

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
**CHINESE MARITIME TRANSPORT LTD. AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2018 and 2017**

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The independent auditors' review 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 independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~16
(4) Summary of significant accounting policies	16~23
(5) Significant accounting assumptions, and judgments and major sources of estimation uncertainty	23
(6) Explanation of significant accounts	23~48
(7) Related-party transactions	49~50
(8) Pledged assets	51
(9) Commitments and contingencies	51
(10) Losses Due to Major Disasters	51
(11) Subsequent Events	51
(12) Other	52
(13) Other disclosures	
(a) Information on significant transactions	53~56
(b) Information on investees	56~57
(c) Information on investment in mainland China	57
(14) Segment information	57~59



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Independent Auditors' Review Report

To the Board of Directors of
CHINESE MARITIME TRANSPORT LTD.:

Introduction

We have reviewed the accompanying consolidated balance sheets of the Chinese Maritime Transport Ltd. (the "Company") and its subsidiaries (together referred to as the "Group") as of June 30, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the six months ended June 30, 2018 and 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies. The 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 International Accounting Standards ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standards 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note (4)(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$1,626,017 thousand and \$1,628,224 thousand, constituting 7.98% and 8.22% of the consolidated total assets; and the total liabilities amounting to \$580,724 thousand and \$558,837 thousand, constituting 5.47% and 5.39% of the consolidated total liabilities as of June 30, 2018 and 2017, respectively; as well as the total comprehensive income(loss) amounting to \$15,054 thousand, \$17,299 thousand, \$27,318 thousand and \$29,041 thousand, absolutely constituting 2.5%, 131%, 6.28% and 3.76% of the consolidated total comprehensive income (loss) for the three months and six months ended June 30, 2018 and 2017, respectively.

Furthermore, as stated in Note (6)(e), the other equity accounted investments of the Group in its investee companies of \$1,644,948 thousand and \$1,586,781 thousand as of June 30, 2018 and 2017, respectively, and its equity in net earnings on these investee companies of \$35,136 thousand, \$3,789 thousand, \$54,727 thousand and \$6,820 thousand for the three months and six months months ended June 30, 2018 and 2017, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2018 and 2017, and of its consolidated financial performance and its consolidated cash flows for the three months and six months ended June 30, 2018 and 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the review resulting in this independent auditors’ review report are I-Wen Wang and Jui-Lan Lo.

KPMG

Taipei, Taiwan (Republic of China)
August 8, 2018

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent 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 independent auditors’ report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of June 30, 2018 and 2017

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2018, December 31, 2017, and June 30, 2017

(Expressed in Thousands of New Taiwan Dollars)

	June 30, 2018		December 31, 2017		June 30, 2017	
	Amount	%	Amount	%	Amount	%
Assets						
1100 Cash and cash equivalents (note 6)(e))	\$ 3,154,563	16	2,939,548	15	2,914,461	15
1110 Current financial assets at fair value through profit or loss (note 6)(b))	39,500	-	401	-	345	-
1150 Notes and accounts receivable, net (note 6)(d))	186,356	1	174,513	1	144,416	1
1160 Notes and accounts receivable due from related parties, net (note 6)(d) and (7))	87,628	1	94,568	1	96,450	1
1470 Other current assets	85,354	-	55,836	-	82,820	-
1476 Other current financial assets (notes 6)(f) and (8))	303,221	1	260,504	1	252,168	1
	<u>3,856,622</u>	<u>19</u>	<u>3,523,370</u>	<u>18</u>	<u>3,490,660</u>	<u>18</u>
Non-current assets:						
1510 Non-current financial assets at fair value through profit or loss (note 6)(b))	26,118	-	-	-	-	-
1515 Non-current financial assets held for trading (note 6)(b))	-	-	48,913	-	46,419	-
1544 Non-current financial assets at cost (note 6)(c))	-	-	25,000	-	25,000	-
1550 Investments accounted for using equity method, net (notes 6)(c) and (8))	1,644,948	8	1,607,347	8	1,586,781	8
1600 Property, plant and equipment (notes 6)(f) and (8))	14,746,688	73	14,746,226	74	14,574,004	74
1760 Investment property, net (note 6)(g))	37,002	-	37,587	-	37,481	-
1780 Intangible assets	14,096	-	15,915	-	7,192	-
1840 Deferred tax assets	17,765	-	21,558	-	18,714	-
1900 Other non-current assets	13,893	-	29,488	-	10,282	-
1980 Other non-current financial assets (notes 6)(h) and (8))	21,717	-	21,648	-	21,640	-
	<u>16,522,227</u>	<u>81</u>	<u>16,553,682</u>	<u>82</u>	<u>16,327,513</u>	<u>82</u>
Total assets	<u>\$ 20,378,849</u>	<u>100</u>	<u>20,079,052</u>	<u>100</u>	<u>19,818,173</u>	<u>100</u>
Liabilities and Equity						
Current liabilities:						
2100 Short-term borrowings (note 6)(i))	\$ 959,555	5	849,622	4	929,949	5
2130 Current contract liabilities (note 6)(o))	29,712	-	-	-	-	-
2150 Notes and accounts payable	182,528	1	178,088	1	201,309	1
2216 Dividends payable	98,742	-	-	-	98,742	-
2300 Other current liabilities	129,696	1	160,237	1	119,215	1
2310 Unearned revenue	-	-	20,125	-	31,181	-
2320 Long-term liabilities, current portion (note 6)(j))	737,087	3	720,148	4	669,803	3
	<u>2,137,320</u>	<u>10</u>	<u>1,928,220</u>	<u>10</u>	<u>2,050,199</u>	<u>10</u>
Non-Current liabilities:						
2530 Bonds payable (note 6)(i))	3,100,000	15	3,100,000	15	3,100,000	16
2540 Long-term borrowings (note 6)(i))	4,729,843	24	4,981,220	25	4,571,486	23
2570 Deferred tax liabilities	581,841	3	573,626	3	576,557	3
2640 Net defined benefit liability, non-current	58,599	-	68,660	-	66,835	-
2670 Other non-current liabilities, others	607	-	605	-	602	-
	<u>8,470,890</u>	<u>42</u>	<u>8,724,111</u>	<u>43</u>	<u>8,315,480</u>	<u>42</u>
	<u>10,608,210</u>	<u>52</u>	<u>10,652,331</u>	<u>53</u>	<u>10,365,679</u>	<u>52</u>
Total liabilities	<u>1,974,846</u>	<u>10</u>	<u>1,974,846</u>	<u>10</u>	<u>1,974,846</u>	<u>10</u>
Equity attributable to owners of parent: (note 6)(m))	<u>53,411</u>	<u>-</u>	<u>53,411</u>	<u>-</u>	<u>53,411</u>	<u>-</u>
Common stock	1,664,166	8	1,654,360	8	1,654,360	8
Capital surplus	621,623	3	359,487	2	359,487	2
Retained earnings:						
Legal reserve	5,826,109	29	6,006,231	30	5,801,411	30
Special reserve	8,111,898	40	8,020,078	40	7,815,258	40
Unappropriated retained earnings	(369,525)	(2)	(621,623)	(3)	(391,021)	(2)
Other equity interest	9	-	9	-	-	-
Non-controlling interests:						
Total equity	<u>9,770,639</u>	<u>48</u>	<u>9,426,721</u>	<u>47</u>	<u>9,452,494</u>	<u>48</u>
Total liabilities and equity	<u>\$ 20,378,849</u>	<u>100</u>	<u>20,079,052</u>	<u>100</u>	<u>19,818,173</u>	<u>100</u>

See accompanying notes to financial statements.

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REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	For the three months ended June 30				For the six months ended June 30			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating Revenues (notes (6)(o), (7) and (14))								
4621 Freight revenue-vessel chartering	\$ 482,530	51	341,348	43	906,862	51	687,255	44
4622 Freight revenue-container hauling, net and logistics revenue	446,873	48	441,230	55	849,051	47	859,869	55
4623 Freight revenue-airline agent and others	13,219	1	18,709	2	39,320	2	29,413	1
	<u>942,622</u>	<u>100</u>	<u>801,287</u>	<u>100</u>	<u>1,795,233</u>	<u>100</u>	<u>1,576,537</u>	<u>100</u>
5000 Operating costs (notes (6)(k) and (12))								
5621 Freight cost-vessel chartering	332,395	35	347,180	43	648,202	36	639,959	41
5622 Freight cost-container hauling and logistics	366,089	39	340,816	43	693,840	38	671,817	43
5623 Freight cost-airline agent and others	10,431	1	14,682	2	31,133	2	23,115	1
	<u>708,915</u>	<u>75</u>	<u>702,678</u>	<u>88</u>	<u>1,373,175</u>	<u>76</u>	<u>1,334,891</u>	<u>85</u>
5900 Gross profit	<u>233,707</u>	<u>25</u>	<u>98,609</u>	<u>12</u>	<u>422,058</u>	<u>24</u>	<u>241,646</u>	<u>15</u>
Operating expenses:								
6000 Operating expenses (notes (6)(k),(q), (7) and (12))	89,396	9	83,734	10	177,102	10	172,600	11
6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	(1,802)	-	-	-	(1,853)	-	-	-
	<u>87,594</u>	<u>9</u>	<u>83,734</u>	<u>10</u>	<u>175,249</u>	<u>10</u>	<u>172,600</u>	<u>11</u>
6900 Net operating income	<u>146,113</u>	<u>16</u>	<u>14,875</u>	<u>2</u>	<u>246,809</u>	<u>14</u>	<u>69,046</u>	<u>4</u>
Non-operating income and expenses:								
7010 Other income	2,933	-	3,966	-	6,205	1	7,192	1
7050 Finance costs-interest expense (note (6)(p))	(60,407)	(6)	(54,520)	(7)	(113,651)	(6)	(106,978)	(7)
7060 Share of profit (loss) of associates and joint ventures accounted for using equity method (note (6)(c))	35,136	4	3,789	1	54,727	3	6,820	-
7100 Total interest income	11,827	1	7,167	1	21,082	1	13,818	1
7210 Gains on disposals of property, plant and equipment (note (6)(f))	5,991	1	2,984	-	5,721	-	8,730	1
7230 Foreign exchange gains or losses	227	-	(167)	-	136	-	(673)	-
7235 Gains on financial assets (liabilities) at fair value through profit or loss (note (6)(b))	(8,788)	(1)	(7,412)	(1)	(9,822)	(1)	6,670	-
7590 Miscellaneous disbursements	-	-	-	-	-	-	(149)	-
7625 Losses on disposals of investments (note (6)(e))	-	-	-	-	-	-	(97,384)	(6)
	<u>(13,081)</u>	<u>(1)</u>	<u>(44,193)</u>	<u>(6)</u>	<u>(35,602)</u>	<u>(2)</u>	<u>(161,954)</u>	<u>(10)</u>
7900 Profit before tax	<u>133,032</u>	<u>15</u>	<u>(29,318)</u>	<u>(4)</u>	<u>211,207</u>	<u>12</u>	<u>(92,908)</u>	<u>(6)</u>
7950 Less: Tax expense (note (6)(l))	15,995	2	7,375	1	23,018	2	16,336	1
Profit (loss)	<u>117,037</u>	<u>13</u>	<u>(36,693)</u>	<u>(5)</u>	<u>188,189</u>	<u>10</u>	<u>(109,244)</u>	<u>(7)</u>
8300 Other comprehensive income:								
8310 Components of other comprehensive income that will not be reclassified to profit or loss								
8320 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(4,110)	-	-	-	(10,444)	-	-	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(l))	(1,116)	-	-	-	(1,255)	-	-	-
	<u>(2,994)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,189)</u>	<u>-</u>	<u>-</u>	<u>-</u>
8360 Other components of other comprehensive income that will not be reclassified to profit or loss								
8361 Exchange differences on translation	430,702	46	28,761	4	224,319	12	(577,560)	(37)
8370 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	58,995	6	(5,244)	(1)	31,913	2	(85,421)	(5)
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note (6)(l))	-	-	-	-	(74)	-	-	-
Components of other comprehensive income that will be reclassified to profit or loss	<u>489,697</u>	<u>52</u>	<u>23,517</u>	<u>3</u>	<u>256,306</u>	<u>14</u>	<u>(662,981)</u>	<u>(42)</u>
8300 Other comprehensive income, net	<u>486,703</u>	<u>52</u>	<u>23,517</u>	<u>3</u>	<u>247,117</u>	<u>14</u>	<u>(662,981)</u>	<u>(42)</u>
Comprehensive income (attributable to owners of parent)	<u>\$ 603,740</u>	<u>65</u>	<u>(13,176)</u>	<u>(2)</u>	<u>435,306</u>	<u>24</u>	<u>(772,225)</u>	<u>(49)</u>
Profit (loss), attributable to:								
Profit (loss), attributable to owners of parent	\$ 117,037	13	(36,693)	(5)	188,189	10	(109,244)	(7)
Non-controlling interests	-	-	-	-	-	-	-	-
	<u>\$ 117,037</u>	<u>13</u>	<u>(36,693)</u>	<u>(5)</u>	<u>188,189</u>	<u>10</u>	<u>(109,244)</u>	<u>(7)</u>
Comprehensive income attributable to:								
Comprehensive income, attributable to owners of parent	\$ 603,739	65	(13,176)	(2)	435,306	24	(772,225)	(49)
Non-controlling interests	1	-	-	-	-	-	-	-
	<u>\$ 603,740</u>	<u>65</u>	<u>(13,176)</u>	<u>(2)</u>	<u>435,306</u>	<u>24</u>	<u>(772,225)</u>	<u>(49)</u>
Earnings per share (note (6)(n))								
9750 Basic net income per share (NT dollars)	\$ <u>0.59</u>		<u>(0.18)</u>		<u>0.95</u>		<u>(0.55)</u>	
9850 Diluted net income per share (NT dollars)	\$ <u>0.59</u>		<u>(0.18)</u>		<u>0.95</u>		<u>(0.55)</u>	

