SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2018 AND 2017

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

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REPORT OF INDEPENDENT ACCOUNTANTS

To The Board of Directors and Shareholders of Sincere Navigation Corporation and Subsidiaries

Opinion

We have audited the accompanying consolidated balance sheets of Sincere Navigation Corporation and subsidiaries (the "Group") as at December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

Key audit matters for the Group's consolidated financial statements of the current period are as follows:

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Impairment of vessels and equipment

Description

For accounting policy, accounting estimates and assumptions applied on impairment of property, plant and equipment and related impairment explanation, refer to Notes 4(13), 5(2) and 6(2).

The Group engages in bulk shipping service. Vessels are the Group's significant operating assets. Bulk shipping service is closely related with demand of bulk commodities, and significantly affected by global economy. Therefore, the impairment of vessels is the Group's material risk. The impairment is evaluated by the management by comparing the book value to the recoverable amount based on the analysis of industry dynamics and the Group's operation plan. As of December 31, 2018, vessels and equipment amounted to NT$19,354,124 thousand, constituting 79% of total assets.

The main assumptions adopted in measuring the recoverable amount are subject to management's judgements, which includes the estimation of residual value, useful life, future freight rate and the rate used to discount forecast future cash flows. The result of accounting estimates have a significant effect on the valuation of the recoverable amount. Therefore, we consider the impairment of vessels and equipment as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained the information that management used to assess whether there was an indication that the assets were impaired. Inspected the accuracy of the information which was obtained from internal and external sources, and assessed the reasonableness of the assessment result.

2. Obtained the valuation information used by management in determining the recoverable amount. Discussed the operation plan with management about the income and expenses that may occur in the future and reviewed performance conditions of previous operation plan to assess management's performance intention and ability. Obtained the subsequent information within a certain period to compare with the original plan.

3. Compared the discount rate used in the valuation model with the rate of return on assets of similar assets in the market, and checked the assumptions used in calculating weighted average cost of capital (WACC) with actual proportion of equity capital, industrial risk coefficient and market risk premium.

4. Checked the parameters and the formula used in the valuation model.

Reasonableness of V/C (voyage charterer) revenue recognition timing

Description

For accounting policy on revenue recognition and related details of revenue, refer to Notes 4(21) and 6(10).

The Group's operating revenue is derived from two types of contracts which are T/C (time charter) and V/C (voyage charter). For T/C revenue, the Group calculates and recognises revenue based on daily freight rate and voyage information recorded on the contract and as such, the recognition cut-off point is explicit at the end of the reporting period. For V/C revenue, the Group recognised revenue based on the percentage of completion of services rendered. There are many factors involved in determining the progress of revenue recognition, such as, the length of the negotiated period of contracts, conditions of vessels and equipment, the changes of port of discharge and loading and so on.

Given that the Group's V/C revenue recognition involves manual judgement, a significant amount of resources is required in conducting the audit. Thus, we consider the cut-off of V/C revenue as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding of the procedures of management in recognising V/C revenue, and confirmed the evidence of revenue recognition and the appropriateness of approval procedures.
2. Checked the contracts for V/C around the period of balance sheet date, and based on our understanding of the client's operation conditions, assessed the reasonableness of voyage planning developed by management.
3. Obtained the location information reported by the crew of each vessel on balance sheet date, and compared it with management's voyage planning to verify whether revenue has been recognised properly in accordance with the completion of voyage.
4. Obtained the related settlement vouchers in subsequent period to evaluate the reasonableness of revenue recognition.

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Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Sincere Navigation Corporation as at and for the years ended December 31, 2018 and 2017.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including supervisors, are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Weng Shih Jung　　Yi-fan Lin

Weng, Shih-Jung　　Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 27, 2019

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.

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

	Assets	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 3,300,873	13	$ 3,678,635	15
1140	Current contract assets	6(10)	146,255	1	-	-
1170	Accounts receivable		406,220	2	257,166	1
1200	Other receivables	9(1)	85,535	-	190,877	1
1210	Other receivables - related party	7	9,551	-	25,487	-
130X	Bunker inventories		287,393	1	99,550	1
1410	Prepayments		49,026	-	24,429	-
1470	Other current assets	8	618,403	3	493,499	2
11XX	**Current assets**		4,903,256	20	4,769,643	20
	Non-current assets					
1600	Property, plant and equipment	6(2)(5), 7 and 8	19,457,434	80	19,118,693	80
1840	Deferred income tax assets	6(17)	21,561	-	5,996	-
1900	Other non-current assets	8	46,227	-	7,362	-
15XX	**Non-current assets**		19,525,222	80	19,132,051	80
1XXX	**Total assets**		$ 24,428,478	100	$ 23,901,694	100

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

	Liabilities and equity	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(4)	$ 800,000	3	$ 760,000	3
2130	Current contract liabilities	6(10)	27,653	-	-	-
2200	Other payables		261,844	1	207,397	1
2220	Other payables - related party	7	15,829	-	10,646	-
2230	Current income tax liabilities		92,909	1	133,360	-
2310	Advance receipts		-	-	52,389	-
2320	Long-term liabilities, current portion	6(5)	1,208,759	5	1,349,574	6
21XX	**Total current liabilities**		2,406,994	10	2,513,366	10
	Non-current liabilities					
2540	Long-term borrowings	6(5)	4,442,288	18	4,174,744	18
2570	Deferred income tax liabilities	6(17)	44,237	-	89,058	-
2600	Other non-current liabilities	6(6)	31,508	-	33,380	-
25XX	**Total non-current liabilities**		4,518,033	18	4,297,182	18
2XXX	**Total liabilities**		6,925,027	28	6,810,548	28
	Equity attributable to owners of parent					
	Share capital	6(7)				
3110	Share capital - common stock		5,683,042	24	5,683,042	24
	Capital surplus	6(8)				
3200	Capital surplus		52,247	-	51,025	-
	Retained earnings	6(9)				
3310	Legal reserve		3,156,840	13	3,105,700	13
3320	Special reserve		1,479,609	6	30,170	-
3350	Unappropriated retained earnings		6,312,338	26	8,090,382	34
	Other equity interest					
3400	Other equity interest		(924,270)	(4)	(1,479,609)	(6)
31XX	**Equity attributable to owners of the parent**		15,759,806	65	15,480,710	65
36XX	**Non-controlling interest**	4(3)	1,743,645	7	1,610,436	7
3XXX	**Total equity**		17,503,451	72	17,091,146	72
	Significant contingent liabilities and unrecognised contractual commitments	9				
	Significant events after balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 24,428,478	100	$ 23,901,694	100

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

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

			Year ended December 31			
			2018		2017	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	6(10) and 7	$ 3,773,082	100	$ 3,331,863	100
5000	**Operating costs**	6(15)(16) and 7	(3,260,155)	(87)	(2,460,991)	(74)
5900	**Net operating margin**		512,927	13	870,872	26
	Operating expenses	6(15)(16) and 7				
6200	General and administrative expenses		(159,095)	(4)	(176,326)	(5)
6500	**Other gains - net**	6(11)	-	-	50,841	1
6900	**Operating profit**		353,832	9	745,387	22
	Non-operating income and expenses					
7010	Other income	6(12)	47,453	1	46,129	1
7020	Other gains and losses	6(13)	(59,242)	(1)	113,357	4
7050	Finance costs	6(14)	(221,225)	(6)	(173,239)	(5)
7000	**Total non-operating income and expenses**		(233,014)	(6)	(13,753)	-
7900	**Profit before income tax**		120,818	3	731,634	22
7950	Income tax expense	6(17)	(35,971)	(1)	(81,158)	(2)
8000	**Profit for the year from continuing operations**		84,847	2	650,476	20
8100	Profit for the year from discontinued operations	6(3)	-	-	6,835	-
8200	**Profit for the year**		$ 84,847	2	$ 657,311	20

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

	Items	Notes	Year ended December 31			
			2018		2017	
			AMOUNT	%	AMOUNT	%
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial gains (losses) on defined benefit plans	6(6)	$ 1,842	-	($ 2,542)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(17)	(101)	-	432	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		609,645	16	(1,587,888)	(48)
8500	**Total comprehensive income (loss) for the year**		$ 696,233	18	($ 932,687)	(28)
	Profit attributable to:					
8610	Owners of the parent		$ 61,777	2	$ 511,396	15
8620	Non-controlling interest		23,070	-	145,915	5
			$ 84,847	2	$ 657,311	20
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		$ 618,857	16	($ 940,153)	(28)
8720	Non-controlling interest		77,376	2	7,466	-
			$ 696,233	18	($ 932,687)	(28)
	Basic earnings per share	6(18)				
9710	Basic earnings per share from continuing operations		$	0.11	$	0.89
9720	Basic earnings per share from discontinued operations			-		0.01
9750	**Total basic earnings per share (in dollars)**		$	0.11	$	0.90
	Diluted earnings per share	6(18)				
9810	Diluted earnings per share from continuing operations		$	0.11	$	0.89
9820	Diluted earnings per share from discontinued operations			-		0.01
9850	**Total diluted earnings per share (in dollars)**		$	0.11	$	0.90

