

**SINCERE NAVIGATION CORPORATION
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
JUNE 30, 2016 AND 2015**

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.



資誠

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of Sincere Navigation Corporation

We have reviewed the accompanying consolidated balance sheets of Sincere Navigation Corporation and its subsidiaries as of June 30, 2016 and 2015, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the statements of changes in equity and of cash flows for the six-month periods then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

We conducted our reviews in accordance with the Statement on Auditing Standards No. 36, "Engagements to Review Financial Statements" in the Republic of China. A review consists primarily of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in the Republic of China, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the "Regulations Governing the Preparation of the Financial Reports by Security Issuers" and the International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

PricewaterhouseCoopers, Taiwan

August 13, 2016

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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SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2016 AND 2015 ARE REVIEWED, NOT AUDITED)

Assets	Notes	June 30, 2016		December 31, 2015		June 30, 2015		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 4,949,600	18	\$ 5,303,812	19	\$ 5,820,965	21
1170	Accounts receivable		291,128	1	414,288	2	491,047	2
1200	Other receivables	9(1)	208,587	1	193,979	1	287,331	1
1210	Other receivables - related party	7	39,300	-	44,489	-	22,025	-
130X	Bunker inventories		58,033	-	53,721	-	35,244	-
1410	Prepayments		41,669	-	53,559	-	43,604	-
1470	Other current assets	8	437,247	2	412,852	1	414,116	2
11XX	Current assets		<u>6,025,564</u>	<u>22</u>	<u>6,476,700</u>	<u>23</u>	<u>7,114,332</u>	<u>26</u>
Non-current assets								
1600	Property, plant and equipment	6(2)(5), 7 and 8	21,451,405	78	21,877,946	77	20,657,359	74
1840	Deferred income tax assets		37,999	-	25,557	-	30,245	-
1900	Other non-current assets		7,743	-	7,459	-	7,446	-
15XX	Non-current assets		<u>21,497,147</u>	<u>78</u>	<u>21,910,962</u>	<u>77</u>	<u>20,695,050</u>	<u>74</u>
1XXX	Total assets		<u>\$ 27,522,711</u>	<u>100</u>	<u>\$ 28,387,662</u>	<u>100</u>	<u>\$ 27,809,382</u>	<u>100</u>

(Continued)

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2016 AND 2015 ARE REVIEWED, NOT AUDITED)

Liabilities and equity	Notes	June 30, 2016		December 31, 2015		June 30, 2015		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(4)	\$ 740,000	3	\$ 740,000	2	\$ 740,000	3
2200	Other payables		827,291	3	236,911	1	812,250	3
2220	Other payables - related party	7	1,662	-	-	-	2,239	-
2230	Current income tax liabilities		64,572	-	178,346	1	121,392	-
2300	Other current liabilities	6(5) and 7	1,563,862	5	1,775,699	6	1,870,738	7
21XX	Current liabilities		<u>3,197,387</u>	<u>11</u>	<u>2,930,956</u>	<u>10</u>	<u>3,546,619</u>	<u>13</u>
Non-current liabilities								
2540	Long-term borrowings	6(5)	4,898,679	18	5,671,226	20	6,237,107	22
2570	Deferred income tax liabilities		271,325	1	195,339	1	146,279	1
2600	Other non-current liabilities		26,986	-	26,769	-	25,092	-
25XX	Non-current liabilities		<u>5,196,990</u>	<u>19</u>	<u>5,893,334</u>	<u>21</u>	<u>6,408,478</u>	<u>23</u>
2XXX	Total liabilities		<u>8,394,377</u>	<u>30</u>	<u>8,824,290</u>	<u>31</u>	<u>9,955,097</u>	<u>36</u>
Equity attributable to owners of parent								
Share capital 6(7)								
3110	Share capital - common stock		5,683,042	21	5,683,042	20	5,683,042	21
Capital surplus 6(8)								
3200	Capital surplus		49,593	-	49,593	-	39,243	-
Retained earnings 6(9)(17)								
3310	Legal reserve		3,045,685	11	2,951,246	11	2,951,246	11
3320	Special reserve		-	-	365,770	1	365,770	1
3350	Unappropriated retained earnings		7,874,883	29	7,768,665	27	7,269,217	26
Other equity interest								
3400	Other equity interest		(22,613)	-	310,434	1	(815,161)	(3)
31XX	Equity attributable to owners of the parent		<u>16,630,590</u>	<u>61</u>	<u>17,128,750</u>	<u>60</u>	<u>15,493,357</u>	<u>56</u>
36XX	Non-controlling interest		<u>2,497,744</u>	<u>9</u>	<u>2,434,622</u>	<u>9</u>	<u>2,360,928</u>	<u>8</u>
3XXX	Total equity		<u>19,128,334</u>	<u>70</u>	<u>19,563,372</u>	<u>69</u>	<u>17,854,285</u>	<u>64</u>
Significant contingent liabilities 9 and unrecognized contractual commitments								
3X2X	Total liabilities and equity		<u>\$ 27,522,711</u>	<u>100</u>	<u>\$ 28,387,662</u>	<u>100</u>	<u>\$ 27,809,382</u>	<u>100</u>

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)
(UNAUDITED)

Items	Notes	Three months ended June 30				Six months ended June 30			
		2016		2015		2016		2015	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(10) and 7	\$ 1,057,699	100	\$ 1,179,313	100	\$ 2,247,585	100	\$ 2,432,754	100
5000 Operating costs	6(15)(16) and 7	(728,694)	(69)	(769,179)	(66)	(1,461,025)	(65)	(1,593,493)	(65)
5900 Net operating margin		<u>329,005</u>	<u>31</u>	<u>410,134</u>	<u>34</u>	<u>786,560</u>	<u>35</u>	<u>839,261</u>	<u>35</u>
Operating expenses	6(15)(16) and 7								
6200 General & administrative expenses		(49,834)	(5)	(47,171)	(4)	(97,385)	(4)	(94,460)	(4)
6500 Other gains - net	6(11)	<u>49,271</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>49,271</u>	<u>2</u>	<u>-</u>	<u>-</u>
6900 Operating profit		<u>328,442</u>	<u>31</u>	<u>362,963</u>	<u>30</u>	<u>738,446</u>	<u>33</u>	<u>744,801</u>	<u>31</u>
Non-operating income and expenses									
7010 Other income	6(12)	8,311	1	24,394	2	17,734	1	30,275	1
7020 Other gains and losses	6(13)	(540)	-	19,630	2	39,311	2	36,248	2
7050 Finance costs	6(14)	(34,343)	(3)	(32,445)	(3)	(68,445)	(3)	(66,400)	(3)
7000 Total non-operating income and expenses		<u>(26,572)</u>	<u>(2)</u>	<u>11,579</u>	<u>1</u>	<u>(11,400)</u>	<u>-</u>	<u>123</u>	<u>-</u>
7900 Profit before income tax		<u>301,870</u>	<u>29</u>	<u>374,542</u>	<u>31</u>	<u>727,046</u>	<u>33</u>	<u>744,924</u>	<u>31</u>
7950 Income tax expense	6(17)	(90,688)	(9)	(107,095)	(9)	(128,120)	(6)	(158,387)	(7)
8000 Profit for the period from continuing operations		<u>211,182</u>	<u>20</u>	<u>267,447</u>	<u>22</u>	<u>598,926</u>	<u>27</u>	<u>586,537</u>	<u>24</u>
8100 Profit for the period from discontinued operations	6(3)	<u>-</u>	<u>-</u>	<u>(358)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,132</u>	<u>2</u>
8200 Profit for the period		<u>\$ 211,182</u>	<u>20</u>	<u>\$ 267,089</u>	<u>22</u>	<u>\$ 598,926</u>	<u>27</u>	<u>\$ 626,669</u>	<u>26</u>
Components of other comprehensive income that will be reclassified to profit or loss									
8361 Financial statement translation differences of foreign operations		<u>\$ 60,411</u>	<u>6</u>	<u>(\$ 284,903)</u>	<u>(24)</u>	<u>(\$ 374,486)</u>	<u>(17)</u>	<u>(\$ 509,774)</u>	<u>(21)</u>
8500 Total comprehensive income (loss) for the period		<u>\$ 271,593</u>	<u>26</u>	<u>(\$ 17,814)</u>	<u>(2)</u>	<u>\$ 224,440</u>	<u>10</u>	<u>\$ 116,895</u>	<u>5</u>
Profit (loss), attributable to:									
8610 Owners of the parent		<u>\$ 132,396</u>	<u>13</u>	<u>\$ 189,176</u>	<u>15</u>	<u>\$ 403,191</u>	<u>18</u>	<u>\$ 443,277</u>	<u>18</u>
8620 Non-controlling interest		<u>78,786</u>	<u>7</u>	<u>77,913</u>	<u>7</u>	<u>195,735</u>	<u>9</u>	<u>183,392</u>	<u>8</u>
		<u>\$ 211,182</u>	<u>20</u>	<u>\$ 267,089</u>	<u>22</u>	<u>\$ 598,926</u>	<u>27</u>	<u>\$ 626,669</u>	<u>26</u>
Comprehensive income (loss) attributable to:									
8710 Owners of the parent		<u>\$ 185,538</u>	<u>18</u>	<u>(\$ 61,666)</u>	<u>(6)</u>	<u>\$ 70,144</u>	<u>3</u>	<u>(\$ 6,114)</u>	<u>-</u>
8720 Non-controlling interest		<u>86,055</u>	<u>8</u>	<u>43,852</u>	<u>4</u>	<u>154,296</u>	<u>7</u>	<u>123,009</u>	<u>5</u>
		<u>\$ 271,593</u>	<u>26</u>	<u>(\$ 17,814)</u>	<u>(2)</u>	<u>\$ 224,440</u>	<u>10</u>	<u>\$ 116,895</u>	<u>5</u>
Basic earnings per share	6(18)								
9710 Basic earnings per share from continuing operations		\$	0.23	\$	0.33	\$	0.71	\$	0.71
9720 Basic earnings per share from discontinued operations		-	-	-	-	-	-	-	0.07
9750 Total basic earnings per share		<u>\$</u>	<u>0.23</u>	<u>\$</u>	<u>0.33</u>	<u>\$</u>	<u>0.71</u>	<u>\$</u>	<u>0.78</u>
Diluted earnings per share	6(18)								
9810 Diluted earnings per share from continuing operations		\$	0.23	\$	0.33	\$	0.71	\$	0.71
9820 Diluted earnings per share from discontinued operations		-	-	-	-	-	-	-	0.07
9850 Total diluted earnings per share		<u>\$</u>	<u>0.23</u>	<u>\$</u>	<u>0.33</u>	<u>\$</u>	<u>0.71</u>	<u>\$</u>	<u>0.78</u>

