating segments.

(3) Information about segment profit or loss

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the year ended December 31, 2013			
	Bulk carrier	Oil tanker	Other segments	Total
Revenue from third parties	$ 3,997,356	$ 763,759	$ 2,538	$ 4,763,653
Segment income (loss)	$ 1,699,502	($ 142,782)	$ 2,538	$ 1,559,258

	For the year ended December 31, 2012			
	Bulk carrier	Oil tanker	Other segments	Total
Revenue from third parties	$ 4,672,388	$ 834,825	$ 2,342	$ 5,509,555
Segment income (loss)	$ 2,240,462	($ 124,450)	$ 2,342	$ 2,118,354

(4) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the income statement.

Reconciling profit or loss before income tax and interest expense of reportable segments to income from continuing operations before income tax is as follows:

	For the years ended December 31,	
	2013	2012
Reportable segment income	$ 1,556,720	$ 2,116,012
Other segment income	2,538	2,342
Total operating segment income	1,559,258	2,118,354
Others	(19,682)	39,172
Income from continuing operations before tax	$ 1,539,576	$ 2,157,526

(5) The Group's transportation services are managed transnationally. Operating results from services cannot be meaningfully separated according to specific area, thus, geographical information is not presented.

(6) Major customer information

For the years ended December 31, 2013 and 2012, major customers with 10% or above revenue out of the Group's total revenue are as follows:

	2013		2012	
	Revenues	Segment	Revenues	Segment
Customer A	$ 2,073,462	Bulk carrier	$ 2,349,584	Bulk carrier
Customer B	763,759	Oil tanker	834,825	Oil tanker
Customer C	544,762	Bulk carrier	575,098	Bulk carrier

15. INITIAL APPLICATION OF IFRSs

These consolidated financial statements are the first consolidated financial statements prepared by the Group in accordance with the IFRSs. The Group has adjusted the amounts as appropriate that are reported in the previous R.O.C. GAAP consolidated financial statements to those amounts that should be presented under IFRSs in the preparation of the opening IFRS balance sheet. Information about exemptions elected by the Group, exceptions to the retrospective application of IFRSs in relation to initial application of IFRSs, and how it affects the Group's financial position, operating results and cash flows in transition from R.O.C. GAAP to the IFRSs is set out below:

(1)Exemptions elected by the Group

A.Business combinations

The Group has elected not to apply the requirements in IFRS 3, 'Business Combinations', retrospectively to business combinations that occurred prior to the date of transition to IFRSs ("the transition date").

B.Share-based payment transactions

The Group has elected not to apply the requirements in IFRS 2, ‘Share-based Payment’, retrospectively to share capital increases reserved for employees and employees’ bonus arising from share-based payment transactions prior to the transition date.

C.Employee benefits

The Group has elected to recognise all cumulative actuarial gains and losses relating to all employee benefit plans in ‘retained earnings’ at the transition date, and to disclose the information of present value of defined benefit obligation, fair value of plan assets, gain or loss on plan assets and experience adjustments under the requirements of paragraph 120A (P), IAS 19, ‘Employee Benefits’, based on their prospective amounts for financial periods from the transition date.

D.Borrowing costs

The Group has elected to apply the transitional provisions in paragraphs 27 and 28 of IAS 23, ‘Borrowing Costs’, amended in 2007 and apply IAS 23 from the transition date.

(2)Except for hedge accounting to which exceptions to the retrospective application of IFRSs specified in IFRS 1 are not applied as they have no relation with the Group, other exceptions to the retrospective application are set out below:

A.Accounting estimates

Accounting estimates made under IFRSs on January 1, 2012 are consistent with those made under R.O.C. GAAP on that day.

B.Derecognition of financial assets and financial liabilities

The derecognition requirements in IAS 39, ‘Financial Instruments: Recognition and Measurement’ shall be applied prospectively to transactions occurring on or after January 1, 2004.

C.Non-controlling interest

Requirements of IAS 27 (amended in 2008) that shall be applied prospectively, which is concerning total comprehensive income (loss) attributed to owners of the parent and non-controlling interest, even which results in a loss to non-controlling interest.

(3)Requirement to reconcile from R.O.C. GAAP to IFRSs at the time of initial application

IFRS 1 requires that an entity should prepare reconciliations for equity, comprehensive income and cash flows for the comparative periods. Reconciliations for equity and comprehensive income for the comparative periods as to transition from R.O.C. GAAP to IFRSs is shown below:

A.Reconciliation for equity on January 1, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current assets				
Cash and cash equivalents	$ 4,621,252	$ -	$ 4,621,252	
Accounts receivable	456,528	-	456,528	
Other receivables	47,601	-	47,601	
Bunker inventories	104,821	-	104,821	
Prepayments	47,859	-	47,859	
Other current assets	234,200	-	234,200	
Total current assets	5,512,261	-	5,512,261	
Non-current assets				
Property, plant and equipment	23,249,428	158,249	23,407,677	(e)
Deferred income tax assets	-	11,885	11,885	(a)(b)(d)
Other non-current assets	165,914	(158,249)	7,665	(e)
Total non-current assets	23,415,342	11,885	23,427,227	
Total assets	$ 28,927,603	$ 11,885	$ 28,939,488	