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

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity attributable to owners of the parent										
			Capital Reserves			Retained Earnings						
	Notes	Share capital - common stock	Treasury stock transactions	Difference between the price for acquisition or disposal of subsidiaries and carrying amount	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total	Non-controlling interest	Total equity
For the year ended December 31, 2017												
Balance at January 1, 2017		$ 5,683,042	$ 39,243	$ 10,350	$ -	$ 3,045,685	$ -	$ 8,069,094	($ 30,170)	$ 16,817,244	$ 1,751,001	$ 18,568,245
Profit for the year		-	-	-	-	-	-	511,396	-	511,396	145,915	657,311
Other comprehensive loss for the year		-	-	-	-	-	-	(2,110)	(1,449,439)	(1,451,549)	(138,449)	(1,589,998)
Total comprehensive income (loss)		-	-	-	-	-	-	509,286	(1,449,439)	(940,153)	7,466	(932,687)
Appropriations of 2016 earnings:	6(9)											
Legal reserve		-	-	-	-	60,015	-	(60,015)	-	-	-	-
Special reserve		-	-	-	-	-	30,170	(30,170)	-	-	-	-
Cash dividends		-	-	-	-	-	-	(397,813)	-	(397,813)	-	(397,813)
Change in non-controlling interest		-	-	-	-	-	-	-	-	-	(148,031)	(148,031)
Overdue unclaimed cash dividends	6(8)	-	-	-	1,432	-	-	-	-	1,432	-	1,432
Balance at December 31, 2017		$ 5,683,042	$ 39,243	$ 10,350	$ 1,432	$ 3,105,700	$ 30,170	$ 8,090,382	($ 1,479,609)	$ 15,480,710	$ 1,610,436	$ 17,091,146
For the year ended December 31, 2018												
Balance at January 1, 2018		$ 5,683,042	$ 39,243	$ 10,350	$ 1,432	$ 3,105,700	$ 30,170	$ 8,090,382	($ 1,479,609)	$ 15,480,710	$ 1,610,436	$ 17,091,146
Profit for the year		-	-	-	-	-	-	61,777	-	61,777	23,070	84,847
Other comprehensive income for the year		-	-	-	-	-	-	1,741	555,339	557,080	54,306	611,386
Total comprehensive income		-	-	-	-	-	-	63,518	555,339	618,857	77,376	696,233
Appropriations of 2017 earnings:	6(9)											
Legal reserve		-	-	-	-	51,140	-	(51,140)	-	-	-	-
Special reserve		-	-	-	-	-	1,449,439	(1,449,439)	-	-	-	-
Cash dividends		-	-	-	-	-	-	(340,983)	-	(340,983)	-	(340,983)
Change in non-controlling interest		-	-	-	-	-	-	-	-	-	55,833	55,833
Overdue unclaimed cash dividends	6(8)	-	-	-	1,222	-	-	-	-	1,222	-	1,222
Balance at December 31, 2018		$ 5,683,042	$ 39,243	$ 10,350	$ 2,654	$ 3,156,840	$ 1,479,609	$ 6,312,338	($ 924,270)	$ 15,759,806	$ 1,743,645	$ 17,503,451

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

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

	Notes	For the years ended December 31, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit from continuing operations before tax		$ 120,818	$ 731,634
Profit from discontinued operations before tax	6(3)	-	6,835
Profit before tax		120,818	738,469
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(2)(15)	1,333,882	1,272,380
Amortisation	6(15)	102	-
Interest income	6(12)	(40,768)	(34,477)
Interest expense	6(14)	221,225	173,239
Gain on disposal of non-current assets classified as held for sale	6(3)	-	(10,011)
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		(89,104)	-
Accounts receivable		(206,205)	6,926
Other receivables		104,158	13,423
Other receivables - related party		15,936	(7,772)
Bunker inventories		(187,843)	(53,563)
Prepayments		(24,597)	18,222
Changes in operating liabilities			
Current contract liabilities		(24,736)	-
Other payables		58,434	(39,551)
Other payables - related party		5,183	10,540
Advance collections		-	(31,940)
Accrued pension liabilities		(30)	362
Cash inflow generated from operations		1,286,455	2,056,247
Interest received		42,043	31,676
Income tax paid		(136,909)	(211,055)
Net cash flows from operating activities		1,191,589	1,876,868
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in other financial assets		(124,904)	(77,917)
Acquisition of property, plant and equipment	6(2)	(1,080,187)	(2,357,362)
Proceeds from disposal of non-current assets classified as held for sale	6(3)	-	129,686
Increase in non-current assets		(38,967)	-
Decrease in refundable deposits		-	19
Net cash flows used in investing activities		(1,244,058)	(2,305,574)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	6(19)	40,000	20,000
Proceeds from long-term borrowings	6(19)	1,948,836	1,757,333
Repayment of long-term borrowings	6(19)	(1,999,356)	(1,326,878)
Interest paid		(226,872)	(166,153)
Cash dividends paid	6(9)	(340,983)	(397,813)
Change in non-controlling interests		55,833	(148,031)
Overdue unclaimed cash dividends	6(8)	1,222	1,432
Net cash flows used in financing activities		(521,320)	(260,110)
Effect of changes in foreign exchange rate		196,027	(581,340)
Net decrease in cash and cash equivalents		(377,762)	(1,270,156)
Cash and cash equivalents at beginning of year		3,678,635	4,948,791
Cash and cash equivalents at end of year		$ 3,300,873	$ 3,678,635

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

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

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 AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 27, 2019.

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")

New standards, interpretations and amendments endorsed by the FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 2, 'Classification and measurement of share-based payment transactions'	January 1, 2018
Amendments to IFRS 4, 'Applying IFRS 9, Financial instruments with IFRS 4, Insurance contracts'	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Amendments to IFRS 15, 'Clarifications to IFRS 15 Revenue from contracts with customers'	January 1, 2018
Amendments to IAS 7, 'Disclosure initiative'	January 1, 2017
Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'	January 1, 2017
Amendments to IAS 40, 'Transfers of investment property'	January 1, 2018

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28, 'Investments in associates and joint ventures	January 1, 2018

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

A. 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.

The Group expects to provide additional disclosure to explain the changes in liabilities arising from financing activities.

B. When adopting the new standards endorsed by the FSC effective from 2018, the Group applied the new rules under IFRS 9 retrospectively from January 1, 2018, with the practical expedients permitted under the statement. Further, the Group adopted IFRS 15 using the modified retrospective approach.

In line with IFRS 15 requirements, the Group changed the presentation of accounts in the balance sheet as follows:

(a) Under IFRS 15, contracts whereby services have been rendered but not yet billed are recognised as contract assets, but were previously presented as part of accounts receivable in the balance sheet. As of January 1, 2018, the balance amounted to $57,151.

(b) Under IFRS 15, liabilities in relation to customer contracts are recognised as contract liabilities, but were previously presented as prepayments in the balance sheet. As of January 1, 2018, the balance amounted to $52,389.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'.	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(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 as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendment to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, 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 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 judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

C. In adopting IFRS 9 and IFRS 15 effective January 1, 2018, the Group has elected to apply modified retrospective approach whereby the cumulative impact of the adoption was recognised as retained earnings or other equity as of January 1, 2018 and the financial statements for the year ended December 31, 2017 were not restated. The financial statements for the year ended December 31, 2017 were prepared in compliance with International Accounting Standard 39 ('IAS 39'), International Accounting Standard 11 ('IAS 11'), International Accounting Standard 18 ('IAS 18') and related financial reporting interpretations. Please refer to Notes 12(3) and (4) for details of significant accounting policies and details of significant accounts.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

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

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

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

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 (%) December 31, 2018	Ownership (%) December 31, 2017	Description
Norley	Poseidon Marine Ltd	Shipping	100%	100%	
"	Kenmore Shipping Inc.	Oil tanker	100%	100%	
"	Maxson Shipping Inc.	Shipping	100%	100%	
"	Ocean Wise Limited	Shipping	51%	51%	
"	Kingswood Co., Ltd. (Kingswood)	Investment holdings	50%	50%	Note
"	Winnington Limited (Winnington)	Investment holdings	100%	100%	
"	Jetwall Co. Ltd. (Jetwall)	Investment holdings	80%	80%	
"	Victory Navigation Inc. (Victory)	Investment holdings	55%	55%	
"	Pacifica Maritime Limited	Oil tanker	100%	100%	
"	Sky Sea Maritime Limited (Sky Sea)	Shipping	55%	55%	
"	New Frontier Navigation Ltd.	Holding in shipbuilding	100%	-	
"	Elroy Maritime Services Inc.	Maritime service	100%	-	
Kingswood	Seven Seas Shipping Ltd.	Oil tanker	100%	100%	
Winnington	Peg Shipping Company Limited	Shipping	100%	100%	
Jetwall	Everwin Maritime Limited	Oil tanker	100%	100%	
Victory	Everprime Shipping Limited	Shipping	100%	100%	
Sky Sea	Ocean Grace Limited	Shipping	100%	100%	

Note: 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.

