

**CHINESE MARITIME TRANSPORT LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

For the three months ended March 31, 2016 and 2015

(with Independent Auditors' Report Thereon)

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Independent Auditors' Report

The Board of Directors
Chinese Maritime Transport Ltd.:

We have reviewed the accompanying consolidated balance sheets of Chinese Maritime Transport Ltd. and its subsidiaries as of March 31, 2016 and 2015, the consolidated statements of comprehensive income for the three months ended March 31, 2016 and 2015, and the changes in stockholders' equity and cash flows for the three months ended March 31, 2016 and 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our review.

Except as described in the following two paragraphs, we conducted our review in accordance with the guidelines of ROC Statement on Auditing Standards No. 36, "Engagements to Review Financial Statements". Those guidelines require that we plan and perform the review, consisting principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the auditing standards generally accepted in the Republic of China, with the objective of expressing an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Also included in the accompanying consolidated financial statements are the financial statements of certain consolidated subsidiaries, which were not reviewed by independent auditors. These consolidated subsidiaries reflected the total assets amounting to \$2,051,083 and \$2,074,737, constituting 9.31% and 9.88% of the consolidated totals as of March 31, 2016 and 2015, respectively. The total liabilities of these subsidiaries amounted to \$641,817 and \$640,197, constituting 5.82% and 6.24% of the consolidated totals as of March 31, 2016 and 2015, respectively. The comprehensive income (loss) of these subsidiaries amounted to \$9,596 and \$29,900, constituting (6.40)% and 213.08% of the consolidated totals for the three months ended March 31, 2016 and 2015, respectively.

As stated in note 6(d) of the consolidated financial statements, the investments accounted for using equity method amounting to \$2,091,613 and \$2,039,488 as of March 31, 2016 and 2015, and the related shares of profit (loss) of associates and joint ventures accounted for using equity method amounting to \$(14,058) and \$(9,496) recognized for the three months and three months ended March 31, 2016 and 2015, respectively, were based on the investees' financial statements without any review procedures conducted by independent auditors.

Based on our review, we are not aware of any modifications that should be made, in any material respects, except for the effects of the adjustments, if any, that might have emerged had the financial statements of the said consolidated subsidiaries and the investees accounted for using equity method been reviewed by independent auditors, to the accompanying consolidated financial statements described in the first paragraph for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards No. 34, "Interim Financial Reporting", which are endorsed by the Financial Supervisory Commission.

A handwritten signature in black ink, appearing to be 'LPMG'.

May 11, 2016

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and consolidated cash flows in accordance with the Regulations Governing the Preparation of Financial Report by Securities Issuers and IAS 34 Interim Financial Reporting as endorsed by the Financial Supervisory Commissions in the Republic of China and not those of any other jurisdictions. The standards, procedures, and practices to review such financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language versions of the auditors' report and consolidated financial statements, the Chinese version shall prevail.

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income (Unaudited)

For the three months ended March 31, 2016 and 2015
(expressed in thousands of New Taiwan dollars, except net income per share amounts)

	Three months ended March 31, 2016		Three months ended March 31, 2015	
	Amount	%	Amount	%
Operating revenue (note 7)				
Freight revenue-vessel chartering	\$ 385,607	47	390,060	47
Freight revenue-container hauling, net, and logistics revenue	423,218	52	440,069	53
Freight revenue-airline agent and others	4,521	1	2,453	-
	<u>813,346</u>	<u>100</u>	<u>832,582</u>	<u>100</u>
Operating Cost (notes 7 and 12)				
Freight cost-vessel chartering	263,036	32	236,853	28
Freight cost-container hauling and logistics cost	318,146	39	338,969	41
Freight cost-airline agent and others	3,531	-	1,790	-
	<u>584,713</u>	<u>71</u>	<u>577,612</u>	<u>69</u>
Gross profit	228,633	29	254,970	31
Operating expenses (notes 7 and 12)	90,874	11	91,178	11
Net operating income	<u>137,759</u>	<u>18</u>	<u>163,792</u>	<u>20</u>
Non-operating income and expenses:				
Other income	4,058	-	3,974	-
Financial costs-interest expense (note 6(n))	(37,276)	(5)	(33,491)	(4)
Share of profit (loss) of associates accounted for using equity method (note 6(d))	(14,058)	(2)	(9,496)	(1)
Interest income	4,207	1	4,479	1
Gains on disposals of investment property, plant and equipment (notes 6(e) and (f))	9,785	1	14,792	2
Gain (loss) on financial assets at fair value through profit or loss (note 6(b))	(1,183)	-	30,243	4
Foreign exchange gains (loss)	(386)	-	(1,033)	-
Miscellaneous disbursements (note 11)	(10,000)	(1)	-	-
Losses on disposals of investments (note 6(d))	-	-	(14,527)	(2)
	<u>(44,853)</u>	<u>(6)</u>	<u>(5,059)</u>	<u>-</u>
Profit before tax	92,906	12	158,733	20
Tax expense (note 6(k))	14,084	2	15,380	2
Profit (loss)	<u>78,822</u>	<u>10</u>	<u>143,353</u>	<u>18</u>
Other comprehensive income: (note 6(l))				
Other comprehensive income, before tax, exchange differences on translation	(203,572)	(25)	(110,020)	(13)
Share of other comprehensive income of associates for using equity method	(25,270)	(3)	(19,301)	(2)
Other comprehensive income, net	<u>(228,842)</u>	<u>(28)</u>	<u>(129,301)</u>	<u>(15)</u>
Comprehensive income	<u>\$ (150,020)</u>	<u>(18)</u>	<u>14,032</u>	<u>3</u>
Earnings per share: (note 6(m))				
Basic net income (loss) per share	\$ <u>0.31</u>		\$ <u>0.56</u>	
Diluted net income (loss) per share	\$ <u>0.31</u>		\$ <u>0.56</u>	

See accompanying notes to consolidated financial statements.

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES

Consolidated Statements of changes in equity (Unaudited)

For the three months ended March 31, 2016 and 2015
(expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of parent							Total other equity interest	Total equity
	Retained earnings			Exchange differences on translation of foreign financial statements		Other equity interest			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	
Balance on January 1, 2015	\$ 2,564,736	53,411	1,583,016	579,599	5,877,011	8,039,626	77,330	69,774	10,727,547
Profit for the three-month period ended March 31, 2015	-	-	-	-	143,353	143,353	-	-	143,353
Other comprehensive income (loss) for the three-month period ended March 31, 2015	-	-	-	-	-	-	(128,385)	(936)	(129,321)
Comprehensive income (loss) for three-month period ended March 31, 2015	-	-	-	-	143,353	143,353	(128,385)	(936)	14,032
Balance on March 31, 2015	<u>\$ 2,564,736</u>	<u>53,411</u>	<u>1,583,016</u>	<u>579,599</u>	<u>6,020,364</u>	<u>8,182,979</u>	<u>(51,055)</u>	<u>(8,492)</u>	<u>10,741,579</u>
Balance on January 1, 2016	\$ 2,564,736	53,411	1,616,288	359,487	6,065,087	8,040,862	494,742	481,568	11,140,577
Profit for the three-month period ended March 31, 2016	-	-	-	-	78,822	78,822	-	-	78,822
Other comprehensive income (loss) for the three-month period ended March 31, 2016	-	-	-	-	-	-	(228,842)	(228,842)	(228,842)
Comprehensive income (loss) for the three-month period ended March 31, 2016	-	-	-	-	78,822	78,822	(228,842)	(228,842)	(150,020)
Balance on March 31, 2016	<u>\$ 2,564,736</u>	<u>53,411</u>	<u>1,616,288</u>	<u>359,487</u>	<u>6,143,909</u>	<u>8,119,684</u>	<u>265,900</u>	<u>(13,174)</u>	<u>10,990,557</u>

See accompanying notes to consolidated financial statements.

