Yulon Nissan Motor Company, Ltd. and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2014 and 2013 and Independent Auditors' Review Report

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
Yulon Nissan Motor Company, Ltd.

We have reviewed the accompanying consolidated balance sheets of Yulon Nissan Motor Company, Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of June 30, 2014, and June 30, 2013 and the related consolidated statements of comprehensive income for the three months ended June 30, 2014 and 2013, six months ended June 30, 2014 and 2013, and changes in equity and cash flows for the six months ended June 30, 2014 and 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

We conducted our reviews in accordance with Statement of Auditing Standards No. 36 "Review of Financial Statements" issued by the Auditing Standards Committee of the Accounting Research and Development Foundation of the Republic of China. A review consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

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

Deloitte & Touche

August 5, 2014

<u>*Notice to Readers*</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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 applied in the Republic of China.

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars, Except Par Value)

	June 30, 2014 (Reviewed)		December 31, 2013 (Audited)		June 30, 2013 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 11,002,744	29	$ 8,567,899	24	$ 5,395,409	18
Financial assets at fair value through profit or loss (Notes 4 and 7)	231,234	1	434,741	1	323,181	1
Notes receivable (Notes 4 and 8)	-	-	27	-	416	-
Notes receivable - related parties (Notes 4 and 28)	4,279	-	2,312	-	1,200	-
Trade receivable (Notes 4 and 8)	55,816	-	41,706	-	70,347	-
Trade receivable from related parties (Notes 4 and 28)	762,524	2	286,196	1	440,416	1
Other receivables (Note 4 and 8)	5,149,686	14	351,164	1	3,247,820	11
Inventories (Notes 4 and 9)	4,347	-	2,047	-	1,869	-
Prepayments	333,235	1	877,335	3	742,229	2
Other financial assets (Note 10)	4,073,707	11	7,572,375	21	5,162,935	17
Total current assets	21,617,572	58	18,135,802	51	15,385,822	50
NON-CURRENT ASSETS						
Investments accounted for using equity method (Notes 4 and 11)	12,905,436	35	14,989,267	42	13,537,467	44
Property, plant and equipment (Notes 4, 12 and 28)	1,843,227	5	1,748,604	5	1,627,118	5
Computer Software (Notes 4 and 13)	5,577	-	7,887	-	11,180	-
Deferred tax assets (Note 4)	196,729	-	188,363	1	204,260	1
Other non-current assets (Notes 14 and 28)	627,349	2	249,042	1	116,964	-
Total non-current assets	15,578,318	42	17,183,163	49	15,496,989	50
TOTAL	$ 37,195,890	100	$ 35,318,965	100	$ 30,882,811	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 15)	$ 2,630,000	7	$ 2,630,000	8	$ -	-
Notes payable - related parties (Note 28)	-	-	1,536	-	-	-
Trade payables	72,536	-	127,494	-	85,144	-
Trade payables - related parties (Note 28)	951,607	3	1,073,092	3	1,251,164	4
Other payables (Note 16)	6,608,424	18	657,680	2	4,470,457	15
Current tax liabilities (Note 4)	533,202	2	490,530	1	111,128	-
Provisions (Notes 4 and 18)	156,796	-	169,129	1	156,558	1
Deferred revenue (Note 17)	-	-	1,643	-	-	-
Other current liabilities	25,561	-	21,419	-	19,140	-
Total current liabilities	10,978,126	30	5,172,523	15	6,093,591	20
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 15)	1,000,000	3	1,000,000	3	-	-
Provisions (Notes 4 and 18)	81,356	-	74,808	-	75,606	-
Accrued pension liabilities (Notes 4 and 19)	543,315	1	555,089	1	557,838	2
Deferred tax liabilities (Note 4)	3,022,495	8	3,476,068	10	3,428,488	11
Total non-current liabilities	4,647,166	12	5,105,965	14	4,061,932	13
Total liabilities	15,625,292	42	10,278,488	29	10,155,523	33
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Capital stock - NT$10 par value; authorized - 600,000 thousand shares; issued and outstanding - 300,000 thousand shares	3,000,000	8	3,000,000	9	3,000,000	10
Capital surplus	6,129,405	17	6,129,405	17	6,129,405	20
Retained earnings						
Legal reserve	2,987,887	8	2,257,887	6	2,257,887	7
Special reserve	788,877	2	1,228,789	3	1,228,789	4
Unappropriated earnings	8,558,413	23	12,213,958	35	7,973,077	26
Total retained earnings	12,335,177	33	15,700,634	44	11,459,753	37
Other equity	106,016	-	210,438	1	138,130	-
Total equity	21,570,598	58	25,040,477	71	20,727,288	67
TOTAL	$ 37,195,890	100	$ 35,318,965	100	$ 30,882,811	100

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

(With Deloitte & Touche review report dated August 5, 2014)

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2014		2013		2014		2013	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Note 28)								
Sales (Note 4)	$ 10,071,171	100	$ 6,823,487	100	$ 18,243,407	100	$ 14,402,178	100
Service revenue (Note 4)	5,836	-	2,601	-	7,694	-	4,587	-
Other operating revenue	20,116	-	23,166	-	25,620	-	38,519	-
Total operating revenue	10,097,123	100	6,849,254	100	18,276,721	100	14,445,284	100
OPERATING COSTS								
Cost of goods sold (Notes 9, 21 and 28)	8,845,747	88	5,553,230	81	16,075,549	88	11,997,007	83
GROSS PROFIT	1,251,376	12	1,296,024	19	2,201,172	12	2,448,277	17
OPERATING EXPENSES (Notes 19, 21 and 28)								
Selling and marketing expenses	720,231	7	584,047	9	1,384,982	8	1,223,473	9
General and administrative expenses	102,276	1	88,158	1	206,859	1	202,494	1
Research and development expenses	134,136	1	165,830	2	260,341	1	289,418	2
Total operating expenses	956,643	9	838,035	12	1,852,182	10	1,715,385	12
OTHER INCOME AND EXPENSES (Notes 21 and 28)	1,161	-	-	-	1,161	-	-	-
PROFIT FROM OPERATIONS	295,894	3	457,989	7	350,151	2	732,892	5
NON-OPERATING INCOME AND EXPENSES								
Shares of the profit or loss of associates	1,446,671	14	1,408,468	20	2,807,122	15	2,566,250	18
Interest income	106,219	1	86,148	1	225,679	1	159,085	1
Gain on valuation of financial assets	3,153	-	123	-	5,081	-	269	-
Gain on disposal of investment, net (Note 21)	-	-	358	-	7,274	-	602	-
Other revenue (Note 28)	1,087	-	91	-	1,157	-	1,368	-
Foreign exchange gain (loss), net (Note 21)	(152,061)	(1)	199,178	3	(241,216)	(1)	244,103	1
Interest expenses (Note 28)	(11,433)	-	(823)	-	(21,989)	-	(1,276)	-
Overseas business expenses (Note 28)	(4,302)	-	(7,236)	-	(11,095)	-	(14,149)	-
Other losses (Note 28)	(196)	-	(810)	-	(786)	-	(1,080)	-
Total non-operating income and expenses	1,389,138	14	1,685,497	24	2,771,227	15	2,955,172	20
PROFIT BEFORE TAX	1,685,032	17	2,143,486	31	3,121,378	17	3,688,064	25
INCOME TAX EXPENSES (Notes 4 and 22)	405,059	4	364,457	5	645,846	3	628,189	4
NET PROFIT FOR THE PERIOD	1,279,973	13	1,779,029	26	2,475,532	14	3,059,875	21

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YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2014		2013		2014		2013	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME								
Exchange differences on translating foreign operations	$ (497,671)	(5)	$ 344,801	5	$ (104,422)	(1)	$ 1,042,196	7
Actuarial gain (loss) arising from defined benefit plans	(34)	-	(55)	-	13	-	(91)	-
Income tax relating to components of other comprehensive income (Note 22)	5	-	9	-	(2)	-	15	-
Other comprehensive income for the period, net of income tax	(497,700)	(5)	344,755	5	(104,411)	(1)	1,042,120	7
TOTAL COMPREHENSIVE INCOME	$ 782,273	8	$ 2,123,784	31	$ 2,371,121	13	$ 4,101,995	28
EARNINGS PER SHARE (Note 23)								
Basic	$4.27		$5.93		$8.25		$10.20	
Diluted	$4.27		$5.93		$8.25		$10.19	

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

(With Deloitte & Touche review report dated August 5, 2014) (Concluded)

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Cash Dividends Per Share)
(Reviewed, Not Audited)

			Retained Earnings (Note 20)			Other Equity	
	Share Capital (Note 20)	Capital Surplus (Note 20)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Total Equity
BALANCE, JANUARY 1, 2013	$ 3,000,000	$ 6,129,405	$ 1,764,839	$ 788,877	$ 9,836,238	$ (904,066)	$ 20,615,293
Appropriation of 2012 earnings							
Legal reserve	-	-	493,048	-	(493,048)	-	-
Special reserve	-	-	-	439,912	(439,912)	-	-
Cash dividend distributed by the Company - $13.3 per share	-	-	-	-	(3,990,000)	-	(3,990,000)
	-	-	493,048	439,912	(4,922,960)	-	(3,990,000)
Net profit for the six months ended June 30, 2013	-	-	-	-	3,059,875	-	3,059,875
Other comprehensive income for the six months ended June 30, 2013, net of income tax	-	-	-	-	(76)	1,042,196	1,042,120
Total comprehensive income for the six months ended June 30, 2013	-	-	-	-	3,059,799	1,042,196	4,101,995
BALANCE, JUNE 30, 2013	$ 3,000,000	$ 6,129,405	$ 2,257,887	$ 1,228,789	$ 7,973,077	$ 138,130	$ 20,727,288
BALANCE, JANUARY 1, 2014	$ 3,000,000	$ 6,129,405	$ 2,257,887	$ 1,228,789	$ 12,213,958	$ 210,438	$ 25,040,477
Appropriation of 2013 earnings							
Legal reserve	-	-	730,000	-	(730,000)	-	-
Special reserve	-	-	-	(439,912)	439,912	-	-
Cash dividend distributed by the Company - $19.47 per share	-	-	-	-	(5,841,000)	-	(5,841,000)
	-	-	730,000	(439,912)	(6,131,088)	-	(5,841,000)
Net profit for the six months ended June 30, 2014	-	-	-	-	2,475,532	-	2,475,532
Other comprehensive income for the six months ended June 30, 2014, net of income tax	-	-	-	-	11	(104,422)	(104,411)
Total comprehensive income for the six months ended June 30, 2014	-	-	-	-	2,475,543	(104,422)	2,371,121
BALANCE, JUNE 30, 2014	$ 3,000,000	$ 6,129,405	$ 2,987,887	$ 788,877	$ 8,558,413	$ 106,016	$ 21,570,598