(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:

			Ownership (%)		
Name of investor	Name of subsidiary	Main business activities	December 31, 2018	December 31, 2017	Description
Heywood	Newton Navigation Limited	Shipping	100%	100%	
"	Clifford Navigation Corporation	Shipping	100%	100%	
"	Brighton Shipping Inc.	Shipping	100%	100%	
"	Rockwell Shipping Limited	Shipping	100%	100%	
"	Howells Shipping Inc.	Shipping	100%	100%	
"	Crimson Marine Company	Shipping	100%	100%	
"	Helmsman Navigation Co. Ltd.	Shipping	100%	100%	
"	Keystone Shipping Co. Ltd.	Shipping	100%	100%	
"	Century Shipping Limited (Centutry)	Investment holdings	100%	100%	
Century	Haihu Maritime Service (Shanghai) Co., Ltd.	Maritime service	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:

As of December 31, 2018 and 2017, the non-controlling interest amounted to $1,743,645 and $1,610,436, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest			
		December 31, 2018		December 31, 2017	
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)
Jetwall Co. Ltd.	Marshall Islands	$ 371,359	20	$ 348,892	20
Victory Navigation Inc.	Marshall Islands	352,038	45	339,687	45
Sky Sea Maritime Limited	Marshall Islands	484,775	45	443,158	45
Ocean Wise Limited	Republic of Liberia	523,411	49	467,038	49

Summarised financial information of the subsidiaries:

Balance sheets

	Jetwall Co. Ltd.	
	December 31, 2018	December 31, 2017
Current assets	$ 258,870	$ 147,915
Non-current assets	2,298,987	2,388,062
Current liabilities	(701,062)	(791,517)
Non-current liabilities	-	-
Total net assets	$ 1,856,795	$ 1,744,460

	Victory Navigation Inc.	
	December 31, 2018	December 31, 2017
Current assets	$ 144,474	$ 85,315
Non-current assets	661,829	676,340
Current liabilities	(23,996)	(6,797)
Non-current liabilities	-	-
Total net assets	$ 782,307	$ 754,858

	Sky Sea Maritime Limited	
	December 31, 2018	December 31, 2017
Current assets	$ 426,570	$ 1,357
Non-current assets	1,941,770	983,513
Current liabilities	(194,359)	(74)
Non-current liabilities	(1,096,704)	-
Total net assets	$ 1,077,277	$ 984,796

	Ocean Wise Limited	
	December 31, 2018	December 31, 2017
Current assets	$ 101,972	$ 61,553
Non-current assets	1,161,686	1,203,201
Current liabilities	(208,782)	(135,952)
Non-current liabilities	-	(188,113)
Total net assets	$ 1,054,876	$ 940,689

Statements of comprehensive income

	Jetwall Co. Ltd	
	For the years ended December 31,	
	2018	2017
Revenue	$ 212,062	$ 299,136
(Loss) profit before income tax	(80,653)	1,604
Income tax expense	-	-
(Loss) profit for the year	(80,653)	1,604
Other comprehensive loss, net of tax	-	-
Total comprehensive (loss) income for the year	($ 80,653)	$ 1,604
Comprehensive (loss) income attributable to non-controlling interest	($ 16,130)	$ 321
Dividends paid to non-controlling interest	$ -	$ -

	Victory Navigation Inc.	
	For the years ended December 31,	
	2018	2017
Revenue	$ 240,140	$ 452,671
Profit before income tax	3,041	324,932
Income tax expense	-	-
Profit for the year	3,041	324,932
Other comprehensive loss, net of tax	-	-
Total comprehensive income for the year	$ 3,041	$ 324,932
Comprehensive income attributable to non-controlling interest	$ 1,368	$ 146,219
Dividends paid to non-controlling interest	$ -	($ 143,782)

	Sky Sea Maritime Limited	
	For the years ended December 31,	
	2018	2017
Revenue	$ 404,208	$ -
Profit (loss) before income tax	59,587	(170)
Income tax expense	-	-
Profit (loss) for the year	59,587	(170)
Other comprehensive loss, net of tax	-	-
Total comprehensive income (loss) for the year	$ 59,587	($ 170)
Comprehensive income (loss) attributable to non-controlling interest	$ 26,814	($ 76)
Dividends paid to non-controlling interest	$ -	$ -

	Ocean Wise Limited	
	For the years ended December 31,	
	2018	2017
Revenue	$ 274,869	$ 133,926
Profit (loss) before income tax	21,987	(10,405)
Income tax expense	-	-
Profit (loss) for the year	21,987	(10,405)
Other comprehensive loss, net of tax	-	-
Total comprehensive income (loss) for the year	$ 21,987	($ 10,405)
Comprehensive income (loss) attributable to non-controlling interest	$ 10,993	($ 5,203)
Dividends paid to non-controlling interest	$ -	$ -

Statements of cash flows

	Jetwall Co. Ltd	
	For the years ended December 31,	
	2018	2017
Net cash (used in) provided by operating activities	($ 41,862)	$ 240,953
Net cash (used in) provided by investing activities	(14,523)	389
Net cash provided by (used in) financing activities	27,061	(219,577)
Effect of exchange rates on cash and cash equivalents	89,393	(644)
Increase in cash and cash equivalents	60,069	21,121
Cash and cash equivalents, beginning of the year	23,248	2,127
Cash and cash equivalents, end of the year	$ 83,317	$ 23,248

	Victory Navigation Inc.	
	For the years ended December 31,	
	2018	2017
Net cash provided by operating activities	$ 72,915	$ 315,916
Net cash (used in) investing activities	(26,904)	(103)
Net cash (used in) financing activities	-	(319,515)
Effect of exchange rates on cash and cash equivalents	1,557	(2,002)
Increase (decrease) in cash and cash equivalents	47,568	(5,704)
Cash and cash equivalents, beginning of the year	21,281	26,985
Cash and cash equivalents, end of the year	$ 68,849	$ 21,281

	Sky Sea Maritime Limited	
	For the years ended December 31,	
	2018	2017
Net cash provided by operating activities	$ 44,990	$ 1,497
Net cash (used in) investing activities	(968,773)	(210,095)
Net cash provided by financing activities	1,165,847	209,358
Effect of exchange rates on cash and cash equivalents	4,600	(17)
Increase in cash and cash equivalents	246,664	743
Cash and cash equivalents, beginning of the year	743	-
Cash and cash equivalents, end of the year	$ 247,407	$ 743

	Ocean Wise Limited	
	For the years ended December 31,	
	2018	2017
Net cash provided by operating activities	$ 63,143	$ 103,796
Net cash provided by investing activities	2,972	3,415
Net cash (used in) financing activities	(66,752)	(102,366)
Effect of exchange rates on cash and cash equivalents	260	(415)
(Decrease) increase in cash and cash equivalents	(377)	4,430
Cash and cash equivalents, beginning of the year	8,430	4,000
Cash and cash equivalents, end of the year	$ 8,053	$ 8,430

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains and losses".

B. Translation of foreign operations

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

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

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

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

(5) <u>Classification of current and non-current items</u>

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

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

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

(6) <u>Cash equivalents</u>

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

(7) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost including accounts receivable or contract assets that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

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

(10) Inventories

Inventories are bunker inventories remaining on vessel at year end. The bunker inventory is determined using the first-in, first-out (FIFO) method.

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

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

(12) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

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

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

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

Buildings and structures	42 years
Vessels and equipment	2.5 ~ 20 years
Office equipment	3 ~ 7 years

(13) Impairment of non-financial assets

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

(14) Borrowings

A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(15) Accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(16) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(17) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

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

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(18) Income tax

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

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

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

(19) Share capital

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

(20) Dividends

Dividends are recorded in the Group's financial statements in the period in which they are resolved by the Group's shareholders. Cash dividends are recorded as liabilities.

(21) Revenue recognition

A. Sales of services:

The Group provides shipping and agency services. Revenue from providing services is recognised in the accounting period in which the services are rendered. Shipping contract revenue was recognised over time and in accordance with the stage of completion, and ship management revenue was recognised in the management period in accordance with the contract. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(22) Operating segments

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

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

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

None.