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES

Consolidated Statements of cash flows (Unaudited)

For the three-months ended March 31, 2016 and 2015
(expressed in thousands of New Taiwan dollars)

	2016	2015
Cash flows from (used in) operating activities:		
Profit before tax	\$ 92,906	158,733
Adjustments:		
Adjustments to reconcile profit:		
Depreciation and amortization	187,018	179,461
Loss (gain) on financial assets at fair value through profit or loss	1,183	(30,243)
Interest expense	32,276	33,491
Interest income	(4,207)	(4,479)
Share of loss (profit) of associates for using equity method	14,058	9,496
Loss (gain) on disposal of property, plant and equipment	(9,785)	(14,792)
Loss (gain) on disposal of investments	-	14,527
Adjustments to reconcile profit	225,543	187,461
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in asset at fair value through profit and loss	-	450
Decrease (increase) in notes and accounts receivable	18,539	38,563
Decrease (increase) in other current assets and prepayment	(22,083)	(32,029)
Decrease (increase) in other current financial assets	2,336	11,012
	(1,208)	17,996
Changes in operating liabilities:		
Increase (decrease) in notes and accounts payable	(27,790)	(26,020)
Net defined benefit liability increase (decrease)	(79,963)	(440)
Increase (decrease) in other current liabilities	(21,940)	(43,271)
Increase (decrease) in unearned revenue	(11,883)	(7,266)
	(141,576)	(76,997)
Total changes in operating assets and liabilities	(142,784)	(59,001)
Total adjustments	82,759	128,460
Cash flows from operations	175,665	287,193
Interest received	3,619	5,273
Interest paid	(25,170)	(24,517)
Income taxes paid	(42)	(116)
Net Cash flows from (used in) operating activities	154,072	267,833
Cash flows from (used in) investing activities:		
Proceeds from disposal of investments accounted for using equity method	-	86,983
Acquisition of property, plant, equipment	(60,312)	(39,644)
Proceeds from disposal of property, plant and equipment	23,475	19,652
Increase in deferred expense and others	(4,120)	6,213
Decrease (increase) in other current financial assets	(636,659)	(18,935)
Decrease (increase) in other non-current financial assets	10	2,709
Net cash flows from (used in) investing activities	(677,606)	56,978
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	(1,064,759)	(120,318)
Issuance of corporate bond	2,300,000	-
Repayments of long-term borrowings	(168,098)	(160,769)
Others	86	(3)
Net cash flows from (used in) financing activities	1,067,229	(281,090)
Effect of exchange rate changes on cash and cash equivalents	(75,623)	(47,599)
Net increase (decrease) in cash and cash equivalents	468,072	(3,878)
Cash and cash equivalents at beginning of period	4,506,458	4,610,003
Cash and cash equivalents at end of period	\$ 4,974,530	4,606,125

See accompanying notes to consolidated financial statements.

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES AND SUBSIDIARIES

Notes to Consolidated Financial Statements

March 31, 2016 and 2015 (Unaudited)

(expressed in thousands of New Taiwan dollars unless otherwise specified)

(1) Company history

Chinese Maritime Transport Ltd. (the Company), previously named Associated Transport Inc., was incorporated as a company limited by shares on January 31, 1978, in the Republic of China. The Company's common shares were listed on the Taiwan Stock Exchange (TSE). The consolidated financial statements of the Company as at and for the three months ended March 31, 2016 comprise the Company and its subsidiaries (together refined to as the "Group" and individually as "Group entities"). The main activities of the Company are bulk-carrier transportation through its 100%-owned overseas subsidiaries; domestic container hauling, vessel transportation, warehousing, and related business; and acting as the general sales agent for Saudi Arabian Airlines. The Company also owns investment companies to engage in the business of investment. Based on the organization of the Group and distribution of duties, the Company leads and invests in the business in the Group related to transportation. Please refer to note 4 (b) for related information.

(2) Consolidated financial statements authorization date and authorization process

These consolidated financial statements were authorized for issuance by the board of directors on May 11, 2016.

(3) New standards and interpretations not yet adopted

The impact of the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASBs") but not yet endorsed by the Financial Supervisory Commissions.

The 2013 version of the IFRS issued by the IASB but not yet endorsed by the FSC were as follows:

<u>New standards and amendments</u>	<u>Effective date per IASB</u>
·IFRS 9 " <i>Financial Instruments</i> "	January 1, 2018
·Amendments to IFRS 10 and IAS 28 " <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> "	Not yet endorsed by the IASB
·Amendments to IFRS 10, IFRS 12 and IAS 28 " <i>Investment Entities: Applying the Consolidation Exception</i> "	January 1, 2016
·Amendments to IFRS 11 " <i>Accounting for Acquisition of Interests in Joint Operations</i> "	January 1, 2016
·IFRS 14 " <i>Regulatory Deferral Accounts</i> "	January 1, 2016
·IFRS 15 " <i>Revenue from Contracts with Customers</i> "	January 1, 2018
·IFRS 16 " <i>Leases</i> "	January 1, 2019
·Amendments to IFRS 15 " <i>Clarification to IFRS 15</i> "	January 1, 2018
·Amendments to IAS 1 " <i>Disclosure Initiative</i> "	January 1, 2016

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CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES AND SUBSIDIARIES

Notes to Consolidated Financial Statements

<u>New standards and amendments</u>	<u>Effective date per IASB</u>
• Amendments to IAS 7 “ <i>Disclosure Initiative</i> ”	January 1, 2017
• Amendments to IAS 12 “ <i>Recognition of Deferred Tax Assets for Unrealized Losses</i> ”	January 1, 2017
• Amendments to IAS 16 and IAS 38 “ <i>Clarification of Acceptable Methods of Depreciation and Amortization</i> ”	January 1, 2016
• Amendments to IAS 16 and IAS 41 “ <i>Agriculture: Bearer Plants</i> ”	January 1, 2016
• Amendments to IAS 19 “ <i>Defined Benefit Plans: Employee Contributions</i> ”	July 1, 2014
• Amendments to IAS 27 “ <i>Equity Method in Separate Financial Statements</i> ”	January 1, 2016
• Amendments to IAS 36 “ <i>Recoverable Amount Disclosures for Non-Financial Assets</i> ”	January 1, 2014
• Amendments to IAS 39 “ <i>Novation of Derivatives and Continuation of Hedge Accounting</i> ”	January 1, 2014
• Annual Improvements: 2010-2012 and 2011-2013 Cycles	July 1, 2014
• Annual Improvements to IFRS: 2012-2014 Cycles	January 1, 2016
• Amendments to IFRIC 21 “ <i>Levies</i> ”	January 1, 2014

As the standards and amendments above have not been endorsed by the FSC, the Group is in the process of assessing the impact on its consolidated financial position and consolidated results of its operations. The related impact will be disclosed following the completion of its assessments.

(4) Significant Accounting Policies**(a) Statement of compliance**

These consolidated interim financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Regulations) and the guidelines of IAS 34 Interim Financial Reporting which are endorsed by the FSC. These consolidated interim financial statements do not include all of the information required by the Regulations and by the International Financial Reporting Standards, the International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to as the IFRS endorsed by the FSC) for the annual financial statements.

The significant accounting policies used in the interim financial statement are consistent with the consolidated financial statement for the year ended December 31, 2015. For related information, please refer to note 4 of the consolidated financial statement for the year ended December 31, 2015.

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CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(b) Basis of consolidation

Principle of preparation of the consolidated financial statements is consistent with the consolidated financial statement for the year ended December 31, 2015. For related information, please refer to note 4(c) of the consolidated financial statement for the year ended December 31, 2015.

List of subsidiaries in the consolidated financial statements.