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)
(UNAUDITED)

	Notes	Equity attributable to owners of the parent									
		Capital Reserves			Retained Earnings			Financial statement translation differences of foreign operations	Total	Non-controlling interest	Total equity
		Share capital - common stock	Capital surplus-treasury stock transactions	Capital surplus-difference between the price for acquisition or disposal of subsidiaries and carrying amount	Legal reserve	Special reserve	Unappropriated retained earnings				
<u>For the six-month period ended June 30, 2015</u>											
Balance at January 1, 2015		\$ 5,683,042	\$ 39,243	\$ -	\$ 2,865,398	\$ 1,376,319	\$ 6,469,543	(\$ 365,770)	\$ 16,067,775	\$ 2,350,480	\$ 18,418,255
Appropriation of 2014 earnings:	6(9)										
Reserve of special reserve		-	-	-	-	(1,010,549)	1,010,549	-	-	-	-
Legal reserve		-	-	-	85,848	-	(85,848)	-	-	-	-
Cash dividends		-	-	-	-	-	(568,304)	-	(568,304)	-	(568,304)
Profit for the period		-	-	-	-	-	443,277	-	443,277	183,392	626,669
Other comprehensive loss for the period		-	-	-	-	-	-	(449,391)	(449,391)	(60,383)	(509,774)
Change in non-controlling interest		-	-	-	-	-	-	-	-	(112,561)	(112,561)
Balance at June 30, 2015		<u>\$ 5,683,042</u>	<u>\$ 39,243</u>	<u>\$ -</u>	<u>\$ 2,951,246</u>	<u>\$ 365,770</u>	<u>\$ 7,269,217</u>	<u>(\$ 815,161)</u>	<u>\$ 15,493,357</u>	<u>\$ 2,360,928</u>	<u>\$ 17,854,285</u>
<u>For the six-month period ended June 30, 2016</u>											
Balance at January 1, 2016		\$ 5,683,042	\$ 39,243	\$ 10,350	\$ 2,951,246	\$ 365,770	\$ 7,768,665	\$ 310,434	\$ 17,128,750	\$ 2,434,622	\$ 19,563,372
Appropriation of 2015 earnings:	6(9)										
Reserve of special reserve		-	-	-	-	(365,770)	365,770	-	-	-	-
Legal reserve		-	-	-	94,439	-	(94,439)	-	-	-	-
Cash dividends		-	-	-	-	-	(568,304)	-	(568,304)	-	(568,304)
Profit for the period		-	-	-	-	-	403,191	-	403,191	195,735	598,926
Other comprehensive loss for the period		-	-	-	-	-	-	(333,047)	(333,047)	(41,439)	(374,486)
Change in non-controlling interest		-	-	-	-	-	-	-	-	(91,174)	(91,174)
Balance at June 30, 2016		<u>\$ 5,683,042</u>	<u>\$ 39,243</u>	<u>\$ 10,350</u>	<u>\$ 3,045,685</u>	<u>\$ -</u>	<u>\$ 7,874,883</u>	<u>(\$ 22,613)</u>	<u>\$ 16,630,590</u>	<u>\$ 2,497,744</u>	<u>\$ 19,128,334</u>

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)
(UNAUDITED)

	Notes	For the six-month periods ended June 30,	
		2016	2015
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit from continuing operations before tax		\$ 727,046	\$ 744,924
Profit from discontinued operations before tax	6(3)	-	40,132
Profit before tax		727,046	785,056
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(2)(15)	681,055	657,218
Interest income	6(12)	(14,190)	(9,090)
Interest expense	6(14)	68,445	66,400
Gain on disposal of non-current assets held for sale	6(3)	-	(52,852)
Loss on disposal of property, plant and equipment	6(13)	40	34
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		123,160	(1,175)
Other receivables		(13,975)	75,155
Other receivables - related party		5,189	(19,418)
Bunker inventories		(4,312)	34,005
Prepayments		11,890	25,022
Changes in operating liabilities			
Other payables		19,767	(52,195)
Other payables - related party		1,662	2,037
Advance collections		(37,252)	(2,878)
Accrued pension liabilities		217	170
Cash inflow generated from operations		1,568,742	1,507,489
Cash receipt of interest		13,518	10,692
Cash payment of income tax		(178,350)	(109,003)
Net cash flows from operating activities		1,403,910	1,409,178
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
(Increase) decrease in other financial assets		(24,395)	9,246
Acquisition of property, plant and equipment	6(2)	(608,004)	(84,652)
Proceeds from disposal of non-current assets held for sale	6(3)	-	694,681
(Increase) decrease in refundable deposits		(284)	13
Net cash flows (used in) from investing activities		(632,683)	619,288
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Repayment of long-term borrowings		(837,078)	(1,125,003)
Cash payment of interest		(65,525)	(68,887)
Change in non-controlling interests		(91,174)	(112,561)
Net cash flows used in financing activities		(993,777)	(1,306,451)
Effect of changes in foreign exchange rate		(131,662)	(207,394)
Net (decrease) increase in cash and cash equivalents		(354,212)	514,621
Cash and cash equivalents at beginning of period		5,303,812	5,306,344
Cash and cash equivalents at end of period		\$ 4,949,600	\$ 5,820,965

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)

(UNAUDITED)

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 reported to the Board of Directors on August 13, 2016.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(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”)

None.

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and operating result based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete:

A. Amendments to IAS 19R, 'Defined benefit plans: Employee contributions'

The amendment allows contributions 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.

B. Amendments to IAS 27, 'Equity method in separate financial statements'

The amendment allows entities to account for investments in subsidiaries, joint ventures and associates in their separate financial statements either:

- (a) at cost; or

(b) in accordance with IFRS 9; or

(c) using the equity method as described in IAS 28.

C. Amendments to IAS 36, 'Recoverable amount disclosures for non-financial assets'

The amendments remove the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or indefinite lived intangible assets but there has been no impairment. When a material impairment loss has been recognised or reversed for an individual asset, including goodwill, or a CGU, it is required to disclose the recoverable amount of the asset or CGU. If the recoverable amount is fair value less costs of disposal, it is required to disclose the level of the fair value hierarchy, the valuation techniques(s) used and key assumptions.

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

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs endorsed by the FSC effective from 2017:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Classification and measurement of share-based payment transactions (amendments to IFRS 2)	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Clarifications to IFRS 15, 'Revenue from contracts with customers' (amendments to IFRS 15)	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and operating result based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

A. Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'

The amendments resolve a current inconsistency between IFRS 10 and IAS 28. The gain or loss resulting from a transaction that involves sales or contribution of assets between an investor and its associates or joint ventures is recognized either in full or partially depending on the nature of the assets sold or contributed:

(a) If sales or contributions of assets that constitute a 'business', the full gain or loss is recognized;

(b) If sales or contributions of assets that do not constitute a ‘business’, the partial gain or loss is recognized only to the extent of unrelated investors’ interests in the associate or joint venture.

B. Amendments to IAS 7, ‘Disclosure initiative’

This amendment requires that an entity shall provide more disclosures related to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

C. Amendments to IAS 12, ‘Recognition of deferred tax assets for unrealised losses’

These amendments clarify the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, and they clarify several of the general principles underlying the accounting for deferred tax assets. The amendments clarify that a deductible temporary difference exists whenever an asset is measured at fair value and that fair value is below the asset’s tax base. When an entity assesses whether taxable profits will be available against which it can utilise a deductible temporary difference, it considers a deductible temporary difference in combination with all of its other deductible temporary differences unless there are tax law restrictions, and the tax deduction resulting from temporary differences is excluded from estimated future taxable profits.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for compliance statement, basis of preparation and basis of consolidation, the significant accounting policies are identical to those disclosed in the consolidated financial statements for the year ended December 31, 2015. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standard 34, “Interim financial Reporting” as endorsed by FSC.
- B. These consolidated financial statements should be read together with the consolidated financial statements for the year ended December 31, 2015.