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current liabilities				
Short-term borrowings	$ 774,000	$ -	$ 774,000	
Other payables	261,603	1,846	263,449	(a)
Current income tax liabilities	306,347	-	306,347	
Deferred income tax liabilities-current	231,602	(231,602)	-	(d)
Other current liabilities	1,844,348	-	1,844,348	
Total current liabilities	3,417,900	(229,756)	3,188,144	
Non-current liabilities				
Long-term borrowings	9,613,349	-	9,613,349	
Deferred income tax liabilities	971	238,437	239,408	(d)
Other non-current liabilities	6,694	15,224	21,918	(b)
Total non-current liabilities	9,621,014	253,661	9,874,675	
Total Liabilities	13,038,914	23,905	13,062,819	
Equity attributable to owners of the parent				
Share capital				
Common share	5,683,042	-	5,683,042	
Capital surplus	130,378	(91,135)	39,243	(c)
Retained earnings				
Legal reserve	2,417,018	-	2,417,018	
Special reserve	1,741,586	-	1,741,586	
Unappropriated retained earnings	5,092,628	66,475	5,159,103	(a)(b)(c)
Other equity	(1,193,149)	12,640	(1,180,509)	(b)
Non-controlling interest	2,017,186	-	2,017,186	
Total equity	15,888,689	(12,020)	15,876,669	
Total liabilities and equity	$ 28,927,603	$ 11,885	$ 28,939,488	

B.Reconciliation for equity on December 31, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current assets				
Cash and cash equivalents	$ 5,527,841	$ -	$ 5,527,841	
Accounts receivable	419,497	-	419,497	
Other receivables	54,805	-	54,805	
Bunker inventories	57,302	-	57,302	
Prepayments	83,673	-	83,673	
Other current assets	372,052	-	372,052	
Total current assets	6,515,170	-	6,515,170	
Non-current assets				
Property, plant and equipment	22,297,274	211,519	22,508,793	(e)
Deferred income tax assets	-	4,204	4,204	(a)(b)(d)
Other non-current assets	218,877	(211,519)	7,358	(e)
Total non-current assets	22,516,151	4,204	22,520,355	
Total assets	$ 29,031,321	$ 4,204	$ 29,035,525	

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current liabilities				
Short-term borrowings	$ 794,000	$ -	$ 794,000	
Other payables	248,823	1,945	250,768	(a)
Current income tax liabilities	307,491	-	307,491	
Deferred income tax liabilities - current	175,441	(175,441)	-	(d)
Other current liabilities	2,252,559	-	2,252,559	
Total current liabilities	3,778,314	(173,496)	3,604,818	
Non-current liabilities				
Long-term borrowings	9,154,130	-	9,154,130	
Deferred income tax liabilities	962	174,479	175,441	(d)
Other non-current liabilities	7,968	15,054	23,022	(b)
Total non-current liabilities	9,163,060	189,533	9,352,593	
Total Liabilities	12,941,374	16,037	12,957,411	
Equity attributable to				
Share capital				
Common share	5,683,042	-	5,683,042	
Capital surplus	130,378	(91,135)	39,243	(c)
Retained earnings				
Legal reserve	2,592,950	-	2,592,950	
Special reserve	1,193,150	-	1,193,150	
Unappropriated retained earnings	6,237,928	65,908	6,303,836	(a)(b)(c)
Other equity	(1,807,383)	13,394	(1,793,989)	(b)
Non-controlling interest	2,059,882	-	2,059,882	
Total equity	16,089,947	(11,833)	16,078,114	
Total liabilities and equity	$ 29,031,321	$ 4,204	$ 29,035,525	

C.Reconciliation for comprehensive income for the year ended December 31, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Operating revenue	$ 5,509,555	$ -	$ 5,509,555	
Operating costs	(2,994,933)	-	(2,994,933)	
Gross profit	2,514,622	-	2,514,622	
Operating expenses				
General & administrative expenses	(188,215)	1,576	(186,639)	(a)(b)
Operating profit	2,326,407	1,576	2,327,983	
Non-operating revenue and expenses				
Other income	30,438	-	30,438	
Other gains and losses	22,330	-	22,330	
Finance costs	(223,225)	-	(223,225)	
Profit before income tax	2,155,950	1,576	2,157,526	
Income tax expense	(239,137)	(268)	(239,405)	(a)(b)
Profit for the year from continuing operations	1,916,813	1,308	1,918,121	
Profit for the year from discontinued operations	452,562	-	452,562	
Profit for the year	2,369,375	1,308	2,370,683	
Other comprehensive income				
Financial statements translation differences of foreign operations	-	(697,842)	(697,842)	
Actuarial loss on defined benefit plan	-	(2,259)	(2,259)	(b)
Income tax relating to the components of other comprehensive income	-	384	384	(b)
Other comprehensive income for the year, net of tax	-	(699,717)	(699,717)	
Total comprehensive income for the year	$ 2,369,375	($ 698,409)	$ 1,670,966	
Profit attributable to:	$ 1,625,252	$ 1,308	$ 1,626,560	
Owners of the parent	744,123	-	744,123	
Non-controlling interest	$ 2,369,375	$ 1,308	$ 2,370,683	
Total comprehensive income attributable to:				
Owners of the parent	$ 1,625,252	($ 614,047)	$ 1,011,205	
Non-controlling interest	744,123	(84,362)	659,761	
	$ 2,369,375	($ 698,409)	$ 1,670,966	