Investor	Name of subsidiary	Core business	Percentage of ownership (%)		
			March 31, 2016	December 31, 2015	March 31, 2015
The Company	Chinese Maritime Transport(S) Pte. Ltd. (CMTS)	Investment holding of ship-owning companies	0.87	0.87	0.95
"	Chinese Maritime Transport (Hong Kong), Limited (CMTHK)	"	100	100	100
"	CMT Logistics Co., Ltd. (CMTL)	Warehouse management	100	100	100
"	AGM Investment Ltd. (AGM)	Investment	100	100	100
"	Hope Investment Ltd. (HIL)	Investment	100	100	100
"	Mo Hsin Investment Ltd. (MHI)	Investment	100	100	100
"	Associated Transport Inc. (ATI)	Container trucking	100	100	100
"	CMT Travel Service Ltd.	Travel	100	100	100
"	United Nan Hai Petroleum INC (UNH)	Gasoline international trade	100	100	100
"	United Nan Hai Development Investment INC (NHD)	Investment	100	100	(note 1)
"	CMT AIR LTD. (CMA)	Forwarder	100	100	100
CMTS	China Fortune Shipping Pte Ltd. (CFR)	Bulk-carrier transportation	100	100	100
"	China Enterprise Shipping PTE. Ltd. (CEP)	"	100	100	100
CMTHK	China Prosperity Shipping Ltd. (CPS)	"	100	100	100
"	China Peace Shipping Ltd. (CPC)	"	100	100	100
"	China Progress Shipping Ltd. (CPG)	"	100	100	100
"	China Pioneer Shipping Ltd. (CPN)	Forwarder	100	100	100
"	China Pride Shipping Ltd. (CPD)	"	100	100	100
"	CMT Chartering Ltd. (CCL)	Bulk-chartering services	100	100	100
"	China Triumph Shipping Ltd. (CTU)	"	100	100	100

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Investor	Name of subsidiary	Core business	Percentage of ownership (%)		
			March 31, 2016	December 31, 2015	March 31, 2015
CMTHK	China Trade Shipping Ltd. (CTD)	Bulk-chartering services	100	100	100
"	China Harmory Shipping LTD.(CHM)	"	100	100	100
"	China Honour Shipping Ltd. (CHN)	"	100	100	100
"	CMT Investment Co. Limited (CHI)	Investment	100	100	100
"	CMT International Management Co., Limited. (CIM)	Investment Management	100	100	100
"	CMTS	Investment holding of ship-owning companies	99.13	99.13	99.05
ATI	Chang-Shun Transport LTD. (CST)	Container trucking	100	100	100
"	Huang-Yuen Transport LTD. (HYT)	Container trucking	100	100	100
"	Mao-Hua Transport LTD. (MHT)	Container trucking	100	100	100
"	AG Prosperity Transport LTD. (APT)	Container trucking	100	100	100
"	Pioneer Transport Co., LTD (PTL)	Container trucking	100	100	(note 1)

Note 1: NHD and PTL were incorporated in December 2015.

(c) Income Taxes

Tax expense in the interim financial statements is measured and disclosed according to paragraph B12 of IAS 34 "Interim Financial Reporting".

Income tax expense for the year is best estimated by multiplying the pretax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the effective tax rate at the time of realization or liquidation and recognized directly in equity or other comprehensive income as tax expense.

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(d) Employee benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(5) Major sources of significant accounting assumptions, judgments, and estimation uncertainty

The preparation of the consolidated interim financial statements in conformity with IFRSs (in accordance with IAS 34 endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In the preparation of this consolidated interim financial statements, the major sources of accounting assumptions, judgments and estimation uncertainty are consistent with note 5 of the annual consolidated financial statements for the year ended December 31, 2015.

(6) Explanation of significant accounts

Except for described below, there is no significant difference between these consolidated interim financial statements and the annual consolidated financial statements for the year ended December 31, 2015. Please refer to note 6 of the consolidated financial statements for the ended December 31, 2015 for related information.

(a) Cash and cash equivalents

	<u>March 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>	<u>March 31,</u> <u>2015</u>
Petty cash, checking accounts and demand deposits	\$ 1,892,012	1,869,671	1,467,977
Time deposits	2,537,762	2,531,835	2,970,386
Cash equivalents-commercial paper and bonds purchased under resale agreements	<u>544,756</u>	<u>104,952</u>	<u>167,762</u>
	<u>\$ 4,974,530</u>	<u>4,506,458</u>	<u>4,606,125</u>

Please refer to note 6(p) for the interest rate risk and the fair value sensitivity analysis of the financial assets and liabilities of the Group.

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(b) Financial assets

1. Information is as follow:

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Fair value through profit or loss-current			
Held-for-trading	\$ 2,360	2,850	933
Financial assets at fair value through profit or loss	<u>-</u>	<u>-</u>	<u>31,479</u>
	<u>2,360</u>	<u>2,850</u>	<u>32,412</u>
Non-current financial assets held for trading	<u>66,360</u>	<u>67,066</u>	<u>130,221</u>
Non-current financial assets at cost	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
	<u>\$ 93,720</u>	<u>94,916</u>	<u>187,633</u>

Please refer to note 6(p) for the exposure to credit risk, currency risk and interest rate risk of the financial instruments of the Group.

The gain or loss on financial asset at fair value through profit or loss for the three months ended March 31, 2016 and 2015 were \$(1,183) and \$30,243.

The Group did not provide any aforementioned financial assets as collateral for its loans as of March 31, 2016, and December 31 and March 31, 2015, respectively.

2. Debt investment and fixed rate deposit:

The carrying amounts of debt investment and fixed rate deposit as of March 31, 2016 and December 31 and March 31, 2015, is \$66,360, \$67,066 and \$161,700, respectively. Other related information are as follows:

	<u>Three months ended March 31, 2016</u>		<u>Three months ended March 31, 2015</u>	
	<u>Interest rates</u>	<u>Maturity dates</u>	<u>Interest rates</u>	<u>Maturity dates</u>
Current financial assets at fair value through profit or loss	-	-	3.75%	2015
Non current financial assets held-for-trading	3%	2019	3%	2019

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(c) Notes and accounts receivable and other receivables-third parties

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Notes receivable	\$ 4,937	6,841	8,765
Accounts receivable	144,729	158,760	160,745
Other receivables	<u>7,482</u>	<u>9,818</u>	<u>9,431</u>
	157,148	175,419	178,941
Less: allowance for uncollectible accounts	<u>(1,809)</u>	<u>(1,809)</u>	<u>(1,827)</u>
	<u>\$ 155,339</u>	<u>173,610</u>	<u>177,114</u>
Notes and account receivable, net	\$ 147,857	163,792	167,683
Other receivables – current	<u>7,482</u>	<u>9,818</u>	<u>9,431</u>
	<u>\$ 155,339</u>	<u>173,610</u>	<u>177,114</u>

As of March 31, 2016, and December 31 and March 31, 2015, the Group did not provide any aforementioned notes and accounts receivable and other receivables as collaterals for its loans. The Group recognized an impairment loss in a collectively assessed method. Please refer to note 6(p) for the change in the allowance for doubtful accounts of the Group.

(d) Investments accounted for using equity method

- (i) A summary of the Group's financial information for equity-accounted investees at the reporting date is as follows:

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Associates	\$ <u>2,091,613</u>	<u>2,130,941</u>	<u>2,039,488</u>

- (ii) The Group's share of the net income of its associate was as follows:

	<u>Three months ended March 31, 2016</u>	<u>Three months ended March 31, 2015</u>
Associates	\$ <u>(14,058)</u>	<u>(9,496)</u>

The losses on investment in associate recognized for the three months ended March 31, 2016 and 2015, including the amortization of investment premium, were \$15,633 and \$24,381, respectively. As of March 31, 2016 and 2015, the balance of unamortized investment premium amounted to \$67,503 and \$159,978, respectively.