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CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
	Retained earnings					Total other equity interest					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	Total equity
Balance at January 1, 2017	1,974,846	53,411	1,649,566	359,487	6,014,191	8,023,244	283,802	-	(11,842)	271,960	10,323,461
Appropriation and distribution of retained earnings:	-	-	-	-	(4,794)	-	-	-	-	-	-
Legal reserve appropriated	-	-	4,794	-	(98,742)	(98,742)	-	-	-	-	(98,742)
Cash dividends of ordinary share	-	-	-	-	(103,536)	(103,536)	-	-	-	-	(98,742)
Net income for the six months ended June 30, 2017	-	-	4,794	-	(109,244)	(109,244)	-	-	-	-	(109,244)
Other comprehensive income for the six months ended June 30, 2017	-	-	-	-	-	-	(664,462)	-	1,481	(662,981)	(662,981)
Total comprehensive income for the six months ended June 30, 2017	-	-	-	-	(109,244)	(109,244)	(664,462)	-	1,481	(662,981)	(772,225)
Balance at June 30, 2017	1,974,846	53,411	1,654,360	359,487	5,801,411	7,815,258	(380,660)	-	(10,361)	(391,021)	9,452,494
Balance at January 1, 2018	1,974,846	53,411	1,654,360	359,487	6,006,231	8,020,078	(611,199)	-	(10,424)	(621,623)	9,426,721
Effects of retrospective application	-	-	-	-	1,118	1,118	-	(4,188)	10,424	6,236	7,354
Balance at January 1, 2018 after adjustments	1,974,846	53,411	1,654,360	359,487	6,007,349	8,021,196	(611,199)	(4,188)	-	(615,387)	9,434,075
Appropriation and distribution of retained earnings:	-	-	-	-	(9,806)	-	-	-	-	-	-
Legal reserve appropriated	-	-	-	262,136	(262,136)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	-	(98,742)	(98,742)	-	-	-	-	(98,742)
Cash dividends of ordinary share	-	-	-	262,136	(370,684)	(98,742)	-	-	-	-	(98,742)
Net income for the six months ended June 30, 2018	-	-	-	-	188,189	188,189	-	-	-	-	188,189
Other comprehensive income for the six months ended June 30, 2018	-	-	-	-	1,255	1,255	256,306	(10,444)	-	245,862	247,117
Total comprehensive income for the six months ended June 30, 2018	-	-	-	-	189,444	189,444	256,306	(10,444)	-	245,862	435,306
Balance at June 30, 2018	1,974,846	53,411	1,664,166	621,623	5,826,109	8,111,898	(354,893)	(14,632)	-	(369,525)	9,770,630

See accompanying notes to financial statements.

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STANDARDS**

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES

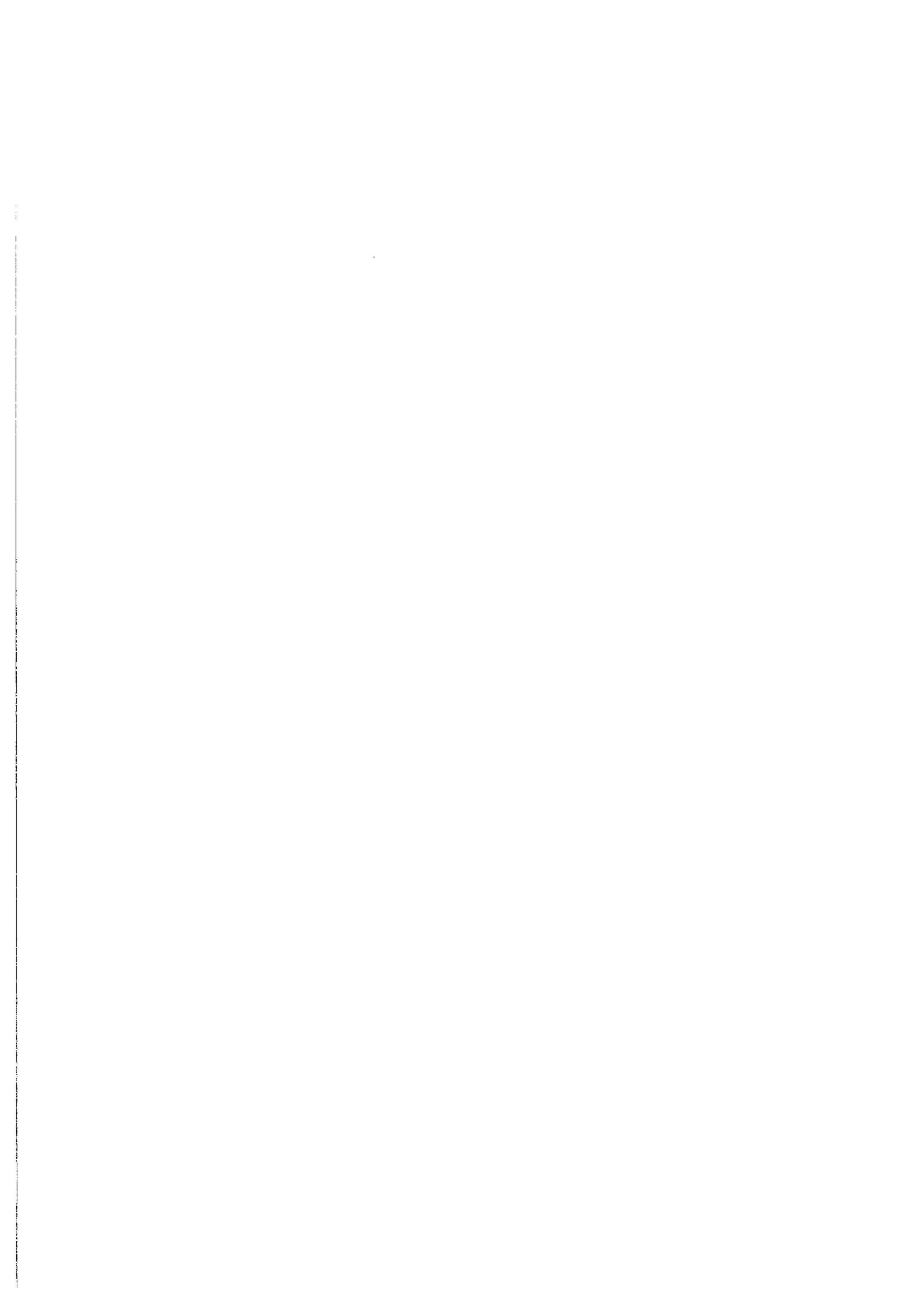
Consolidated Statements of Cash Flows

For the three months and six months ended June 30, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2018	2017
Cash flows from (used in) operating activities:		
Profit (loss) before tax	\$ 211,207	(92,908)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization expense	431,124	411,281
Expected credit loss (gain)	(1,853)	20
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	9,822	(6,670)
Interest expense	113,651	106,978
Interest income	(21,082)	(13,818)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(54,727)	(6,820)
Loss (gain) on disposal of property, plan and equipment	(5,721)	(8,730)
Loss (gain) on disposal of investments accounted for using equity method	-	97,384
Total adjustments to reconcile profit (loss)	471,214	579,625
Changes in operating assets:		
Decrease (increase) in notes and accounts receivable (including related parties)	(3,050)	40,723
Decrease (increase) in other current assets	(31,168)	(20,334)
Decrease (increase) in other financial assets	875	3,518
	(33,343)	23,907
Changes in operating liabilities:		
Increase (decrease) in notes payable	4,440	16,101
Increase (decrease) in contract liabilities	8,855	-
Increase (decrease) in unearned revenue	-	(1,977)
Increase (decrease) in other current liabilities	(18,971)	(25,154)
Increase (decrease) in net defined benefit liability	(10,061)	(18,417)
	(15,737)	(29,447)
Total changes in operating assets and liabilities	(49,080)	(5,540)
Total adjustments	422,134	574,085
Cash inflow generated from operations	633,341	481,177
Interest received	19,318	13,035
Interest paid	(120,539)	(131,150)
Income taxes paid	(11,040)	(47,682)
Net cash flows from operating activities	521,080	315,380
Cash flows from (used in) investing activities:		
Proceeds from disposal of investments accounted for using equity method	-	147,756
Acquisition of property, plant and equipment	(110,654)	(1,170,141)
Proceeds from disposal of property, plant and equipment	7,584	20,649
Decrease (increase) in other non-current assets	(19,859)	(1,686)
Decrease (increase) in other current financial assets	(902)	593,958
Decrease (increase) in other non-current financial assets	(64)	6
Net cash flows used in investing activities	(123,895)	(409,458)
Cash flows from (used in) financing activities:		
Increase in short-term loans	109,933	810,000
Proceeds from issuing bonds	-	800,000
Repayments of bonds	-	(2,800,000)
Proceeds from long-term debt	-	978,588
Repayments of long-term debt	(358,077)	(300,830)
Other financing activities	2	(5)
Net cash flows used in financing activities	(248,142)	(512,247)
Effect of exchange rate changes on cash and cash equivalents	65,972	(164,728)
Net increase (decrease) in cash and cash equivalents	215,015	(771,053)
Cash and cash equivalents at beginning of period	2,939,548	3,685,514
Cash and cash equivalents at end of period	\$ 3,154,563	2,914,461

See accompanying notes to financial statements.



(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2018 and 2017

(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 (TWSE). The consolidated financial statements of the Company as of and six months ended June 30, 2018 comprise the Company and its subsidiaries (together refined to as the “Group”). The main activities of the Group 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 Group 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) Approval date and procedures of the consolidated financial statements

The consolidated financial statements were authorized for issuance by the board of directors on August 8, 2018.