(2) Critical accounting estimates and assumptions

Impairment assessment of tangible assets

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2018	December 31, 2017
Checking accounts and demand deposit	$ 2,146,514	$ 1,538,901
Time deposit	1,154,359	2,139,734
Total	$ 3,300,873	$ 3,678,635

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

	Land	Buildings	Vessels and equipment	Office equipment	Prepayment for vessel construction	Total
At January 1, 2018						
Cost	$ 90,215	$ 28,191	$ 27,344,037	$ 3,069	$ 983,513	$ 28,449,025
Accumulated depreciation	-	(15,297)	(9,074,797)	(2,158)	-	(9,092,252)
Accumulated impairment	-	-	(238,080)	-	-	(238,080)
	$ 90,215	$ 12,894	$ 18,031,160	$ 911	$ 983,513	$ 19,118,693
2018						
Opening net book amount	$ 90,215	$ 12,894	$ 18,031,160	$ 911	$ 983,513	$ 19,118,693
Transfers	-	-	996,401	-	(998,104)	(1,703)
Additions	-	-	1,080,027	160	1,703	1,081,890
Retirement - cost	-	-	(99,758)	-	-	(99,758)
Retirement - accumulated depreciation	-	-	99,758	-	-	99,758
Depreciation	-	(656)	(1,333,014)	(212)	-	(1,333,882)
Net exchange differences	-	-	579,550	(2)	12,888	592,436
Closing net book amount	$ 90,215	$ 12,238	$ 19,354,124	$ 857	$ -	$ 19,457,434
At December 31, 2018						
Cost	$ 90,215	$ 28,191	$ 30,209,579	$ 3,214	$ -	$ 30,331,199
Accumulated depreciation	-	(15,953)	(10,609,695)	(2,357)	-	(10,628,005)
Accumulated impairment	-	-	(245,760)	-	-	(245,760)
	$ 90,215	$ 12,238	$ 19,354,124	$ 857	$ -	$ 19,457,434

	Land	Buildings	Vessels and equipment	Office equipment	Prepayment for vessel construction	Total
At January 1, 2017						
Cost	$ 90,215	$ 28,191	$ 27,300,640	$ 2,854	$ 1,807,299	$ 29,229,199
Accumulated depreciation	-	(14,642)	(9,323,997)	(1,893)	-	(9,340,532)
Accumulated impairment	-	-	(258,000)	-	-	(258,000)
	$ 90,215	$ 13,549	$ 17,718,643	$ 961	$ 1,807,299	$ 19,630,667
2017						
Opening net book amount	$ 90,215	$ 13,549	$ 17,718,643	$ 961	$ 1,807,299	$ 19,630,667
Transfers	-	-	2,961,405	-	(2,961,405)	-
Additions	-	-	95,376	232	2,261,754	2,357,362
Disposals	-	-	(113,632)	-	-	(113,632)
Retirement - cost	-	-	(119,260)	-	-	(119,260)
Retirement - accumulated depreciation	-	-	119,260	-	-	119,260
Depreciation	-	(655)	(1,271,444)	(281)	-	(1,272,380)
Net exchange differences	-	-	(1,359,188)	(1)	(124,135)	(1,483,324)
Closing net book amount	$ 90,215	$ 12,894	$ 18,031,160	$ 911	$ 983,513	$ 19,118,693
At December 31, 2017						
Cost	$ 90,215	$ 28,191	$ 27,344,037	$ 3,069	$ 983,513	$ 28,449,025
Accumulated depreciation	-	(15,297)	(9,074,797)	(2,158)	-	(9,092,252)
Accumulated impairment	-	-	(238,080)	-	-	(238,080)
	$ 90,215	$ 12,894	$ 18,031,160	$ 911	$ 983,513	$ 19,118,693

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. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation: None.

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

D. The Group assesses the impairment of vessels and equipment by comparing its recoverable amount and carrying amount. The recoverable amount is the higher of the fair value less costs to sell or value in use. The fair value less costs to sell is evaluated by independent appraiser and the value in use is calculated by the discounted amount of future cash flows generated by vessels and equipment. The recoverable value of vessels and equipment for the years ended December 31, 2018 and 2017 is based on the value in use and no impairment was recognised.

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

A. On February 24, 2017, the Board of Directors of the Company's third-tier subsidiary, Millennia Investment Company Limited, approved and authorised the Chairman to sell the vessel named "Daio Excelsior" on behalf of the Company and entered into a sale agreement with the buyer – Faithe Maritime Limited. On February 24, 2017, the disposal of the vessel met the definition of non-current assets held for sale and discontinued operations, and is classified as a discontinued operation. On May 8, 2017, the vessel was sold and the transaction was settled. On November 3, 2017, the liquidation was completed.

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

	For the year ended December 31, 2017	
Operating cash flows	($	2,477)
Investing cash flows		129,686
Financing cash flows		-
Total cash flows	$	127,209

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

	For the year ended December 31, 2017
Revenue	$ 26,354
Cost	(28,144)
Net operating margin from discontinued operations	(1,790)
Expenses	(1,392)
Loss from discontinued operations	(3,182)
Other income	3
Other gains and losses	3
Loss for the year from discontinued operations	($ 3,176)
Gain on disposal of discontinued operations	$ 10,011
Total profit for the year from discontinued operations	$ 6,835
Profit from discountinued operations, attributable to:	
Owners of the parent	$ 4,101
Non-controlling interest	2,734
	$ 6,835

B. Profit from continuing and discontinued operations attributable to owners of the parent: see Note 6(18).

(4) Short-term borrowings

Type of borrowings	December 31, 2018	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 120,000	1.20%	Land, buildings, and promissory notes
Unsecured borrowings	680,000	1.15%~1.30%	Promissory notes
	$ 800,000		

Type of borrowings	December 31, 2017	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 80,000	1.20%	Land, buildings, and promissory notes
Unsecured borrowings	680,000	1.13%~1.30%	Promissory notes
	$ 760,000		

As of December 31, 2018 and 2017, the Group’s Chairman, Fred Tsai, guaranteed the credit line of $1,074,000; the Group also issued notes payable as guarantee for credit lines amounting to $574,000, wherein joint – guaranteed amount was $574,000.

(5) Long-term borrowings

Bank	Collateral	December 31, 2018	December 31, 2017
Mega Bank (and syndicate)	Vessel-Maxim	$ 695,439	$ 785,991
		(USD 22,638 thousand)	(USD 26,411 thousand)
Mega Bank	Vessel-Madonna III	-	75,114
		-	(USD 2,524 thousand)
Mega Bank (and syndicate)	Vessel-Georgiana	-	116,183
		-	(USD 3,904 thousand)
Mega Bank (and syndicate)	Vessel-Yue Shan	202,752	392,832
		(USD 6,600 thousand)	(USD 13,200 thousand)
Mega Bank (and syndicate)	Vessel-Kondor	797,798	993,686
		(USD 25,970 thousand)	(USD 33,390 thousand)
Mega Bank (and syndicate)	Vessel-Mineral Oak	194,181	313,522
		(USD 6,321 thousand)	(USD 10,535 thousand)
Mega Bank (and syndicate)	Vessel-Tai Shan	330,451	426,832
		(USD 10,757 thousand)	(USD 14,342 thousand)
Mega Bank (and syndicate)	Vessel-Oceana	348,365	393,725
		(USD 11,340 thousand)	(USD 13,230 thousand)
Mega Bank (and syndicate)	Vessel-Palona	348,365	393,725
		(USD 11,340 thousand)	(USD 13,230 thousand)
Mega Bank (and syndicate)	Vessel-Elbhoff	1,507,968	1,632,708
		(USD 49,088 thousand)	(USD 54,863 thousand)
Mega Bank (and syndicate)	Vessel-Tien Shan	1,225,728	-
		(USD 39,900 thousand)	-
		5,651,047	5,524,318
Less: Current portion-due within one year		(1,208,759)	(1,349,574)
		$ 4,442,288	$ 4,174,744
Interest rates		3.50% ~ 4.42%	2.13% ~ 3.21%

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 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 an amount equal to 2% of the employees’ monthly salaries and wages 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 December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

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

	December 31, 2018	December 31, 2017
Present value of defined benefit obligations	($ 57,287)	($ 61,530)
Fair value of plan assets	25,779	28,052
Net defined benefit liability	(31,508)	(33,478)
Plan assets contributed in transit	-	98
Net liabilities recognised in the balance sheet	($ 31,508)	($ 33,380)

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2018			
Balance at January 1	($ 61,530)	$ 28,052	($ 33,478)
Current service cost	(778)	-	(778)
Interest (expense) income	(554)	252	(302)
	(62,862)	28,304	(34,558)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	934	934
Experience adjustments	908	-	908
	908	934	1,842
Pension fund contribution	-	1,027	1,027
Paid pension	4,667	(4,486)	181
Balance at December 31	($ 57,287)	$ 25,779	($ 31,508)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2017			
Balance at January 1	($ 71,181)	$ 40,705	($ 30,476)
Current service cost	(1,184)	-	(1,184)
Interest (expense) income	(854)	488	(366)
	(73,219)	41,193	(32,026)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(69)	(69)
Change in financial assumptions	(1,550)	-	(1,550)
Experience adjustments	(923)	-	(923)
	(2,473)	(69)	(2,542)
Pension fund contribution	-	1,090	1,090
Paid pension	14,162	(14,162)	-
Balance at December 31	($ 61,530)	$ 28,052	($ 33,478)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2018 and 2017 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	For the years ended December 31,	
	2018	2017
Discount rate	0.90%	0.90%
Future salary increases	3.25%	3.25%

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2018				
Effect on present value of defined benefit obligation	($ 1,181)	$ 1,219	$ 1,047	($ 1,021)
December 31, 2017				
Effect on present value of defined benefit obligation	($ 1,296)	$ 1,339	$ 1,153	($ 1,124)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2019 amount to $878.