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES AND SUBSIDIARIES

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(iii) The following is the related information of significant associate

Name	Nature of the relationship	Principal place of business/ Country of incorporation	Effective ownership interest and voting right		
			2016.3.31	2015.12.31	2015.3.31
Taiwan Navigation Co., Ltd.	A significant investee company of the Group, in which its main activities are sea shipping services and construction subcontractor, leasing and sales of commercial and residential buildings	Taiwan	15.917%	15.917%	16.569%

The market value of the shares of listed Group's material associate was as follows:

	2016.3.31	2015.12.31	2015.3.31
Taiwan Navigation Co., Ltd.	\$ 916,596	916,596	1,404,960

The following table summarizes the information of the Group's material associate adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

A. Summarized financial information of Taiwan Navigation Co., Ltd.

	2016.3.31	2015.12.31	2015.3.31
Current assets	\$ 1,299,337	1,480,735	1,597,911
Non current assets	11,126,875	11,393,186	10,833,677
Current liabilities	(500,013)	(606,085)	(688,473)
Non current liabilities	(2,023,856)	(2,215,760)	(1,776,675)
Net assets	\$ <u>9,902,343</u>	<u>10,052,076</u>	<u>9,966,440</u>

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	Three months ended March 31, 2016	Three months ended March 31, 2015
Revenue	\$ <u>566,585</u>	<u>667,287</u>
Profit (loss) from continuing operations	9,027	83,438
Other comprehensive income	<u>(158,760)</u>	<u>(95,225)</u>
Total comprehensive income	\$ <u><u>(149,733)</u></u>	<u><u>(11,787)</u></u>
	Three months ended March 31, 2016	Three months ended March 31, 2015
Beginning balance of comprehensive income owned by the Group	\$ 1,599,978	1,766,414
Comprehensive income attributed to the Group	(23,831)	(2,087)
Disposals	<u>-</u>	<u>(103,953)</u>
Ending Balance of comprehensive Income owned by the Group	1,576,147	1,660,374
Add: Balance of undeducted amortization of premium on investment	<u>67,503</u>	<u>159,978</u>
Ending balance of comprehensive income owned by the Group	\$ <u><u>1,643,650</u></u>	<u><u>1,820,352</u></u>

(iv) Summarized financial information of insignificant associate:

The summarized financial information of insignificant associate using the equity-accounted method is as follows:

	2016.3.31	2015.12.31	2015.3.31
Ending balance of carrying amount of insignificant associate	\$ <u><u>447,963</u></u>	<u><u>447,827</u></u>	<u><u>219,136</u></u>
	Three months ended March 31, 2016	Three months ended March 31, 2015	
Group's share of results:			
Profit (loss) from continuing operations	\$ 136	117	
Other comprehensive income	<u>-</u>	<u>-</u>	
Total comprehensive income	\$ <u><u>136</u></u>	<u><u>117</u></u>	

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(v) During the three months ended March 31, 2015, the Group disposed of 4,147 thousand shares of its investments accounted for using equity method for \$86,983. The losses on disposal amounted to \$14,527 and recorded as non-operating income and expense. The receivable amounting to \$1,613 as of March 31, 2015 was recorded as other current financial asset.

(vi) Pledges

As of March 31, 2016, and December 31 and March 31, 2015, the Group provided investments accounted for using equity method as collateral for its loans. Please refer to note (8).

(e) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the three months ended March 31, 2016 and 2015 were as follows:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Under construction</u>	<u>Total</u>
Cost or deemed cost:						
Balance at January 1, 2016	\$ 1,758,525	140,753	15,342,272	474,932	1,247,149	18,963,631
Additions	-	1,146	54,935	2,358	1,873	60,312
Disposals	-	-	(20,143)	(4,381)	-	(24,524)
Reclassifications	-	-	-	15,239	-	15,239
Effect of movements in exchange rates	-	(719)	(284,069)	-	(24,360)	(309,148)
Balance on March 31, 2016	<u>\$ 1,758,525</u>	<u>141,180</u>	<u>15,092,995</u>	<u>488,148</u>	<u>1,224,662</u>	<u>18,705,510</u>
Balance on January 1, 2015	\$ 1,758,525	140,962	14,781,197	480,376	738,792	17,899,852
Additions	-	168	30,555	7,813	1,108	39,644
Disposals	-	(288)	(4,970)	(13,789)	-	(19,047)
Reclassifications	-	1,512	-	-	-	1,512
Effect of movements in exchange rates	-	(393)	(155,003)	-	(8,177)	(163,573)
Balance on March 31, 2015	<u>\$ 1,758,525</u>	<u>141,961</u>	<u>14,651,779</u>	<u>474,400</u>	<u>731,723</u>	<u>17,758,388</u>
Depreciation and impairments loss:						
Balance on January 1, 2016	\$ -	73,292	4,727,451	235,123	-	5,035,866
Depreciation for the period	-	1,647	176,357	8,010	-	186,014
Disposals	-	-	(7,379)	(3,455)	-	(10,834)
Reclassifications	-	-	-	-	-	-
Effect of movements in exchange rates	-	(75)	(87,253)	-	-	(87,328)
Balance on March 31, 2016	<u>\$ -</u>	<u>74,864</u>	<u>4,809,176</u>	<u>239,678</u>	<u>-</u>	<u>5,123,718</u>
Balance on January 1, 2015	\$ -	70,722	3,901,468	225,158	-	4,197,348
Depreciation for the period	-	1,687	167,935	8,473	-	178,095
Disposals	-	(288)	(1,772)	(12,127)	-	(14,187)
Effect of movements in exchange rates	-	(33)	(40,056)	-	-	(40,089)
Balance on March 31, 2015	<u>\$ -</u>	<u>72,088</u>	<u>4,027,575</u>	<u>221,504</u>	<u>-</u>	<u>4,321,167</u>

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	<u>Land</u>	<u>Buildings and construction</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Under construction</u>	<u>Total</u>
Carrying amounts:						
Balance on January 1, 2016	\$ <u>1,758,525</u>	<u>67,461</u>	<u>10,614,821</u>	<u>239,809</u>	<u>1,247,149</u>	<u>13,927,765</u>
Balance on March 31, 2016	\$ <u>1,758,825</u>	<u>66,316</u>	<u>10,283,819</u>	<u>248,470</u>	<u>1,224,662</u>	<u>13,581,792</u>
Balance on March 31, 2015	\$ <u>1,758,525</u>	<u>69,873</u>	<u>10,624,204</u>	<u>252,896</u>	<u>731,723</u>	<u>13,437,221</u>

(i) The pledge information is summarized in note 8

(ii) The Group entered into bulk-carrier construction contracts with the third parties on January 10, 2014, July 11, 2013 and August 30, 2013. As of March 31, 2016, the cost incurred totaled \$1,224,662.

(iii) The Group sold its property, plant and equipment to third party in three month ended March 31, 2016 and 2015 for \$23,475 and \$19,652, respectively. The cost of aforementioned property, plant and equipment amounted to \$13,690 and \$4,860, respectively, and the related gain of disposal amounted to \$9,785 and \$14,792, respectively. The registration procedures of the property transfer have been completed and amounts have been fully received.

(iv) The Group tested the transportation equipment for impairment and recognized an impairment loss of US \$31,555,000 (NTD \$1,015,598, \$1,035,793 and \$987,672, respectively) as of March 31, 2016, and December 31 and March 31, 2015, respectively.

(f) Investments property

	<u>Land</u>	<u>Building</u>	<u>Total</u>
Cost:			
Balance on January 1, 2016	\$ 19,094	27,930	47,024
Effect of movements in exchange rates	-	(471)	(471)
Balance on March 31, 2016	\$ <u>19,094</u>	<u>27,459</u>	<u>46,553</u>
Balance on January 1, 2015	\$ 19,094	27,065	46,159
Effect of movements in exchange rates	-	(258)	(258)
Balance on March 31, 2015	\$ <u>19,094</u>	<u>26,807</u>	<u>45,901</u>
Depreciation and impairment losses:			
Balance on January 1, 2016	\$ -	7,385	7,385
Depreciation for the year	-	134	134
Effect of movements for exchange rates	-	(100)	(100)
Balance on March 31, 2016	\$ <u>-</u>	<u>7,419</u>	<u>7,419</u>
Balance on January 1, 2015	\$ -	6,386	6,386
Depreciation for the year	-	219	219
Effect of movements for exchange rates	-	(46)	(46)
Balance on March 31, 2015	\$ <u>-</u>	<u>6,559</u>	<u>6,559</u>

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Notes to Consolidated Financial Statements

	<u>Land</u>	<u>Building</u>	<u>Total</u>
Carrying amount:			
Balance on January 1, 2016	\$ <u>19,094</u>	<u>20,545</u>	<u>39,639</u>
Balance on March 31, 2016	\$ <u>19,094</u>	<u>20,040</u>	<u>39,134</u>
Balance on March 31, 2015	\$ <u>19,094</u>	<u>20,248</u>	<u>39,342</u>

Investment property comprises a number of commercial properties that are leased to third parties. Each of the lease contract contains an initial non-cancellable period. Subsequent renewals are negotiated with the lessee. No contingent rents are charged. Please refer to note 6(i) for further information.