(3) New standards, amendments and interpretations adopted

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018.

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendment to IFRS 2 “Clarifications of 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
Amendment to IAS 7 “Statement of Cash Flows -Disclosure Initiative”	January 1, 2017
Amendment to IAS 12 “Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses”	January 1, 2017
Amendments to IAS 40 “Transfers of Investment Property”	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 “Foreign Currency Transactions and Advance Consideration”	January 1, 2018

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the existing revenue recognition guidance, including IAS 18 “Revenue” and IAS 11 “Construction Contracts”. The Group applies this standard retrospectively with the cumulative effect, it need not restate those contracts, but instead, continues to apply IAS 11, IAS 18 and the related Interpretations for comparative reporting period. The Group recognizes the cumulative effect upon the initially application of this Standard as no adjustment to the opening balance of retained earnings on January 1, 2018.

The Group uses the practical expedients for completed contracts, which means it need not restate those contracts that have been completed on January 1, 2018.

The following are the nature and impacts on changing of accounting policies:

Cargo revenue is currently recognized during its lease terms ; container hauling revenue is recognized when the goods are delivered to the customers’ premises ; also, warehouse rent and hanging cabinet revenue is recognized when the service is provided. Revenue is recognized at this point provided that the revenue and costs can be measured reliably and the recovery of the consideration is probable. Under IFRS 15, revenue will be recognized when the service is provided and the right of service is obtained by customers.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

1) Impacts on financial statements

The following tables summarize the impacts of adopting IFRS15 on the Group’s consolidated financial statements:

	June 30, 2018			January 1, 2018		
	Balances prior to the adoption of IFRS 15	Impact of changes in accounting policies	Balances upon adoption of IFRS 15	Balances prior to the adoption of IFRS 15	Impact of changes in accounting policies	Balances upon adoption of IFRS 15
Impacted line items on the consolidated balance sheet						
Contract liabilities-current	\$ -	29,712	29,712	-	20,125	20,125
Unearned Revenue	29,712	(29,712)	-	20,125	(20,125)	-
Impact on liabilities		<u>-</u>			<u>-</u>	

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Impacted line items on the consolidated statement of cash flows	For the six months ended June 30, 2018		
	Balances without adoption of IFRS 15	Impact of changes in accounting policies	Balances with adoption of IFRS 15
Cash flows from (used in) operating activities:			
Adjustments:			
Contract liabilities-current	\$ -	8,855	8,855
Unearned Revenue	8,855	(8,855)	-

(ii) IFRS 9 “Financial Instruments”

IFRS 9 replaces IAS 39 “Financial Instruments: Recognition and Measurement” which contains classification and measurement of financial instruments, impairment and hedge accounting.

As a result of the adoption of IFRS 9, the Group adopted the consequential amendments to IAS 1 “Presentation of Financial Statements” which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Group’s approach was to include the impairment of trade receivables in administrative expenses. Additionally, the Group adopted the consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but generally have not been applied to comparative information.

The detail of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

1) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. For an explanation of how the Group classifies and measures financial assets and accounts for related gains and losses under IFRS 9, please see note (4) (c).

The adoption of IFRS 9 did not have any a significant impact on its accounting policies on financial liabilities.

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Impairment of financial assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with the ‘expected credit loss’ (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than they are under IAS 39 – please see note (4) (c).

3) Transition

The adoption of IFRS 9 have been applied retrospectively, except as described below,

· Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as on January 1, 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

· The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
- The designation of certain investments in equity instruments not held for trading as at FVOCI.

· If an investment in a debt security had low credit risk at the date of initial application of IFRS 9, then the Group assumed that the credit risk on its asset will not increase significantly since its initial recognition.

4) Classification of financial assets on the date of initial application of IFRS 9

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group’s financial assets as of January 1, 2018.

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	IAS39		IFRS9	
	Measurement categories	Carrying Amount	Measurement categories	Carrying Amount
Financial Assets				
Cash and cash equivalents	Loans and receivables	2,939,548	Amortized cost	2,939,548
Debt securities	Current financial assets held for trading (note 1)	401	FVTPL	401
	Non-current financial assets held for trading (note 1)	48,913	FVTPL	48,913
	Financial assets measured at cost (note 2)	25,000	FVTPL	26,118
Time deposits(over three months)	Loans and receivables	23,275	Amortized cost	23,275
Notes and accounts receivable,net(including related parties)	Loans and receivables (note 3)	269,081	Amortized cost	269,081
Other receivables	Loans and receivables (note 3)	8,897	Amortized cost	8,897
Gurentee deposits	Loans and receivables	5,182	Amortized cost	5,182
Pledged assets-time deposits	Loans and receivables	244,798	Amortized cost	244,798

Note1: Under IAS 39, these debt securities were designated as at FVTPL because they were managed on a fair value basis and their performance was monitored on this basis. These assets have been classified as mandatorily measured at FVTPL under IFRS 9.

Note2: The corporate debt securities are categorized as financial assets measured at cost under IAS 39. The Group assesses that these securities are held within a business model whose objective is achieved both by collecting the contractual cash flows and selling securities. Consequently, as permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVTPL. An increase of \$1,118 thousand in those assets recognized, as well as an increase of 1,118 thousand in retained earnings was recognized on January 1, 2018.

Note3: Trade, lease and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost. The adoption of IFRS 9 did not have any a significant impact on its opening retained earnings.

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 upon transition to IFRS 9 on 1 January, 2018.

	2017.12.31 IAS 39 Carrying Amount	Reclassifications	Remeasurements	2018.1.1 IFRS 9 Carrying Amount	2018.1.1 Retained earnings	2018.1.1 Other equity
Fair value through profit or loss						
Beginning balance of FVTPL (IAS 39)	\$ 401					
Additions – debt instruments:						
From available for sale		48,913				
From financial assets measured at cost		25,000	1,118		1,118	
Total	\$ 401	73,913	1,118	75,432	1,118	

(ii) Amendments to IAS 7 “Disclosure Initiative”

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

To satisfy the new disclosure requirements, the Group present a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities as note 6(u).

(iv) Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Loss”

The amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value.

There is no material impact on its consolidated financial statements in the said period.

(b) The impact of IFRS endorsed by the FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019 in accordance with Ruling No. 1070324857 issued by the FSC on July 17, 2018:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
IFRS 16 “Leases”	January 1, 2019
IFRIC 23 “Uncertainty over Income Tax Treatments”	January 1, 2019
Amendments to IFRS 9 “Prepayment features with negative compensation”	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
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 16“Leases”

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces a single and an on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. In addition, the nature of expenses related to those leases will now be changed since IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. The lessor accounting remains similar to the current standard – i.e. the lessors will continue to classify leases as finance or operating leases.

The Group has completed an initial assessment of the potential impact on its consolidated financial statements, wherein the detailed assessment has yet to be completed. The actual impact of applying IFRS 16 on its financial statements in the period of initial application will depend on future economic conditions, including the Group’s discounting rate, the composition of the Group’s lease portfolio at that date, the Group’s latest assessment of whether it will exercise any lease renewal options, and the extent to which the Group chooses to use practical expedients and recognition exemptions.

So far, the most significant impact identified is that the Group will have to recognize the new assets and liabilities for its operating leases of offices, warehouses and factory facilities.

1) Determining whether an arrangement contains a lease

The Group has an arrangement that was not in the legal form of a lease, for which it concluded that the arrangement contains a lease of equipment under IFRIC 4. On transition to IFRS 16, the Group can choose to apply either of the following:

- IFRS 16 definition of a lease to all its contracts; or
- a practical expedient that does not need any reassessment whether a contract is, or contains, a lease.

The Group plans to apply the practical expedient to grandfather the definition of a lease upon transition. This means that it will apply IFRS 16 to all contracts entered into before January 1, 2019.

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Transition

As a lessee, the Group can apply the standard using either of the following:

-retrospective approach; or

-modified retrospective approach with optional practical expedients.

On January 1, 2019, the Group plans to initially apply IFRS 16 using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at January 1, 2019, with no restatement of comparative information.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Group is assessing the potential impact of using these practical expedients.

(ii) IFRIC 23 Uncertainty over Income Tax Treatments

In assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, as well as tax rates, an entity shall assume that a taxation authority will examine the amounts it has the right to examine and have a full knowledge on all related information when making those examinations.

If an entity concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the entity shall determine the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, as well as tax rates consistently with the tax treatment used or planned to be used in its income tax filings. Otherwise, an entity shall reflect the effect of uncertainty for each uncertain tax treatment by using either the most likely amount or the expected value, depending on which method the entity expects to better predict the resolution of the uncertainty.

(iii) IAS 19 "Plan Amendment, Curtailment or Settlement"

So far, the Group is assessing the potential impact of using these practical expedients.

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date, the following IFRSs that have been issued by the IASB, but have yet to be endorsed by the FSC:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group assessed that the above IFRSs may not be relevant to The Group.

(4) Summary of significant accounting policies

(a) Statement of compliance

The 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 consolidated financial statements, the Chinese version shall prevail.

These consolidated 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 and issued into effect by 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 and issued into effect by the FSC (hereinafter referred to as the IFRS endorsed by the FSC) for the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies used in the financial statement are consistent with the consolidated financial statement for the year ended December 31, 2017. For the related information, please refer to note (4) of the consolidated financial statement for the year ended December 31, 2017.

(b) Basis of consolidation

List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			June 30, 2018	December 31, 2017	June 30, 2017	
The Company	Chinese Maritime Transport(S) Pte. Ltd. (CMTS)	Investment holding of ship-owning companies	0.44	0.44	0.48	
"	Chinese Maritime Transport (Hong Kong), Limited (CMTHK)	"	100	100	100	
"	CMT Logistics Co., Ltd. (CMTL)	Warehouse management	100	100	100	Note 3
"	AGM Investment Ltd. (AGM)	Investment	100	100	100	Note 3
"	Hope Investment Ltd. (HIL)	"	100	100	100	
"	Mo Hsin Investment Ltd. (MHI)	"	100	100	100	Note 3

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			June 30, 2018	December 31, 2017	June 30, 2017	
The Company	Associated Transport Inc. (ATI)	Container trucking	100	100	100	
"	CMT Travel Service Ltd. (CMTTSL)	Travel	100	100	100	Note 3
"	CMT AIR LTD. (CMA)	Forwarder	-	-	100	Note 1
"	United Nan Hai Petroleum INC (UNH)	Gasoline international trade	100	100	100	Note 3
"	United Nan Hai Development Inc. (NHD)	Investment management	100	100	100	Note 3
CMTS	China Fortune Shipping Pte Ltd. (CFR)	Bulk-carrier transportation	100	100	100	
"	China Enterprise Shipping PTE. Ltd. (CEP)	"	100	100	100	
"	Orient Maritime Transport Logistics Ltd. (OMTLL)	Investment	71	71	-	Note 2, 3
CMTHK	China Prosperity Shipping Ltd. (CPS)	Bulk-carrier transportation	100	100	100	
"	China Peace Shipping Ltd. (CPC)	"	100	100	100	
"	China Progress Shipping Ltd. (CPG)	"	100	100	100	
"	China Pioneer Shipping Ltd. (CPN)	"	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)	Bulk-carrier transportation	100	100	100	
"	China Trade Shipping Ltd. (CTD)	"	100	100	100	
"	China Harmony 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	

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			June 30, 2018	December 31, 2017	June 30, 2017	
CMTHK	CMTS	Investment holding of ship-owning companies	99.56	99.56	99.52	
ATI	Chang-Shun Transport CO., LTD. (CST)	Container trucking	100	100	100	
"	Huang-Yuen Transport CO., LTD. (HYT)	"	100	100	100	
"	Mao-Hua Transport CO., LTD. (MHT)	"	100	100	100	
"	AG Prosperity Transport CO., LTD. (APT)	"	100	100	100	
"	Pioneer Transport Co., LTD (PTL)	"	100	100	100	

Note 1: Dissolution completed in December 2017.