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

(With Deloitte & Touche review report dated August 5, 2014)

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2014	**2013**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 3,121,378	$ 3,688,064
Adjustments for:		
Depreciation expenses	242,662	235,753
Amortization expenses	3,208	3,370
Gain on disposal of property, plant and equipment	(1,161)	-
Share of profit of associates	(2,807,122)	(2,566,250)
Interest income	(225,679)	(159,085)
Gain on disposal of investment, net	(7,274)	(602)
Gain on valuation of financial assets, net	(5,081)	(269)
Gain on foreign exchange, net	(277,336)	(316,421)
Interest expense	21,989	1,276
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	215,862	(322,310)
Notes receivable	27	(416)
Trade receivable	(14,110)	(33,793)
Notes receivable from related parties	(1,967)	414
Trade receivable from related parties	(476,328)	138,922
Other receivables	11,776	231,912
Inventories	(2,300)	(322)
Prepayments	(5,274)	(37,007)
Other current assets	-	27
Notes payables from related parties	(1,536)	-
Trade payables	(54,958)	(62,652)
Trade payables from related parties	(28,253)	(174,674)
Other payables	109,959	(68,394)
Other current liabilities	4,142	4,397
Deferred revenue	(1,643)	(12,868)
Provisions	(5,785)	(9,571)
Accrued pension liabilities	(11,761)	582
Cash generated from (used in) operations	(196,565)	540,083
Interest paid	(22,204)	(1,276)
Income tax paid	(515,742)	(163,804)
Net cash generated from (used in) operating activities	(734,511)	375,003
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in other financial assets	3,653,979	416,731
Interest received	162,375	48,549
Payment for property, plant and equipment (Note 24)	(420,379)	(650,259)
Proceeds from disposal of property, plant, and equipment	4,629	-

(Continued)

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2014	**2013**
Payments for computer software	$ (898)	$ (3,181)
Increase in other non-current assets	(391,913)	(40,350)
Net cash generated from (used in) investing activities	3,007,793	(228,510)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	-	(200,000)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	161,563	620,461
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,434,845	566,954
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	8,567,899	4,828,455
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 11,002,744	$ 5,395,409

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

(With Deloitte & Touche review report dated August 5, 2014) (Concluded)

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Yulon Nissan Motor Company, Ltd. (the “Company,” the Company and its subsidiaries are collectively referred to as the “Group”) is a business on research and development of vehicles and sales of vehicles. The Company started its operations in October 2003, after Yulon Motor Co., Ltd. (“Yulon”) transferred its sales, research and development businesses to the Company in October 2003 through a spin-off. The Company’s spin-off from Yulon intended to increase Yulon’s competitive advantage and participation in the global automobile network and to enhance its professional management. The spin-off date was October 1, 2003.

Yulon initially held 100% equity interest in the Company but then transferred its 40% equity to Nissan Motor Co., Ltd. (“Nissan”), a Japanese motor company, on October 30, 2003. The Company became listed on December 21, 2004 after the initial public offering application of the Company was accepted by the Taiwan Stock Exchange Corporation on October 6, 2004.

2. APPROVAL OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the board of directors on August 4, 2014.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

The 2013 Version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) in Issue But Not Yet Effective

Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Group should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the “IFRSs”) endorsed by the FSC starting January 1, 2015.

New, Amended and Revised Standards and Interpretations (the “New IFRSs”)	Effective Date Announced by IASB (Note)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 “Embedded Derivatives”	Effective for annual periods ended on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 “Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters”	July 1, 2010

(Continued)

New, Amended and Revised Standards and Interpretations (the “New IFRSs”)	Effective Date Announced by IASB (Note)
Amendment to IFRS 1 “Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters”	July 1, 2011
Amendment to IFRS 1 “Government Loans”	January 1, 2013
Amendment to IFRS 7 “Disclosure - Offsetting Financial Assets and Financial Liabilities”	January 1, 2013
Amendment to IFRS 7 “Disclosure - Transfer of Financial Assets”	July 1, 2011
IFRS 10 “Consolidated Financial Statements”	January 1, 2013
IFRS 11 “Joint Arrangements”	January 1, 2013
IFRS 12 “Disclosure of Interests in Other Entities”	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 “Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance”	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 “Investment Entities”	January 1, 2014
IFRS 13 “Fair Value Measurement”	January 1, 2013
Amendment to IAS 1 “Presentation of Other Comprehensive Income”	July 1, 2012
Amendment to IAS 12 “Deferred Tax: Recovery of Underlying Assets”	January 1, 2012
IAS 19 (Revised 2011) “Employee Benefits”	January 1, 2013
IAS 27 (Revised 2011) “Separate Financial Statements”	January 1, 2013
IAS 28 (Revised 2011) “Investments in Associates and Joint Ventures”	January 1, 2013
Amendment to IAS 32 “Offsetting Financial Assets and Financial Liabilities”	January 1, 2014
IFRIC 20 “Stripping Costs in Production Phase of a Surface Mine”	January 1, 2013

(Concluded)

Note: Unless stated otherwise, the above IFRSs are effective for annual periods beginning on or after the respective effective dates.

New IFRSs in Issue But Not Yet Endorsed by FSC

The Group has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced their effective dates.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	January 1, 2018
Amendments to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2017
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants”	January 1, 2016
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

(Concluded)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

The initial application of the above New IFRSs has not had any material impact on the Group's accounting policies.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

Statement of Compliance

This consolidated financial report is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards No. 34, "Interim Financial Reporting." This consolidated financial report did not provide all disclosure information usually required for annual financial reports under IFRSs.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Classification of Current and Non-current Assets and Liabilities

Current assets include cash, cash equivalents, assets held for trading purposes and assets that are expected to be converted into cash or consumed within one year from the balance sheet date; assets other than current assets are non-current assets. Current liabilities include obligations that are expected to be settled within one year from the balance sheet date; liabilities other than current liabilities are non-current liabilities.

Basis of Consolidation

a. Principles for preparing consolidated financial statements

   The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries). Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

b. Subsidiary included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership June 30, 2014	December 31, 2013	June 30, 2013
Yulon Nissan Motor Company, Ltd	Yi-Jan Overseas Investment Co., Ltd.	Investment	100.00	100.00	100.00
Yi-Jan Overseas Investment Co., Ltd.	Jetford Inc.	Investment	100.00	100.00	100.00

Foreign Currencies

The financial statements of each individual group entity are presented in its functional currency, which is the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in the Company's functional currency, New Taiwan dollars (NT$). Upon preparing the consolidated financial statements, the operations and financial positions of each individual entity are translated into New Taiwan dollars.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the period in which they arise. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

The financial statements of the foreign associates prepared in foreign currencies translated into New Taiwan dollars at the following exchange rates: Assets and liabilities - period-end rates; profit and loss - average rates during the period; stockholders' equity - historical rate. The resulting differences are recorded as other comprehensive income.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations subsidiaries are translated into New Taiwan dollars at period-end rates; profit and loss are translated at the average rates during the period; stockholders' equity - historical rate. The resulting differences are recoded as other comprehensive income.

Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

Investment in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. Besides, the Group also recognizes the Group's share of the change in other equity of associates.

When the Group subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

Investments accounted for by the equity method are assessed for indicators of impairment at the end of each reporting period. When there is objective evidence that the investments accounted for by the equity method has been impaired, the impairment losses are recognized in profit or loss.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment.

The Group depreciates the costs of molds and development costs for new model and dies on the basis of production volume. Other property, plant and equipment are depreciated by using straight-line method. The production volume, estimated useful lives, residual values and depreciation method of an asset are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Computer Software

Amortization is recognized on a straight-line basis over 3 years.

Impairment of Assets

When the carrying amount of property, plant and equipment and computer software exceeds its recoverable amount, the excess is recognized as an impairment loss. If an impairment loss subsequently reverses, the carrying amount of the asset is increased accordingly, but the increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss been recognized on the asset in prior years.

Financial Instruments

Financial assets and financial liabilities shall be recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially recognized at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

a. Financial assets

   All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

1) Measurement category

   a) Financial assets at fair value through profit or loss

      Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest (included dividend or interest received in the investment year) earned on the financial asset. Method to determine the fair value please refer to Note 27.

   b) Loans and receivables

      Loans and receivables are non-derivative financial assets, with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

2) Impairment of financial assets

   Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

   For financial assets carried at amortized cost, such as trade receivables and other receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually.

   For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate.

   For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

   The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and other receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable and other receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible trade receivables and other receivables that are written off against the allowance account.

3) Derecognition of financial assets

   The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

b. Financial liabilities

1) Subsequent measurement

All the financial liabilities are measured at amortized costs using the effective interest method.