There were no significant change in the fair value of investment property during the three months ended March 31, 2016 and 2015 as disclosed in note 6(f) of the consolidated financial statements for the year ended December 31, 2015.

As of March 31, 2016 and December 31 and March 31, 2015, the investment property of the Group were not pledged as collateral or restricted.

(g) Other financial assets

	<u>March 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>	<u>March 31,</u> <u>2015</u>
Time deposits (over three months)	\$ 681,519	42,434	12,150
Other receivables	7,482	9,818	9,431
Guarantee deposits	5,203	5,241	5,213
Pledged assets-time deposits	<u>185,508</u>	<u>187,906</u>	<u>257,612</u>
	<u>\$ 879,712</u>	<u>245,399</u>	<u>283,956</u>
Other financial assets-current	\$ 857,011	222,688	263,203
Other financial assets-non-current	<u>22,701</u>	<u>22,711</u>	<u>20,753</u>
	<u>\$ 879,712</u>	<u>245,399</u>	<u>283,956</u>

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CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(h) Loans

The Group's detail of loans was as follows:

1. Short-term loans and commercial paper payable

	<u>March 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>	<u>March 31,</u> <u>2015</u>
Credit loans	\$ 195,000	640,000	360,000
Commercial paper payable	-	620,000	630,000
Less: discount on commercial paper payable	-	(241)	718
	<u>\$ 195,000</u>	<u>1,259,759</u>	<u>989,282</u>
Unused credit lines	<u>\$ 4,085,000</u>	<u>2,970,000</u>	<u>3,235,000</u>
Range of interest rate during the period	<u>1.008%~1.3%</u>	<u>1.058%~1.4%</u>	<u>1.118%~1.4%</u>

2. Long-term loans

<u>Bank</u>	<u>Currency</u>	<u>Due Year</u>	<u>March 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>	<u>March 31,</u> <u>2015</u>
COMMERZBANK (formerly Deutsche Schiffs Bank)	USD	2016	\$ 187,896	191,633	243,639
Mega International Commercial Bank (formerly International Commercial Bank of China)	"	2015	-	-	157,707
COMMERZBANK (formerly Deutsche Schiffs Bank)	"	2019	579,330	630,240	638,520
Mega International Commercial Bank	"	2022	868,995	886,275	985,950
Bank SinoPac	"	2022	1,069,733	1,145,168	1,143,613
Mega International Commercial Bank	"	2022	868,995	960,131	985,950
Bank SinoPac	"	2023	<u>1,167,087</u>	<u>1,190,925</u>	<u>1,237,510</u>
			4,742,036	5,003,742	5,392,889
Less: current portion			<u>(766,434)</u>	<u>(781,675)</u>	<u>(781,246)</u>
			<u>\$ 3,975,602</u>	<u>4,222,067</u>	<u>4,611,643</u>
Range of interest rates during the period			<u>1.11%~1.67%</u>	<u>0.85%~2.1%</u>	<u>0.85%~2.10%</u>

3. Bonds Payable

The Group issued secured bonds at face value. The interest is calculated and paid annually from the date of issuance. The bonds payable on March 31, 2016 and December 31, and March 31, 2015 were as follows:

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	Guarantee bank	Interest rate	Due	March 31, 2016	December 31, 2015	March 31, 2015
The third secured bonds payable	Shanghai Commercial Bank	1.40%	June 2017	1,000,000	1,000,000	1,000,000
"	Cathay United Bank	1.40%	June 2017	500,000	500,000	500,000
"	Chinatrust Commercial Bank	1.40%	June 2017	500,000	500,000	500,000
"	Bank SinoPac	1.40%	June 2017	500,000	500,000	500,000
"	Industrial Bank of Taiwan	1.40%	June 2017	300,000	300,000	300,000
The first secured bonds payable (2016)	Bank of Taiwan	0.88%	March 2021	900,000	-	-
The second secured bonds payable (2016)	Mega Bank	1.00%	March 2021	1,400,000	-	-
				\$ 5,100,000	2,800,000	2,800,000

4. In order to repay its bank loans and bonds payable which were issued previously, as well as to increase its working capital for the requirement of business development, the Group issued two secured corporate bonds on January 29, 2016 and February 22, 2016, which were approved at the Board of Directors meetings. The first and second secured corporate bonds both amounted to \$1,000, at par value per phase, which were released with a period of five years, with a total par values of \$900,000 and \$1,400,000, respectively.

5. Refer to note 6(p) for the information of exposure to liquidity risk. The Group provided assets as collaterals for credit line of short-term and long-term borrowing, please refer to note 8.

(i) Operating lease

There were no significant new lease contracts during the three months ended March 31, 2016 and 2015. Please refer to the consolidated financial statements for the year ended December 31, 2015.

(j) Employee benefits

1. Defined benefit plans

Given there was no significant volatility of the market or any significant reimbursement, settlement or other one-time event in the prior fiscal year, pension cost in the interim financial statements is measured and disclosed in accordance with the actuarial report measured on December 31, and January 1, 2015.

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The pension costs of the defined benefit plans were as follows:

	Three months ended <u>March 31, 2016</u>	Three months ended <u>March 31, 2015</u>
Cost of sales and operating expenses	\$ <u>1,752</u>	<u>1,689</u>

In accordance with Paragraph 2 of Article 56 of the Labor Standards Act, before the end of each year, employers shall assess the balance in the designated labor pension reserve funds account. If the amount is inadequate to pay pensions for workers retiring in the same year according to Article 53 or subparagraph 1 of Paragraph 1 of Article 54, the employer is required to make up the difference. The difference as of March 2016 was \$79,775 thousand.

2. Defined contribution plans

The pension costs under the defined contribution plans were as follows, and the payment was made to the Bureau of Labor Insurance:

	Three months ended <u>March 31, 2016</u>	Three months ended <u>March 31, 2015</u>
Cost of sales and operating expenses	\$ <u>2,179</u>	<u>2,033</u>

(k) Income taxes

Income tax expense is best estimated by multiplying the pretax income for the interim reporting period by the effective annual tax rate as forecasted by the management.

1. The amount of income tax was as follows:

	Three months ended March <u>31, 2016</u>	Three months ended March <u>31, 2015</u>
Current tax expense	\$ <u>14,084</u>	<u>15,380</u>

2. The ROC tax authorities have examined the tax returns of the Company through 2013 and its domestic subsidiaries through 2013.

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3. Information related to the unappropriated earnings and tax deduction ratio was summarized below:

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Unappropriated earnings retained after January 1, 1998	\$ <u>6,143,909</u>	<u>6,065,087</u>	<u>6,020,364</u>
Balance of imputation credit account	\$ <u>653,010</u>	<u>653,010</u>	<u>614,428</u>
		<u>2015 (Estimated)</u>	<u>2014 (Actual)</u>
Creditable ratio for earnings distribution to ROC residents	\$ <u>11.35%</u>		<u>11.23%</u>

The above stated information was prepared in accordance with the information letter No.10204562810 announced by the Ministry of Finance of R.O.C. on October 17, 2013.

(l) Capital and other equities

Except for those described below, there is no significant change of capital and other equities for the three months ended March 31, 2016 and 2015. For related information, please refer to note 6(l) of the 2015 annual consolidated financial statement.