(2) Basis of preparation

- A. Except for the following item, the 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 consolidated financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “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:

The basis applied in these consolidated financial statements is consistent with that applied in the consolidated financial statements for the year ended December 31, 2015.

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:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)			Description
			June 30, 2016	December 31, 2015	June 30, 2015	
Norley	Poseidon Marine Ltd	Shipping	100%	100%	100%	
"	Kenmore Shipping Inc.	Oil tanker	100%	100%	100%	
"	Maxson Shipping Inc.	Shipping	100%	100%	100%	
"	Ocean Wise Limited	Shipping	51%	51%	51%	
"	Confidence Navigation Limited	Oil tanker	100%	100%	100%	
"	Valentine Holdings Limited (Valentine)	Investment holdings	60%	60%	60%	
"	Kingswood Co., Ltd. (Kingswood)	Investment holdings	50%	50%	50%	Note 1
"	Winnington Limited (Winnington)	Investment holdings	100%	100%	50%	Note 1, 2
"	Jetwall Co. Ltd. (Jetwall)	Investment holdings	80%	80%	80%	
"	Victory Navigation Inc. (Victory)	Investment holdings	55%	55%	55%	
"	Pacifica Maritime Limited	Holding in shipbuilding	100%	100%	100%	
"	Dynasty Navigation Limited	Holding in shipbuilding	100%	100%	100%	
"	Sky Sea Maritime Limited (Sky Sea)	Investment holdings	55%	55%	55%	
Valentine	Gemini Investment Company Limited	Shipping	100%	100%	100%	
"	Millennia Investment Company Limited	Shipping	100%	100%	100%	
Kingswood	Seven Seas Shipping Ltd.	Oil tanker	100%	100%	100%	
Winnington	Peg Shipping Company Limited	Shipping	100%	100%	100%	
Jetwall	Everwin Maritime Limited	Oil tanker	100%	100%	100%	
Victory	Everprime Shipping Limited	Shipping	100%	100%	100%	
Sky Sea	Ocean Grace Limited	Holding in shipbuilding	100%	100%	100%	

Note 1: Although the shareholding ratio of the Company's directly or indirectly held shares is less than 50%, as the Company has control over the investees, the investees are included in the consolidated entities.

Note 2: The subsidiary – Norley entered into a share purchase agreement to buy 50% share capital of Winnington from Bocimar Hong Kong Limited dated October 5, 2015. On November 2, 2015, the share capital transfer was settled, with purchase price amounting to USD 10,053 thousand. As of December 31, 2015, an amount of USD 9,500 thousand had been paid, and the remaining balance was fully paid on January 12, 2016. Details are provided in Note 6(19).

(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(%)			Description
			June 30, 2016	December 31, 2015	June 30, 2015	
Heywood	Newton Navigation Limited	Shipping	100%	100%	100%	
"	Clifford Navigation Corporation	Shipping	100%	100%	100%	
"	Brighton Shipping Inc.	Shipping	100%	100%	100%	
"	Rockwell Shipping Limited	Shipping	100%	100%	100%	
"	Howells Shipping Inc.	Shipping	100%	100%	100%	
"	Crimson Marine Company	Shipping	100%	100%	100%	
"	Helmsman Navigation Co. Ltd.	Shipping	100%	100%	100%	
"	Keystone Shipping Co. Ltd.	Shipping	100%	100%	100%	
"	Honco Shipping Limited	Investment holdings	100%	100%	100%	
"	Century Shipping Limited (Century)	Investment holdings	100%	100%	100%	
Century	Haihu Maritime Service (Shanghai) Co., Ltd.	Maritime service	100%	100%	100%	

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

(5) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

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

There was no significant change in this period. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2015.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>June 30, 2016</u>	<u>December 31, 2015</u>	<u>June 30, 2015</u>
Checking accounts and demand deposits	\$ 1,087,237	\$ 1,723,896	\$ 1,504,945
Time deposits	3,862,363	3,579,916	4,316,020
Total	<u>\$ 4,949,600</u>	<u>\$ 5,303,812</u>	<u>\$ 5,820,965</u>

- 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.
- B. The Group's cash and cash equivalents pledged to others as collaterals were classified as other current assets. Related information is provided in Note 8.

(2) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Vessels and equipment</u>	<u>Office equipment</u>	<u>Prepayment for vessels construction</u>	<u>Total</u>
<u>At January 1, 2016</u>						
Cost	\$ 90,215	\$ 28,191	\$ 30,831,483	\$ 3,033	\$ 1,268,954	\$ 32,221,876
Accumulated depreciation	-	(13,987)	(10,063,277)	(1,842)	-	(10,079,106)
Accumulated impairment	-	-	(264,824)	-	-	(264,824)
	<u>\$ 90,215</u>	<u>\$ 14,204</u>	<u>\$ 20,503,382</u>	<u>\$ 1,191</u>	<u>\$ 1,268,954</u>	<u>\$ 21,877,946</u>
<u>Six-month period ended June 30, 2016</u>						
Opening net book amount	\$ 90,215	\$ 14,204	\$ 20,503,382	\$ 1,191	\$ 1,268,954	\$ 21,877,946
Additions	-	-	82,441	-	525,563	608,004
Disposals	-	-	(40)	-	-	(40)
Retirement - cost	-	-	(26,886)	-	-	(26,886)
Retirement - accumulated depreciation	-	-	26,886	-	-	26,886
Depreciation	-	(327)	(680,604)	(124)	-	(681,055)
Net exchange differences	-	-	(324,170)	(4)	(29,276)	(353,450)
Closing net book amount	<u>\$ 90,215</u>	<u>\$ 13,877</u>	<u>\$ 19,581,009</u>	<u>\$ 1,063</u>	<u>\$ 1,765,241</u>	<u>\$ 21,451,405</u>
<u>At June 30, 2016</u>						
Cost	\$ 90,215	\$ 28,191	\$ 30,384,729	\$ 2,894	\$ 1,765,241	\$ 32,271,270
Accumulated depreciation	-	(14,314)	(10,543,333)	(1,831)	-	(10,559,478)
Accumulated impairment	-	-	(260,387)	-	-	(260,387)
	<u>\$ 90,215</u>	<u>\$ 13,877</u>	<u>\$ 19,581,009</u>	<u>\$ 1,063</u>	<u>\$ 1,765,241</u>	<u>\$ 21,451,405</u>

	<u>Land</u>	<u>Buildings</u>	<u>Vessels and equipment</u>	<u>Office equipment</u>	<u>Prepayment for vessels construction</u>	<u>Total</u>
<u>At January 1, 2015</u>						
Cost	\$ 90,215	\$ 28,191	\$ 29,815,870	\$ 3,125	\$ 614,759	\$ 30,552,160
Accumulated depreciation	-	(13,331)	(8,533,775)	(2,348)	-	(8,549,454)
Accumulated impairment	-	-	(255,305)	-	-	(255,305)
	<u>\$ 90,215</u>	<u>\$ 14,860</u>	<u>\$ 21,026,790</u>	<u>\$ 777</u>	<u>\$ 614,759</u>	<u>\$ 21,747,401</u>
<u>Six-month period ended June 30, 2015</u>						
Opening net book amount	\$ 90,215	\$ 14,860	\$ 21,026,790	\$ 777	\$ 614,759	\$ 21,747,401
Additions	-	-	79,021	835	4,796	84,652
Disposals	-	-	-	(34)	-	(34)
Retirement - cost	-	-	(59,359)	-	-	(59,359)
Retirement - accumulated depreciation	-	-	59,359	-	-	59,359
Depreciation	-	(328)	(656,750)	(140)	-	(657,218)
Net exchange differences	-	-	(502,045)	(3)	(15,394)	(517,442)
Closing net book amount	<u>\$ 90,215</u>	<u>\$ 14,532</u>	<u>\$ 19,947,016</u>	<u>\$ 1,435</u>	<u>\$ 604,161</u>	<u>\$ 20,657,359</u>
<u>At June 30, 2015</u>						
Cost	\$ 90,215	\$ 28,191	\$ 29,114,271	\$ 3,525	\$ 604,161	\$ 29,840,363
Accumulated depreciation	-	(13,659)	(8,918,322)	(2,090)	-	(8,934,071)
Accumulated impairment	-	-	(248,933)	-	-	(248,933)
	<u>\$ 90,215</u>	<u>\$ 14,532</u>	<u>\$ 19,947,016</u>	<u>\$ 1,435</u>	<u>\$ 604,161</u>	<u>\$ 20,657,359</u>

A. The estimated useful lives of the Group’s significant components of vessels and 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 November 28, 2014, the Board of Directors of Newton Navigation Limited approved and authorized the Chairman to sell the vessel named “WahShan” on behalf of the Company and entered into a sale agreement with the buyer – Choloe Maritime S.A. On December 30, 2014, the vessel disposal met the definition of discontinued operations and is classified as a discontinued operation. On January 7, 2015, the vessel was sold and the transaction was settled.