2) Derecognition of financial liabilities

The Company derecognizes a financial liability only when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Provisions

a. Inventory purchase commitment

Where the Company has a commitment under which the unavoidable costs of meeting the obligations under the commitment exceed the economic benefits expected to be received from the commitment, the present obligations arising under such commitment (e.g. inventory purchase commitment) are recognized and measured as provisions.

b. Warranties

Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products, at the best estimate of the expenditure required to settle the Company's obligation by the management of the Company.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

a. Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed.

b. Rendering of services

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract.

c. Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Retirement Benefit Costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method. All actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The accrued pension liabilities recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

   Current taxable payable depends on current tax income. Taxable income is different from the net income before tax on the consolidated statement of comprehensive income for the reason that partial revenue and expenses are taxable or deductible items in other period, or not the taxable or deductible items according to related Income Tax Law. The Group's current tax liabilities are calculated by the legislated tax rate on balance sheet date.

   Income tax of the interim period is assessed based on one-year period. The income tax expense is calculated using income before tax of the interim period based on the applicable tax rate of the expected total earnings of the year.

   According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings as the status of appropriations of earnings is uncertain.

   Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

   Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

   Deferred tax liabilities are recognized for taxable temporary differences associated with investments in associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

   The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

   Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized.

c. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred tax are also recognized in other comprehensive income.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions and other key sources of estimation uncertainty at the end of the reporting period.

a. Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise. As of June 30, 2014, December 31, 2013 and June 30, 2013, the carrying values of trade receivables were $5,972,305 thousand, $681,405 thousand and $3,760,199 thousand, respectively.

b. Property, plant and equipment - molds and dies

The Group depreciates molds and dies using unit-of-output method. The Group examines the estimated production units of each model according to the market every 6 months and calculates the amount allocated for each mold and die, which is also the basis of depreciation of molds and dies.

c. Provisions for the expected cost of warranty

The Group calculates the provisions for the expected cost of warranty quarterly based on the numbers of units sold and the weighted average of actual warranty expense in the past. As of June 30, 2014, December 31, 2013 and June 30, 2013, the carrying amount of provisions for warranty was $140,362 thousand, $134,125 thousand and $139,314 thousand, respectively.

d. Provisions for loss on inventory purchase commitment

The Group assesses provisions for loss on inventory purchase commitment of purchasing parts and vehicles to Yulon regularly. As of June 30, 2014, December 31, 2013 and June 30, 2013, the carrying amount of provisions for loss on inventory purchase commitment was $97,790 thousand, $109,812 thousand and $92,850 thousand, respectively.

e. Recognition and measurement of defined benefit plans

The Group uses judgments and estimations in determining the actuarial assumptions for calculation of the present value of defined benefit obligation at the end of each reporting period. Actuarial assumptions comprise the discount rate and the expected return rate on plan assets. Changes in the assumptions may have a material impact on the amount of the expense and the liability.

6. CASH AND CASH EQUIVALENTS

	June 30, 2014	December 31, 2013	June 30, 2013
Cash on hand	$ 20	$ 20	$ 20
Checking accounts and demand deposits	600,849	754,979	112,567
Foreign currency demand deposit	236,611	2,648,035	1,529,040
Cash equivalents			
Foreign currency time deposits	10,158,364	5,157,965	3,746,882
Time deposits	6,900	6,900	6,900
	$ 11,002,744	$ 8,567,899	$ 5,395,409

Cash equivalents include time deposits that have a maturity of three months or less from the date of acquisition, are readily convertible to a known amount of cash, and are subject to an insignificant risk of change in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

The ranges of market interest rates of cash in bank on each balance sheet date were as follows:

	June 30, 2014	December 31, 2013	June 30, 2013
Demand deposits and time deposits	0.01%-4.78%	0.01%-3.25%	0.01%-2.90%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2014	December 31, 2013	June 30, 2013
Financial assets held for trading			
Non-derivative financial assets Mutual fund	$ 231,234	$ 434,741	$ 323,181

8. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	June 30, 2014	December 31, 2013	June 30, 2013
Notes receivable	$ -	$ 27	$ 416
Trade receivables	$ 55,816	$ 41,706	$ 70,347

(Continued)

	June 30, 2014	December 31, 2013	June 30, 2013
Other receivables			
Dividend receivables	$ 4,746,994	$ -	$ 2,921,549
Interest receivables	397,339	334,035	313,094
Disposal of investment receivables		5,297	1,604
Others	5,353	11,832	11,573
	$ 5,149,686	$ 351,164	$ 3,247,820

(Concluded)

a. Notes receivables

For the notes receivable, there were no past due balances at the end of the reporting period and the Group did not recognize an allowance for impairment loss.

b. Trade receivables

For the trade receivables balances that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss, because there was not a significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral or other credit enhancements for these balances.

The age of receivables that were past due but not impaired was as follow:

	June 30, 2014	December 31, 2013	June 30, 2013
Less than 180 days	$ 5,314	$ 13,833	$ 36,735

c. Other receivables

As of June 30, 2014, December 31, 2013 and June 30, 2013, the other receivables were mainly dividend receivables from the investees:

	June 30, 2014	December 31, 2013	June 30, 2013
Guangzhou Aeolus Automobile Co., Ltd.	$ 2,863,307	$ -	$ 1,227,091
Aeolus Automobile Co., Ltd.	1,883,687	-	1,694,458
	$ 4,746,994	$ -	$ 2,921,549

9. INVENTORIES

	June 30, 2014	December 31, 2013	June 30, 2013
Parts	$ 4,347	$ 2,047	$ 1,869

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2014 was $8,845,747 thousand, which included warranty cost of $16,222 thousand and loss on inventory purchase commitment of $388 thousand. The cost of inventories recognized as cost of goods sold for the six months ended June 30, 2014 was $16,075,549 thousand, which included warranty cost of $31,772 thousand and reversal of loss on inventory purchase commitment of $12,022 thousand. The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2013 was $5,553,230 thousand, which included warranty cost of $14,737 thousand and loss on inventory purchase commitment of $9,312 thousand. The cost of inventories recognized as cost of goods sold for the six months ended June 30, 2013 was $11,997,007 thousand, which included warranty cost of $9,414 thousand and loss on inventory purchase commitment of $11,469 thousand.

10. OTHER FINANCIAL ASSETS

Other financial assets are RMB time deposits with original maturities of over than three months. The ranges of the market interest rates of these time deposits were as follows:

	June 30, 2014	December 31, 2013	June 30, 2013
Time deposit with original maturity of more than three months	3.25%-5.00%	2.35%-5.00%	2.35%-5.00%

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	June 30, 2014	December 31, 2013	June 30, 2013
Investment in associates			
Guangzhou Aeolus Automobile Co., Ltd.	$ 8,341,307	$ 8,669,017	$ 7,931,900
Aeolus Xiangyang Automobile Co., Ltd.	2,408,654	2,261,228	1,892,698
Aeolus Automobile Co., Ltd.	1,684,101	3,571,067	3,284,172
Shenzhen Lan You Technology Co., Ltd.	461,541	453,724	386,671
Dong Feng Yulon Used Cars Co., Ltd.	9,833	34,231	42,026
	$ 12,905,436	$ 14,989,267	$ 13,537,467

At the end of the reporting periods, the Group's percentages of voting rights in associates were as follows:

	June 30, 2014	December 31, 2013	June 30, 2013
Guangzhou Aeolus Automobile Co., Ltd.	40.00%	40.00%	40.00%
Aeolus Xiangyang Automobile Co., Ltd.	16.55%	16.55%	16.55%
Aeolus Automobile Co., Ltd.	33.12%	33.12%	33.12%
Shenzhen Lan You Technology Co., Ltd.	45.00%	45.00%	45.00%
Dong Feng Yulon Used Cars Co., Ltd.	49.00%	49.00%	49.00%

The aggregate financial information of associates was as follows:

	June 30, 2014	December 31, 2013	June 30, 2013
Total assets	$ 72,035,138	$ 73,126,807	$ 124,813,214
Total liabilities	$ 30,745,717	$ 26,221,061	$ 83,014,540

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Revenue for the period	$ 12,977,825	$ 10,971,912	$ 22,282,172	$ 21,387,762
Profit for the period	$ 4,004,119	$ 4,782,697	$ 7,666,808	$ 8,068,501

The amounts recognized as share of the profit or loss of affiliated enterprises on equity method for the three months and the six months ended June 30, 2014 and 2013 were based on the financial statements for the same periods, which were reviewed by independent accountants.

Guangzhou Aeolus Automobile Co., Ltd. announced the distribution of cash dividend of RMB200,000 thousand (NT$970,613 thousand) and RMB390,000 thousand (NT$1,892,694 thousand) to Jet Ford, Inc. in March and May 2014, respectively; Aeolus Automobile Co., Ltd. announced the distribution of cash dividend of RMB288,144 thousand (NT$1,398,381 thousand) and RMB100,000 thousand (NT$485,306 thousand) to Jet Ford, Inc. in March and May 2014, respectively. As of June 30, 2014, the cash dividends mentioned above were not yet received by the stockholders, and accounted as other receivables.