Note 2: Subsidiary incorporated in December 2017.

Note 3: Non-significant subsidiary, its financial statements, have not been reviewed.

(c) Financial instruments (applicable from January 1, 2018)

(i) Financial assets

Financial assets are classified into the following categories: measured at amortized cost and fair value through profit or loss (FVTPL).

The Group shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost described as above are measured at FVTPL, including derivative financial assets and accounts receivable (except for those presented as accounts receivable but measured at FVTPL). On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivable, guarantee deposit paid and other financial assets), accounts receivable.

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade' which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings. The time deposits held by the Group were considered to have low credit risk because the Group's transaction counterparties and the contractually obligated counter parties are financial institutions with credit ratings beyond investment grade.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;
or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

(d) Revenue from contracts with customers (applicable from January 1, 2018)

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Cargo and container hauling revenue

Cargo revenue is currently recognized during its lease terms ; container hauling revenue is recognized when the goods are delivered to the customers' premises ; also, warehouse rent and hanging cabinet revenue is recognized when the service is provided.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

(ii) Rental income from investment property

Rental income from investment property is recognized in income on a straight-line basis over the lease term. Incentives granted to the lessee to enter into an operating lease are considered as part of rental income which is spread over the lease term on a straight-line basis so that the rental income received are recognized periodically.

(iii) Financing components

The group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Contract costs (applicable from January 1, 2018)

(i) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

(ii) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(f) 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 expenses for the period are best estimated by multiplying pre-tax 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.

For a change in tax rate that is substantively enacted in an interim period, the effect of the change immediately should be recognized in the interim period in which the change occurs.

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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.

(g) Employee benefits

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

(5) **Significant accounting assumptions, and judgments and major sources of estimation uncertainty**

The preparation of the consolidated 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, 2017.

(6) **Explanation of significant accounts**

(a) Cash and cash equivalents

	June 30, 2018	December 31, 2017	June 30, 2017
Petty cash, checking accounts and demand deposits \$	781,981	1,055,838	1,061,393
Time deposits	2,233,931	1,773,766	1,820,070
Cash equipment-commercial paper and reverse repurchase agreement	138,651	109,944	32,998
	<u>\$ 3,154,563</u>	<u>2,939,548</u>	<u>2,914,461</u>

(b) Financial asset

(i) Information is as follow:

	June 30, 2018	December 31, 2017	June 30, 2017
Current financial assets mandatorily measured as at fair value through profit or loss:			
Derivative instruments not use for hedging			
Convertible bond	\$ 39,143	-	-
Non-derivative financial instrument			
Fund	357	-	-

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>June 30, 2018</u>	<u>December 31, 2017</u>	<u>June 30, 2017</u>
Non-current financial assets mandatorily measured as at fair value through profit or loss:			
Non-derivative financial instrument			
Domestic unlisted common shares	26,118	-	-
Current financial assets held for trading:			
Fund	-	401	345
Non-current financial assets held for trading:			
Convertible bond	<u>-</u>	<u>48,913</u>	<u>46,419</u>
	<u>\$ 65,618</u>	<u>49,314</u>	<u>46,764</u>

The gain or loss on financial assets at fair value through profit or loss for the three months ended and six months ended June 30, 2018 and 2017 were a loss of \$8,788, \$7,412, \$9,822, and a profit of \$6,670, respectively.

The Group did not provide any aforementioned financial assets as collateral for its loans as of June 30, 2018, December 31 and June 30, 2017, respectively.

(ii) Debt investment and fixed rate deposit

The carrying amounts of debt and fixed rate deposit as of June 30, 2018, December 31 and June 30, 2017 were \$39,143, \$48,913 and \$46,419, respectively. Other related information are as follows: (The investments were classified as current financial assets mandatorily measured as at fair value through profit or loss on June 30, 2018 and as non-current financial assets held-for-trading on December 31 and June 30, 2017.)

	<u>2018</u>		<u>2017</u>	
	<u>Interest rates</u>	<u>Maturity dates</u>	<u>Interest rates</u>	<u>Maturity dates</u>
Current financial assets mandatorily measured as at fair value through profit or loss	3%	2019	-	-
Non-current financial assets held-for-trading	-	-	3%	2019

(iii) The Group has assessed that the domestic unlisted common shares are held within a business model whose objective is achieved by both collecting the contractual cash flows and by selling securities; therefore, they have been classified as non-current financial assets mandatorily measured value through profit or loss. These investments were classified as financial assets measured at cost on December 31 and June 30, 2017.

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Financial assets measured at cost

	December 31, 2017	June 30, 2017
Domestic unlisted common shares	<u>\$ 25,000</u>	<u>25,000</u>

The aforementioned investments held by the Group were measured at amortized cost as of December 31 and June 30, 2017, given the range of reasonable fair value estimates is large and the probability for each estimate cannot be reasonably determined; therefore, the Group management had determined that the fair value cannot be measured reliably. These investments were classified as non-current financial assets at fair value through profit or loss on June 30, 2018.

As of December 31 and June 30, 2017, the financial assets measured at cost of the Group had been no pledged as collateral.

(d) Notes and accounts receivable

	June 30, 2018	December 31, 2017	June 30, 2017
Notes receivable	\$ 13,418	13,623	6,624
Accounts receivable	260,829	257,574	236,235
Less: Loss allowance	<u>(263)</u>	<u>(2,116)</u>	<u>(1,993)</u>
	<u>\$ 273,984</u>	<u>269,081</u>	<u>240,866</u>
	<u>\$ 186,356</u>	<u>174,513</u>	<u>144,416</u>
	<u>\$ 87,628</u>	<u>94,568</u>	<u>96,450</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on June 30, 2018. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision as of June 30, 2018 was determined as follows:

	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 264,093	-	-
1 to 30 days past due	8,812	-	-
31 to 180 days past due	1,178	8.4%	99
More than 180 days past due	<u>164</u>	100%	<u>164</u>
	<u>\$ 274,247</u>		<u>263</u>

As of December 31 and June 30, 2017, the Group applies the incurred loss model to consider the loss allowance provision of notes and accounts receivable, and the aging analysis of notes and accounts receivable, which were past due but not impaired.

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The movement in the allowance for notes and accounts receivable was as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u> Collectively assessed impairment
Balance on January 1, 2018 and 2017 per IAS 39	\$ 2,116	1,973
Adjustment on initial application of IFRS 9	<u>-</u>	
Balance on January 1, 2018 per IFRS 9	2,116	
Impairment losses recognized	-	20
Impairment losses reversed	<u>(1,853)</u>	<u>-</u>
Balance on June 30, 2018 and 2017	<u>\$ 263</u>	<u>1,993</u>

The Group did not provide any aforementioned notes and accounts receivable as collaterals for its loans as of June 30, 2018, December 31 and June 30, 2017.

Please refer to note 6(r) for the exposure to credit risk of the other receivables of the Group.

(e) 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>June 30,</u> <u>2018</u>	<u>December</u> <u>31, 2017</u>	<u>June 30,</u> <u>2017</u>
Associates	<u>\$ 1,644,948</u>	<u>1,607,347</u>	<u>1,586,781</u>

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

	<u>Three months</u> <u>ended June</u> <u>30, 2018</u>	<u>Three months</u> <u>ended June</u> <u>30, 2017</u>	<u>Six months</u> <u>ended June</u> <u>30, 2018</u>	<u>Six months</u> <u>ended June</u> <u>30, 2017</u>
Associates	<u>\$ 35,136</u>	<u>3,789</u>	<u>54,727</u>	<u>6,820</u>

The losses on investment in associate recognized for the six months ended June 30, 2018 and 2017 including the amortization of investment premium are \$1,699 and \$15,572, respectively. As of June 30, 2018 and 2017, the balance of unamortized investment premium amounted to \$849 and \$18,119, respectively.

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Details of the material associate is as follows:

Name	Nature of the relationship	Principal place of business/ Country of incorporation	Effective ownership interest and voting right		
			June 30, 2018	December 31, 2017	June 30, 2017
Taiwan Navigation Co., Ltd. (TNCL)	Entity in which the Group has significant influence and in which its main activities are sea shipping services and construction subcontractor, leasing and sales of commercial and residential buildings	Taiwan	10.406 %	10.406 %	10.406 %
Taiwan Global Energy Maritime Co., Ltd (TGEM)	A significant investee company of Group, in which its main activities are shipping transportation	Taiwan	12 %	12 %	12 %

The fair value of the shares of the listed material associate of the Group was as follows:

	June 30, 2018	December 31, 2017	June 30, 2017
TNCL	\$ 727,320	720,806	590,540

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.

1) Summarized financial information of TNCL

	June 30, 2018	December 31, 2017	June 30, 2017
Current assets	\$ 1,118,144	987,757	946,654
Non current assets	14,149,249	14,429,959	12,280,980
Current liabilities	(1,066,795)	(729,666)	(586,833)
Non current liabilities	(4,383,819)	(5,131,063)	(3,332,666)
Net assets (Belongs to the investee)	\$ <u>9,816,779</u>	<u>9,556,987</u>	<u>9,308,135</u>

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Revenue	\$ 837,146	650,904	1,634,400	1,298,349
Profit (loss) from continuing operations	260,363	30,685	404,854	47,869
Other comprehensive income	316,862	(16,534)	87,118	(453,172)
Total comprehensive income (Belongs to the investee)	<u>\$ 577,225</u>	<u>14,151</u>	<u>491,972</u>	<u>(405,303)</u>
			Six months ended June 30, 2018	Six months ended June 30, 2017
Beginning balance of Group's share of net assets			994,500	1,300,809
Adjustment on initial application of IFRS 9			6,236	-
Beginning balance of Group's share of net assets after adjustment			1,000,736	1,300,809
Group's share of total comprehensive income			51,195	(86,936)
Dividends received by associates			(30,397)	-
Disposals			-	(245,268)
Ending balance of Group's share of net assets			1,021,534	968,605
Add: Balance of unamortized investment premium			849	18,119
Carrying amounts in the consolidated balance sheets			<u>1,022,383</u>	<u>986,724</u>

2) Summarized financial information of TGEM

	June 30, 2018	December 31, 2017	June 30, 2017
Current assets	\$ 2,567,119	1,914,688	2,018,683
Non current assets	9,674,564	9,686,372	8,112,447
Current liabilities	(835,396)	(318,464)	(538,068)
Non current liabilities	(6,218,249)	(6,196,771)	(4,592,583)
Net assets (Belongs to the investee)	<u>\$ 5,188,038</u>	<u>5,085,825</u>	<u>5,000,479</u>

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Revenue	\$ 309,390	233,862	623,869	443,159
Profit (loss) from continuing operations	74,100	69,847	119,140	141,327
Other comprehensive income	182,597	(29,368)	103,362	(221,771)
Total comprehensive income (Belongs to the investee)	<u>\$ 256,697</u>	<u>40,479</u>	<u>222,502</u>	<u>(80,444)</u>
			Six months ended June 30, 2018	Six months ended June 30, 2017
Beginning balance of Group's share of net assets			\$ 610,299	609,713
Group's share of total comprehensive income			26,700	(9,656)
Dividends received by associates			(14,434)	-
Ending balance of Group's share of net assets			<u>\$ 622,565</u>	<u>600,057</u>

- (iv) The unreviewed financial statements of investments accounted for using equity method investments were accounted for by the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.
- (v) The Group disposed 11,011 thousand shares of its investments accounted for using equity method for \$147,756 in 2017. The related losses amounted to 97,384, which was recorded as non-operating income and expense. As of June 30, 2017, the amount settled and received.
- (vi) Pledges

As of June 30, 2018, December 31 and June 30, 2017, the Group provided investment accounted for using equity method as collateral for its loans. Please refer to note 8.