1. Capital surplus

In accordance with the ROC Company Act amended in 2014, realized capital reserves could be reclassified as share capital or distributed as cash dividends only after offsetting losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital reserves to be reclassified under share capital shall not exceed 10 percent of the actual share capital amount.

The balance of capital surplus were as following:

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Gain or loss on disposal of subsidiary	\$ 42,503	42,503	42,503
Changes in equity of associates for using equity method	<u>10,908</u>	<u>10,908</u>	<u>10,908</u>
	\$ <u>53,411</u>	<u>53,411</u>	<u>53,411</u>

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CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES AND SUBSIDIARIES**Notes to Consolidated Financial Statements****2. Retained Earning**

According to the Company's articles, 10% of annual net income (less, the payment of corporate income tax and losses of prior years, if any) shall be appropriated as legal reserve; and when there is a reduction in stockholders' equity at the end of the year, the Company should appropriate the same amount as special reserve from retained earnings. The remaining balance, if any, should be distributed as follows:

- 0.5% ~2% as employee remuneration.
- Remuneration to directors and supervisors not exceeding 2%.
- The remainder and the accumulated unappropriated earnings of prior years are distributable as dividends to stockholders. The distribution rate is based on the proposal of the Company's board of directors and should be approved in the stockholders' meeting.

Dividends are paid in cash or stock from retained earnings, and the amount of cash dividends should not be less than 10% of the total dividends. However, if the cash dividends per share are less than \$0.1 (New Taiwan dollar), stock dividends will be distributed instead.

According to the Company Act which was amended in May 2015, remuneration to employees, directors and supervisors are no longer subject to earnings distribution. The Company will make all the necessary amendments to its articles of association before the deadline specified by the authorities.

(i) Legal reserve

Following the ROC Company Act, the Company must retain 10% of its after tax annual earnings as legal reserve until such retention equals the amount of total capital. Upon a resolution of the shareholders' meeting, when the Company has no accumulated deficits on the books, the legal reserve can be converted to share capital or distributed as cash dividends, and only the portion of legal reserve that exceeds 25% of issued share capital may be distributed.

(ii) Special reserve

By choosing to apply the exemptions granted under IFRS 1 First-time Adoption of International Financial Reporting Standards during the Company's first-time adoption of the IFRSs approved by the FSC, unrealized revaluation gains recognized under shareholders' equity. The increase in retained earnings occurring before the adoption date, due to the first-time adoption of IFRSs, in accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, shall be reclassified as a special earnings reserve during earnings distribution. The carrying amount of special earnings reserve amounted to \$359,487 on March 31, 2016.

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In accordance with the guidelines of the above Ruling, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of other shareholders' equity resulting from the first-time adoption of IFRSs and the carrying amount of special earnings reserve as stated above. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(iii) Earnings distribution

For the three-month period ended March 31, 2015, the remuneration to employees and directors were estimated at \$2,154. The Company estimated the amounts according to the Company Act which was amended before May 2015, by taking into consideration of historical record. These amounts are calculated by using the Company's after-tax net profit for the period to the employees and directors, multiplied by the distribution ratio of remuneration to the employees and directors under the Company's articles of association, and expensed under operating costs or expenses. If there would be any changes after the reporting date in the following year, the changes would be treated as changes in accounting estimates and recognized as profit or loss in following year. If the shareholders approve that the employee remuneration will be distributed through stock dividends, the calculation based on the number of shares will be calculated by using the stock price on the day before the shareholders' meeting, and the ex-rights and ex-dividend effects should be taken into consideration as well.

The Company's actual distribution of employee bonuses and director's remuneration for year 2014 amounted to \$5,196.

There was no difference between the actual distribution and the estimation in the 2014 consolidated financial statement.

Based on the resolutions of the board of directors meeting held on April 8, 2016 and annual stockholders' meeting held on May 12, 2015, the distribution of cash dividends to shareholders for the fiscal years 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Earnings distribution: cash	\$ <u>51,295</u>	<u>333,415</u>

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3. Other equity (after tax)

	Exchange differences on translation of foreign financial Statements	Unrealized gains (losses) on available for- sale financial assets	Total
January 1, 2016	\$ 494,742	(13,174)	481,568
The subsidiaries	(203,572)	-	(203,572)
Associates	<u>(25,270)</u>	<u>-</u>	<u>(25,270)</u>
March 31, 2016	<u>\$ 265,900</u>	<u>(13,174)</u>	<u>252,726</u>
January 1, 2015	\$ 77,330	(7,556)	69,774
The subsidiaries	(110,020)	-	(110,020)
Associates	<u>(18,365)</u>	<u>(936)</u>	<u>(19,301)</u>
March 31, 2015	<u>\$ (51,055)</u>	<u>(8,492)</u>	<u>(59,547)</u>

(m) Earnings per share

1. Basic earnings per share

The calculation of basic earnings per share at March 31, 2016 and 2015 were based on the profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding, calculated as follows:

(i) Profit attributable to ordinary shareholders of the Company

	Three months ended <u>March 31, 2016</u>	Three months ended <u>March 31, 2015</u>
Profit attributable to ordinary shareholders of the Company	\$ <u>78,822</u>	<u>143,353</u>

(ii) Weighted-average number of ordinary shares

	Three months ended <u>March 31, 2016</u>	Three months ended <u>March 31, 2015</u>
Issued ordinary shares at January 1 (equal to March 31)	\$ <u>256,474</u>	<u>256,474</u>

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Basic earnings per share (TWD)

	Three months ended <u>March 31, 2016</u>	Three months ended <u>March 31, 2015</u>
Basic earnings per share	\$ <u>0.31</u>	<u>0.56</u>

2. Diluted earnings per share

The calculation of diluted earnings per share at March 31, 2016 and 2015 were based on profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

(i) Profit attributable to ordinary shareholders of the Company (diluted)

	Three months ended <u>March 31, 2016</u>	Three months ended <u>March 31, 2015</u>
Profit attributed to ordinary shareholder of the Company (basic and diluted)	\$ <u>78,822</u>	<u>143,353</u>

(ii) Weighted-average number of ordinary shares (diluted)

	Three months ended March 31, <u>2016</u>	Three months ended March 31, <u>2015</u>
Weighted-average number of ordinary shares (basic)	\$ 256,474	256,474
Effect of employee stock bonuses	<u>69</u>	<u>77</u>
Weighted-average number of ordinary shares (diluted) at March 31	\$ <u>256,543</u>	<u>256,551</u>

The average market value of the Company's shares for the purpose of calculating the dilutive effect of shares options was based on quoted market price for the period during which the options were outstanding.

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	Three months ended March 31, 2016	Three months ended March 31, 2015
Diluted earnings per share (TWD)	\$ <u>0.31</u>	<u>0.56</u>

(n) Financial cost-interest expense

The financial cost-interest expense were as follows:

	Three months ended March 31, 2016	Three months ended March 31, 2015
Bank loans	\$ 20,422	18,418
Bonds payable	<u>16,854</u>	<u>15,073</u>
	\$ <u>37,276</u>	<u>33,491</u>

(o) Remuneration to employees, directors and supervisors

The Company's articles of incorporation, which were authorized by the board of directors but has yet to be determined by the shareholders, require that earning shall first be offset against any deficit, then, a minimum of 0.5% will be distributed as employee remuneration and a maximum of 2% will be allocated as directors' and supervisors' remuneration.

The Company recognized the remuneration to employee, directors and supervisors for the three months ended March 31, 2016 amounted to \$948 thousand. These amounts are calculated by using the Company's pre-tax net profit for the period before deducting the amount of the remuneration to employees and directors, multiplied by the distribution ratio of remuneration to employees and directors under the Company's articles of association, and expensed under operating costs or expenses. If there would be any changes after the reporting date in the following year, the changes would be treated as changes in accounting estimates and recognized as profit or loss in following year. If the shareholders approve that the employee remuneration will be distributed through stock dividends, the calculation based on the number of shares will be calculated by using the stock price on the day before the shareholders' meeting.