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 the defined contribution pension plans of the Group for the years ended December 31, 2018 and 2017 were $2,602 and $2,733, 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 years ended December 31, 2018 and 2017 were $1,172 and $1,257, respectively.

(7) Share capital

As of December 31, 2018 and 2017, the Company's authorised capital was $7,000,000, consisting of 700 million 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 Act 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.

	2018		
	At January 1	Overdue unclaimed cash dividends	At December 31
Treasury share transactions	$ 39,243	$ -	$ 39,243
Difference between consideration and carrying amount of subsidiaries acquired or disposed	10,350	-	10,350
Others	1,432	1,222	2,654
Total	$ 51,025	$ 1,222	$ 52,247

	2017		
	At January 1	Overdue unclaimed cash dividends	At December 31
Treasury share transactions	$ 39,243	$ -	$ 39,243
Difference between consideration and carrying amount of subsidiaries acquired or disposed	10,350	-	10,350
Others	-	1,432	1,432
Total	$ 49,593	$ 1,432	$ 51,025

(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 earnings 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

(a) The appropriations of 2017 and 2016 earnings had been resolved at the stockholders' meeting on June 27, 2018 and June 23, 2017, respectively. Details are summarised below:

	2017		2016	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 51,140		$ 60,015	
Provision of special reserve	1,449,439		30,170	
Cash dividends	340,983	$ 0.60	397,813	$ 0.70
	$ 1,841,562		$ 487,998	

(b) Subsequent events: the appropriation of 2018 earnings had been proposed by the Board of Directors on March 27, 2019. Details are summarised below:

	2018	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 6,178	
Cash dividends	113,661	$ 0.20
Stock dividends	170,491	0.30
	$ 290,330	
Reversal of special reserve	($ 555,339)	

As of March 27, 2019, aforementioned appropriations of 2018 earnings had not yet been resolved by the stockholders.

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

(10) Operating revenue

	For the year ended December 31, 2018
Revenue from contracts with customers	$ 3,773,082

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of services over time in the following major categories:

For the year ended December 31, 2018	Bulk carrier	Oil tanker	Management service	Supervision revenue	Total
Revenue from external customer contracts	$ 3,100,741	$ 669,194	$ 2,568	$ 579	$ 3,773,082
Timing of revenue recognition					
Over time	$ 3,100,741	$ 669,194	$ 2,568	$ 579	$ 3,773,082

B. Contract assets and liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	December 31, 2018
Contract assets - bulk carrier	$ 146,255
Contract liabilities - bulk carrier	$ 27,653

C. Contract liability at the beginning of the year amounting to $52,389 were all recognised as revenue.

D. Related disclosures on operating revenue for 2017 are provided in Note 12(4) B.

(11) Other income and expenses

A. The vessel charter agreement between Everprime Shipping Limited and Nippon Yusen Kaisha was terminated on December 10, 2017 prior to the maturity. The Group has collected the compensation on December 28, 2017 and recognised net compensation income (claims of USD $378 thousand less related costs) amounting to $10,720 (USD $352 thousand).

B. The vessel charter agreement between Poseidon Marine Ltd. and Nippon Yusen Kaisha was terminated on June 9, 2017 prior to the maturity. The Group has collected the compensation on June 30, 2017 and recognised net compensation income (claims of USD $1,364 thousand less related costs) amounting to $40,121 (USD $1,318 thousand).

(12) Other income

	For the years ended December 31,	
	2018	2017
Interest revenue	$ 40,768	$ 34,474
Other income - others	6,685	11,655
Total	$ 47,453	$ 46,129

(13) Other gains and losses

	For the years ended December 31, 2018	For the years ended December 31, 2017
Net currency exchange (losses) gains	($ 59,242)	$ 113,372
Others	-	(15)
Total	($ 59,242)	$ 113,357

(14) Finance costs

	For the years ended December 31, 2018	For the years ended December 31, 2017
Financial costs	$ 221,225	$ 173,239

(15) Expenses by nature

	2018			2017		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense	$ 523,739	$ 59,706	$ 583,445	$ 458,047	$ 79,368	$ 537,415
Depreciation	1,333,014	868	1,333,882	1,271,444	936	1,272,380
Amortisation	-	102	102	-	-	-

For the years ended December 31,

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

(16) Employee benefit expense

	2018			2017		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Wages and salaries	$ 422,459	$ 49,771	$ 472,230	$ 378,110	$ 69,910	$ 448,020
Labor and health insurance fees	2,524	3,213	5,737	2,737	3,486	6,223
Pension costs	1,300	3,554	4,854	1,343	4,197	5,540
Other personnel expenses	97,456	3,168	100,624	75,857	1,775	77,632
Total	$ 523,739	$ 59,706	$ 583,445	$ 458,047	$ 79,368	$ 537,415

For the years ended December 31,

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

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, 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 years ended December 31, 2018 and 2017, employees' compensation was accrued at

$3,120 and $11,064, respectively; while directors' and supervisors' remuneration was accrued at $3,120 and $11,064, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 3% of distributable profit of current year for the year ended December 31, 2018. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were both $3,120, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 2017 were $11,064, as resolved by the Board of Directors and were in agreement with those amounts recognised in the 2017 financial statements.

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

(17) Income tax

A. Income tax expense

(a) Components of income tax expense:

	2018	2017
Current tax:		
Current tax on profits for the year	$ 92,978	$ 124,287
Tax on undistributed surplus earnings	-	10,940
Prior year income tax underestimation	3,480	1,752
Total current tax	96,458	136,979
Deferred tax:		
Origination and reversal of temporary differences	(75,412)	(55,821)
Impact of change in tax rate	14,925	-
Total deferred tax	(60,487)	(55,821)
Income tax expense	$ 35,971	$ 81,158

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

	For the years ended December 31,	
	2018	2017
Remeasurement of defined benefit obligations	$ 368	($ 432)
Impact of change in tax rate	(267)	-
	$ 101	($ 432)

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31, 2018	2017
Tax calculated based on profit before tax and statutory tax rate	$ 19,549	$ 100,734
Effects from items disallowed by tax regulation	-	38
Tax on undistributed earnings	-	10,940
Prior year income tax underestimation	3,480	1,752
Effects from estimated backward remittance of earnings	(1,983)	(31,750)
Impact of change in tax rate	14,925	-
Others	-	(556)
Income tax expense	$ 35,971	$ 81,158

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

2018	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
—Deferred tax assets:				
Unrealised exchange loss	$ -	$ 14,917	$ -	$ 14,917
Unfunded pension expense	5,674	729	(101)	6,302
Unused compensated absences	322	20	-	342
Subtotal	5,996	15,666	(101)	21,561
—Deferred tax liabilities:				
Unrealised investments income	(87,019)	42,782	-	(44,237)
Unrealised exchange gain	(2,039)	2,039	-	-
Subtotal	(89,058)	44,821	-	(44,237)
Total	($ 83,062)	$ 60,487	($ 101)	($ 22,676)

	2017			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
－Deferred tax assets:				
Unrealised exchange loss	$ 413	($ 413)	$ -	$ -
Unfunded pension expense	5,181	61	432	5,674
Unused compensated absences	378	(56)	-	322
Subtotal	5,972	(408)	432	5,996
－Deferred tax liabilities:				
Unrealised investments income	(145,287)	58,268	-	(87,019)
Unrealised exchange gain	-	(2,039)	-	(2,039)
Subtotal	(145,287)	56,229	-	(89,058)
Total	($ 139,315)	$ 55,821	$ 432	($ 83,062)

D. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2018 and 2017, the amounts of temporary differences unrecognised as deferred tax liabilities were $17,183,856 and $16,618,600, respectively.

E. The Company’s income tax returns through 2016 have been assessed and approved by the Tax Authority.

F. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company’s applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Company has assessed the impact of the change in income tax rate.

(18) Earnings per share

	For the year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 61,777	568,304	$ 0.11
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 61,777	568,304	
Assumed conversion of all dilutive potential ordinary shares			
- employees' compensation	-	196	-
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 61,777	568,500	$ 0.11

	For the year ended December 31, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit from continuing operations attributable to the parent	$ 507,295		$ 0.89
Profit from discontinued operations attributable to the parent	4,101		0.01
Profit attributable to ordinary shareholders of the parent	$ 511,396	568,304	$ 0.90
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 507,295		$ 0.89
Profit from discontinued operations attributable to the parent	4,101		0.01
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	523	-
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 511,396	568,827	$ 0.90

(19) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Liabilities from financing activities-gross
At January 1, 2018	$ 760,000	$ 5,524,318	$ 6,284,318
Proceeds from long-term borrowings	40,000	1,948,836	1,988,836
Repayment of long-term borrowings	-	(1,999,356)	(1,999,356)
Impact of changes in foreign exchange rate	-	177,249	177,249
At December 31, 2018	$ 800,000	$ 5,651,047	$ 6,451,047

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Name of related parties	Relationship with the Company
Universal Mariners S. A. (U.M.S.A.)	Other related party
Oak Maritime (Hong Kong) Inc. Limited (Oak HK)	Other related party
Oak Maritime (Agencies) Inc. (OMA)	Other related party
Oak Agencied Limited (OAL)	Other related party

(2) Significant related party transactions and balances

A. Operating revenue

	For the years ended December 31,	
	2018	2017
Management revenue:		
U.M.S.A.	$ 2,568	$ 2,202
Supervision revenue:		
U.M.S.A.	579	13,044
	$ 3,147	$ 15,246

Management revenue is the agent revenue arising from vessel agent contract. Supervision revenue is the service revenue received from other related parties for supervision services provided when laying down a new ship. Sales of service are based on the price lists in force and terms that would be available to third parties.