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Property, plant and equipment

The cost depreciation, and impairment of the property, plant and equipment of the Group for the year ended June 30, 2018 and 2017 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 on January 1, 2018	\$ 1,717,114	130,918	18,410,065	512,105	-	20,770,202
Additions	-	1,239	96,687	12,728	-	110,654
Disposals	-	(609)	(8,738)	(3,612)	-	(12,959)
Reclassifications	-	677	-	36,923	-	37,600
Effect of movements in exchange rates	-	807	415,208	-	-	416,015
Balance on June 30, 2018	<u>\$ 1,717,114</u>	<u>133,032</u>	<u>18,913,222</u>	<u>558,144</u>	<u>-</u>	<u>21,321,512</u>
Balance on January 1, 2017	\$ 1,758,525	141,948	16,683,205	493,311	1,070,209	20,147,198
Additions	-	1,967	56,322	13,666	1,098,186	1,170,141
Disposals	-	(2,168)	(25,034)	(7,374)	-	(34,576)
Reclassifications	-	-	1,536,303	6,394	(1,536,303)	6,394
Effect of movements in exchange rates	-	(2,057)	(910,892)	-	(58,151)	(971,100)
Balance on June 30, 2017	<u>\$ 1,758,525</u>	<u>139,690</u>	<u>17,339,904</u>	<u>505,997</u>	<u>573,941</u>	<u>20,318,057</u>
Depreciation and impairments loss:						
Balance on January 1, 2018	\$ -	79,786	5,675,146	269,044	-	6,023,976
Depreciation for the year	-	3,239	408,761	17,060	-	429,060
Disposals	-	(463)	(8,613)	(2,020)	-	(11,096)
Reclassifications	-	(42)	-	(180)	-	(222)
Effect of movements in exchange rates	-	134	132,972	-	-	133,106
Balance on June 30, 2018	<u>\$ -</u>	<u>82,654</u>	<u>6,208,266</u>	<u>283,904</u>	<u>-</u>	<u>6,574,824</u>
Balance on January 1, 2017	\$ -	79,554	5,309,419	246,195	-	5,635,168
Depreciation for the year	-	3,456	388,548	17,267	-	409,271
Disposals	-	(2,083)	(15,317)	(5,257)	-	(22,657)
Effect of movements in exchange rates	-	(245)	(277,484)	-	-	(277,729)
Balance on June 30, 2017	<u>\$ -</u>	<u>80,682</u>	<u>5,405,166</u>	<u>258,205</u>	<u>-</u>	<u>5,744,053</u>
Carrying amounts:						
Balance on January 1, 2018	<u>\$ 1,717,114</u>	<u>51,132</u>	<u>12,734,919</u>	<u>243,061</u>	<u>-</u>	<u>14,746,226</u>
Balance on June 30, 2018	<u>\$ 1,717,114</u>	<u>50,378</u>	<u>12,704,956</u>	<u>274,240</u>	<u>-</u>	<u>14,746,688</u>
Balance on June 30, 2017	<u>\$ 1,758,525</u>	<u>59,008</u>	<u>11,934,738</u>	<u>247,792</u>	<u>573,941</u>	<u>14,574,004</u>

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (i) The pledge information is summarized in note 8.
- (ii) The Group disposes of the property, plant and equipment in three months ended June 30, 2018 and 2017 for \$7,584 and \$20,649, respectively. The cost of aforementioned property, plant and equipment amounted to \$1,863 and \$11,919, respectively, and the related gain of disposal amounted to \$5,721 and \$8,730, respectively. The registration procedures of the property transfer have been completed and related receivable have been collected.
- (iii) The Group evaluated its transportation equipment for impairment and recognized no impairment loss according to IFRS 36 "Recoverable Amount Disclosures for Non-Financial Asset". The accumulated impairment amount were USD\$31,555 (\$961,165, \$939,078 and \$959,903) as of June 30, 2018, December 31 and June 30, 2017, respectively.
- (g) Investments property

	<u>Land</u>	<u>Building</u>	<u>Total</u>
Cost or deemed cost:			
Balance on January 1, 2018	\$ 19,094	25,674	44,768
Reclassifications	-	(677)	(677)
Effect of movements in exchange rates	-	495	495
Balance on June 30, 2018	<u>\$ 19,094</u>	<u>25,492</u>	<u>44,586</u>
Balance on January 1, 2017	\$ 19,094	27,507	46,601
Effect of movements in exchange rates	-	(1,347)	(1,347)
Balance on June 30, 2017	<u>\$ 19,094</u>	<u>26,160</u>	<u>45,254</u>
Depreciation and impairment losses:			
Balance on January 1, 2018	\$ -	7,181	7,181
Depreciation of the year	-	245	245
Reclassifications	-	42	42
Effect of movements in exchange rates	-	116	116
Balance on June 30, 2018	<u>\$ -</u>	<u>7,584</u>	<u>7,584</u>
Balance on January 1, 2017	\$ -	7,825	7,825
Depreciation of the year	-	252	252
Effect of movements for exchange rates	-	(304)	(304)
Balance on June 30, 2017	<u>\$ -</u>	<u>7,773</u>	<u>7,773</u>
Carrying amount:			
Balance on January 1, 2018	<u>\$ 19,094</u>	<u>18,493</u>	<u>37,587</u>
Balance on June 30, 2018	<u>\$ 19,094</u>	<u>17,908</u>	<u>37,002</u>
Balance on June 30, 2017	<u>\$ 19,094</u>	<u>18,387</u>	<u>37,481</u>

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The fair value of investment properties was based on a valuation by a qualified independent appraiser who has recent valuation experience in the location and category of the investment property being valued.

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. See note 6(j) for further information.

There were no significant change in the fair value of investment property during the six months ended June 30, 2018 as disclosed in note 6(f) of the consolidated financial statements for the year ended December 31, 2017.

As of June 30, 2018, December 31 and June 30, 2017, the Investment property of the Group were not pledged as collateral or restricted.

(h) Other financial assets

	<u>June 30, 2018</u>	<u>December 31, 2017</u>	<u>June 30, 2017</u>
Time deposits (over three months)	\$ 20,319	23,275	36,517
Dividends receivable	44,831	-	-
Other receivables	5,881	8,897	7,587
Guarantee deposits	5,223	5,182	5,174
Pledged assets-time deposits	<u>248,684</u>	<u>244,798</u>	<u>224,530</u>
	<u>\$ 324,938</u>	<u>282,152</u>	<u>273,808</u>
Other current financial assets	\$ 303,221	260,504	252,168
Other non-current financial assets	<u>21,717</u>	<u>21,648</u>	<u>21,640</u>
	<u>\$ 324,938</u>	<u>282,152</u>	<u>273,808</u>

(i) Loans

The Group's detail of loans was as follows:

(i) Short-term loans and commercial paper payable, net

	<u>June 30, 2018</u>	<u>December 31, 2017</u>	<u>June 30, 2017</u>
Secured loans	\$ 350,000	500,000	850,000
Commercial paper payable	610,000	350,000	80,000
Less: discount on commercial paper payable	<u>(445)</u>	<u>(378)</u>	<u>(51)</u>
	<u>\$ 959,555</u>	<u>849,622</u>	<u>929,949</u>
Unused credit lines	<u>\$ 2,780,000</u>	<u>2,890,000</u>	<u>2,810,344</u>
Range of interest rate during the year	<u>0.938%~1.018%</u>	<u>0.938%~1.13%</u>	<u>0.938%~1.15%</u>

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Long-term loans

Bank	Currency	Due Year	June 30, 2018	December 31, 2017	June 30, 2017
COMMERZ BANK	USD	2019	\$ 359,427	386,880	431,964
Mega International Commercial Bank	"	2022	479,745	535,680	616,005
Bank Sinopec	"	2022	811,356	841,816	910,680
Mega International Commercial Bank	"	2022	548,279	602,640	684,450
Bank Sinopec	"	2023	855,125	884,209	953,636
BNP PARIBAS	"	2026	621,231	632,052	671,723
CTBC Bank		2027	902,335	916,661	972,831
Mega Bank Central Branch		2027	889,432	901,430	-
			5,466,930	5,701,368	5,241,289
Current portion			(737,087)	(720,148)	(669,803)
			<u>\$ 4,729,843</u>	<u>4,981,220</u>	<u>4,571,486</u>
Range of interest rates during the year			<u>2.16%~3.92%</u>	<u>1.64%~3.08%</u>	<u>1.64%~2.80%</u>

(iii) Bonds Payable

The Company issued secured bonds at face value. The interest is calculated and paid annually from the date of issuance. The bonds payable on June 30, 2018 and 2017 and December 31, 2017, were as follows:

	Guarantee bank	Interest rate	Due	June 30, 2018	December 31, 2017	June 30, 2017
Balance on December 31, 2016						
The first secured bonds payable	Bank of Taiwan	0.88 %	March 2021	\$ 900,000	900,000	900,000
The second secured bonds payable	Mega Bank	1.00 %	March 2021	1,400,000	1,400,000	1,400,000
Balance on December 31, 2017						
The first secured bonds payable	Shanghai Commercial Bank	1.13 %	April 2020	400,000	400,000	400,000
"	"	1.13 %	April 2022	400,000	400,000	400,000
				3,100,000	3,100,000	3,100,000
Current portion				-	-	-
				<u>\$ 3,100,000</u>	<u>3,100,000</u>	<u>3,100,000</u>

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (iv) 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 secured corporate bonds on March 21, 2017, which were approved at the Board of Directors' meetings. The first Secured corporate bonds (2017) were released with a period of three years and five years, which amounted to \$1,000, at par value per issue, with a total par values of \$400,000, \$400,000, respectively.
- (v) Refer to note 6(r) 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.
- (j) Operating lease
- There were no significant new lease contracts during the six months ended June 30, 2018 and 2017. Please refer to note 6(i) of the consolidated financial statements for the year ended December 31, 2017 and 2016.
- (k) Employee benefits
- (i) 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, 2017 and 2016.

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

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Cost of sales and operating expense	\$ <u>1,048</u>	<u>1,579</u>	<u>2,096</u>	<u>2,853</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 2017 and 2016 was \$7,787 and 16,348.

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) 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 June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Cost of sales and operating expense	\$ <u>2,468</u>	<u>2,187</u>	<u>4,843</u>	<u>4,387</u>

(i) Income taxes

According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, an increase in the corporate income tax rate from 17% to 20% is applicable upon filing the corporate income tax return commencing FY 2018. The group recognized the effect of the change in the tax rate by adjusting the estimated annual effective income tax rate during the interim reporting period.

The amount of income tax was as follows:

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Current tax expense	\$ <u>2,656</u>	<u>7,375</u>	<u>9,679</u>	<u>16,336</u>
Deferred tax expense				
Change in tax rate	44	-	21,414	-
Origination and reversal of temporary differences	<u>13,295</u>	<u>-</u>	<u>(8,075)</u>	<u>-</u>
	<u>13,339</u>	<u>-</u>	<u>13,339</u>	<u>-</u>
	\$ <u>15,995</u>	<u>7,375</u>	<u>23,018</u>	<u>16,336</u>

The amount of income tax recognized in other comprehensive income for the three months ended and six months ended June 30, 2018 and 2017 was as follows:

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Items that may not be reclassified subsequently to profit or loss				
Remeasurement in defined benefit plans	\$ <u>(1,116)</u>	<u>-</u>	<u>(1,255)</u>	<u>-</u>

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign financial statements	\$ -	-	(74)	-

The Company's tax returns for the years through 2015 were examined and approved by the tax authorities.

(m) Capital and other equities

There was no significant change for capital and other equity for the periods from January 1 to June 30, 2018 and 2017. For the related information, please refer to note 6(l) of the consolidated financial statements for the year ended December 31, 2017 and 2016.