12. PROPERTY, PLANT, AND EQUIPMENT

	Molds	Dies	Computer Equipment	Other Equipment	Transportation Equipment	Machinery and Equipment	Leasehold Improvement	Tools	Total
Cost									
Balance at January 1, 2013	$ 4,860,514	$ 964,864	$ 85,064	$ 82,255	$ 4,290	$ 19,052	$ 3,441	$ 5,694	$ 6,025,174
Additions	131,196	45,093	3,320	1,592	4,305	-	-	-	185,506
Disposal	(1,055,999)	(152,011)	-	-	-	-	(76)	-	(1,208,086)
Balance at June 30, 2013	$ 3,935,711	$ 857,946	$ 88,384	$ 83,847	$ 8,595	$ 19,052	$ 3,365	$ 5,694	$ 5,002,594
Accumulated depreciation and impairment									
Balance at January 1, 2013	$ (3,591,304)	$ (593,890)	$ (69,031)	$ (66,618)	$ (4,100)	$ (15,952)	$ (1,979)	$ (4,935)	$ (4,347,809)
Depreciation expense	(182,670)	(44,942)	(3,473)	(3,347)	(346)	(341)	(424)	(210)	(235,753)
Disposal	1,055,999	152,011	-	-	-	-	76	-	1,208,086
Balance at June 30, 2013	$ (2,717,975)	$ (486,821)	$ (72,504)	$ (69,965)	$ (4,446)	$ (16,293)	$ (2,327)	$ (5,145)	$ (3,375,476)
Carrying value, net, January 1, 2013	$ 1,269,210	$ 370,974	$ 16,033	$ 15,637	$ 190	$ 3,100	$ 1,462	$ 759	$ 1,677,365
Carrying value, net, June 30, 2013	$ 1,217,736	$ 371,125	$ 15,880	$ 13,882	$ 4,149	$ 2,759	$ 1,038	$ 549	$ 1,627,118
Cost									
Balance at January 1, 2014	$ 3,618,909	$ 723,152	$ 81,893	$ 75,533	$ 8,595	$ 18,529	$ 6,265	$ 5,694	$ 4,538,570
Additions	250,308	76,839	786	6,300	6,520	-	-	-	340,753
Disposals	-	-	-	-	(4,305)	-	(801)	-	(5,106)
Balance at June 30, 2014	$ 3,869,217	$ 799,991	$ 82,679	$ 81,833	$ 10,810	$ 18,529	$ 5,464	$ 5,694	$ 4,874,217
Accumulated depreciation and impairment									
Balance at January 1, 2014	$ (2,283,974)	$ (349,445)	$ (66,883)	$ (61,780)	$ (4,780)	$ (16,082)	$ (1,739)	$ (5,283)	$ (2,789,966)
Depreciation expense	(184,452)	(50,860)	(3,305)	(2,646)	(443)	(223)	(652)	(81)	(242,662)
Disposals	-	-	-	-	837	-	801	-	1,638
Balance at June 30, 2014	$ (2,468,426)	$ (400,305)	$ (70,188)	$ (64,426)	$ (4,386)	$ (16,305)	$ (1,590)	$ (5,364)	$ (3,030,990)
Carrying value, net, January 1, 2014	$ 1,334,935	$ 373,707	$ 15,010	$ 13,753	$ 3,815	$ 2,447	$ 4,526	$ 411	$ 1,748,604
Carrying value, net, June 30, 2014	$ 1,400,791	$ 399,686	$ 12,491	$ 17,407	$ 6,424	$ 2,224	$ 3,874	$ 330	$ 1,843,227

There were no signs of impairment of assets for the six months ended June 30, 2014 and 2013; therefore, the Group did not assess for impairment.

Except Molds and dies are depreciated on the basis of estimated production volume, other property, plant and equipment are depreciated on a straight-line method over the assets' estimated useful life of the assets. The estimated useful lives are as follows:

Computer equipment	2 to 5 years
Other equipment	
Powered equipment	15 years
Experimental equipment	3 to 8 years
Office and communication equipment	3 years
Other equipment	1 to 8 years
Transportation equipment	4 to 5 years
Machinery and equipment	3 to 10 years
Leasehold improvement	3 to 5 years
Tools	2 to 5 years

13. COMPUTER SOFTWARE

	Amount
Cost	
Balance, January 1, 2013	$ 20,210
Additions	3,181
Balance, June 30, 2013	$ 23,391
Accumulated amortization	
Balance, January 1, 2013	$ (8,841)
Amortization expense	(3,370)
Balance, June 30, 2013	$ (12,211)
Carrying amounts at January 1, 2013	$ 11,369
Carrying amounts at June 30, 2013	$ 11,180
Cost	
Balance, January 1, 2014	$ 22,451
Additions	898
Disposals	(13,640)
Balance, June 30, 2014	$ 9,709
Accumulated amortization	
Balance, January 1, 2014	$ (14,564)
Amortization expense	(3,208)
Disposals	13,640
Balance, June 30, 2014	$ (4,132)
Carrying amounts at January 1, 2014	$ 7,887
Carrying amounts at June 30, 2014	$ 5,577

14. OTHER NON-CURRENT ASSETS

	June 30, 2014	December 31, 2013	June 30, 2013
Refundable deposits	$ 611,364	$ 234,653	$ 104,300
Prepayment for equipment	15,985	14,389	12,664
	$ 627,349	$ 249,042	$ 116,964

15. SHORT-TERM BORROWINGS

a. Short-term borrowings

	June 30, 2014	December 31, 2013	June 30, 2013
Unsecured bank loans	$ 2,630,000	$ 2,630,000	$ -
Ranges of weighted average effective interest rate	0.96%-1.10%	0.96%-1.05%	-

b. Long-term borrowings

	June 30, 2014	December 31, 2013	June 30, 2013
Unsecured bank loans	$ 1,000,000	$ 1,000,000	$ -
Interest rate	1.35%	1.35%	-

The interest payments of the long-term borrowing are made monthly. The repayment of the principal is made when the long-term borrowing reaches to its maturity, which is August 2015.

16. OTHER PAYABLES

	June 30, 2014	December 31, 2013	June 30, 2013
Dividends	$ 5,841,000	$ -	$ 3,990,000
Salaries and bonus	273,599	357,082	220,171
Advertising and promotion fees	342,837	113,701	121,912
Others	150,988	186,897	138,374
	$ 6,608,424	$ 657,680	$ 4,470,457

17. DEFERRED REVENUE

	June 30, 2014	December 31, 2013	June 30, 2013
Government grants	$ -	$ 1,643	$ -

The deferred revenue arose in respect of government grant for electric vehicles since 2011.

18. PROVISIONS

	June 30, 2014	December 31, 2013	June 30, 2013
Current			
Inventory purchase commitment	$ 97,790	$ 109,812	$ 92,850
Warranties	59,006	59,317	63,708
	$ 156,796	$ 169,129	$ 156,558
Non-current			
Warranties	$ 81,356	$ 74,808	$ 75,606

	Inventory Purchase Commitment	Warranties	Total
Balance at January 1, 2013	$ 81,381	$ 148,885	$ 230,266
Additional provisions recognized	11,469	9,414	20,883
Paid	-	(18,985)	(18,985)
Balance at June 30, 2013	$ 92,850	$ 139,314	$ 232,164
Balance at January 1, 2014	$ 109,812	$ 134,125	$ 243,937
Additional provisions recognized	-	31,772	31,772
Reversal	(12,022)	-	(12,022)
Paid	-	(25,535)	(25,535)
Balance at June 30, 2014	$ 97,790	$ 140,362	$ 238,152

The provision for loss on inventory purchase commitment represents the present obligations of which the unavoidable costs meeting the obligations under the commitment exceed the economic benefits expected to be received from the commitment.

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Company's obligations for warranty under local sale of goods legislation. The estimate had been made on the basis of historical warranty trends.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Group adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The total expense recognized in profit or loss for the six months ended June 30, 2014 and 2013 was $6,387 thousand and $6,249 thousand, respectively, represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

Employee benefit expenses in respect of defined contribution plan were included in the following line items:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Selling and marketing expenses	$ 1,325	$ 995	$ 2,325	$ 1,995
General and administrative expenses	$ 1,036	$ 987	$ 2,059	$ 1,992
Research and development expenses	$ 821	$ 1,109	$ 2,003	$ 2,262

b. Defined benefit plan

The Group adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

The Group recognized the pension expense using the pension cost rates determined by the actuary on December 31, 2013 and 2012, respectively. Related pension costs were included in the following items:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Selling and marketing expenses	$ 1,184	$ 1,141	$ 2,389	$ 2,330
General and administrative expenses	$ 2,417	$ 2,020	$ 4,475	$ 4,058
Research and development expenses	$ 910	$ 1,307	$ 2,158	$ 2,548

20. EQUITY

a. Capital surplus

	June 30, 2014	December 31, 2013	June 30, 2013
Excess from spin-off	$ 5,986,507	$ 5,986,507	$ 5,986,507
Generated from long-term investment	142,898	142,898	142,898
	$ 6,129,405	$ 6,129,405	$ 6,129,405

The capital surplus arising from shares issued in excess of par (including excess from spin-off) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus).

The capital surplus from long-term investment may not be used for any purpose.

b. Retained earnings and dividend policy

Under the Company's Articles of Incorporation, the legal reserve should be set aside at 10% of annual net income, less any accumulated deficit, and appropriate special reserve. The remainder of the income should be appropriated as follows:

1) 0.1% to 5% as bonus to employees.

2) The remainder and the undistributed retained earnings as dividends. The distribution is proposed by the board of directors and approved by the stockholders.

The Company operates in a mature and stable industry. In determining the ratio of cash dividends to stock dividends, the Company considers factors such as the impact of dividends on reported profitability, cash required for future operations, any potential changes in the industry, interest of the stockholders and the effect on the of Company's financial ratios. Thus, cash dividends should be at least 20% of total dividends to be distributed to the stockholders.

The appropriations of earnings for 2013 and 2012 had been approved in the shareholders' meetings on June 23, 2014 and June 14, 2013, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT$) For the Year Ended December 31	
	2013	2012	2013	2012
Legal reserve	$ 730,000	$ 493,048		
Special reserve	(439,912)	439,912		
Cash dividend	5,841,000	3,990,000	$ 19.47	$ 13.30

The bonus to employees for 2013 and 2012 approved in the shareholders' meetings on June 23, 2014 and June 14, 2013, respectively, were as follows:

	2013 Cash Dividend	2012 Cash Dividend
Bonus to employees	$ 31,500	$ 30,251

The approved amount of the cash bonus to employees was not different from the accrual amount reflected in the financial statements for the year ended December 31, 2013 and 2012.