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

	Six months ended June 30, 2015
Operating cash flows	(\$ 132)
Investing cash flows	694,681
Financing cash flows	-
Total cash flows	\$ 694,549

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

	Six-months periods ended June 30	
	2016	2015
Revenue	\$ -	\$ -
Cost	<u>139</u>	<u>(13,582)</u>
Net operating margin (loss) from discontinued operation	139	(13,582)
Expenses	<u>(26)</u>	<u>(119)</u>
Profit (loss) from discontinued operation	113	(13,701)
Other income	107	1,131
Other losses	<u>(1)</u>	<u>(150)</u>
Profit (loss) for the periods from discontinued operation	<u>\$ 219</u>	<u>(\$ 12,720)</u>
Gain (loss) on disposal of discontinued operation:		
(Loss) gain on disposal of discontinued operation	<u>(\$ 577)</u>	<u>\$ 52,852</u>
Total (loss) profit for the periods from discontinued operation	<u>(\$ 358)</u>	<u>\$ 40,132</u>
(Loss) profit from discontinued operation, attributable to:		
Owners of the parent	(\$ 358)	\$ 40,132
Non-controlling interest	<u>-</u>	<u>-</u>
	<u>(\$ 358)</u>	<u>\$ 40,132</u>

B. Profit from continuing and discontinued operation attributable to owners of the parent and earnings per share: Please refer to Note 6(18).

(4) Short-term borrowings

<u>Type of borrowings</u>	<u>June 30, 2016</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 60,000	1.59%	Land, buildings and promissory notes
Unsecured borrowings	<u>680,000</u>	1.03% ~ 1.31%	Promissory notes
	<u>\$ 740,000</u>		

<u>Type of borrowings</u>	<u>December 31, 2015</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 60,000	1.65%	Land, buildings and promissory notes
Unsecured borrowings	<u>680,000</u>	1.28% ~ 1.31%	Promissory notes
	<u>\$ 740,000</u>		

<u>Type of borrowings</u>	<u>June 30, 2015</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 60,000	1.65%	Land, buildings and promissory notes
Unsecured borrowings	<u>680,000</u>	1.28% ~ 1.33%	Promissory notes
	<u>\$ 740,000</u>		

As of June 30, 2016, December 31, 2015 and June 30, 2015, 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	June 30, 2016	December 31, 2015	June 30, 2015
Mega Bank (and syndicate)	Vessel-Maxim	\$ 1,217,924 (USD 37,730 thousand)	\$ 1,362,543 (USD 41,503 thousand)	\$ 1,397,217 (USD 45,276 thousand)
BNP Paribas (and syndicate)	Vessel-Mineral Antwerpen	15,010 (USD 465 thousand)	47,111 (USD 1,435 thousand)	74,218 (USD 2,405 thousand)
Mega Bank (and syndicate)	Vessel-V. K. Eddie	-	-	267,451 (USD 8,667 thousand)
Mega Bank	Vessel-Heng Shan	51,067 (USD 1,582 thousand)	103,874 (USD 3,164 thousand)	146,461 (USD 4,746 thousand)
Mega Bank	Vessel-Chou Shan	116,457 (USD 3,608 thousand)	157,922 (USD 4,810 thousand)	185,556 (USD 6,013 thousand)
Mega Bank	Vessel-Bao Shan	64,394 (USD 1,995 thousand)	130,983 (USD 3,990 thousand)	184,685 (USD 5,985 thousand)
Mega Bank	Vessel-Madonna III	203,687 (USD 6,310 thousand)	248,589 (USD 7,572 thousand)	272,617 (USD 8,834 thousand)
Mega Bank (and syndicate)	Vessel-Huang Shan	-	-	110,214 (USD 3,571 thousand)
Mega Bank (and syndicate)	Vessel-Georgiana	315,053 (USD 9,760 thousand)	384,505 (USD 11,712 thousand)	421,671 (USD 13,664 thousand)
Mega Bank (and syndicate)	Vessel-Yue Shan	745,668 (USD 23,100 thousand)	866,712 (USD 26,400 thousand)	916,542 (USD 29,700 thousand)
Mega Bank (and syndicate)	Vessel-Kondor	1,437,106 (USD 44,520 thousand)	1,583,391 (USD 48,230 thousand)	1,602,868 (USD 51,940 thousand)
Mega Bank (and syndicate)	Vessel-Mineral Oak	544,112 (USD 16,856 thousand)	622,555 (USD 18,963 thousand)	650,220 (USD 21,070 thousand)
Mega Bank (and syndicate)	Vessel-Tai Shan	636,591 (USD 19,721 thousand)	706,296 (USD 21,514 thousand)	719,240 (USD 23,307 thousand)
Mega Bank (and syndicate)	Vessel-Oceana	518,578 (USD 16,065 thousand)	558,438 (USD 17,010 thousand)	554,091 (USD 17,955 thousand)
Mega Bank (and syndicate)	Vessel-Palona	518,578 (USD 16,065 thousand)	558,438 (USD 17,010 thousand)	554,091 (USD 17,955 thousand)
		<u>6,384,225</u>	<u>7,331,357</u>	<u>8,057,142</u>
Less: current portion-due within one year (shown as other current liabilities)		(1,485,546)	(1,660,131)	(1,820,035)
		<u>\$ 4,898,679</u>	<u>\$ 5,671,226</u>	<u>\$ 6,237,107</u>
Interest rates		<u>1.44% ~ 2.56%</u>	<u>1.16% ~ 2.18%</u>	<u>0.99% ~ 2.06%</u>

The collaterals were shown as “property, plant and equipment”. Please refer to Note 8.

(6) Pensions

A. Defined benefit pension plan

- (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.

Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method, to the labors expected to be qualified for retirement next year, the Company will make contribution for the deficit by next March.

- (b) For the aforementioned pension plan, the Group recognised pension costs of \$399, \$382, \$799 and \$765 for the three-month and six-month periods ended June 30, 2016 and 2015, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ended December 31, 2017 amounts to \$1,608.

B. Defined contribution pension plan

- (a) Effective July 1, 2005, the Company has 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. The pension costs under defined contribution pension plans of the Group for the three-month and six-month periods ended June 30, 2016 and 2015 were \$667, \$641, \$1,351 and \$1,291, respectively.
- (b) The Company’s mainland China 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. Other than the monthly contributions, the Group has no further obligations. The pension costs for the three-month and six-month periods ended June 30, 2016 and 2015 were \$429, \$382, \$850 and \$777, respectively.

(7) Share capital

As of June 30, 2016, December 31, 2015 and June 30, 2015, 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 568,304,171 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.

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. Appropriation of earnings

The appropriation of 2015 and 2014 earnings had been resolved at the stockholders' meeting on June 29, 2016 and June 16, 2015, respectively. Details are summarized below:

	2015		2014	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 94,439		\$ 85,848	
Cash dividends	568,304	\$ 1.00	568,304	\$ 1.00
	\$ 662,743		\$ 654,152	
Reversal of special reserve	\$ 365,770		\$ 1,010,549	

E. The information relating to employees' compensation bonus and directors' and supervisors' remuneration, please refer to Note 6(16).

(10) Operating revenue

	Three-month periods ended June 30,	
	2016	2015
Bulk carrier	\$ 689,653	\$ 773,032
Oil tanker	367,586	405,610
Management service	460	671
	<u>\$ 1,057,699</u>	<u>\$ 1,179,313</u>

	Six-month periods ended June 30,	
	2016	2015
Bulk carrier	\$ 1,385,826	\$ 1,594,395
Oil tanker	860,681	837,010
Management service	1,078	1,349
	<u>\$ 2,247,585</u>	<u>\$ 2,432,754</u>

(11) Other income and expenses

The vessel charter agreement between the indirectly owned subsidiary, Clifford Navigation Corporation and Nippon Yusen Kaisha was terminated on June 1, 2016. The Group recognised net compensation income (claims of USD 1,548 thousand less related cost) amounting to \$49,271 (USD 1,503 thousand). As of June 30, 2016, the compensation has been collected.