(i) Retained Earning

In accordance with the amendments to the Company's articles of incorporation on June 28, 2016, net earnings should first be used to offset the prior years' deficits, if any, before paying any in income taxes, of the remaining balance, 10% is to 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 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 total dividends.

1) 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.

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) 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 International Financial Reporting Standards approved by the Financial Supervisory Commission (IFRSs), 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 Financial Supervisory Commission on 6 April 2012, shall be reclassified as a special earnings reserve during earnings distribution. The carrying amount of special earnings reserve amounted to \$359,487 on June 30, 2018, December 31 and June 30, 2017.

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.

3) Earnings distribution

Based on the resolutions of the annual stockholders' meetings held on May 30, 2018 and June 14, 2017 the earning distribution to Ordinary shareholders for the fiscal years 2017 and 2016 were as follows:

	2017	2016
Dividends distributed to ordinary shareholders		
Cash	\$ 98,742	98,742

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other Equity (After tax)

	Exchange differences on translation of foreign financial Statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available for-sale financial assets	Total
January 1, 2018	\$ (611,199)	-	(10,424)	(621,623)
Effects of retrospective application	-	(4,188)	10,424	6,236
January 1, 2018 after adjustments	(611,199)	(4,188)	-	(615,387)
The subsidiary	224,393	-	-	224,393
Associates	31,913	(10,444)	-	21,469
June 30, 2018	<u>\$ (354,893)</u>	<u>(14,632)</u>	<u>-</u>	<u>(369,525)</u>
January 1, 2017	\$ 283,802	-	(11,842)	271,960
The subsidiary	(577,560)	-	-	(577,560)
Associates	(86,902)	-	1,481	(85,421)
June 30, 2017	<u>\$ (380,660)</u>	<u>-</u>	<u>(10,361)</u>	<u>(391,021)</u>

(n) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share at June 30, 2018 and 2017 were based on the profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding, calculated as follows:

1) Profit attributable to ordinary shareholders of the Company

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Profit (loss) attributable to ordinary shareholders of the Company	<u>\$ 117,037</u>	<u>(36,693)</u>	<u>188,189</u>	<u>(109,244)</u>

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Weighted-average number of ordinary shares

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Issued ordinary shares at January 1 (equal to June 30)	\$ <u>197,485</u>	<u>197,485</u>	<u>197,485</u>	<u>197,485</u>

3) Basic earnings per share (TWD)

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Basic earnings per share	\$ <u>0.59</u>	<u>(0.18)</u>	<u>0.95</u>	<u>(0.55)</u>

(ii) Diluted earnings per share

The calculation of diluted earnings per share at June 30, 2018 and 2017 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:

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

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Profit attributable to ordinary shareholder of the Company (basic and diluted)	\$ <u>117,037</u>	<u>(36,693)</u>	<u>188,189</u>	<u>(109,244)</u>

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

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Issued ordinary shares at January 1	\$ 197,485	197,485	197,485	197,485
Effect on the employee stock bounces	<u>11</u>	<u>-</u>	<u>49</u>	<u>-</u>
Weighted-average number of ordinary shares (diluted) at June 30	\$ <u>197,496</u>	<u>197,485</u>	<u>197,534</u>	<u>197,485</u>

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Diluted earnings per share (TWD)

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Diluted earnings per share	\$ <u>0.59</u>	<u>(0.18)</u>	\$ <u>0.95</u>	<u>(0.55)</u>

(o) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>For the three months ended June 30, 2018</u>			
	<u>Inland trucking and terminal & logistics department</u>	<u>Shipping department</u>	<u>Others</u>	<u>Total</u>
Primary geographical markets				
Asia	\$ 446,873	102,502	13,219	562,594
Europe	-	226,333	-	226,333
Oceania	-	<u>153,695</u>	-	<u>153,695</u>
	<u>\$ 446,873</u>	<u>482,530</u>	<u>13,219</u>	<u>942,622</u>

	<u>For the six months ended June 30, 2018</u>			
	<u>Inland trucking and terminal & logistics department</u>	<u>Shipping department</u>	<u>Others</u>	<u>Total</u>
Primary geographical markets				
Asia	\$ 849,051	202,350	39,320	1,090,721
Europe	-	427,523	-	427,523
Oceania	-	<u>276,989</u>	-	<u>276,989</u>
	<u>\$ 849,051</u>	<u>906,862</u>	<u>39,320</u>	<u>1,795,233</u>

(i) Contract balances

	<u>June 30, 2018</u>	<u>January 1, 2018</u>
Notes and accounts receivable (including related party)	\$ 274,247	271,197
Less: allowance for impairment	<u>(263)</u>	<u>(2,116)</u>
Total	<u>\$ 273,984</u>	<u>269,081</u>
Contract liabilities (unearned revenue)	<u>\$ 29,712</u>	<u>20,125</u>

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For details on accounts receivable and allowance for impairment, please refer to note 6(d).

The amount of revenue recognized for the three months ended June 30, 2018 that was included in the contract liability balance at the beginning of the period was \$20,125.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(p) Financial cost-Interest expense

The financial cost interest expense in the years ended June 30, 2018 and 2017 were as follows:

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Secured bank loan	\$ 46,920	30,261	86,718	57,876
Bonds payable	13,487	24,259	26,933	49,102
	<u>\$ 60,407</u>	<u>54,520</u>	<u>113,651</u>	<u>106,978</u>

(q) Employee bonuses and directors' and supervisors' remuneration

In accordance with the amendments to the Company's articles of incorporation on June 28, 2016, earnings shall first be used to offset against any deficit, then a range from 0.5% to 2% will be distributed as employee remuneration, and a maximum of 2% will be allocated as director's and supervisors' remuneration.

The remunerations to employees and directors amounted to \$1,303, \$1,303, \$2,056 and \$2,056, respectively, for the three and six months ended June 30, 2018. These amounts are calculated by using the Company's pre-tax net profit for the period before deducting the amount of the remuneration 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 expenses. If there are any changes after the reporting date, the changes would be treated as changes in accounting estimates and recognized in profit or loss in following year.

For the three months and six months ended June 30, 2017, due to the net loss, the Company did not accrue any employee remuneration and directors' and supervisors' remuneration.

As of December 31, 2017 and 2016, the Company recognized its employee bonuses of 952 and 941, respectively, and its directors' and supervisors' remuneration of \$952 and \$941, respectively. The information is available on the Market Observation Post System website. There was no difference between the actual remuneration amount after the annual shareholders' meeting and the recognized amount in the 2017 and 2016 consolidated financial statements.

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Financial Instruments

Except for the contention mentioned below, there were no significant changes on fair value, credit risk, liquidity risk and market risk of financial instruments during the six months ended June 30, 2018 and 2017. For related information, please refer to note 6(p) of the 2017 annual consolidated financial statements.

(i) Credit risk

1) Receivables

For credit risk exposure of note and trade receivables, please refer to note 6(d).

Other financial assets at amortized cost includes other receivables, guarantee deposits, pledged assets-time deposits, time deposits (over three months). (recorded as loans and receivables on June 30 and December 31, 2017). The aforementioned loans and receivables are no impact on June 30 and December 31, 2017.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note (4)(c).

The loss allowance provision as of June 30, 2018 was determined as follows:

	Other receivables
Balance on January 1 per IAS 39	\$ -
Adjustment on initial application of IFRS 9	-
Balance on January 1 per IFRS 9	-
Balance on June 30	<u>\$ -</u>

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and 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>
June 30, 2018					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 959,555	(960,000)	(960,000)	-	-
Secured bank loan	5,466,930	(5,466,930)	(737,087)	(950,306)	(3,779,537)
Notes and accounts payable	182,528	(182,528)	(182,528)	-	-
Dividends payable	98,747	(98,747)	(98,747)	-	-
Bonds payable	3,100,000	(3,100,000)	-	(400,000)	(2,700,000)
Accrued expenses and other payables	<u>82,159</u>	<u>(82,159)</u>	<u>(82,159)</u>	<u>-</u>	<u>-</u>
	\$ <u>9,889,919</u>	<u>(9,890,364)</u>	<u>(2,060,521)</u>	<u>(1,350,306)</u>	<u>(6,479,537)</u>
December 31, 2017					
Short-term borrowings	\$ 849,622	(850,000)	(850,000)	-	-
Secured bank loan	5,701,368	(5,701,368)	(720,148)	(964,180)	(4,017,040)
Notes and accounts payable	178,088	(178,088)	(178,088)	-	-
Bonds payable	3,100,000	(3,100,000)	-	-	(3,100,000)
Accrued expenses and other payables	<u>99,099</u>	<u>(99,099)</u>	<u>(99,099)</u>	<u>-</u>	<u>-</u>
	\$ <u>9,928,177</u>	<u>(9,928,555)</u>	<u>(1,847,335)</u>	<u>(964,180)</u>	<u>(7,117,040)</u>
June 30, 2017					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 929,949	(930,000)	(930,000)	-	-
Secured bank loan	5,241,289	(5,241,289)	(669,803)	(669,803)	(3,901,683)
Notes and accounts payable	201,309	(201,309)	(201,309)	-	-
Dividends payable	98,742	(98,742)	(98,742)	-	-
Bonds payable	3,100,000	(3,100,000)	-	-	(3,100,000)
Accrued expenses and other payables	<u>73,049</u>	<u>(73,049)</u>	<u>(73,049)</u>	<u>-</u>	<u>-</u>
	\$ <u>9,644,338</u>	<u>(9,644,389)</u>	<u>(1,972,903)</u>	<u>(669,803)</u>	<u>(7,001,683)</u>

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amount.

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Fair value

1) The kinds of financial instruments and fair value

The Group's financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income (financial assets at cost) are based on repeatability measured by fair value.

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It shall not include fair value information of the financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value and investments in equity instruments which do not have any quoted price in an active market in which the fair value cannot be reasonably measured.

	June 30, 2018				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 39,143	-	39,143	-	39,143
Current financial assets at fair value through profit or loss	357	357	-	-	357
Non-current financial assets at fair value through profit or loss	<u>26,118</u>	-	-	26,118	26,118
Total	\$ <u>65,618</u>				
Financial assets at amortized cost through profit or loss					
Cash and cash equivalents	3,154,563	-	-	-	-
Time deposits (over three months)	20,319	-	-	-	-
Notes and accounts receivable (including related party)	273,984	-	-	-	-
Notes and accounts receivable (including related party)	44,831	-	-	-	-
Other receivables	5,881	-	-	-	-
Guarantee deposits	5,223	-	-	-	-
Pledged assets-time deposits	<u>248,684</u>	-	-	-	-
Total	<u>3,753,485</u>				
Total	\$ <u>3,819,103</u>				

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2017				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at amortized cost through profit or loss					
Short-term borrowings	\$ 849,622	-	-	-	-
Long-term borrowings	5,701,368	-	-	-	-
Notes and accounts payable	178,088	-	-	-	-
Bonds payable	3,100,000	-	3,100,000	-	3,100,000
Accrued expenses and other payables (recorded as other current liabilities)	<u>99,099</u>	-	-	-	-
Total	<u>\$ 9,928,177</u>				
	June 30, 2017				
	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	\$ 345	345	-	-	345
Non-current financial assets held for trading	<u>46,419</u>	-	46,419	-	46,419
Total	<u>\$ 46,764</u>				
Non-current financial assets at cost	<u>\$ 25,000</u>				
Loans and receivables					
Cash and cash equivalents	\$ 2,914,461	-	-	-	-
Time deposits (over three months)	36,517	-	-	-	-
Notes and accounts receivable (including related party)	240,866	-	-	-	-
Other receivables	7,587	-	-	-	-
Guarantee deposits	5,174	-	-	-	-
Pledged assets-time deposits	<u>224,530</u>	-	-	-	-
Total	<u>\$ 3,429,135</u>				

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	June 30, 2017				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at amortized cost through profit or loss					
Short-term borrowings	\$ 929,949	-	-	-	-
Long-term borrowings	5,241,289	-	-	-	-
Notes and accounts payable	201,309	-	-	-	-
Other account payable	98,742	-	-	-	-
Bonds payable	3,100,000	-	5,100,000	-	5,100,000
Accrued expenses and other payables (recorded as other current liabilities)	<u>73,049</u>	-	-	-	-
Total	<u>\$ 9,644,338</u>				

2) Valuation techniques for financial instruments measured at fair value

A. Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market data at the reporting date.

B. Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

3) Transfers between Level 1 and Level 2

There was no transfer of fair value of the asset in the six months ended June 30, 2018 and 2017.

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Statement of changes in level 3

	<u>Measured of fair value through profit or loss</u>
	<u>Mandatorily measured at fair value through profit or loss</u>
Balance on January 1, 2018	\$ 26,118
Gains or losses:	
Recognized in profit or loss	-
Balance on June 30, 2018	<u>26,118</u>

The aforementioned total gains and losses were recorded as Gains (losses) on financial assets at fair value through profit or loss.

(s) 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, 2017.

(t) 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, 2017. There were no significant changes of quantitative data of capital management compared with the consolidated financial statements for the year ended December 31, 2017. Please refer to note 6(r) of the consolidated financial statements for the year ended December 31, 2017.

(u) Investing and financing activities not affecting current cash flow

The Group's investing activities which did not affect the current cash flow in the six months ended June 30, 2018 and 2017.

Reconciliation of liabilities arising from financing activities were as follows:

	<u>January 1, 2018</u>	<u>Cash flows</u>	<u>Non-cash changes Foreign exchange movement</u>	<u>June 30, 2018</u>
Short-term borrowings	\$ 849,622	109,933	-	959,555
Long-term borrowings	5,701,368	(358,077)	123,639	5,466,930
Bonds payable	3,100,000	-	-	3,100,000
Guarantee deposits (recorded as other non-current liabilities-others)	605	2	-	607
	<u>\$ 9,651,595</u>	<u>(248,142)</u>	<u>123,639</u>	<u>9,527,092</u>

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(7) Related-party transactions

(a) Parent company and ultimate controlling party

CMT investment is the ultimate controlling party of the Company and owns 53.70 percent and 50.50 percent of all shares outstanding of the Company on June 30, 2018 and 2017, respectively. The Company has issued the Consolidated financial statements available for public use.

(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements:

<u>Name of related party</u>	<u>Relationship with the Group</u>
Associated International INC. (AII)	The entity with significant influence over the Group
Associated Development INC. (ADI)	A subsidiary of AII
CMT Development INC. (CMD)	A subsidiary of AII
OOCL (TAIWAN) CO., LTD. (OTWL)	Substantial associates
OOCL LOGISTICS (TAIWAN) LIMITED (LOTWL)	Substantial associates

(c) Significant related party transactions

(i) Freight revenue

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

	<u>Revenue</u>				<u>Account Receivable-related-parties</u>		
	<u>Three months ended June 30, 2018</u>	<u>Three months ended June 30, 2017</u>	<u>Six months ended June 30, 2018</u>	<u>Six months ended June 30, 2017</u>	<u>June 30, 2018</u>	<u>December 31, 2017</u>	<u>June 30, 2017</u>
Other relates parties							
OTWL	\$ 190,867	213,782	373,294	411,024	72,721	76,883	79,153
Others	9,280	14,183	18,814	29,725	7,622	6,538	10,757
The entities with significant influence over the Group	41	336	95	374	18	-	136
	<u>\$ 200,188</u>	<u>228,301</u>	<u>392,203</u>	<u>441,123</u>	<u>80,361</u>	<u>83,421</u>	<u>90,046</u>

The collection periods of inland trucking transactions are within 30 to 60 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. Amounts receivable from related parties were uncollateralized, and no provisions for doubtful debt were required after the assessment by the management.

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) 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>Account Receivable-related-parties</u>		
	<u>Three months ended June 30, 2018</u>	<u>Three months ended June 30, 2017</u>	<u>Six months ended June 30, 2018</u>	<u>Six months ended June 30, 2017</u>	<u>June 30, 2018</u>	<u>December 31, 2017</u>	<u>June 30, 2017</u>
The entities with significant influence over the Group	\$ <u>14,089</u>	<u>14,907</u>	<u>28,384</u>	<u>29,858</u>	<u>7,267</u>	<u>11,147</u>	<u>6,404</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.

(iii) Operating expense

	<u>Operating expense</u>			
	<u>Three months ended June 30, 2018</u>	<u>Three months ended June 30, 2017</u>	<u>Six months ended June 30, 2018</u>	<u>Six months ended June 30, 2017</u>
The entities with significant influence over the Group	\$ <u>1,759</u>	<u>1,883</u>	<u>3,758</u>	<u>3,767</u>

The Group entered into rental agreements with its related parties from March 2014 to March 2019. The prices are similar to those of the market prices, and they are being paid monthly.

(d) Key management personnel compensation

Key management personnel compensation comprised:

	<u>Three months ended June 30, 2018</u>	<u>Three months ended June 30, 2017</u>	<u>Six months ended June 30, 2018</u>	<u>Six months ended June 30, 2017</u>
Short-term employee benefits	\$ 12,425	10,678	24,140	21,294
Post-employment benefits	6,568	336	6,858	673
	<u>\$ 18,993</u>	<u>11,014</u>	<u>30,998</u>	<u>21,967</u>

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets

The carrying values of pledged assets were as follows:

<u>Assets</u>	<u>Subject</u>	<u>June 30, 2018</u>	<u>December 31, 2017</u>	<u>June 30, 2017</u>
Investments accounted for using equity match – stock	Commercial paper payable – and long-term loans and credit lines	\$ -	-	274,311
Property, plant and equipment – land and buildings	Short-term and long-term loans and credit line	899,336	899,336	899,336
Transportation and other equipment (including prepayment equipment)	//	11,330,118	11,375,502	11,649,869
Other current financial assets (pledged assets time deposit)	Long-term loans	232,190	228,332	208,064
Other non-current financial assets (Guarantee deposits and pledged assets-time deposits)	Guarantee for construction payment, warehouse deposits, long-term loans and import duty	21,717	21,648	21,640
		<u>\$ 12,483,361</u>	<u>12,524,818</u>	<u>13,053,220</u>

(9) Commitments and contingencies

- (a) The Group had issued guarantee promissory notes amounting to \$3,130,960 as of June 30, 2018 December 31 and June 30, 2017, respectively, as guarantee for bonds payable.
- (b) As of June 30, 2018, the Group still had several long-term leases of its ships with customers in effect. The ending periods of the contracts are from October 2018 to March 2020.

(10) Losses Due to Major Disasters:None**(11) Subsequent Events:None**

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Other:

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

By function	For the three months ended June 30, 2018			For the three months ended June 30, 2017		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
By item						
Employee benefits						
Salary	79,167	48,413	127,580	76,732	42,899	119,631
Labor and health insurance	2,093	3,717	5,810	2,026	3,161	5,187
Pension	1,182	2,334	3,516	1,230	2,536	3,766
Others	6,250	1,820	8,070	5,801	1,682	7,483
Depreciation (Note)	215,302	2,324	217,626	203,096	2,724	205,820
Amortization	-	720	720	-	949	949

By function	For the six months ended June 30, 2018			For the six months ended June 30, 2017		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
By item						
Employee benefits						
Salary	160,156	96,063	256,219	150,914	85,536	236,450
Labor and health insurance	4,430	8,059	12,489	4,392	6,911	11,303
Pension	2,361	4,578	6,939	2,473	4,767	7,240
Others	12,472	3,726	16,198	11,507	3,264	14,771
Depreciation (Note)	424,816	4,418	429,234	403,947	5,347	409,294
Amortization	-	1,819	1,819	-	1,758	1,758

Note: excluding the deduction of rental income of \$71 and \$229 for the six months ended June 30, 2018 and 2017, respectively.

- (b) Seasonality of interim operation

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

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

(13) Other disclosures:**(a) Information on significant transactions:**

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the six months ended June 30, 2018:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

No	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (note 2)	Maximum limit of fund financing (note 3)	
													Item	Value			
1	CMT HK	CPN	Other receivable due from related parties	Y	104,173	104,173	104,173		2	-	Operating	-	-	-	9,721,692	9,721,692	Transactions in the left column had been written off during the preparation of consolidated financial statements
1	CMT HK	CPD	"	Y	228,715	228,715	228,715		2	-	"	-	-	-	9,721,692	9,721,692	"
1	CMT HK	CTU	"	Y	565,033	565,033	565,033		2	-	"	-	-	-	9,721,692	9,721,692	"
1	CMT HK	CTD	"	Y	534,573	534,573	534,573		2	-	"	-	-	-	9,721,692	9,721,692	"
1	CMT HK	CPC	"	Y	319,830	319,830	319,830		2	-	"	-	-	-	9,721,692	9,721,692	"
1	CMT HK	CHM	"	Y	339,934	339,934	339,934		2	-	"	-	-	-	9,721,692	9,721,692	"
1	CMT HK	CHN	"	Y	152,300	152,300	152,300		2	-	"	-	-	-	9,721,692	9,721,692	"
1	CMT HK	CPG	"	Y	395,980	395,980	395,980		2	-	"	-	-	-	9,721,692	9,721,692	"
1	CMT HK	CMTS	"	Y	548,280	548,280	548,280		2	-	"	-	-	-	9,721,692	9,721,692	"
2	ATI	CST	Other receivable due from related parties	Y	26,000	26,000	26,000		1	131,882	Operating	-	-	-	131,882	234,814	"
2	ATI	APT	"	Y	75,000	75,000	75,000		1	104,060	"	-	-	-	104,060	234,814	"
2	ATI	PTL	"	Y	40,000	40,000	40,000		1	41,983	"	-	-	-	41,983	234,814	"

Note 1: 1.Represents entities with business dealings. 2. Represents where an inter-company or inter-firm short-term financing facility is necessary.

Note 2 : For entities who have business with the Company, the amount of endorsements permitted for a single company shall not exceed the transaction amount in the last fiscal year and 40% of the lender's net worth. For entities who have short-term financing needs, amount shall not exceed 40 percent of the lender's net worth. The amount lendable to directly or indirectly wholly owned foreign subsidiaries is not limited by the restriction of 40 percent of the lender's net worth, only the total amount lending limit shall still be no more than the net worth of each subsidiary.

Note 3: The total amount available for financing purposes shall not exceed 40% of lender's net worth. Investee whose voting shares, directly or indirectly, owned by the Company is unrestricted by the limitation mentioned above; however, the amount available for financing shall not exceed 100% of net worth of the investee.

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND ITS SUBSIDIARIES

Notes to Consolidated Financial Statements

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (note2, note3)	Highest balance for guarantees and endorsements during the period (note 4)	Balance of guarantees and endorsements as of reporting date (note 4)	Actual usage amount during the period (note 4)	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements / guarantees to third parties on behalf of parent company	Endorsements / guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	THE COMPANY	CFN	Sub-subsidiary	14,655,945	1,370,700	1,370,700	811,355	-	14.03 %	14,655,945	Y	-	-
0	"	CTU	"	"	685,350	685,350	479,745	-	7.01 %	"	Y	-	-
0	"	CTD	"	"	685,350	685,350	548,280	-	7.01 %	"	Y	-	-
0	"	CFR	"	"	1,353,947	1,353,947	855,124	-	13.86 %	"	Y	-	-
0	"	ATI	Subsidiary	"	100,000	100,000	-	-	1.02 %	"	Y	-	-
1	CMT HK	CHN	Subsidiary	14,582,538	922,633	922,633	889,432	-	9.49 %	14,582,538	-	-	-
1	"	CPD	Subsidiary	"	432,532	432,532	359,428	-	4.45 %	"	-	-	-
1	"	CEP	Subsidiary	"	974,111	974,111	902,334	-	10.02 %	"	-	-	-
1	"	CHM	Subsidiary	"	993,605	993,605	621,230	-	10.22 %	"	-	-	-
1	"	THE COMPANY	Parent company	"	3,960	3,960	3,960	-	0.04 %	"	-	Y	-

Note1: Represents the Company.