The appropriations of earnings for 2012 were proposed according to the Company's financial statements for the year ended December 31, 2012, which were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the Generally Accepted Accounting Standard in the Republic of China ("ROC GAAP"), and by reference to the balance sheet for the year ended December 31, 2012, which was prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (revised) and International Financial Reporting Standards.

The estimated amount of accrued employee bonus for the six months ended June 30, 2014 was $15,750 thousand. The bonuses to the Company's employees for the six months ended June 30, 2014 were calculated at 0.71% of net income net of the 10% deduction for legal reserve.

The estimated amount of accrued employee bonus for the six months ended June 30, 2013 was $15,750 thousand. The bonuses to the Company's employees for the six months ended June 30, 2013 were calculated at 0.57% of net income net of the 10% deduction for legal reserve.

After the end of the year, if the actual amounts subsequently resolved by the board of directors have significant difference from the proposed amounts, the adjustments to expenses are recorded in the year of recognition. At the date of stockholders' resolution, if the amount differs from the amount resolved by the board of directors, the differences are recorded in the year of stockholders' resolution as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the shareholders' meeting.

An amount equal to the net debit balance of shareholders' other equity items (including exchange differences on translating foreign operations) shall be transferred from unappropriated earnings to a special reserve before any appropriation of earnings shall be made. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

Information on the bonus to employees, directors and supervisors proposed by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's capital surplus. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's capital surplus, the excess may be transferred to capital or distributed in cash.

21. NET PROFIT

a. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Depreciation				
Operating cost	$ 119,987	$ 108,038	$ 235,312	$ 227,612
Operating expenses	3,631	4,189	7,350	8,141
	$ 123,618	$ 112,227	$ 242,662	$ 235,753
Amortization				
Operating expenses	$ 1,435	$ 1,685	$ 3,208	$ 3,370

b. Technical cooperation agreement

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Operating cost	$ 155,510	$ 104,081	$ 295,709	$ 228,450

The Company has a technical cooperation agreement (the "TCA") with Nissan. The TCA requires the Company to pay Nissan technical service fees mostly based on purchase costs less commodity tax.

c. Employee benefit expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Post-employment benefit (Note 19)				
Defined contribution plans	$ 3,182	$ 3,091	$ 6,387	$ 6,249
Defined benefit plans	4,511	4,468	9,022	8,936
	7,693	7,559	15,409	15,185
Termination benefit	975	975	1,950	1,950
Labor and health insurance	8,149	7,395	20,212	18,528
Other employee benefit	149,265	137,127	300,342	297,107
	158,389	145,497	322,504	317,585
Total employee benefit expenses	$ 166,082	$ 153,056	$ 337,913	$ 332,770
An analysis of employee benefits expense				
Operating cost	$ 97	$ 345	$ 296	$ 601
Operating expenses	$ 165,815	$ 152,457	$ 337,200	$ 331,661
Non-operating expenses	$ 170	$ 254	$ 417	$ 508

d. Other income and expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Gain on disposal of property, plant and equipment	$ 1,161	$ -	$ 1,161	$ -

e. Gain (loss) on foreign currency exchange

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Foreign exchange gain	$ 198,114	$ 208,826	$ 278,579	$ 255,805
Foreign exchange loss	(350,175)	(9,648)	(519,795)	(11,702)
Net profit (loss)	$ (152,061)	$ 199,178	$ (241,216)	$ 244,103

f. Gain (loss) on sale of investment

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Total gain on sale of investment	$ -	$ 1,115	$ 7,274	$ 1,562
Total loss on sale of investment	-	(757)	-	(960)
Net profit	$ -	$ 358	$ 7,274	$ 602

22. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Current tax				
In respect of current period	$ 171,488	$ 77,709	$1,107,786	$ 113,970
In respect of prior periods	-	(3,645)	-	(3,645)
Deferred tax				
In respect of current period	233,571	290,393	(461,940)	517,864
Income tax expense recognized in profit or loss	$ 405,059	$ 364,457	$ 645,846	$ 628,189

On April 9, 2014, the Taxation Administration of the Ministry of Finance announced the legal interpretation No. 10304540780, "Amendments of The Guidelines for Examination of Profit-seeking Enterprise Income Tax." The amendments are applied to the annual income tax returns for the year-ended December 31, 2013. The application of the amendments do not have any material impact on the Group's current tax and deferred tax.

The applicable tax rate used above is the corporate tax rate of 17% payable by the Company in ROC. Under the laws of the Cayman Islands and the British Virgin Islands, Yi-Jan Overseas Investment Co., Ltd. and Jetford Inc., respectively, is tax-exempt.

b. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Deferred tax				
Recognized in other comprehensive income: Actuarial gains (losses) on defined benefit plan	$ (5)	$ (9)	$ 2	$ (15)

c. Integrated income tax

	June 30, 2014	December 31, 2013	June 30, 2013
Unappropriated earnings			
Unappropriated earnings generated on and after January 1, 1998	$ 8,558,413	$ 12,213,958	$ 7,973,077
Imputation credit account ("ICA")	$ 843,474	$ 813,731	$ 491,789

The creditable ratio for distribution of earnings of 2013 and 2012 were 6.67% (expected ratio) and 5.00%, respectively.

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident shareholders of the Company was calculated based on the creditable ratio as of the date of dividend distribution. The actual imputation credits allocated to shareholders of the Company was based on the balance of ICA as of the date of dividends distribution. Therefore, the expected creditable ratio for the 2013 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

According to legal interpretation No. 10204562810 announced by the Taxation Administration of the Ministry of Finance, when calculating imputation credits in the year of first-time adoption of IFRSs, the cumulative retained earnings include the net increase or net decrease in retained earnings arising from first-time adoption of IFRSs.

d. Income tax assessment

Income tax returns through 2011, have been examined by the tax authorities.

23. EARNINGS PER SHARE

The earnings and weighted-average number of common stock to outstanding in the computation of earnings per share were as follows:

Net Profit for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	**2013**	**2014**	**2013**
Earnings used in the computation of basic and diluted earnings per share	$ 1,279,973	$ 1,779,029	$ 2,475,532	$ 3,059,875

Shares

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	**2013**	**2014**	**2013**
Weighted-average number of ordinary shares in computation of basic earnings per share	300,000	300,000	300,000	300,000
Effect of dilutive potential ordinary shares:				
Bonus issue to employee	81	141	118	160
Weighted average number of ordinary shares used in the computation of diluted earnings per share	300,081	300,141	300,118	300,160

The Group may settle bonuses paid to employees in cash or shares; thus, the Group assumes the entire amount of the bonus would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

24. NON-CASH TRANSACTIONS

For the six months ended June 30, 2014 and 2013, the Group entered into the following non-cash investing activities:

	For the Six Months Ended June 30	
	2014	2013
Investing activities affecting both cash and non-cash transactions		
Increase in property, plant and equipment	$ 327,147	$ 176,290
Decrease in trade payables	93,232	473,969
Cash paid for acquisition of property, plant and equipment	$ 420,379	$ 650,259

25. OPERATING LEASE AGREEMENTS

The Future minimum lease payments of non-cancellable operating lease commitments were as follows:

	June 30, 2014	December 31, 2013	June 30, 2013
No later than 1 year	$ 2,508	$ 2,508	$ 2,508
Later than 1 year and not later than 5 years	5,225	6,479	7,733
	$ 7,733	$ 8,987	$ 10,241

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that each enterprise within the Group, under going concern assumption, is able to maximize the return to stockholders by optimization of the debt and equity balance.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments not carried at fair value

The carrying value of the financial assets and financial liabilities not carried at fair value is approximately equal to the fair value.

2) Fair value measurements recognized in the consolidated balance sheet

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly; and

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

June 30, 2014

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$ 231,234	$ -	$ -	$ 231,234

December 31, 2013

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$ 434,741	$ -	$ -	$ 434,741

June 30, 2013

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$ 323,181	$ -	$ -	$ 323,181

There were no transfers between Levels 1, 2 and 3 in the current and prior periods.

3) Valuation techniques and assumption applied for the purpose of measuring fair value

The fair value of fund beneficiary certificate traded on active market is the net asset value on balance sheet date. If there is no market price, the fair value is determined by the redemption value. The estimates and assumptions used by the Group were consistent with those that market participants would use in setting a price for the financial instrument.

b. Categories of financial instruments

	June 30, 2014	**December 31, 2013**	**June 30, 2013**
Financial assets			
Financial assets at fair value through profit or loss			
Held for trading	$ 231,234	$ 434,741	$ 323,181
Loans and receivables (Note 1)	21,048,756	16,821,679	14,318,543
Financial liabilities			
Amortized cost (Note 2)	10,964,603	5,106,211	5,562,443

Note 1: The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables and other financial assets.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term loans, notes payable, trade payables, and part of other payables and long-term loans.

c. Financial risk management objectives and policies

The Group's major financial instruments include trade receivable, trade payables, and borrowings. The Group's Corporate Treasury function coordinates access to domestic and international financial markets, manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured. Sensitivity analysis evaluates the impact of a reasonably possible change in interest or foreign currency rates over a year. Details of sensitivity analysis for foreign currency risk and for interest rate risk are set out in (a) and (b) below.

a) Foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 30.

Sensitivity analysis

The Group is mainly exposed to the RMB, U.S. dollars, and Japanese yen.