(12) Other income

	Three-month periods ended June 30,	
	2016	2015
Interest income	\$ 6,706	\$ 4,035
Overdue unclaimed dividends	-	-
Others	1,605	20,359
Total	<u>\$ 8,311</u>	<u>\$ 24,394</u>

	Six-month periods ended June 30,	
	2016	2015
Interest income	\$ 14,190	\$ 7,959
Overdue unclaimed dividends	1,195	1,271
Others	2,349	21,045
Total	<u>\$ 17,734</u>	<u>\$ 30,275</u>

(13) Other gains and losses

	Three-month periods ended June 30,	
	2016	2015
Net currency exchange (loss) gains	(\$ 416)	\$ 20,247
Loss on disposal of property, plant and equipment	1	-
Others	(125)	(617)
Total	<u>(\$ 540)</u>	<u>\$ 19,630</u>

	Six-month periods ended June 30,	
	2016	2015
Net currency exchange gains	\$ 39,564	\$ 36,947
Loss on disposal of property, plant and equipment	(40)	-
Others	(213)	(699)
Total	<u>\$ 39,311</u>	<u>\$ 36,248</u>

(14) Finance costs

	Three-month periods ended June 30,	
	2016	2015
Interest expense:		
Bank borrowings	\$ 34,343	\$ 32,445
Finance costs	<u>\$ 34,343</u>	<u>\$ 32,445</u>

	Six-month periods ended June 30,	
	2016	2015
Interest expense:		
Bank borrowings	\$ 68,445	\$ 66,400
Finance costs	<u>\$ 68,445</u>	<u>\$ 66,400</u>

(15) Expenses by nature

	Three-month periods ended June 30,					
	2016			2015		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 148,149	\$ 19,881	\$ 168,030	\$ 148,325	\$ 18,952	\$ 167,277
Depreciation	337,451	225	337,676	325,998	232	326,230

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

	Six-month periods ended June 30,					
	2016			2015		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 298,358	\$ 41,346	\$ 339,704	\$ 297,077	\$ 40,103	\$ 337,180
Depreciation	680,604	451	681,055	656,750	468	657,218

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

(16) Employee benefit expense

	Three-month periods ended June 30,					
	2016			2015		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Wages and salaries	\$ 120,943	\$ 17,042	\$ 137,985	\$ 120,537	\$ 16,699	\$ 137,236
Labor and health insurance fees	604	1,127	1,731	826	600	1,426
Pension costs	357	1,138	1,495	340	1,065	1,405
Other personnel expenses	26,245	574	26,819	26,622	588	27,210
Total	<u>\$ 148,149</u>	<u>\$ 19,881</u>	<u>\$ 168,030</u>	<u>\$ 148,325</u>	<u>\$ 18,952</u>	<u>\$ 167,277</u>

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

	Six-month periods ended June 30,					
	2016			2015		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Wages and salaries	\$ 243,715	\$ 35,803	\$ 279,518	\$ 242,087	\$ 35,222	\$ 277,309
Labor and health insurance fees	1,402	1,939	3,341	1,603	1,460	3,063
Pension costs	735	2,265	3,000	672	2,161	2,833
Other personnel expenses	52,506	1,339	53,845	52,715	1,260	53,975
Total	<u>\$ 298,358</u>	<u>\$ 41,346</u>	<u>\$ 339,704</u>	<u>\$ 297,077</u>	<u>\$ 40,103</u>	<u>\$ 337,180</u>

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

- A. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 5% for directors' and supervisors' remuneration.
- B. For the three-month and six-month periods ended June 30, 2016 and 2015, employees' compensation was accrued at \$2,814, \$2,514, \$5,422 and \$5,027, respectively; directors' and supervisors' remuneration was accrued at \$2,814, \$2,514, \$5,422 and \$5,027, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 1% of profit of current year distributable for the six-month period ended June 30, 2016.

Employees' compensation and directors' and supervisors' remuneration of 2015 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2015 financial statements.

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

(17) Income tax

A. Income tax expense

Components of income tax expense:

	<u>Three-month periods ended June 30,</u>	
	<u>2016</u>	<u>2015</u>
Current tax:		
Tax on undistributed surplus earnings	\$ 64,575	\$ 121,398
Adjustments in respect of prior years	<u>-</u>	<u>1</u>
Total current tax	<u>64,575</u>	<u>121,399</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>26,113</u>	<u>(14,304)</u>
Total deferred tax	<u>26,113</u>	<u>(14,304)</u>
Income tax expense	90,688	107,095
Income tax expense from discontinued operation	<u>-</u>	<u>-</u>
Income tax expense from continuing operations	<u>\$ 90,688</u>	<u>\$ 107,095</u>

	Six-month periods ended June 30,	
	2016	2015
Current tax:		
Tax on undistributed surplus earnings	\$ 64,575	\$ 121,398
Adjustments in respect of prior years	-	1
Total current tax	<u>64,575</u>	<u>121,399</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>63,545</u>	<u>36,988</u>
Total deferred tax	<u>63,545</u>	<u>36,988</u>
Income tax expense	128,120	158,387
Income tax expense from discontinued operation	-	-
Income tax expense from continuing operations	<u>\$ 128,120</u>	<u>\$ 158,387</u>

B. The Company's income tax returns through 2013 have been assessed and approved by the Tax Authority.

C. Unappropriated retained earnings:

	<u>June 30, 2016</u>	<u>December 31, 2015</u>	<u>June 30, 2015</u>
Earnings generated in and before 1997	\$ 359,267	\$ 359,267	\$ 359,267
Earnings generated in and after 1998	<u>7,515,616</u>	<u>7,409,398</u>	<u>6,909,950</u>
	<u>\$ 7,874,883</u>	<u>\$ 7,768,665</u>	<u>\$ 7,269,217</u>

D. As of June 30, 2016, December 31, 2015 and June 30, 2015, the balance of the imputation tax credit account were \$1,265,984, \$1,029,971 and \$1,134,165, respectively. The creditable tax rate was 15.93% for 2014 and is estimated to be 16.28% for 2015.

(18) Earnings per share

	<u>Three-month period ended June 30, 2016</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 132,396	568,304	\$ 0.23
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 132,396	-	\$ 0.23
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	1,027	-
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 132,396	569,331	\$ 0.23

Six-month period ended June 30, 2016

	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 403,191	568,304	\$ 0.71
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 403,191	-	\$ 0.71
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	1,031	-
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 403,191	569,335	\$ 0.71

Three-month period ended June 30, 2015

	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders of the parent	\$ 189,534		\$ 0.33
Profit from discontinued operation attributable to the parent	(358)		-
Profit attributable to ordinary shareholders of the parent	<u>\$ 189,176</u>	<u>568,304</u>	<u>\$ 0.33</u>
<u>Diluted earnings per share</u>			
Profit from continuing operation attributable to ordinary shareholders of the parent	\$ 189,534	-	\$ 0.33
Profit from discontinued operation attributable to the parent	(358)		-
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	584	-
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 189,176</u>	<u>568,888</u>	<u>\$ 0.33</u>

Six-month period ended June 30, 2015			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders of the parent	\$ 403,145		\$ 0.71
Profit from discontinued operation attributable to the parent	40,132		0.07
Profit attributable to ordinary shareholders of the parent	<u>\$ 443,277</u>	<u>568,304</u>	<u>\$ 0.78</u>
<u>Diluted earnings per share</u>			
Profit from continuing operation attributable to ordinary shareholders of the parent	\$ 403,145	-	\$ 0.71
Profit from discontinued operation attributable to the parent	40,132		0.07
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	617	-
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 443,277</u>	<u>568,921</u>	<u>\$ 0.78</u>

(19) Transactions with non-controlling interest — acquisition of additional equity interest in a subsidiary

On November 2, 2015, the Group acquired additional 50% shares of its subsidiary—Winnington Limited at total cash consideration of USD 10,053 thousand. As of December 31, 2015, USD 9,500 thousand has been paid and the remaining amount has been paid off on January 12, 2016.

The carrying amount of non-controlling interest was USD 10,372 thousand at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by USD 10,372 thousand and an increase in the equity attributable to owners of the parent by USD 10,372 thousand. The effect

of changes in interests on the equity attributable to owners of the parent for the year ended December 31, 2015 is shown below:

	<u>Year ended</u> <u>December 31, 2015</u>	
Carrying amount of non-controlling interest acquired	\$ 336,481	(USD 10,372 thousand)
Consideration paid to non-controlling interest	(326,131)	(USD 10,053 thousand)
Capital surplus - difference between proceeds on actual acquisition of or disposal of equity interest in a subsidiary and its carrying amount	<u>\$ 10,350</u>	

(20) Supplemental cash flow information

Financing activities with no cash flow effects

	<u>Six-month periods ended June 30,</u>	
	<u>2016</u>	<u>2015</u>
Cash dividends not yet paid	<u>\$ 568,304</u>	<u>\$ 568,304</u>

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions and balances

A. Operating revenues

		<u>Three-month periods June 30,</u>	
		<u>2016</u>	<u>2015</u>
Charter revenue	Other related party	\$ -	\$ 73,425
– bulk carrier	(before November 2, 2015)		
Service revenues	Other related party	460	671
		<u>\$ 460</u>	<u>\$ 74,096</u>

		<u>Six-month periods ended June 30,</u>	
		<u>2016</u>	<u>2015</u>
Charter revenue	Other related party	\$ -	\$ 147,636
– bulk carrier	(before November 2, 2015)		
Service revenues	Other related party	1,078	1,349
		<u>\$ 1,078</u>	<u>\$ 148,985</u>

The term of the above charter revenue are processed with terms of general sales and fixed pricing. Agency revenues are generated from the contract of maritime management service.