The Company recognized its remuneration to employee, and directors and supervisors amounting to \$3,800 thousand. The related information can be accessed from Market Observation Post System website. The differences between the actual amounts and the accrued amounts will be treated as the changes in accounting estimates and recognized as profit or loss in 2016.

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CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(p) Financial Instruments

There were no significant changes on fair value, credit risk, liquidity risk and market risk of financial instruments during the three months ended March 31, 2016 and 2015. For related information, please refer to note 6(p) of the 2015 annual consolidated financial statements.

(i) Credit risk – impairment loss

The aging analysis of accounts receivable and other receivables were as follows:

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
0-90 days	\$ 242,857	264,163	275,091
90-180 days	<u>431</u>	<u>-</u>	<u>412</u>
	<u>\$ 243,288</u>	<u>264,163</u>	<u>275,503</u>

The changes of allowance for notes and accounts receivable and other receivables were as follow :

	<u>2016.3.31</u>	<u>2015.3.31</u>
Balance on January 1 (equal to March 31) \$	<u>1,809</u>	<u>1,827</u>

The Group believes that the unimpaired amounts that are past due are still collectible, base on historic payment behavior and extensive analysis of customer credit risk, including the underlying customers' credit ratings, when available.

Allowances for uncollectible accounts are used to record loss on doubtful accounts. When it is determined a receivable is uncollectible, it is written off from the allowance account. As of March 31, 2016, and December 31 and March 31, 2015, there were no loss of uncollectible on account receivable.

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CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES AND SUBSIDIARIES

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2. Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements:

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
March 31, 2016					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 195,000	(195,000)	(195,000)	-	-
Secured bank loan	4,742,036	(4,742,036)	(766,434)	(578,538)	(3,397,064)
Notes and accounts payable	111,153	(111,153)	(111,153)	-	-
Bonds payable	5,100,000	(5,100,000)	-	(2,800,000)	(2,300,000)
Accrued expenses and other payables	110,909	(110,909)	(110,909)	-	-
	<u>\$ 10,259,098</u>	<u>(10,259,098)</u>	<u>(1,183,496)</u>	<u>(3,378,538)</u>	<u>(5,697,064)</u>
December 31, 2015					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 1,259,759	(1,260,000)	(1,260,000)	-	-
Secured bank loan	5,003,742	(5,003,742)	(781,675)	(590,042)	(3,632,025)
Notes and accounts payable	138,943	(138,943)	(138,943)	-	-
Bonds payable	2,800,000	(2,800,000)	-	(2,800,000)	-
Accrued expenses and other payables	83,722	(83,722)	(83,722)	-	-
	<u>\$ 9,286,166</u>	<u>(9,286,407)</u>	<u>(2,264,340)</u>	<u>(3,390,042)</u>	<u>(3,632,025)</u>
March 31, 2015					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 989,282	(990,000)	(990,000)	-	-
Secured bank loan	5,392,889	(5,392,889)	(781,246)	(745,359)	(3,866,284)
Notes and accounts payable	110,174	(110,174)	(110,174)	-	-
Bonds payable	2,800,000	(2,800,000)	-	-	(2,800,000)
Accrued expenses and other payables	96,936	(96,936)	(96,936)	-	-
	<u>\$ 9,389,281</u>	<u>(9,389,999)</u>	<u>(1,978,356)</u>	<u>(745,359)</u>	<u>(6,666,284)</u>

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CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES AND SUBSIDIARIES

Notes to Consolidated Financial Statements

3. Fair value

(i) Financial instruments and fair value

The Group's financial assets and liabilities' book value and fair value were as follows:

	March 31, 2016				
	Book value	Fair value			Total
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss					
Current financial assets held for trading	\$ 2,360	2,360	-	-	2,360
Non-current financial assets held for trading	66,360	-	66,360	-	66,360
Total	<u>\$ 68,720</u>				
Non-current financial assets at cost					
Total	<u>\$ 25,000</u>				
Loans and receivables					
Cash and cash equivalents	\$ 4,974,530	-	-	-	-
Time deposits (over three months)	681,519	-	-	-	-
Notes and accounts receivable (including related party)	235,806	-	-	-	-
Other receivables	7,482	-	-	-	-
Guarantee deposits	5,203	-	-	-	-
Pledged assets-time deposits	185,508	-	-	-	-
Total	<u>\$ 6,090,048</u>				
Financial liabilities at amortized cost through profit or loss					
Short-term borrowings	\$ 195,000	-	-	-	-
Secured bank loan	4,742,036	-	-	-	-
Notes and accounts payable	111,153	-	-	-	-
Bonds payable	5,100,000	-	5,100,000	-	5,100,000
Accrued expenses and other payables	110,909	-	-	-	-
Total	<u>\$ 10,259,098</u>	-	-	-	-

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	March 31, 2015				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at amortized cost through profit or loss					
Short-term borrowings	\$ 989,282	-	-	-	-
Secured bank loan	5,392,889	-	-	-	-
Notes and accounts payable	110,174	-	-	-	-
Bonds payable	2,800,000	-	2,800,000	-	2,800,000
Accrued expenses and other payables	<u>96,936</u>	-	-	-	-
Total	<u>\$ 9,389,281</u>	-	-	-	-

(ii) Fair value valuation technique of financial instruments not measured at fair value

The Group estimate instruments, that are not measured at fair value, by method and presumption as follows:

A. Financial Assets Held- to-Maturity

Fair value measurement is based on the latest quoted price and agreed-upon price if these prices are available in an active market. When market value is unavailable, fair value of financial assets are evaluated based on the valuation method or quoted price of the counterparties.

B. Bond investment without an active market and financial liabilities at amortized cost

Fair value measurement is based on the latest quoted price and agreed-upon price if these prices are available in an active market. When market value is unavailable, fair value of financial assets and liabilities are evaluated based on the discounted cash flow of the financial assets and liabilities.

(iii) Valuation techniques and assumptions used in fair value determination

The Group uses the following methods in determining the fair value of its financial assets and liabilities:

- A. The fair value of listed shares and bonds is based on the financial assets traded in active markets. The fair value is determined based on the quoted market prices.
- B. The bonds and other financial assets without an active market are estimated by using the financial instruments as reference.

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CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES AND SUBSIDIARIES

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(iv) YangMing Marine Transport Corp's corporate bond held by the Group is categorized as financial assets at fair value through profit or loss. The values of the bond as of March 31, 2016, and December 31 and March 31, 2015 were \$66,360, \$67,066, and \$130,221, respectively. To determine the fair value of the bond, the management uses inputs of Convertible Bond Pricing Model for the assets based on observable market data. Based on the results, the fair value was transferred from level 3 to level 2 on March 31, 2016. There was no transfer of fair value of the asset for the three months ended March 31, 2015.

(v) Changes in level 3

	Financial assets at fair value through profit and loss- Bond Investment
Balance on January 1, 2016	\$ 67,066
Total gains and losses:	
Recognized in profit or loss	(706)
Transfer from level 3 on March 31, 2016	<u>(66,360)</u>
Balance on March 31, 2016	\$ <u>-</u>
Balance on January 1, 2015	\$ 131,909
Total gains and losses:	
Recognized in profit or loss	<u>29,791</u>
Balance on March 31, 2015	\$ <u><u>161,700</u></u>

The aforementioned total gains and losses were recorded as net gains (losses) on financial assets at fair value through profit or loss, and the related information to the assets held during the years ended March 31, 2016 and 2015 were as follows:

	Three months ended March 31, 2016	Three months ended March 31, 2015
Total gains and losses:		
Recognized in profit or loss (as "net gains (losses) on financial assets at fair value through profit or loss")	\$ <u><u>(706)</u></u>	<u><u>29,791</u></u>

(q) Financial risk management

The Group's objectives and policies for managing the financial risk are consistent with those disclosed in the note 6(q) of the consolidated financial statements for the year ended December 31, 2015.