The following table details the Group's sensitivity to a 5% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with New Taiwan dollars strengthen 5% against the relevant currency. For a 5% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	RMB		**U.S. Dollar**		**Japan Yen**	
	For the Six Months Ended June 30		**For the Six Months Ended June 30**		**For the Six Months Ended June 30**	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Gain (loss)	$ (721,497)	$ (658,049)	$ (22,802)	$ (3,728)	$ 7,625	$ (1,339)

This was mainly attributable to the exposure outstanding on RMB, U.S. dollars and Japanese yen cash in bank, receivables and payables, which were not hedged at the end of the reporting period.

b) Interest rate risk

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rate at the end of the reporting period were as follows:

	June 30, 2014	December 31, 2013	June 30, 2013
Fair value interest rate risk			
Financial assets	$ 14,244,123	$ 12,742,990	$ 8,921,283
Financial liabilities	3,630,000	3,630,000	-
Cash flows interest rate risk			
Financial assets	832,308	3,397,264	1,637,041

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. A 25 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2014 would decrease/increase by $1,040 thousand, which was mainly attributable to the Group's exposure to interest rates on its demand deposits.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2013 would decrease/increase by $2,046 thousand, which was mainly attributable to the Group's exposure to interest rates on its demand deposits.

2) Credit risk

The Group's concentration of credit risk of 83%, 50% and 68% in total trade receivables as of June 30, 2014, December 31, 2013 and June 30, 2013, respectively, was related to the Group's largest customer within the vehicle department and the five largest customers within the parts department.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of June 30, 2014, December 31, 2013 and June 30, 2013, the available unutilized short-term borrowing facilities were $370,000 thousand, $370,000 thousand and $1,000,000 thousand, respectively.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

June 30, 2014

	Weighted-average Effective Interest Rate (%)	Within One Month	1 to 3 Months	3 to 12 Months	12 to 24 Months
Non-derivative financial liabilities					
Non-interest bearing	-	$ 1,317,050	$ 5,891,368	$ 124,935	$ -
Bank borrowings	1.09	631,250	2,006,398	10,125	1,001,849
		$ 1,948,300	$ 7,897,766	$ 135,060	$ 1,001,849

December 31, 2013

	Weighted-average Effective Interest Rate (%)	Within One Month	1 to 3 Months	3 to 12 Months	12 to 24 Months
Financial liabilities - non-derivative					
Non-interest bearing	-	$ 970,731	$ 292,470	$ 211,544	$ -
Bank borrowings	1.08	631,466	2,006,287	10,125	1,008,544
		$ 1,602,197	$ 2,298,757	$ 221,669	$ 1,008,544

June 30, 2013

	Weighted-average Effective Interest Rate (%)	Within One Month	1 to 3 Months	3 to 12 Months	12 to 24 Months
Financial liabilities - non-derivative					
Non-interest bearing	-	$ 1,206,915	$ 4,161,655	$ 193,873	$ -

28. TRANSACTIONS WITH RELATED PARTIES

In addition to those disclosed in other notes, the Group had business transactions with the following related parties:

a. Related parties

Related Party	Relationship with the Group
Investors that have significant influence over the Group	
Nissan Motor Corporation ("Nissan")	Equity-method investor of the Company
Yulon Motor Co., Ltd. ("Yulon")	Same as above

(Continued)

Related Party	Relationship with the Group
Other parties	
Nissan Trading Co., Ltd.	Subsidiary of Nissan
Nissan Motor Egypt S.A.E.	Same as above
PT. Nissan Motor Indonesia (“NMI”)	Same as above
Nissan Motor India Private Limited	Same as above
Nissan Mexicana, S.A. De C. V.	Same as above
Nissan Motor (Thailand) Co., Ltd.	Same as above
PT Nissan Motor Distribution Indonesia	Same as above
Nissan Vietnam Co., Ltd.	Substantial related party of Nissan
Nissan Motors Co., Ltd Honmoku Plant	Same as above
Nissan Philippines Inc.	Same as above
Dongfeng Nissan Passenger Vehicle Co.	Same as above
Zhengzhou Nissan Automobile Co., Ltd.	Same as above
Chien Tai Industry Co., Ltd.	Same as above
Taiwan Calsonic Co., Ltd.	Same as above
Carnival Textileindustrial Corporation	Substantial related party of the Company
Taiwan Acceptance Corporation	Subsidiary of Yulon
Yueki Industrial Co., Ltd.	Same as above
Yu Pong Business Co., Ltd.	Same as above
Yu Ching Business Co., Ltd.	Same as above
Yushin Motor Co., Ltd.	Same as above
Yu Chang Motor Co., Ltd.	Same as above
Sin Etke Technology Co., Ltd.	Same as above
Yu Sing Motor Co., Ltd.	Same as above
Empower Motor Co., Ltd.	Same as above
Uni Auto Parts Co., Ltd.	Same as above
Chan Yun Technology Co., Ltd.	Same as above
Y-teks, Co.	Same as above
Singan Co., Ltd.	Same as above
Sinjang Co., Ltd.	Same as above
Luxgen Motor Co., Ltd.	Same as above
Yue Sheng Industrial Co., Ltd.	Same as above
Nissan Motor Philippines, Inc. (NMPI)	Same as above
Uni Calsonic Corporation	Substantial related party of Yulon
Yuan Lon Motor Co., Ltd.	Same as above
Chen Long Co., Ltd.	Same as above
Yulon Management Co., Ltd.	Same as above
Chi Ho Corporation	Same as above
Yu Tang Motor Co., Ltd.	Same as above
Tokio Marine Newa Insurance Co., Ltd.	Same as above
Hua-Chuang Automobile Information Technical Center Co., Ltd.	Same as above
Taiway, Ltd.	Same as above
Kian Shen Corporation	Same as above
Hui-Lian Motor Co.	Substantial related party of Yulon
Yu Chia Motor Co., Ltd.	Subsidiary of Yulon Management Co., Ltd.
Visionary International Consulting Co., Ltd.	Same as above
Ka-Plus Automobile Leasing Co., Ltd.	Subsidiary of Taiwan Acceptance Corporation

(Continued)

Related Party	Relationship with the Group
Singgual Technology Co., Ltd.	Subsidiary of Singan Co., Ltd.
Hsiang Shou Enterprise Co., Ltd.	Same as above
Hong Shou Culture Enterprise Co., Ltd.	Same as above
Yu Pool Co., Ltd.	Subsidiary of Yushin Motor Co., Ltd.
Yu-Jan Co., Ltd.	Subsidiary of Yu Sing Motor Co., Ltd.
Tang Li Enterprise Co., Ltd.	Subsidiary of Yu Tang Motor Co., Ltd.
Ding Long Motor Co., Ltd.	Subsidiary of Chen Long Co., Ltd.
Lian Cheng Motor Co., Ltd.	Same as above
CL Skylite Trading Co., Ltd.	Substantial related party of Chen Long Co., Ltd.
Yuan Jyh Motor Co., Ltd.	Subsidiary of Yuan Lon Motor Co., Ltd.
Tsung Ho Enterprise Co., Ltd.	Subsidiary of Chi Ho Corporation
Diamond Leasing Service Co., Ltd.	Subsidiary of Ka-Plus Automobile Leasing Co., Ltd.
Hsieh Kuan Manpower Service Co., Ltd.	Subsidiary of Diamond Leasing Service Co., Ltd.
Tan Wang Co., Ltd.	Subsidiary of Yu Chang Motor Co., Ltd.
Y.M.Hi-Tech Industry Ltd.	Subsidiary of China Ogihara Corporation

(Concluded)

b. Balances and transactions between the Company and its subsidiaries, which were related parties of the Company, had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other parties were disclosed below:

1) Trading transactions

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Sales				
Investors that have significant influence over the Group	$ 1,656	$ 1,984	$ 4,160	$ 4,593
Other parties	9,910,826	6,681,342	17,940,282	14,109,729
	$ 9,912,482	$ 6,683,326	$ 17,944,442	$ 14,114,322
Service revenue				
Investors that have significant influence over the Group	$ 5,836	$ 2,601	$ 7,694	$ 4,587
Other operating revenue				
Investors that have significant influence over the Group	$ 4,414	$ 3,457	$ 8,994	$ 9,611
Other parties	2,735	3,969	3,484	9,310
	$ 7,149	$ 7,426	$ 12,478	$ 18,921

The Company designs and performs R&D of cars for investors with significant influence over the Group, and service revenue is recognized according to the related contracts.

Other operating revenue of the Company arose from selling steel plates, steel and aluminum parts, and engaging in vehicles identification and testing.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	**2013**	**2014**	**2013**
Operating cost - purchase				
Investors that have significant influence over the Group	$ 8,452,323	$ 5,261,060	$ 15,357,266	$ 11,410,036
Other parties	25,546	12,848	36,499	19,123
	$ 8,477,869	$ 5,273,908	$ 15,393,765	$ 11,429,159
Operating cost - TCA				
Investors that have significant influence over the Group	$ 155,510	$ 104,081	$ 295,709	$ 228,450
Operating expense - rental				
Investors that have significant influence over the Group	$ 2,739	$ 3,037	$ 5,783	$ 6,152
Other parties	2,778	3,643	5,819	7,093
	$ 5,517	$ 6,680	$ 11,602	$ 13,245

The Company's TCA is the payment to investors with significant influence over the Group, with whom the Company has technical cooperation agreements.

The Company's rental expenses paid monthly are primarily comprised of customer service system, building property, car testing expenses, cars and driving service for its executives.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	**2013**	**2014**	**2013**
Selling and marketing expenses				
Investors that have significant influence over the Group	$ 15,531	$ 9,647	$ 20,761	$ 11,948
Other parties	348,467	395,997	764,733	851,664
	$ 363,998	$ 405,644	$ 785,494	$ 863,612

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
General and administrative expenses				
Investors that have significant influence over the Group	$ 2,670	$ 3,395	$ 4,009	$ 5,698
Other parties	47,038	42,966	93,529	93,720
	$ 49,708	$ 46,361	$ 97,538	$ 99,418
Research and development expenses				
Investors that have significant influence over the Group	$ 17,588	$ 30,466	$ 24,483	$ 41,633
Other parties	5,948	8,831	15,503	19,513
	$ 23,536	$ 39,297	$ 39,986	$ 61,146

(Concluded)

Selling and marketing expenses are payment to other parties for advertisement and promotion.

General and administrative expenses are payment to other parties for consulting, labor dispatch and IT services.