B. Operating costs

	For the years ended December 31,	
	2018	2017
Commission expense:		
OAL	$ 34,673	$ 23,195
Agency fee:		
U.M.S.A.	-	296
Technical service agreement:		
U.M.S.A.	7,363	6,844
	$ 42,036	$ 30,335

C. Operating expense

	For the years ended December 31,	
	2018	2017
Management fee:		
U.M.S.A.	$ 23,927	$ 22,417
Commission expense:		
U.M.S.A.	-	1,232
	$ 23,927	$ 23,649

D. Vessel cost

	For the years ended December 31,	
	2018	2017
Supervision fee:		
U.M.S.A.	$ 4,395	$ 13,991

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

E. Other receivables

Amounts prepaid on behalf of related parties and agents:

	December 31, 2018	December 31, 2017
OMA	$ 9,531	$ 25,482
Other related party	20	5
	$ 9,551	$ 25,487

F. Other payables

Advances from related parties and agency payable:

	December 31, 2018	December 31, 2017
OAL	$ 15,829	$ 10,309
Other related party	-	337
	$ 15,829	$ 10,646

G. Guarantee transactions

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

	December 31, 2018	December 31, 2017
Oak HK	USD$ 0 thousand	USD$ 31,900 thousand

H. Other guarantee transactions

Please refer to Note 6(4) for details.

(3) Key management compensation

	For the years ended December 31,	
	2018	2017
Salaries and other short-term employee benefits	$ 21,871	$ 32,097
Post-employment benefits	524	352
Total	$ 22,395	$ 32,449

8. PLEDGED ASSETS

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

Pledged assets	Book value December 31, 2018	Book value December 31, 2017	Pledge purpose
Time deposits (shown as other current assets)	$ 523,321	$ 493,499	Long-term loans
Guarantee deposits paid (shown as other non-current assets)	7,362	7,362	Deposit
Vessels and equipment-net	14,855,755	14,499,525	Long-term loans
Land and building -net	100,818	101,386	Credit lines of short-term borrowings
	$ 15,487,256	$ 15,101,772	

9. CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingent liabilities

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. All deposits were recovered on November 16, 2018.

A lawsuit has been filed with the competent court in the People's Republic of China. The insurance company has been authorised 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 recognised as follows:

		December 31, 2018	December 31, 2017
Other receivables	- security deposit	$ - (RMB 0 thousand)	$ 101,108 (RMB 20,521 thousand)
	- insurance claim	9,457 (USD 308 thousand)	11,581 (USD 389 thousand)
		$ 9,457	$ 112,689

(2) Commitments

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

B. 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. 30~50% of the amount should be paid before the ships are delivered while the remaining amount should be paid upon delivery of the ships.

(in USD thousands)

	December 31, 2018	December 31, 2017
Total contract price	$ -	$ 63,800
Amount paid	-	(31,900)
Outstanding balance amount	$ -	$ 31,900

C. As of December 31, 2018, outstanding balance amount arising from acquisition of vessel's equipment amounted to $75,663 (USD $2,463 thousand).

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) The appropriation of 2018 earnings was proposed by the Board of Directors. Please refer to Note 6(9) D.

(2) On January 9, 2019, the Group acquired an additional 49% of shares of its subsidiary-Ocean Wise Limited for a consideration of USD $10,984 thousand. The carrying amount of non-controlling interest was USD $17,119 thousand at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by USD $17,119 thousand and increase in the equity attributable to owners of the parent by USD $17,119 thousand and all payments were made on March 6, 2019.

(3) On January 1, 2019, the Group acquired 100% shares of Oak Maritime (Canada) Inc. (Oak Canada) from other related party-Universal Mariners S.A.(U.M.S.A) for a consideration of USD $128 thousand. The carrying amount of Oak Canada was USD $128 thousand at the acquisition date and all payments were made on February 22, 2019.

12. OTHERS

(1) Capital risk 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. Financial instruments by category

	December 31, 2018	December 31, 2017
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	$ 3,300,873	$ 3,678,635
Accounts receivable, net	406,220	257,166
Other receivables	85,535	190,877
Other receivables due from related parties	9,551	25,487
Other financial assets	618,403	493,499
Guarantee deposits paid (recorded as Other non-current assets')	7,362	7,362
	$ 4,427,944	$ 4,653,026
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 800,000	$ 760,000
Other payables	261,844	207,397
Other payables to related parties	15,829	10,646
Long-term borrowings (including current portion)	5,651,047	5,524,318
	$ 6,728,720	$ 6,502,361

B. Financial risk management policies

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2017.

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, recognised assets and liabilities and net investments in foreign operations.

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

	December 31, 2018		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 8,693	30.72	$ 267,048
NTD:USD	8,659	0.03	8,663
Financial liabilities			
Monetary items			
USD:NTD	$ 50,238	30.72	$ 1,543,295

	December 31, 2017		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 9,206	29.76	$ 274,306
NTD:USD	10,198	0.03	$ 10,151
JPY:USD	613	0.01	162
Financial liabilities			
Monetary items			
USD:NTD	$ 53,726	29.76	$ 1,598,924

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.

	For the year ended December 31, 2018			
	Exchange gain (loss)			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD：NTD	$ -	30.72	$	6,084
Financial liabilities				
Monetary items				
USD：NTD	$ -	30.72	($	92,672)

	For the year ended December 31, 2017			
	Exchange gain (loss)			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD:NTD	$ -	29.76	($	10,842)
Financial liabilities				
Monetary items				
USD:NTD	$ -	29.76	$	120,048

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

	For the year ended December 31, 2018		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 2,670	$ -
NTD:USD	1%	87	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 15,433	$ -

	For the year ended December 31, 2017		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 2,743	$ -
NTD:USD	1%	102	-
JPY:USD	1%	2	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 15,989	$ -

Cash flow and fair value interest rate risk

i. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the years ended December 31, 2018 and 2017, the Group's borrowings at variable rate were denominated in United States dollars.

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

iii. At December 31, 2018 and 2017, if interest rates on USD-denominated borrowings had been 1% higher/lower with all other variables held constant, pre-tax (loss) profit for the years ended December 31, 2018 and 2017 would have been $56,510 and $55,243 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. The main factor is that counterparties could not repay in full the contract cash flows of the accounts receivable based on the agreed terms.

ii. The Group manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery 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.

iii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms and obligation completed, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

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

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Group classifies customers' accounts receivable, contract assets and rents receivable in accordance with customer types. The Group applies the modified approach using provision matrix to estimate expected credit loss under the provision matrix basis.

vii. The Group wrote-off the financial assets, which cannot reasonably be expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2018, the Group has no written-off financial assets that are still under recourse procedures.

viii. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable and lease payments receivable. On December 31, 2018, the provision matrix is as follows:

December 31, 2018	Not past due	Total
Expected loss rate	Approximately 0 %	
Total book value	$ 406,220	$ 406,220
Loss allowance	$ -	$ -

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

	December 31, 2018	December 31, 2017
Not past due	$ 406,220	$ 255,982
Past due		
Up to 1 year	$ -	$ 810
Over 1 year	-	374
	$ -	$ 1,184

x. Credit risk information for the year ended December 31, 2017 is provided in Note 12(3).

(c) Liquidity risk

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

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

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

Non-derivative financial liabilities December 31, 2018	Up to 1 year	Between 1 year and 5 years	Over 5 years
Short-term borrowings	$ 800,000	$ -	$ -
Other payables (including related parties)	277,673	-	-
Long-term borrowings (including current portion)	1,442,650	3,470,185	1,533,759

Non-derivative financial liabilities: December 31, 2017	Up to 1 year	Between 1 year and 5 years	Over 5 years
Short-term borrowings	$ 760,000	$ -	$ -
Other payables (including related parties)	218,043	-	-
Long-term borrowings (including current portion)	1,498,838	3,431,840	1,052,562

(3) Effects on initial application of IFRS 9 and information on application of IAS 39 in 2017

A. Summary of significant accounting policies adopted in 2017:

(a) Accounts receivable

Accounts receivable are receivables originated by the entity. They are created by the entity by providing services to customers in the ordinary course of business. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(b) Impairment of financial assets

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

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

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

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

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

(iv) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

iii. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows:

Financial assets measured at amortised cost

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

B. Credit risk information as of December 31, 2017 year is as follows:

(a) 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 analysing the credit risk for each of their new clients before standard payment and delivery 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 lessee, including outstanding receivables.