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(r) Capital management

The Group's objectives, policies and processes of capital management are the same as those disclosed in the consolidated financial statements for the year ended December 31, 2015. There were no significant changes of quantitative data of capital management compared with the consolidated financial statements for the year ended December 31, 2015. Please refer to note 6(r) of the consolidated financial statements for the year ended December 31, 2015.

(7) Related-Party Transactions

(a) Parent company and ultimate controlling company

CMT investment is the ultimate controlling party of the Company and owns 58.81 percent of all shares outstanding of the Company. The Company has issued the consolidated financial statements available for public use.

(b) Key management personnel compensation

Key management personnel compensation comprised:

	Three months ended March 31, 2016	Three months ended March 31, 2015
Short-term employee benefits	\$ 8,930	9,717
Post-employment benefits	223	219
	\$ 9,153	9,936

(c) Significant related party transactions

1. Freight revenue

The amounts of significant sales transactions and account receivable between the Group and its related parties were as follows:

	Revenue	
	Three months ended March 31, 2016	Three months ended March 31, 2015
Other relates parties	\$ 209,771	210,193
The entities with significant influence over the Group	256	220
	\$ 210,027	210,413

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	<u>Account receivable-related-parties</u>		
	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Other relates parties	\$ 81,191	87,818	88,992
The entities with significant influence over the Group	<u>57</u>	<u>-</u>	<u>5</u>
	\$ <u><u>81,248</u></u>	<u><u>87,818</u></u>	<u><u>88,997</u></u>

The collection periods of inland trucking transactions are within 30 to 45 days after consignment, which are similar to those of the ordinary customers. If the contracts have similar terms and conditions, the selling prices for related parties and ordinary customers shall not have any significant different.

2. Logistic and agent revenue

The amount of significant sales transactions and account receivable between the Group and its related parties were as follows:

	<u>Revenue</u>	
	<u>Three months ended March 31, 2016</u>	<u>Three months ended March 31, 2015</u>
The entities with significant influence over the Group	\$ <u><u>18,290</u></u>	<u><u>18,645</u></u>

	<u>Account receivable-related-parties</u>		
	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
The entities with significant influence over the Group	\$ <u><u>6,701</u></u>	<u><u>2,735</u></u>	<u><u>9,392</u></u>

The Group's selling price for related parties is cost, plus, fixed percentage when the related parties receive cash from customers; the related parties pay the Group immediately.

3. Operating expense

	<u>Operating expense</u>	
	<u>Three months ended March 31, 2016</u>	<u>Three months ended March 31, 2015</u>
The entities with significant influence over the Group-rent expense	\$ <u><u>1,884</u></u>	<u><u>1,861</u></u>

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The Group entered into rental agreements with its related parties from November 2008 to December 2016. The rentals are similar to those of the market prices, and they are being paid monthly.

(8) Pledged asset:

The carrying values of pledged assets are as follow:

Assets	Subject	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Long-term investment with equity method – stock	Commercial paper payable – and long-term loans and credit lines	\$ 540,095	488,110	478,764
Property and equipment – land and buildings	Short-term and long-term loans and credit lines	899,336	899,336	899,336
Transportation and other equipment (including prepayment equipment)	Short-term and long-term loans and credit lines	9,941,077	10,295,864	10,238,526
Other financial assets – Current (time deposit)	Long-term loans	168,010	170,436	241,622
Other financial assets noncurrent (guarantee deposits and pledged time deposits)	Guarantee for construction payments, warehouse deposits, long-term loans, ETC, and import duty	<u>22,701</u>	<u>22,711</u>	<u>20,753</u>
		<u>\$ 11,571,219</u>	<u>11,876,457</u>	<u>11,879,001</u>

(9) Commitments and contingencies

- (a) The Group had issued guarantee promissory notes amounting to \$5,205,920, \$2,884,000 and \$2,884,000 as of March 31, 2016, and December 31 and March 31, 2015, respectively, as guarantee for bonds payable.
- (b) As of March 31, 2016, the Group still had several long-term leases of its ships with customers in effect. The ending periods of the contracts are from February 2017 to July 2020.
- (c) In order to expand the business scale, the subsidiaries entered into bulk-carrier construction contracts with the third parties. The related information was as follows:

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Purchaser	Date of contract	Total price	Date of delivery	Amount paid
CEP	July 11, 2013	\$ 1,506,258 (US\$46,800,000)	March 2017 (note)	301,335 (US\$9,363,000)
CHM	August 30, 2013	1,499,821 (US\$46,600,000)	June 2016 (note)	623,363 US\$19,368,000)
CHN	January 10, 2014	1,499,821 (US\$46,600,000)	July 2017 (note)	299,964 (US\$9,320,000)

Note: These are the estimated latest dates of delivery of bulk-carrier construction.

(10) Losses due to major disasters: none

(11) Subsequent events:

On April 20, 2016, the Fair Trade Commission concluded the fact that the Group and other 21 companies violated the Fair Trade Act, Art. 15 (1) on illegal concerted actions. They were accused of resuming charging handling fees of Container Freight Station (CFS) for exports which weighed under three tons, and were penalized a fine of NT. \$10,000,000. They were ordered to immediately cease their illegal actions. In the first Quarter of 2016, the Group has estimated and recognized the sufficient amount of reserve of other losses to be included in other current liabilities and other expenses. After the final decision of the Fair Trade commission, the Group will proceed with its administrative remedies.

(12) Other

- (a) The followings are the summary statement of current period employee benefits, depreciation and amortization expenses by function:

By item	By function	Three months ended March 31, 2016			Three months ended March 31, 2015		
		Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits							
Salary		65,358	43,949	109,307	61,587	49,887	111,474
Labor and health insurance		2,140	3,594	5,734	2,098	3,575	5,673
Pension		1,389	2,542	3,931	1,412	2,310	3,722
Others		4,909	1,313	6,222	4,855	1,353	6,208
Depreciation (Note)		183,126	2,907	186,033	175,361	2,838	178,199
Amortization		-	870	870	-	1,147	1,147

Note: excluding the deduction of rental income of \$115 for the three months ended March 31, 2016 and 2015.

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(b) Seasonality of interim operation

The operating of the Group is not subject to seasonal fluctuations.

(13) Segment information

The Group's reportable segments consist of the inland trucking and terminal department, the logistics department and the shipping department. The inland trucking and terminal department and the logistics department engage in the container transportation business, warehousing business, and freight agent business. And the sea transportation segment engages in the bulk carrier business. The Group's reportable segments are the strategic business units that provide different kinds of transportation services. Each strategic business unit requires different services and marketing strategies, thus, should be managed separately.

The amounts of the Group's reportable segments are the same as those in the report used by the chief operating decision maker. The accounting policies for the operating segments are the same as those in Note 2, which describe significant accounting policies. The operating segments' income before tax was the foundation for the chief operating decision maker to evaluate performance. There was no transfer of revenue between segments.

	<u>Three months ended March 31, 2016</u>				
	<u>Inland trucking and terminal & logistics department</u>	<u>Shipping department</u>	<u>Others</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
Revenue from outside customers	\$ 423,218	385,607	4,521	-	813,346
Revenue from segments	-	-	-	-	-
Total revenues	<u>\$ 423,218</u>	<u>385,607</u>	<u>4,521</u>	<u>-</u>	<u>813,346</u>
Segment income before tax	<u>\$ 47,723</u>	<u>91,167</u>	<u>(1,131)</u>	<u>-</u>	<u>137,759</u>
Total assets of segment					\$ <u>22,021,242</u>

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<u>Three months ended March 31, 2015</u>					
	<u>Inland trucking and terminal & logistics department</u>	<u>Shipping department</u>	<u>Others</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
Revenue from outside customers	\$ 440,069	390,060	2,453	-	832,582
Revenue from segments	-	-	-	-	-
Total revenues	<u>\$ 440,069</u>	<u>390,060</u>	<u>2,453</u>	<u>-</u>	<u>832,582</u>
Segment income before tax	<u>\$ 41,999</u>	<u>122,806</u>	<u>(1,013)</u>	<u>-</u>	<u>163,792</u>
Total assets of segment					<u>\$ 21,000,351</u>