Research and development expenses are payment to investors with significant influence over the Group for sample products, trial fee, and TOBE System.

The Company bought molds from related parties (molds purchased were recorded under property, plant and equipment) as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Other parties	$ 72,030	$ 48,232	$ 115,102	$ 48,232

2) Non-operating transactions

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Other revenue				
Investors that have significant influence over the Group	$ 47	$ 145	$ 116	$ 320
Other parties	-	36	-	36
	$ 47	$ 181	$ 116	$ 356
Overseas business expenses				
Other parties	$ 2,143	$ 2,089	$ 10,424	$ 8,835
Other losses				
Investors that have significant influence over the Group	$ 10	$ 6	$ 11	$ 11

3) The following balances of the receivables from related parties were outstanding at the end of the reporting period:

	June 30, 2014	December 31, 2013	June 30, 2013
Notes receivable			
Other parties	$ 4,279	$ 2,312	$ 1,200
Trade receivable			
Investors that have significant influence over the Group	$ 12,859	$ 40,837	$ 14,194
Other parties	749,665	245,359	426,222
	$ 762,524	$ 286,196	$ 440,416

4) The following balances of the payables to related parties were outstanding at the end of the reporting period:

	June 30, 2014	December 31, 2013	June 30, 2013
Notes payable			
Investors that have significant influence over the Group	$ -	$ 1,536	$ -

(Continued)

	June 30, 2014	December 31, 2013	June 30, 2013
Trade payables			
Investors that have significant influence over the Group	$ 677,112	$ 659,922	$ 999,670
Other parties	274,495	413,170	251,494
	$ 951,607	$ 1,073,092	$ 1,251,164

(Concluded)

5) The balances of refundable deposits were as follows:

	June 30, 2014	December 31, 2013	June 30, 2013
Investors that have significant influence over the Group	$ 557,289	$ 174,432	$ 50,000
Other parties	52,849	59,284	52,685
	$ 610,138	$ 233,716	$ 102,685

c. Compensation of key management personnel:

The remuneration of directors and other members of key management personnel were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Short-term employee benefit	$ 12,157	$ 9,539	$ 22,861	$ 18,783
Post-employment benefit	574	371	1,034	762
	$ 12,731	$ 9,910	$ 23,895	$ 19,545

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

d. Other transactions with related-parties

1) The Company sold to Taiwan Acceptance Corporation accounts receivable which amounted to $1,056,078 thousand and $982,844 thousand in the six months ended June 30, 2014 and 2013, respectively. Based on the related contract, the amount of receivable sold is limited to the amount of pledges from the original debtor to Taiwan Acceptance Corporation. The Company's interest expenses recognized on the accounts receivable sold to Taiwan Acceptance Corporation were $589 thousand and $576 thousand for the six months ended June 30, 2014 and 2013, respectively.

2) The Company bought other equipment $769 thousand from Singgual Technology Co., Ltd. for the six months ended June 30, 2013 were recorded under property, plant and equipment.

3) The Company had sold property, plant and equipment to related-party for the six months ended June 30, 2014 are summarized as follows:

	Amount	Carrying Value	Gain on Disposal
Hua-Chuang Automobile Information Technical Center Co., Ltd.	$ 4,629	$ 3,468	$ 1,161

4) The Company signed molds contracts with Diamond Leasing Service Co., Ltd.

The molds contracts are valid from the date of the contract to the end of production of the car model. The contract amount is $790,155 thousand (excluding of tax) and the installment payments will be disbursed according to the progress under the contract schedule. The types of car parts have not been produced until the end of June 2014. The Company had already paid $681,226 thousand (recognized as property, plant, and equipment). Besides, within the contract period, the Company should pay to Diamond Leasing Service Co., Ltd. before the end of January every year with the amount of $2.6 for every ten thousand of the accumulated amounts paid for molds in prior year.

29. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of June 30, 2014 were as follows:

a. The Company is under a manufacturing contract with Yulon, effective November 1, 2003. This contract, for which the first expiry date was on October 31, 2008, is automatically extended annually unless either party issues a termination notice at least three months before expiry. The contract states that the Company authorizes Yulon to manufacture Nissan automobiles and parts, and the Company is responsible for the subsequent development of new automobile parts. The manufacturing volume of Yulon under the contract should correspond to the Company’s sales projection for the year. In addition, the Company has authorized Yulon as the original equipment manufacturer (“OEM”) of automobile parts and after-sales service. As of June 30, 2014, both parties did not receive a termination notice, so the contract automatically extended.

   The Company is responsible for developing new car models, refining designs, and providing the sales projection to Yulon. Yulon is responsible for transforming the sales projections into manufacturing plans, making the related materials orders and purchases, providing product quality assurance, delivering cars, and shouldering warranty expenses due to any defects in products made by Yulon.

b. The Company has a contract with Taiwan Acceptance Corporation for sale and purchase of vehicles. Besides, Taiwan Acceptance Corporation separately signed with dealers contracts for display of vehicles. If any dealer violates the display contract, resulting in the need for Taiwan Acceptance Corporation to recover the display vehicles, the Company must assist in the settlement or buy-back the vehicles at the original price. From the date of signing the sale and purchase contract to June 30, 2014, no buy-back of vehicles has occurred.

c. Unrecognized commitments

	June 30, 2014	December 31, 2013	June 30, 2013
Acquisition of property, plant, and equipment	$ 183,651	$ 289,990	$ 457,382
Acquisition of computer software	296	1,331	-
	$ 183,947	$ 291,321	$ 457,382

30. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

(In Thousands of New Taiwan Dollars and Foreign Currencies)

June 30, 2014

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
RMB	$ 1,556,932	4.8110 (RMB:NTD)	$ 7,490,400
RMB	1,429,930	0.1625 (RMB:USD)	6,939,540
USD	15,271	29.865 (USD:NTD)	456,067
JPY	28,503	0.2946 (JPY:NTD)	8,397
Financial liabilities			
Monetary items			
JPY	546,165	0.2946 (JPY:NTD)	160,900
USD	1	29.865 (USD:NTD)	30

December 31, 2013

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
RMB	$ 2,424,662	0.1640 (RMB:USD)	$ 11,851,796
RMB	675,808	4.9040 (RMB:NTD)	3,314,163
USD	18,508	29.805 (USD:NTD)	551,636
JPY	53,715	0.2839 (JPY:NTD)	15,250
Financial liabilities			
Monetary item			
JPY	919	0.2839 (JPY:NTD)	261

June 30, 2013

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
RMB	$ 2,710,592	0.1618 (RMB:USD)	$ 13,160,981
USD	2,497	30.00 (USD:NTD)	74,919
JPY	90,294	0.3036 (JPY:NTD)	27,413
Financial liabilities			
Monetary items			
JPY	2,087	0.3036 (JPY:NTD)	634
USD	12	30.00 (USD:NTD)	360

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others: None

2) Endorsements/guarantees provided: None

3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): Table 1 (attached)

4) Marketable securities acquired and disposed at cost or prices at least NT$300 million or 20% of the paid-in capital: None

5) Acquisition of individual real estate at cost of at least NT$300 million or 20% of the paid-in capital: None

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

7) Total purchases from sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 2 (attached)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3 (attached)

9) Trading in derivative instruments: None

10) Information on investees: Table 4 (attached)

11) Intercompany relationships and significant intercompany transactions: Table 5 (attached)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriated investment income, and limit on the amount of investment in the mainland China area: Table 6 (attached)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: None

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

32. SEGMENTS INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were as follows:

Vehicle segment: Vehicle sales
Part segment: Parts sales
Investment segment: Overseas business activities
Other segment: Other operating activities other than the above segments

a. Segment revenues and results

The following was an analysis of the Group’s revenue and results from operations by reportable segment:

	Revenue		**Profit Before Tax**	
	For the Six Months Ended June 30		**For the Six Months Ended June 30**	
	2014	**2013**	**2014**	**2013**
Vehicle segment	$ 16,465,061	$ 12,694,424	$ 319,065	$ 581,256
Part segment	1,778,346	1,707,753	309,482	321,976

(Continued)

	Revenue		Profit Before Tax	
	For the Six Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Investment segment	$ -	$ -	$ 2,796,027	$ 2,552,101
Other segment	33,314	43,107	(271,386)	(162,652)
	$ 18,276,721	$ 14,445,284	3,153,188	3,292,681
Interest income			225,679	159,085
Gain on disposal of investment, net			7,274	602
Gain on valuation of financial assets			5,081	269
Gain on disposal of property, plant, and equipment			1,161	-
Foreign exchange gain (loss), net			(241,216)	244,103
Interest expense			(21,989)	(1,276)
Central administration cost and directors' compensation			(7,800)	(7,400)
Profit before tax			$ 3,121,378	$ 3,688,064

(Concluded)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the six months ended June 30, 2014 and 2013.