(b) For the year ended December 31, 2017, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

(c) The ageing analysis of the Group's accounts receivable is as follows:

	December 31, 2017
Not past due nor impaired	$ 255,982
Past due but not impaired	
Up to 1 year	$ 810
Over 1 year	$ 374

The Group signed the charter agreements with well-known international charterers and oil carriers belonging to the Tanker International Pool. The Group received and wrote-off accounts receivable based on contracts.

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

(4) Effects of initial application of IFRS 15 and information on application of IAS 11 and IAS 18 in 2017

A. The significant accounting policies applied on revenue recognition for the year ended December 31, 2017 are set out below:

Revenue recognition

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

B. The significant accounting policies applied on revenue recognition for the year ended December 31, 2017 are set out below:

	For the year ended December 31, 2017
Bulk carrier	$ 2,376,345
Oil tanker	940,272
Management service	2,202
Supervision revenue	13,044
	$ 3,331,863

C. The effects of current balance sheet items if the Group continues adopting above accounting policies for the year ended December 31, 2018 are as follows:

	December 31, 2018		
Balance sheet items	Balance by using IFRS 15	Balance by using previous accounting policies	Effects from changes in accounting policy
Accounts receivable	$ 406,220	$ 552,475	($ 146,255)
Contract assets	146,255	-	146,255
Contract liabilities	27,653	-	27,653
Advance sales receipts	-	27,653	(27,653)

Reconciliation of reclassification based on above stated accounting policies are as follows:

Presentation of assets and liabilities in relation to contracts with customers

In line with IFRS 15 requirements, the Group changed the presentation of certain accounts in the balance sheet as follows:

(a) Under IFRS 15, bulk carrier contracts whereby services have been rendered but not yet billed are recognised as contract assets, but were previously presented as part of accounts receivable in the balance sheet, which have been recorded as contract assets in accordance with IFRS 15, 'Revenue from contracts with customers'.

(b) Under IFRS 15, liabilities in relation to bulk carrier contracts are recognised as contract liabilities, but were previously presented as advance sales receipts in the balance sheet, which have been recorded as contract liabilities in accordance with IFRS 15, 'Revenue from contracts with customers'.

D. There is no effect on comprehensive income statement if the Group continues adopting above accounting policies for the year ended December 31, 2018.

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 \$300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 3.

F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

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:

	For the year ended December 31, 2018			
	Bulk carrier	Oil tanker	Other segments	Total
Revenues from third parties	$ 3,100,741	$ 669,194	$ 3,147	$ 3,773,082
Segment income (loss)	$ 322,190	($ 160,713)	$ 3,147	$ 164,624

	For the year ended December 31, 2017			
	Bulk carrier	Oil tanker	Other segments	Total
Revenues from third parties	$ 2,376,345	$ 940,272	$ 15,246	$ 3,331,863
Segment income (loss)	$ 495,417	$ 100,379	$ 15,246	$ 611,042

(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.

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

	For the years ended December 31,	
	2018	2017
Reportable segment income	$ 161,477	$ 595,796
Other segment income	3,147	15,246
Total operating segment income	164,624	611,042
Others	(43,806)	120,592
Income from continuing operations before tax	$ 120,818	$ 731,634

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

(6) Major customer information

For the years ended December 31, 2018 and 2017, major customers with revenue representing 10% or above of the Group's total revenue are as follows (including revenue from discontinued operations):

	For the years ended December 31,			
	2018		2017	
	Revenues	Segment	Revenues	Segment
Customer A	$ 669,194	Oil tanker	$ 672,371	Oil tanker
Customer B	770,690	Bulk carrier	76,750	Bulk carrier
Customer C	647,482	Bulk carrier	519,477	Bulk carrier

Sincere Navigation Corporation and Subsidiaries

Loans to others

For the year ended December 31, 2018

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 year ended December 31, 2018	Balance at December 31, 2018	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	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 2)	Footnote
0	Sincere Navigation Corporation	None													$ 4,729,942	$ 6,303,922	
1	Norley Corporation Inc.	Sincere Navigation Corporation	Other receivables - related parties	Y	$ 1,892,150	$ 921,600	$ 921,600	-	2	-	Working capital	-	-	-	3,593,583	4,791,444	The maximum amount amounted to USD 65,000,000 for the current period, and the actual amount was USD 35,000,000 in the end of year.
2	Norley Corporation Inc.	Kenmore Shipping Inc.	Other receivables - related parties	Y	683,827	683,827	-	-	2	-	Working capital	-	-	-	3,593,583	4,791,444	The maximum amount amounted to USD 22,260,000 for the current period, and the actual amount was USD 0 at the end of year.
3	Heywood Limited	Sincere Navigation Corporation	Other receivables - related parties	Y	1,164,400	614,400	614,400	-	2	-	Working capital	-	-	-	1,650,583	4,791,444	The maximum amount amounted to USD 40,000,000 for the current period, and the actual amount was USD 20,000,000 in the end of year.

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 year ended December 31, 2018

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

		Party being endorsed/guaranteed												
Number (Note 1)	Endorser/ guarantor	Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2018	Outstanding endorsement/ guarantee amount at December 31, 2018	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 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
0	Sincere Navigation Corporation	Helmsman Navigation Co. Ltd.	3	$ 15,759,806	$ 438,858	$ 435,456	$ 348,365	$ -	50.75%	$ 39,399,515	Y	N	N	Guarantee balance is US$ 14,175 thousand
0	〃	Keystone Shipping Co. Ltd.	3	15,759,806	562,464	435,456	348,365	-	50.75%	39,399,515	Y	N	N	Guarantee balance is US$ 14,175 thousand
0	〃	Crimson Marine Company	3	15,759,806	464,732	-	-	-	50.75%	39,399,515	Y	N	N	Guarantee balance is US$ 0 thousand
0	〃	Ocean Wise Limited	3	15,759,806	587,094	582,543	194,181	-	50.75%	39,399,515	Y	N	N	Guarantee balance is US$ 18,963 thousand
0	〃	Maxson Shipping Inc.	3	15,759,806	499,549	495,676	330,451	-	50.75%	39,399,515	Y	N	N	Guarantee balance is US$ 16,135 thousand

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 December 31, 2018	Outstanding endorsement/ guarantee amount at December 31, 2018	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 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	Sincere Navigation Corporation	Poseidon Marine Ltd.	3	15,759,806	$ 919,512	$ 912,384	$ 202,752	$ -	50.75%	$ 39,399,515	Y	N	N	Guarantee balance is US$ 29,700 thousand
0	〃	Everwin Maritime Limited	3	15,759,806	1,051,309	695,440	695,440	-	50.75%	39,399,515	Y	N	N	Guarantee balance is US$ 22,638 thousand
0	〃	Kenmore Shipping Inc.	3	15,759,806	1,033,754	1,025,741	797,798	-	50.75%	39,399,515	Y	N	N	Guarantee balance is US$ 33,390 thousand
0	〃	Pacifica Maritime Limited	3	15,759,806	2,058,840	2,042,880	1,507,968	-	50.75%	39,399,515	Y	N	N	Guarantee balance is US$ 66,500 thousand
0	〃	Ocean Grace Limited	3	15,759,806	1,382,674	1,371,955	1,225,728	-	50.75%	39,399,515	Y	N	N	Guarantee balance is US$ 44,660 thousand

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 seven categories; fill in the number of category each case belongs to:
(1) Having business relationship.
(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company’s “Procedures for Provision of Endorsements and Guarantees”, and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: 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

Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more

For the year ended December 31, 2018

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

							If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:					
Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate
Ocean Grace Limited	Vessel-Tien Shan	March 8, 2018	$ 1,923,570 (USD 63,800 thousand)	Paid	China Shipbuilding & offshore International Co., Ltd. Qingdao Beihai Shipbuilding Heavy Industry Co., Ltd.	None	-	-	-	-	Acquisition cost of new ship	Operation requirement

Sincere Navigation Corporation and Subsidiaries

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

December 31, 2018

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2018	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	$ 921,600 (USD 30,000 thousand)	-	-	-	-	-
Heywood Limited (Heywood)	Sincere Navigation Corporation	Heywood's parent company	$ 614,400 (USD 20,000 thousand)	-	-	-	-	-