Note2: The total amount of external endorsements and/or guarantees shall not exceed 150 percent of the Company's net worth. Among which the amount of endorsements/ guarantees for any single (1) whose voting shares are 100% owned by the Company shall not exceed 150 percent of the Company's net worth. (2) company whose more than 80 percent voting shares are owned by the Company shall not exceed 30 percent of the Company's net worth.

Note3: CMT HK's total amount of external endorsements/ guarantees shall not exceed 150 percent of its net worth. Among which, the amount of endorsements/ guarantees for any single (1) investee who has, directly or indirectly, 100% voting shares of the Company and whose voting shares are 100% owned by the Company shall not exceed 150 percent of the Company's net worth. (2) an entity who has more than 80 percent voting shares and is owned directly by the Company shall not exceed 30 percent of the Company's net worth. (3) an entity who has less than 80 percent voting shares and is owned directly by the Company shall not exceed 10 percent of the Company's net worth.

Note4: The amount was translated to the NTD at the exchange rates at the reporting date.

(iii) Securities held as of June 30, 2018 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	percentage of ownership (%)	Fair value	
THE COMPANY	Yang Ming Marine Transport Corporation	-	Current financial assets at fair value through profit or loss	1,000	39,143	- %	39,143	-
"	Asia Pacific Emerging Industry Venture Capital Co., LTD.	-	Non-current financial assets at fair value through profit or loss	2,500	26,118	- %	26,118	-
CMTS	FIRST SHIP fund	-	Current financial assets at fair value through profit or loss	200	357	- %	357	-

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:None

(v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None

(vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
THE COMPANY	OTWL	Substantial associates	Freight revenue	(373,294)	(60) %	30 to 45 days after consignment date	-		72,721	45%	
"	ATI	Subsidiary	Freight cost	516,442	94 %	Depending on the demand for funding of subsidiaries	-		(98,401)	98%	Note 1
ATI	THE COMPANY	Subsidiary	Freight revenue	(516,442)	(85) %	"	-		98,401	69%	"

Note1: Transactions in the left column had been written off during the preparation of consolidated financial statements.

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts	Note
					Amount	Action taken			
CMT HK	CTD	Subsidiary	534,573	Note1	-		-	-	Note 2
"	CPD	Subsidiary	228,715	"	-		-	-	"
"	CTU	Subsidiary	565,033	"	-		-	-	"
"	CHM	Subsidiary	339,934	"	-		-	-	"
"	CPC	Subsidiary	319,830	"	-		-	-	"
"	CHN	Subsidiary	152,300	"	-		-	-	"
"	CPG	Subsidiary	395,980	"	-		-	-	"
"	CPN	Subsidiary	104,173	"	-		-	-	"
"	CMTS	Subsidiary	548,280	"	-		-	-	"

Note1: Since they are accounts receivable from related parties, there is no turnover rate.

Note2: Transactions in the left column had been written off during the preparation of consolidated financial statements.

- (ix) Trading in derivative instruments: Please refer to note 6(b).

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

(x) Business relationships and significant intercompany transactions:

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	ATI	THE COMPANY	2	Operating revenues	516,442	#	28.77%
2	CMT HK	CPD	3	Other receivables	228,715	-	1.12%
2	CMT HK	CTU	3	"	565,033	-	2.77%
2	CMT HK	CTD	3	"	534,573	-	2.62%
2	CMT HK	CHM	3	"	339,934	-	1.67%
2	CMT HK	CPC	3	"	319,830	-	1.57%
2	CMT HK	CPG	3	"	395,980	-	1.94%
2	CMT HK	CHN	3	"	152,300	-	0.75%
2	CMT HK	CMTS	3	"	548,280	-	2.69%
2	CMT HK	CPN	3	"	104,173	-	0.51%

Note 1: The companies are coded as follows:

1. 0 represents the parent company.
2. The subsidiaries are coded sequentially beginning from 1 in the order of companies' names.

Note 2: The relationships with transactions are as follows:

1. Transactions from the parent company to its subsidiaries.
2. Transactions from the subsidiaries to the parent company.
3. Transaction between subsidiaries.

(b) Information on investees:

The following is the information on investees for the six months ended June 30, 2018 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2018			Net Income		Note
				June 30, 2018	December 31, 2017	Shares (thousands)	Percentage of Ownership	Carrying Value	(Losses) of the Investee	Share of profits/losses of investee	
The Company	CMTS	Singapore	Investment holding of ship- owning companies	4,282	4,282	217	0.44 %	5,071	12,859	57	Note1 - Note4
"	CMT HK	Hong Kong	Investment holding of ship- owning companies	34,356	34,356	12,000	100 %	9,721,692	141,464	141,464	#
"	CMTL	Taiwan	Warehouse management	689,558	689,558	19,200	100 %	1,032,898	28,295	28,295	#
"	AGM	"	Investment	1,000	1,000	100	100 %	1,081	(24)	(24)	#
"	HIL	"	"	565,000	565,000	56,500	100 %	306,866	11,933	11,933	#
"	MHI	"	"	1,300	1,300	130	100 %	1,265	(23)	(23)	#
"	ATI	"	Container trucking	500,000	500,000	50,000	100 %	587,036	8,651	8,651	#
"	TNCL	"	Bulk-carrier transportation	1,007,412	1,007,412	31,125	7.459 %	733,083	(404,854)	28,500	Note2
"	CMTTSL	"	Travel	20,000	20,000	2,000	100 %	8,092	(930)	(930)	Note1 - Note4
"	TGEM	"	Bulk-carrier transportation	601,200	601,200	60,120	12 %	622,565	119,140	14,297	Note1 - Note4
"	UNH	"	Gasoline international trade	1,000	1,000	100	100 %	982	-	-	Note1 - Note4
"	UHD	"	Investment management	1,000	1,000	100	100 %	976	-	-	#

(In Thousands of Shares)

(In Thousands of New Taiwan Dollars)

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of Investor	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2018			Net Income		Note
				June 30, 2018	December 31, 2017	Shares (thousands)	Percentage of Ownership	Carrying Value	(Losses) of the Investee	Share of profits/losses of Investee	
CMTS	CFR	Singapore	Bulk-carrier transportation	700,580	700,580	29,900	100 %	697,070	12,327	Has been recognized as investment incomes(losses) by CMTS	Note3 - Note4
"	CEP	"	"	703,626	703,626	23,100	100 %	663,298	9,438	"	"
"	OMTLL	"	"	22	22	0.71	71 %	22	-	"	Note1 - Note3 - Note4
CMT HK	CFS	Hong Kong	"	60,920	60,920	2,000	100 %	60,614	93	Has been recognized as investment incomes(losses) by CMT HK	"
"	CPG	"	"	182,760	182,760	6,000	100 %	263,725	23,544	"	"
"	CPC	"	"	167,530	167,530	5,500	100 %	273,617	22,445	"	"
"	CCL	"	Bulk-chartering services	305	305	10	100 %	6,074	(131)	"	"
"	CPN	"	Bulk-carrier transportation	731,040	731,040	240	100 %	710,343	(6,791)	"	"
"	CPD	"	"	1,279,320	1,279,320	420	100 %	1,300,215	36,741	"	"
"	CTD	"	"	395,980	395,980	13,000	100 %	400,254	10,309	"	"
"	CTU	"	"	395,980	395,980	13,000	100 %	399,128	11,841	"	"
"	CHM	"	"	456,900	456,900	150	100 %	407,101	11,938	"	"
"	CHN	"	"	456,900	456,900	150	100 %	479,151	20,422	"	"
"	CHI	"	Investment management	305	305	0.1	100 %	(217)	(32)	"	"
"	CIM	"	"	30,460	30,460	10	100 %	30,129	115	"	"
"	CMTS	Singapore	Investment holding of ship-owning companies	1,139,204	1,139,204	49,288	99.56 %	1,147,379	12,803	"	"
HIL	TNCL	Taiwan	Bulk-carrier transportation	321,956	321,956	12,297	2.947 %	289,300	(404,854)	Has been recognized as investment incomes(losses) by HIL	Note2
ATI	CST	"	Container trucking	86,642	86,642	8,200	100 %	92,062	(1,356)	Has been recognized as investment incomes(losses) by ATI	Note1 - Note4
"	HYT	"	"	28,932	28,932	3,000	100 %	42,943	5,359	-	"
"	MHT	"	"	30,568	30,568	3,000	100 %	44,271	2,715	-	"
"	APT	"	"	30,719	30,719	3,000	100 %	37,295	1,772	-	"
"	PTL	"	"	30,000	30,000	3,000	100 %	30,550	331	-	"

Note1: Subsidiaries controlled by the parent company.

Note2: Investees affected by the comprehensive shareholdings of the Group.

Note3: The amount was translated to the NTD at the exchange rates at the reporting date.

Note4: The account had been written off during the preparation of consolidated financial statements.

(c) Information on investment in mainland China: None

(14) Segment information:

(a) General information

The Group's reportable segments consist of the Land Transportation, and the Logistics Segment and the Sea Transportation Segment. The land transportation and the logistics segment 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.

(Continued)

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Six months ended June 30, 2018					
	Inland trucking and terminal & logistics department	Shipping department	Others	Adjustments and eliminations	Total
Revenue from external customers	\$ 849,051	906,862	39,320	-	1,795,233
Intersegment revenue	-	-	-	-	-
Total revenues	\$ 849,051	906,862	39,320	-	1,795,233
Segment income before tax	\$ 40,918	202,288	3,603	-	246,809
Reportable segment assets					\$ 20,378,849
Six months ended June 30, 2017					
	Inland trucking and terminal & logistics department	Shipping department	Others	Adjustments and eliminations	Total
Revenue from external customers	\$ 859,869	687,255	29,413	-	1,576,537
Intersegment revenue	-	-	-	-	-
Total revenues	\$ 859,869	687,255	29,413	-	1,576,537
Segment income before tax	\$ 82,887	(12,314)	(1,527)	-	69,046
Reportable segment assets					\$ 19,818,173

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Reportable segment information

The amounts of the Company'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 Company's 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.

Three months ended June 30, 2018					
	Inland trucking and terminal & logistics department	Shipping department	Others	Adjustments and eliminations	Total
Revenue from external customers	\$ 446,873	482,530	13,219	-	942,622
Intersegment revenue	-	-	-	-	-
Total revenues	<u>\$ 446,873</u>	<u>482,530</u>	<u>13,219</u>	<u>-</u>	<u>942,622</u>
Segment income before tax	<u>\$ 22,354</u>	<u>121,120</u>	<u>2,639</u>	<u>-</u>	<u>146,113</u>
Reportable segment assets					<u>\$ 20,378,849</u>
Three months ended June 30, 2017					
	Inland trucking and terminal & logistics department	Shipping department	Others	Adjustments and eliminations	Total
Revenue from external customers	\$ 441,230	341,348	18,709	-	801,287
Intersegment revenue	-	-	-	-	-
Total revenues	<u>\$ 441,230</u>	<u>341,348</u>	<u>18,709</u>	<u>-</u>	<u>801,287</u>
Segment income before tax	<u>\$ 49,523</u>	<u>(34,271)</u>	<u>(377)</u>	<u>-</u>	<u>14,875</u>
Reportable segment assets					<u>\$ 19,818,173</u>

(Continued)