B. Operating costs

		Three-month periods June 30,	
		2016	2015
Agency fee	Other related party	\$ 77	\$ 75
Technical service agreement	Other related party	2,383	2,266
		<u>\$ 2,460</u>	<u>\$ 2,341</u>

		Six-month periods ended June 30,	
		2016	2015
Agency fee	Other related party	\$ 156	\$ 151
Technical service agreement	Other related party	4,819	4,583
		<u>\$ 4,975</u>	<u>\$ 4,734</u>

C. Operating expenses

		Three-month periods June 30,	
		2016	2015
Management fee	Other related party	<u>\$ 11,535</u>	<u>\$ 10,973</u>

		Six-month periods ended June 30,	
		2016	2015
Management fee	Other related party	<u>\$ 23,326</u>	<u>\$ 22,193</u>

D. Advance collection – bulk carrier (shown as ‘other current liabilities’)

	<u>June 30, 2016</u>	<u>December 31, 2015</u>	<u>June 30, 2015</u>
Other related party (before November 2, 2015)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,705</u>

E. Other receivables

Amounts prepaid on behalf of related parties and agents:

	<u>June 30, 2016</u>	<u>December 31, 2015</u>	<u>June 30, 2015</u>
Other related party	<u>\$ 39,300</u>	<u>\$ 44,489</u>	<u>\$ 22,025</u>

F. Other payables

Advances from related parties and agency payable:

	<u>June 30, 2016</u>	<u>December 31, 2015</u>	<u>June 30, 2015</u>
Other related party	<u>\$ 1,662</u>	<u>\$ -</u>	<u>\$ 2,239</u>

G. Supervision fee

		<u>Three-month periods ended June 30,</u>	
		<u>2016</u>	<u>2015</u>
Supervision fee	Other related party	\$ 4,917	\$ -

		<u>Six-month periods ended June 30,</u>	
		<u>2016</u>	<u>2015</u>
Supervision fee	Other related party	\$ 4,917	\$ -

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

H. Guarantee transactions

The other related party guarantees the building of new vessels provided to the Group as follows:

	<u>June 30, 2016</u>	<u>December 31, 2015</u>	<u>June 30, 2015</u>
Other related party	<u>USD 38,280 thousand</u>	<u>USD 54,160 thousand</u>	<u>USD 73,230 thousand</u>

I. For details of endorsements and guarantees provided by related parties, please refer to Note 6(4).

(2) Key management compensation

		<u>Three-month periods ended June 30,</u>	
		<u>2016</u>	<u>2015</u>
Salaries and other short-term employee benefits		\$ 6,711	\$ 6,447
Post-employment benefits		81	81
Total		<u>\$ 6,792</u>	<u>\$ 6,528</u>

		<u>Six-month periods ended June 30,</u>	
		<u>2016</u>	<u>2015</u>
Salaries and other short-term employee benefits		\$ 13,380	\$ 12,894
Post-employment benefits		162	162
Total		<u>\$ 13,542</u>	<u>\$ 13,056</u>

8. PLEDGED ASSETS

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

Pledged assets	Book value			Purpose
	June 30, 2016	December 31, 2015	June 30, 2015	
Time deposits (shown as other current assets)	\$ 437,247	\$ 412,852	\$ 414,116	Long-term loans
Vessels and equipment - net	16,807,764	17,594,492	18,819,970	Long-term loans
Land and buildings - net	102,238	102,522	102,806	Credit lines of short-term borrowings
	<u>\$ 17,347,249</u>	<u>\$ 18,109,866</u>	<u>\$ 19,336,892</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

The Group's 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. Owing to the incident, M/V Chou Shan should be repaired and off-hired. Shanghai Maritime Safety Administration demanded that the Company provide a security deposit to cover the public emergency response costs. Rockwell remitted the cash deposit amounting to RMB 25 million (shown as other receivables) to the Shanghai Maritime Safety Administration. Subsequently, M/V Chou Shan was released and resumed its voyage on May 11, 2013.

A lawsuit has been filed with the competent court in the People's Republic of China. The insurance company has been authorized to act for Rockwell during the judgment process. Most of the loss from operation interruption, loss of hire and repair cost of machinery claims had been recovered from the insurance. The responsibility for the pollution and collision shall be determined by the final unappealable judgment and be recovered from the insurance company. Therefore, there is no material effect on the Group's financial position.

The receivables arising from the incident were recognized as follows:

	June 30, 2016	December 31, 2015	June 30, 2015
Other receivables - security deposit	\$ 131,300 (RMB 25 million)	\$ 133,537 (RMB 25 million)	\$ 125,524 (RMB 25 million)
- insurance claim	12,562 (USD 389 thousand)	12,776 (USD 389 thousand)	12,009 (USD 389 thousand)
	<u>\$ 143,862</u>	<u>\$ 146,313</u>	<u>\$ 137,533</u>

(2) Commitments

A. The Group had the following outstanding vessel charter agreements as of June 30, 2016:

<u>Contract Company</u>	<u>Contract period</u>	<u>Content</u>
Nippon Yusen Kaisha	January 2010 to January 2018	Vessel-Heng Shan
Nippon Yusen Kaisha	September 2009 to September 2017	Vessel-Yue Shan
RIO TINTO (Singapore)	September 2011 to September 2018	Vessel-Tai Shan
HACHIUMA (Japan)	April 2015 to October 2016	Vessel-Daio Excelsior
Koch Shipping Inc.	September 2015 to September 2017	Vessel-Kondor

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

	<u>June 30, 2016</u>	<u>December 31, 2015</u>	(In USD thousands) <u>June 30, 2015</u>
Not later than one year	\$ 55,781	\$ 65,883	\$ 59,717
Later than one year but not over five years	24,661	52,057	62,547
Over five years	-	-	-
	<u>\$ 80,442</u>	<u>\$ 117,940</u>	<u>\$ 122,264</u>

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

C. The Company's subsidiaries have shipbuilding agreements with several shipbuilding companies. Under these agreements, the total paid construction commitments are divided into four to five 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.

	<u>June 30, 2016</u>	<u>December 31, 2015</u>	(In USD thousands) <u>June 30, 2015</u>
Total contract price	\$ 158,800	\$ 158,800	\$ 158,800
Amount paid	(54,020)	(38,140)	(19,070)
Outstanding balance amount	<u>\$ 104,780</u>	<u>\$ 120,660</u>	<u>\$ 139,730</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

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

The Group's financial instruments not measured at fair value (including cash and cash equivalents, accounts receivable, other receivables, other assets, short-term loans, other payables and long-term loans (including current portion)) are approximate to their fair values.

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:

June 30, 2016			
(Foreign currency: functional currency)	Foreign currency		Book value (NTD)
	amount	Exchange rate	
	(In thousands)		
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 3,777	32.28	\$ 121,929
NTD:USD	8,137	0.03	8,144
JPY: USD	59,275	0.01	18,541
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 66,521	32.28	\$ 2,147,288

December 31, 2015			
(Foreign currency: functional currency)	Foreign currency		Book value (NTD)
	amount	Exchange rate	
	(In thousands)		
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 2,878	32.83	\$ 94,486
NTD:USD	13,437	0.03	13,423
JPY: USD	264,585	0.01	72,206
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 58,121	32.83	\$ 1,908,115

June 30, 2015			
(Foreign currency: functional currency)	Foreign currency		Book value (NTD)
	amount	Exchange rate	
	(In thousands)		
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 5,919	30.86	\$ 182,683
NTD:USD	13,362	0.03	13,339
JPY: USD	114,317	0.01	28,799
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 59,412	30.86	\$ 1,833,475

iii. Please refer to the following table for the details of unrealised exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group.

				<u>Three-month period ended June 30, 2016</u>		
				<u>Exchange gain (loss)</u>		
				Foreign currency		Book value
				amount		
				(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
	USD:NTD	\$	-	32.28	(\$	224)
<u>Financial liabilities</u>						
<u>Monetary items</u>						
	USD:NTD	\$	-	32.28	\$	72,832
				<u>Three-month period ended June 30, 2015</u>		
				<u>Exchange gain (loss)</u>		
				Foreign currency		Book value
				amount		
				(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
	USD:NTD	\$	-	30.86	(\$	829)
<u>Financial liabilities</u>						
<u>Monetary items</u>						
	USD:NTD	\$	-	30.86	\$	48,387

<u>Six-month period ended June 30, 2016</u>			
<u>Exchange gain (loss)</u>			
	Foreign currency		Book value (NTD)
	amount (In thousands)	Exchange rate	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ -	32.28	(\$ 3,716)
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ -	32.28	\$ 113,010

<u>Six-month period ended June 30, 2015</u>			
<u>Exchange gain (loss)</u>			
	Foreign currency		Book value (NTD)
	amount (In thousands)	Exchange rate	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ -	30.86	(\$ 3,637)
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ -	30.86	\$ 68,129

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

	Six-month period ended June 30, 2016		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 1,219	\$ -
NTD:USD	1%	81	-
JPY: USD	1%	185	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 21,473	\$ -

	Six-month period ended June 30, 2015		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 1,827	\$ -
NTD:USD	1%	133	-
JPY: USD	1%	288	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 18,335	\$ -

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 six-month periods ended June 30, 2016 and 2015, 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 June 30, 2016 and 2015, if interest rates on USD-denominated borrowings had been 1% higher/lower with all other variables held constant, pre-tax profit for the six-month periods ended June 30, 2016 and 2015 would have been \$31,921 and \$40,286 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. For the six-month periods ended June 30, 2016 and 2015, 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:

	<u>June 30, 2016</u>	<u>December 31, 2015</u>	<u>June 30, 2015</u>
Not past due nor impaired	\$ <u>290,833</u>	\$ <u>413,993</u>	\$ <u>491,047</u>
Past due but not impaired	\$ <u>295</u>	\$ <u>295</u>	\$ <u>-</u>

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 based on contracts.