Sincere Navigation Corporation and Subsidiaries

Significant inter-company transactions during the reporting period

For the year ended December 31, 2018

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Sincere Navigation Corporation	Helmsman Navigation Co. Ltd.	1	Guarantees	$ 435,456	As per the Company's policy	1.78%
0	〃	Keystone Shipping Co. Ltd.	1	〃	435,456	〃	1.78%
0	〃	Ocean Wise Limited	1	〃	582,543	〃	2.38%
0	〃	Everwin Maritime Limited	1	〃	695,440	〃	2.85%
0	〃	Maxson Shipping Inc.	1	〃	495,676	〃	2.03%
0	〃	Poseidon Marine Ltd.	1	〃	912,384	〃	3.73%
0	〃	Kenmore Shipping Inc.	1	〃	1,025,741	〃	4.20%
0	〃	Pacifica Maritime Limited	1	〃	2,042,880	〃	8.36%
0	〃	Ocean Grace Limited	1	〃	1,371,955	〃	5.62%
1	Norley Corporation Inc.	Sincere Navigation Corporation	2	Other receivables	921,600	〃	3.77%
2	Heywood Limited	Sincere Navigation Corporation	2	〃	614,400	〃	2.52%

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 numberec

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 year ended December 31, 2018

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount (Note 1)		Shares held as at December 31, 2018（Note 2）			Net profit (loss) of the investee for the year ended December 31, 2018（Note 2）	Investment income(loss) recognised by the Company for the year ended December 31, 2018	
Investor	Investee	Location	Main business activities	Balance as at December 31, 2018	Balance as at December 31, 2017	Number of shares	Ownership (%)	Book value			Footnote
Sincere Navigation Corporation	Norley Corporation Inc.	Republic of Liberia	Investment holdings	$ 30,720 (USD 1,000 thousand)	$ 29,760 (USD 1,000 thousand)	500	100%	$ 11,978,611	$ 4,898	$ 4,898	Subsidiary
〃	Heywood Limited	Marshall Islands	〃	30,720 (USD 1,000 thousand)	29,760 (USD 1,000 thousand)	500	100%	5,501,944	238,244	238,244	Subsidiary
Norley Corporation Inc.	Kenmore Shipping Inc.	Marshall Islands	Oil tanker	1,416,499 (USD 46,110 thousand)	1,193,674 (USD40,110 thousand)	500	100%	1,824,317	(69,155)	-	Indirectly owned subsidiary
〃	Winnington Limited	〃	Investment holdings	318,794 (USD10,377 thousand)	308,832 (USD10,377 thousand)	500	100%	577,991	42,545	-	Indirectly owned subsidiary
〃	Jetwall Co. Ltd.	〃	〃	1,320,223 (USD42,976 thousand)	1,171,830 (USD39,376 thousand)	400	80%	1,485,436	(80,653)	-	Indirectly owned subsidiary
〃	Victory Navigation Inc.	〃	〃	169 (USD 6 thousand)	164 (USD 6 thousand)	275	55%	430,269	3,041	-	Indirectly owned subsidiary
〃	Kingswood Co., Ltd.	〃	〃	154 (USD 5 thousand)	149 (USD 5 thousand)	250	50%	12,063	49	-	Indirectly owned subsidiary
〃	Poseidon Marine Ltd.	〃	Shipping	61,747 (USD2,010 thousand)	298 (USD10 thousand)	500	100%	1,713,917	(45,997)	-	Indirectly owned subsidiary
〃	Maxson Shipping Inc.	〃	〃	322,560 (USD10,500 thousand)	312,480 (USD10,500 thousand)	500	100%	1,195,060	109,318	-	Indirectly owned subsidiary
〃	Ocean Wise Limited	Republic of Liberia	〃	205,397 (USD6,686 thousand)	168,623 (USD5,666 thousand)	334,305	51%	531,466	21,987	-	Indirectly owned subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount (Note 1) Balance as at December 31, 2018	Initial investment amount (Note 1) Balance as at December 31, 2017	Shares held as at December 31, 2018（Note 2） Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2018（Note 2）	Investment income(loss) recognised by the Company for the year ended December 31, 2018	Footnote
Norley Corporation Inc.	Pacifica Maritime Limited	Marshall Islands	Oil tanker	$ 1,498,829 (USD48,790 thousand)	$ 1,362,710 (USD45,790 thousand)	500	100%	$ 1,515,046	($ 10,955)	$ -	Indirectly owned subsidiary
〃	Sky Sea Maritime Limited	〃	Investment holdings	559,427 (USD18,211 thousand)	541,944 (USD18,211 thousand)	275	55%	592,502	59,587	-	Indirectly owned subsidiary
〃	New Frontier Navigation Ltd.	〃	Holding in shipbuilding	307 (USD 10 thousand)	-	500	100%	266	(41)	-	Indirectly owned subsidiary
〃	Elroy Maritime Service Inc.	〃	Maritime service	307 (USD 10 thousand)	-	500	100%	266	(41)	-	Indirectly owned subsidiary
Winnington Limited	Peg Shipping Company Limited	Republic of Liberia	Shipping	307 (USD 10 thousand)	298 (USD 10 thousand)	500	100%	572,753	42,635	-	Indirectly owned subsidiary
Kingswood Co., Ltd.	Seven Seas Shipping Ltd.	Marshall Islands	Oil tanker	307 (USD 10 thousand)	298 (USD 10 thousand)	500	100%	8,254	116	-	Indirectly owned subsidiary
Jetwall Co. Ltd.	Everwin Maritime Limited	〃	〃	1,650,278 (USD 53,720 thousand)	1,464,787 (USD49,220 thousand)	500	100%	1,857,758	(80,690)	-	Indirectly owned subsidiary
Victory Navigation Inc.	Everprime Shipping Limited	〃	Shipping	307 (USD 10 thousand)	298 (USD 10 thousand)	500	100%	778,873	3,042	-	Indirectly owned subsidiary
Sky Sea Maritime Limited	Ocean Grace Limited	〃	〃	1,017,139 (USD33,110 thousand)	985,354 (USD33,110 thousand)	500	100%	1,077,555	59,606	-	Indirectly owned subsidiary
Heywood Limited	Clifford Navigation Corporation	〃	〃	307 (USD 10 thousand)	298 (USD 10 thousand)	500	100%	740,251	56,950	-	Indirectly owned subsidiary
〃	Newton Navigation Limited	〃	〃	307 (USD 10 thousand)	298 (USD 10 thousand)	500	100%	1,964	(215)	-	Indirectly owned subsidiary
〃	Brighton Shipping Inc.	〃	〃	307 (USD 10 thousand)	298 (USD 10 thousand)	500	100%	769,907	81,482	-	Indirectly owned subsidiary
〃	Rockwell Shipping Limited	〃	〃	307 (USD 10 thousand)	298 (USD 10 thousand)	500	100%	606,951	68,282	-	Indirectly owned subsidiary

				Initial investment amount (Note 1)		Shares held as at December 31, 2018（Note 2）					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2018	Balance as at December 31, 2017	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2018（Note 2）	Investment income(loss) recognised by the Company for the year ended December 31, 2018	Footnote
Heywood Limited	Howells Shipping Inc.	Marshall Islands	Shipping	$ 368,947 (USD12,010 thousand)	$ 357,418 (USD12,010 thousand)	500	100%	$ 900,939	$ 70,419	$ -	Indirectly owned subsidiary
〃	Crimson Marine Company	〃	〃	749,507 (USD24,398 thousand)	726,084 (USD24,398 thousand)	500	100%	313,641	(38,483)	-	Indirectly owned subsidiary
〃	Century Shipping Limited	HongKong	Investment holdings	15,360 (USD500 thousand)	14,880 (USD500 thousand)	50,000	100%	(3,783)	(695)	-	Indirectly owned subsidiary
〃	Helmsman Navigation Co. Ltd.	Marshall Islands	Shipping	249,139 (USD8,110 thousand)	241,354 (USD8,110 thousand)	500	100%	145,310	18,306	-	Indirectly owned subsidiary
〃	Keystone Shipping Co. Ltd.	〃	〃	249,139 (USD8,110 thousand)	241,354 (USD8,110 thousand)	500	100%	180,092	(4,913)	-	Indirectly owned subsidiary

Note 1: The above balances of initial investments as at December 31, 2018 and 2017 were translated at the closing exchange rates at the balance sheet date.

Note 2: The above carrying amounts of shares held as at December 31, 2018 and net profit (loss) of the investee for the year ended December 31, 2018 were translated at the closing exchange rates at the balance sheet and the average exchange rates for the year ended December 31, 2018, respectively.

Sincere Navigation Corporation and Subsidiaries

Information on investments in Mainland China

For the year ended December 31, 2018

Table 7

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 of remittance from Taiwan to Mainland China as of January 1, 2018	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2018		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Net income of investee for the year edned December 31, 2018	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six-month period ended December 31, 2018 (Note 2)	Book value of investments in Mainland China as of December 31, 2018	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2018	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Haihu Maritime Service (Shanghai) Co., Ltd.	Maritime service	$ 15,855 (USD 500 thousand)	2	$ 15,855 (USD 500 thousand)	$ -	$ -	$ 15,855 (USD 500 thousand)	($ 695) (RMB -152 thousand)	100%	($ 695) (RMB -152 thousand)	($ 3,783) (RMB -845 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 year was based on financial statements audited by the Company's CPA.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	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	$ 9,455,884