Reasons for reconciliation are outlined below:

(a)Employee benefits

R.O.C. GAAP do not specify the rules on the cost recognition of accumulated unused compensated absences. The Group recognizes such costs as expenses upon actual payment. However, IAS 19, "Employee Benefits", requires that the costs of accumulated unused compensated absences should be accrued as expenses at the end of the reporting period. The Group recognized accrued expenses (shown as other payables) by $1,846, increased deferred income tax assets by $313 and reduced undistributed earnings by $1,533, at the date of transition to IFRSs. For the year ended December 31, 2012, the Group increased accrued expenses, operating expenses and deferred income tax assets by $1,945, $99 and $330, respectively; and reduced income tax expense and retained earnings by $17 and $1,533, respectively.

(b)Pension

i. The discount rate used to calculate pensions shall be determined with reference to the factors specified in R.O.C. SFAS 18, paragraph 23. However, IAS 19, "Employee Benefits", an entity is required to use market yields on government bonds (at the end day of the reporting period).

ii. In accordance with R.O.C. GAAP, the excess of the accumulated benefit obligation over the fair value of the pension plan (fund) assets at the balance sheet date is the minimum amount of pension liability that is required to be recognised on the balance sheet ("minimum pension liability"). However, IAS 19, "Employee Benefits", has no regulation regarding the minimum pension liability.

iii. In accordance with R.O.C. GAAP, actuarial pension gains or losses of the Group is recognized in net pension cost of the current period using the 'corridor method'. However, IAS 19, "Employee Benefits", requires that actuarial pension gains or losses should be recognized immediately in other comprehensive income.

The Group selected to recognize accumulated actuarial gain or loss associated with employee benefit plans in undistributed earnings by $23,127 and increase accrued pension liabilities (listed as 'other non-current liabilities'), deferred tax assets and unrecognized net loss of pension cost (listed as 'other equity') by $15,224, $4,737 and $12,640, respectively, at the date of transition to IFRSs. For the year ended December 31, 2012, the Group increased deferred tax assets, accrued pension liabilities, income tax expense and net loss of unrecognised pension cost by $4,836, $15,054, $285 and $13,394 respectively; decreased undistributed earnings, operating expense and other comprehensive income by $23,127, $1,675 and $1,875, respectively.

(c) Capital reserve - long-term investment do not meet the definition of capital reserve under IFRSs. Therefore, the Group reclassified capital reserve - long-term investment to undistributed earnings by $91,135 at the date of transition to IFRSs.

(d) Income taxes

i. In accordance with R.O.C. GAAP, a deferred tax asset or liability should, according to the classification of its related asset or liability, be classified as current or noncurrent. However, a deferred tax asset or liability that is not related to an asset or liability for financial reporting, should be classified as current or noncurrent according to the expected time period to realise or settle a deferred tax asset or liability. However, under IAS 1, "Presentation of Financial Statements", an entity should not classify a deferred tax asset or liability as current.

ii. In accordance with R.O.C. GAAP, when evidence shows that part or whole of the deferred tax asset with 50% probability or above will not be realised, an entity should reduce the amount of deferred tax asset by adjusting the valuation allowance account. In accordance with IAS 12, 'Income Taxes', a deferred tax asset should be recognised if, and only if, it is considered probable that it will be realized.

iii. Deferred income tax assets and liabilities cannot be offset as they do not meet the criteria of offsetting assets and liabilities under IAS 12, 'Income Taxes'. Thus, the Group reclassified deferred income tax assets and liabilities at the transition date.

Therefore, the Group reclassified deferred income tax liabilities - current at the date of transition to IFRSs, and increased deferred income tax assets - non current by $6,835, and deferred income tax liabilities - non current by $238,437. The Group also reduced deferred income tax assets - non current by $962 and increased deferred income tax liabilities - non current by $174,479, as at December 31, 2012.

(e) In accordance with R.O.C. GAAP, the cost of repair and dry-dock inspection of the vessels was capitalized and amortized, and was shown as deferred charges. However, under IFRSs, it should be classified to "Property, plant and equipment" according to its nature. Therefore, the Group reclassified deferred charges to property, plant and equipment amounting to $158,249 at the transition date, and amounting to $211,519 as at December 31, 2012.

D. Major adjustments for the consolidated statement of cash flows for the year ended December 31, 2012:

(a) Under R.O.C. GAAP, payment of interest and receipt of interest and dividend are all included in cash flows from operating activities. However, under IFRSs, payment of interest is classified as cash flows from financing activities.

(b) The transition from R.O.C. GAAP to IFRSs has no effect on the Group's cash flows reported.

(c) The reconciliation between R.O.C. GAAP and IFRSs has no net effect on the Group's cash flows reported.