The Group assessed its accounts receivable that were not post due and 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:

June 30, 2016	Up to 1 year	Between 1 year and 5 years	Over 5 years
Short-term borrowings	\$ 740,000	\$ -	\$ -
Other payables	828,953	-	-
Long-term borrowings (including current portion)	1,616,733	4,383,548	744,856

Non-derivative financial liabilities:

December 31, 2015	Up to 1 year	Between 1 year and 5 years	Over 5 years
Short-term borrowings	\$ 740,000	\$ -	\$ -
Other payables	236,911	-	-
Long-term borrowings (including current portion)	1,787,275	4,782,632	1,129,376

Non-derivative financial liabilities:

June 30, 2015	Up to 1 year	Between 1 year and 5 years	Over 5 years
Short-term borrowings	\$ 740,000	\$ -	\$ -
Other payables	814,489	-	-
Long-term borrowings (including current portion)	1,945,221	5,074,299	1,414,381

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- 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 NT\$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: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 3.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 6.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: 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 is 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:

	Six months ended June 30, 2016			
	Bulk carrier	Oil tanker	Other segments	Total
Revenue from third parties	\$ 1,385,826	\$ 860,681	\$ 1,078	\$ 2,247,585
Segment income	\$ 224,540	\$ 467,352	\$ 1,078	\$ 692,970

	Six months ended June 30, 2015			
	Bulk carrier	Oil tanker	Other segments	Total
Revenue from third parties	\$ 1,594,395	\$ 837,010	\$ 1,349	\$ 2,432,754
Segment income	\$ 217,933	\$ 486,928	\$ 1,349	\$ 706,210

(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 statement of comprehensive income.

A reconciliation of profit or loss before income tax to the income / (loss) from continuing operations before income tax is as follows:

	Six-month periods ended June 30,	
	2016	2015
Reportable segment income	\$ 691,892	\$ 704,861
Other segment income	1,078	1,349
Total operating segment income	692,970	706,210
Others	34,076	38,714
Income from continuing operations before tax	\$ 727,046	\$ 744,924

Sincere Navigation Corporation and subsidiaries

Loans to others

For the six-month period ended June 30, 2016

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the six months ended June 30, 2016	Balance at June 30, 2016	Actual amount drawn down	Interest rate	Nature of loan (Note 3)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 2)	Footnote	
												Collateral Item	Value				
0	Sincere Navigation Corporation	None												\$ 4,989,177	\$ 6,652,236		
1	Norley Navigation Inc.	Sincere Navigation Corporation	Other receivables - related parties	Y	\$ 1,931,400 (USD 60,000 thousand)	\$ 1,291,200	\$ 1,291,200 (USD 40,000 thousand)	-	2	\$ -	Working capital	-	-	-	4,222,502	5,630,002	
2	Heywood Limited	Sincere Navigation Corporation	Other receivables - related parties	Y	1,609,500 (USD 50,000 thousand)	645,600	645,600 (USD 20,000 thousand)	-	2	-	Working capital	-	-	-	1,658,883	2,211,844	

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 finance 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: Nature of loans is filled as follows:

(1) Fill in 1 for business transactions.

(2) Fill in 2 for short-term financing.

Sincere Navigation Corporation and Subsidiaries
Provision of endorsements and guarantees to others
For the six-month period ended June 30, 2016

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of June 30, 2016	Outstanding endorsement/ guarantee amount at June 30, 2016	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
		Relationship with the endorser/ guarantor (Note 2)	Company name											
0	Sincere Navigation Corporation	Helmsman Navigation Co. Ltd.	3	\$ 16,630,590	\$ 632,205	\$ 610,092 (USD 18,900 thousand)	\$ 518,578	\$ -	48.21%	\$ 41,576,475	Y	N	N	
0	"	Keystone Shipping Co. Ltd.	3	16,630,590	632,205	610,092 (USD 18,900 thousand)	518,578	-	48.21%	41,576,475	Y	N	N	
0	"	Everprime Shipping Limited	3	16,630,590	105,836	51,067 (USD 1,582 thousand)	51,067	-	48.21%	41,576,475	Y	N	N	
0	"	Rockwell Shipping Limited	3	16,630,590	157,922	116,457 (USD 3,608 thousand)	116,457	-	48.21%	41,576,475	Y	N	N	
0	"	Howells Shipping Inc.	3	16,630,590	133,456	64,394 (USD 1,995 thousand)	64,394	-	48.21%	41,576,475	Y	N	N	
0	"	Crimson Marine Company	3	16,630,590	522,355	504,084 (USD 15,616 thousand)	315,053	-	48.21%	41,576,475	Y	N	N	
0	"	Ocean Wise Limited	3	16,630,590	1,037,592	612,126 (USD 18,963 thousand)	544,112	-	48.21%	41,576,475	Y	N	N	
0	"	Maxson Shipping Inc.	3	16,630,590	899,543	868,079 (USD 26,892 thousand)	636,591	-	48.21%	41,576,475	Y	N	N	
0	"	Poseidon Marine Ltd.	3	16,630,590	993,465	958,716 (USD 29,700 thousand)	745,668	-	48.21%	41,576,475	Y	N	N	
0	"	Everwin Maritime Limited	3	16,630,590	1,893,103	1,826,887 (USD 56,595 thousand)	1,217,924	-	48.21%	41,576,475	Y	N	N	

Sincere Navigation Corporation and Subsidiaries
Provision of endorsements and guarantees to others
For the six-month period ended June 30, 2016

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed 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 June 30, 2016	Outstanding endorsement/ guarantee amount at June 30, 2016	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	Kenmore Shipping Inc.	3	\$ 16,630,590	\$ 1,861,493	\$ 1,796,382 (USD 55,650 thousand)	\$ 1,437,106	-	48.21%	\$ 41,576,475	Y	N	N	
1	Norley Corporation Inc.	Peg Shipping Company Limited	3	14,075,005	48,001	15,010 (USD 465 thousand)	15,010	-	0.11%	35,187,513	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 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 of 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.

Sincere Navigation Corporation and Subsidiaries
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
 For the six-month period ended June 30, 2016

Table 3

Expressed in thousands of NTD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 2016	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)	Sincere Navigation Corporation	Norley's parent company	\$ 1,291,200 (USD 40,000 thousand)	-	-	-	-	-
Heywood Limited (Heywood)	Sincere Navigation Corporation	Heywood's parent company	\$ 645,600 (USD 20,000 thousand)	-	-	-	-	-

Sincere Navigation Corporation and Subsidiaries
Significant inter-company transactions during the reporting periods
For the six-month period ended June 30, 2016

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Sincere Navigation Corporation	Helmsman Navigation Co. Ltd.	1	Guarantees	\$ 610,092	As per the Company's policy	2.22%
0	"	Keystone Shipping Co. Ltd.	1	"	610,092	"	2.22%
0	"	Crimson Marine Company	1	"	504,084	"	1.83%
0	"	Poseidon Marine Ltd	1	"	958,716	"	3.48%
0	"	Ocean Wise Limited	1	"	612,126	"	2.22%
0	"	Everwin Maritime Limited	1	"	1,826,887	"	6.64%
0	"	Maxson Shipping Inc.	1	"	868,079	"	3.15%
0	"	Kenmore Shipping Inc.	1	"	1,796,382	"	6.53%
1	Norley Corporation Inc.	Sincere Navigation Corporation	2	Other receivables related parties	1,291,200	"	4.69%
2	Heywood Limited	Sincere Navigation Corporation	2	"	645,600	"	2.35%

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 between transaction company and counterparty is classified into the following three categories:

(1)Parent company to subsidiary is numbered '1'.

(2)Subsidiary to parent company is numbered '2'.

(3)Subsidiary to subsidiary is numbered '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.

Note 4: The inter-company transactions below 1% of consolidated assets or revenue are not disclosed.

Sincere Navigation Corporation and Subsidiaries

Information on investees

For the six-month period ended June 30, 2016

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount (Note 1)		Shares held as at June 30, 2016 (Note 2)			Net profit (loss) of the investee for the six- month period ended June 30, 2016 (Note 2)	Investment income(loss) recognised by the Company for the six-month period ended June 30, 2016	Footnote
				Balance as at June 30, 2016	Balance as at December 31, 2015	Number of shares	Ownership (%)	Book value			
Sincere Navigation Corporation	Norley Corporation Inc.	Republic of Liberia	Investment holdings	\$ 32,280 (USD 1,000 thousand)	\$ 32,830 (USD 1,000 thousand)	500	100%	\$ 14,075,005	\$ 584,762	\$ 584,762	Subsidiary
"	Heywood Limited	Marshall Islands	"	32,280 (USD 1,000 thousand)	32,830 (USD 1,000 thousand)	500	100%	5,529,610	18,685	18,685	Subsidiary
Norley Corporation Inc.	Valentine Holdings Limited	Republic of Liberia	"	194 (USD 6 thousand)	197 (USD 6 thousand)	300	60%	271,905 (	13,252)	-	Indirectly owned subsidiary
"	Confidence Navigation Limited	Marshall Islands	Oil tanker	323 (USD 10 thousand)	328 (USD 10 thousand)	500	100%	26,404	7	-	Indirectly owned subsidiary
"	Kenmore Shipping Inc.	"	"	1,278,611 (USD 39,610 thousand)	1,431,716 (USD 43,610 thousand)	500	100%	1,585,106	115,669	-	Indirectly owned subsidiary
"	Winnington Limited	"	Investment holdings	334,970 (USD 10,377 thousand)	340,677 (USD 10,377 thousand)	500	100%	614,278 (	39,980)	-	Indirectly owned subsidiary
"	Jetwall Co. Ltd.	"	"	1,219,409 (USD 37,776 thousand)	1,292,714 (USD 39,376 thousand)	400	80%	1,466,761	144,269	-	Indirectly owned subsidiary
"	Victory Navigation Inc.	"	"	194 (USD 6 thousand)	197 (USD 6 thousand)	275	55%	443,628	173,960	-	Indirectly owned subsidiary
"	Kingswood Co., Ltd.	"	"	161 (USD 5 thousand)	122,850 (USD 3,742 thousand)	250	50%	714,897	207,407	-	Indirectly owned subsidiary
"	Poseidon Marine Ltd	"	Shipping chartering	129,120 (USD 4,000 thousand)	262,640 (USD 8,000 thousand)	500	100%	1,664,944	129,007	-	Indirectly owned subsidiary
"	Maxson Shipping Inc.	"	"	451,920 (USD 14,000 thousand)	525,280 (USD 16,000 thousand)	500	100%	1,062,512	70,975	-	Indirectly owned subsidiary
Norley Corporation Inc.	Ocean Wise Limited	Republic of Liberia	Shipping chartering	149,973 (USD 4,646 thousand)	112,344 (USD 3,422 thousand)	232,305	51%	501,276 (	19,528)	-	Indirectly owned subsidiary

Sincere Navigation Corporation and Subsidiaries

Information on investees

For the six-month period ended June 30, 2016

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2016 (Note 2)			Net profit (loss)	Investment income(loss) recognised by the Company for the six-month period ended June 30, 2016	Footnote
				(Note 1)		Number of shares	Ownership (%)	Book value	of the investee for the six-		
				Balance as at June 30, 2016	Balance as at December 31, 2015				month period ended June 30, 2016		
Norley Corporation Inc.	Pacifica Maritime Limited	Marshall Islands	Holding in shipbuilding	\$ 932,569 (USD 28,890 thousand)	\$ 636,574 (USD 19,390 thousand)	500	100%	\$ 932,341	(\$ 51)	\$ -	Indirectly owned subsidiary
"	Dynasty Navigation Limited	"	"	323 (USD 10 thousand)	328 (USD 10 thousand)	500	100%	137	(15)	-	Indirectly owned subsidiary
"	Sky Sea Maritime Limited	"	Investment holdings	460,377 (USD 14,262 thousand)	348,490 (USD 10,615 thousand)	275	55%	460,197	(90)	-	Indirectly owned subsidiary
Valentine Holdings Limited	Millennia Investment Company Limited	"	Shipping chartering	323 (USD 10 thousand)	328 (USD 10 thousand)	500	100%	214,353	(6,584)	-	Indirectly owned subsidiary
"	Gemini Investment Company Limited	"	"	323 (USD 10 thousand)	328 (USD 10 thousand)	500	100%	193,961	(6,623)	-	Indirectly owned subsidiary
Winnington Limited	Peg Shipping Company Limited	Republic of Liberia	"	323 (USD 10 thousand)	328 (USD 10 thousand)	500	100%	608,524	(39,940)	-	Indirectly owned subsidiary
Kingswood Co., Ltd.	Seven Seas Shipping Ltd.	Marshall Islands	Oil tanker	323 (USD 10 thousand)	245,667 (USD 7,483 thousand)	500	100%	1,397,037	207,447	-	Indirectly owned subsidiary
Jetwall Co. Ltd.	Everwin Maritime Limited	"	"	1,524,262 (USD 47,220 thousand)	1,615,893 (USD 49,220 thousand)	500	100%	1,834,274	144,308	-	Indirectly owned subsidiary
Victory Navigation Inc.	Everprime Shipping Limited	"	Shipping chartering	323 (USD 10 thousand)	328 (USD 10 thousand)	500	100%	802,953	173,999	-	Indirectly owned subsidiary
Sky Sea Maritime Limited	Ocean Grace Limited	"	Holding in shipbuilding	837,020 (USD 25,930 thousand)	633,619 (USD 19,300 thousand)	500	100%	836,861	(61)	-	Indirectly owned subsidiary

Sincere Navigation Corporation and Subsidiaries

Information on investees

For the six-month period ended June 30, 2016

Table 5

Expressed in thousands of NT\$

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount (Note 1)		Shares held as at June 30, 2016 (Note 2)			Net profit (loss) of the investee for the six- month period ended June 30, 2016 (Note 2)	Investment income(loss) recognised by the Company for the six-month period ended June 30, 2016	Footnote
				Balance as at June 30, 2016	Balance as at December 31, 2015	Number of shares	Ownership (%)	Book value			
Heywood Limited	Clifford Navigation Corporation	"	Shipping chartering	\$ 323 (USD 10 thousand)	\$ 328 (USD 10 thousand)	500	100%	\$ 690,568	\$ 207,095	\$ -	Indirectly owned subsidiary
"	Newton Navigation Limited	"	"	323 (USD 10 thousand)	328 (USD 10 thousand)	500	100%	2,385	10	-	Indirectly owned subsidiary
"	Brighton Shipping Inc.	"	"	323 (USD 10 thousand)	328 (USD 10 thousand)	500	100%	673,373 (	42,901)	-	Indirectly owned subsidiary
Heywood Limited	Rockwell Shipping Limited	Marshall Islands	Shipping chartering	323 (USD 10 thousand)	328 (USD 10 thousand)	500	100%	520,264 (	34,686)	-	Indirectly owned subsidiary
"	Howells Shipping Inc.	"	"	387,683 (USD 12,010 thousand)	394,288 (USD 12,010 thousand)	500	100%	900,298 (	5,236)	-	Indirectly owned subsidiary
"	Crimson Marine Company	"	"	787,567 (USD 24,398 thousand)	800,986 (USD 24,398 thousand)	500	100%	438,828 (	42,032)	-	Indirectly owned subsidiary
"	Honco Shipping Limited	Hong Kong	Investment holdings	-	-	2	100%	-	-	-	Indirectly owned subsidiary
"	Century Shipping Limited	"	"	16,140 (USD 500 thousand)	16,415 (USD 500 thousand)	50,000	100%	(3,523) (	1,662)	-	Indirectly owned subsidiary
"	Helmsman Navigation Co. Ltd.	Marshall Islands	Shipping chartering	261,791 (USD 8,110 thousand)	266,251 (USD 8,110 thousand)	500	100%	162,061 (	28,754)	-	Indirectly owned subsidiary
"	Keystone Shipping Co. Ltd.	"	"	261,791 (USD 8,110 thousand)	266,251 (USD 8,110 thousand)	500	100%	187,183 (	27,221)	-	Indirectly owned subsidiary

Note 1: The above balances of initial investments as at June 30, 2016 and December 31, 2015 were translated at the closing exchange rates at the balance sheet date.

Note 2: The above carrying amounts of shares held as at June 30, 2016 and net profit (loss) of the investee for the six-month period ended June 30, 2016 were translated at the closing exchange rates at the balance sheet and the average exchange rates for the six-month period ended June 30, 2016, respectively.

Sincere Navigation Corporation and Subsidiaries
Information on investments in Mainland China
For the six-month period ended June 30, 2016

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated	Amount remitted from Taiwan to		Accumulated	Net income of investee as of June 30, 2016	Ownership held by the Company (direct or indirect)	Investment income	Book value of investments in Mainland China as of June 30, 2016	Accumulated	Footnote
				amount of remittance from Taiwan to Mainland China as of January 1, 2016	Mainland China/ Amount remitted back to Taiwan for the six-month period ended June 30, 2016		amount of remittance from Taiwan to Mainland China as of June 30, 2016			(loss) recognised by the Company for the six-month period ended June 30, 2016 (Note 2)		amount of investment income remitted back to Taiwan as of June 30, 2016	
Haihu Maritime Service (Shanghai) Co., Ltd.	Maritime service	\$ 15,855	2	\$ 15,855 (USD 500 thousand)	\$ -	\$ -	\$ 15,855 (USD 500 thousand)	(\$ 1,662) (RMB 331 thousand)	100%	(\$ 1,662) (RMB 331 thousand)	(\$ 3,523) (RMB 724 thousand)	\$ -	

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 period was based on financial statements reviewed by the Company's CPA.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2016	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	\$ 9,978,354

Table 6