Segment profit represents the profit earned by each segment, excluding the allocation of interest income, gain on disposal of investment, net, gain on valuation of financial assets, gain on disposal of property, plant, and equipment, foreign exchange gain (loss), net, interest expense and central administration cost and directors' compensation and income tax expense. The amount is provided to the chief operating decision maker for allocating resources and assessing the performance.

b. Segment total assets

	June 30, 2014	December 31, 2013	June 30, 2013
Segment assets			
Continuing operations			
Vehicle segment	$ 1,802,001	$ 1,710,369	$ 1,590,827
Part segment	2,058	2,532	2,916
Investment segment	12,905,436	14,989,267	13,537,467
Other segment	39,168	35,703	33,375
	14,748,663	16,737,871	15,164,585
Unallocated assets	22,447,227	18,581,094	15,718,226
Consolidated total assets	$ 37,195,890	$ 35,318,965	$ 30,882,811

TABLE 1

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

HOLDING OF SECURITIES AT THE END OF THE PERIOD
JUNE 30, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Securities Type and Name	Relationship with the Investor	Financial Statement Account	JUNE 30, 2014 Shares (Thousands)	Carrying Value (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 2)	Note
Yulon Nissan Motor Company, Ltd.	Beneficiary certificates							
	Franklin Templeton Sinoam Money Market	-	Financial assets at fair value through profit or loss	7,964	$ 80,000	-	$ 80,501	-
	PineBridge Global Multi-Strat Hi Yld A	-	Financial assets at fair value through profit or loss	5,604	69,412	-	72,885	-
	FSITC Global High Yield Bond A	-	Financial assets at fair value through profit or loss	2,137	30,000	-	31,361	-
	Allianz Glbl Inv Glbl Biotech	-	Financial assets at fair value through profit or loss	718	20,000	-	21,319	-
	Yuanta Global REITs Fund (A)	-	Financial assets at fair value through profit or loss	1,770	20,000	-	20,124	-
	Franklin Templeton SinoAm New World Fund	-	Financial assets at fair value through profit or loss	395	5,000	-	5,044	-

Note 1: Shown at their original investment amounts.

Note 2: The fair value of the financial asset at fair value through profit or loss is calculated based on the asset's net value and the redemption price as of June 30, 2014.

TABLE 2

YULON NISSAN MOTOR COMPANY LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNT TO AT LEASE NT$100 MILLION OR 20% OF PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction (Note 1)		Note/Accounts Payable or Receivable (Note 2)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total (Note 3)	
Yulon Nissan Motor Company, Ltd.	Yulon	Equity-method investor of the Company	Purchase	$ 15,340,243	99	180 days after sales for parts 3 days after sales for vehicles	$ -	-	$ (496,678)	(48)	-
	Taiwan Acceptance Corporation	Subsidiary of Yulon	Sale	16,368,300	90	4 days after sales for parts 3 days after sales for vehicles	-	-	626,804	76	-
	Yuan Lon Motor Co., Ltd.	Equity-method investee of Yulon	Sale	190,114	-	15 days after sales for parts	-	-	6,508	1	-
	Yu Chang Motor Co., Ltd.	Subsidiary of Yulon	Sale	179,088	-	Same as above	-	-	3,399	-	-
	Yu Sing Motor Co., Ltd.	Subsidiary of Yulon	Sale	163,659	-	15 days after sales for parts Immediate payment for vehicles	-	-	3,332	-	-
	Yu Tang Motor Co., Ltd.	Equity-method investee of Yulon	Sale	141,755	-	15 days after sales for parts	-	-	1	-	-
	Hui-Lian Motor Co., Ltd.	Equity-method investee of Yulon	Sale	141,732	-	Same as above	-	-	-	-	-
	Empower Motor Co., Ltd.	Subsidiary of Yulon	Sale	128,152	-	15 days after sales for parts Immediate payment for vehicles	-	-	1,206	-	-
	Yushin Motor Co., Ltd.	Subsidiary of Yulon	Sale	113,435	-	Same as above	-	-	822	-	-
	Chen Long Co., Ltd.	Equity-method investee of Yulon	Sale	108,014	-	15 days after sales for parts	-	-	-	-	-
	Chi Ho Corporation	Equity-method investee of Yulon	Sale	104,568	-	15 days after sales for parts Immediate payment for vehicles	-	-	2,724	-	-

Note 1: Transaction terms are based on agreements.

Note 2: Balances shown here are notes and accounts receivable from sales and notes and accounts payable for purchases.

Note 3: Balances shown here are based on the carrying amount of the Company.

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

TRADE RECEIVABLES FROM RELATED PARTIES REACHING NT$100 MILLION OR 20 PERCENT OF PAID-IN CAPITAL OR MORE
JUNE 30, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate (Note)	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yulon Nissan Motor Company, Ltd.	Taiwan Acceptance Corporation	Subsidiary of Yulon	Trade receivables $ 626,804 Other receivables 35,009	81.49	$ -	-	$ 626,804 35,009	$ -

Note: The turnover rate was based on the carrying amount of the Company.

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE SIX MONTHS ENDED JUNE 30, 2014
(In Thousands of New Taiwan Dollars and U.S. Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of JUNE 30, 2014			Net Income of the Investee	Investment Gain (Note 1)	Note
				JUNE 30, 2014	December 31, 2013	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Yulon Nissan Motor Company, Ltd.	Yi-Jan Overseas Investment Co., Ltd.	Cayman Islands	Investment	$ 1,847,983 (US$ 57,371)	$ 1,847,983 (US$ 57,371)	84,987	100.00	$ 25,444,655	$ 2,857,726	$ 2,857,726	Notes 2 and 3
Yi-Jan Overseas Investment Co., Ltd.	Jet Ford, Inc.	British Virgin Islands	Investment	US$ 57,171	US$ 57,171	71,772	100.00	US$ 851,772	US$ 94,667	US$ 94,667	Notes 2 and 3
Jet Ford, Inc.	Aeolus Xiangyang Automobile Co., Ltd.	Hubei (Mainland China)	Developing and manufacturing of parts and vehicles and related services	US$ 21,700	US$ 21,700	-	16.55	US$ 80,651	US$ 34,598	US$ 5,503	Note 2
	Aeolus Automobile Co., Ltd.	Guangdong (Mainland China)	Developing and selling of parts and vehicles and related services	US$ 18,710	US$ 18,710	-	33.12	US$ 56,391	US$ 2,266	US$ 750	Note 2
	Guangzhou Aeolus Automobile Co., Ltd.	Guangdong (Mainland China)	Developing and manufacturing of parts and vehicles and related services	US$ 16,941	US$ 16,941	-	40.00	US$ 279,301	US$ 217,939	US$ 87,176	Note 2
	Shenzhen Lan You Technology Co., Ltd.	Guangdong (Mainland China)	Developing, manufacturing and selling of computer software and hardware and computer technology consulting	US$ 1,125	US$ 1,125	-	45.00	US$ 15,454	US$ 829	US$ 373	Note 2
	Dong Feng Yulon Used Cars Co., Ltd.	Guangdong (Mainland China)	Valuation, purchase, renovation, rent and selling of used cars	US$ 593	US$ 593	-	49.00	US$ 329	US$ (1,655)	US$ (811)	Note 2

Note 1: Investment gains include the amortization of investment premium or discount.

Note 2: The carrying values and related investment income of the equity investment were calculated based on the reviewed financial statements and percentage of ownership.

Note 3: Eliminated.

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

THE BUSINESS RELATIONSHIP BETWEEN THE PARENT AND THE SUBSIDIARIES AND BETWEEN EACH SUBSIDIARY, AND THE CIRCUMSTANCES AND AMOUNTS OF ANY SIGNIFICANT TRANSACTIONS BETWEEN THEM
FOR THE SIX MONTHS ENDED JUNE 30, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Year	Number (Note 1)	Company Name	Related Party	Nature of Relationship (Note 2)	Transaction Details			
					Financial Statement Account	Amount (Note 3)	Payment Terms (Note 4)	% to Consolidated Total Sales or Assets (Note 5)
2013	0	Yulon Nissan Motor Company, Ltd.	Jet Ford Inc.	1	Notes and accounts receivable - related parties	$ 14,065	-	-

Note 1: Intercompany relationships are numbered as follows:

1. The Company is numbered as 0.
2. Subsidiaries are numbered from number 1.

Note 2: Nature of relationships is numbered as follows:

1. The Company to subsidiaries is numbered as 1.
2. Subsidiaries to the Company is numbered as 2.
3. Subsidiaries to subsidiaries is numbered as 3.

Note 3: Eliminated.

Note 4: The prices and payment terms for related-party transactions were based on agreements.

Note 5: If the transaction amounts are related to the balance sheet accounts, the percentages are those of the year-end balances to the consolidated total assets. If the transaction amounts are related to the income statement accounts, the percentages are the total amounts of the year to the consolidated total sales.

TABLE 6

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2014
(In Thousands of New Taiwan Dollars, U.S. Dollars and RMB, Unless Stated Otherwise)

Investee	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2013	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2014	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of June 30, 2014	Accumulated Inward Remittance of Earnings as of June 30, 2014
					Outflow	Inflow						
Aeolus Xiangyang Automobile Co., Ltd.	Developing and manufacturing of parts and vehicles and related services	$ 3,581,037 (RMB 826,000)	Note 1	$ 716,856 (US$ 21,700)	$ -	$ -	$ 716,856 (US$ 21,700)	$ 1,033,269 (US$ 34,598)	16.55	$ 166,107 (US$ 5,503)	$ 2,408,654 (US$ 80,651)	$ -
Aeolus Automobile Co., Ltd.	Developing and selling of parts and vehicles and related services	761,964 (RMB 194,400)	Note 1	533,109 (US$ 16,812)	-	-	533,109 (US$ 16,812)	67,674 (US$ 2,266)	33.12	22,655 (US$ 750)	1,684,101 (US$ 56,391)	1,274,677 (US$ 38,320)
Guangzhou Aeolus Automobile Co., Ltd.	Developing and manufacturing of parts and vehicles and related services	8,969,950 (RMB 2,200,000)	Note 1	537,199 (US$ 16,941)	-	-	537,199 (US$ 16,941)	6,508,748 (US$ 217,939)	40.00	2,631,573 (US$ 87,176)	8,341,307 (US$ 279,301)	8,662,919 (US$ 273,395)
Shenzhen Lan You Technology Co., Ltd.	Developing, manufacturing and selling of computer software and hardware and computer technology consulting	57,450 (RMB 15,000)	Note 1	35,674 (US$ 1,125)	-	-	35,674 (US$ 1,125)	24,758 (US$ 829)	45.00	11,259 (US$ 373)	461,541 (US$ 15,454)	-
Dong Feng Yulon Used Cars Co., Ltd.	Valuation, purchase, renovation, rent and selling of used cars.	38,300 (RMB 10,000)	Note 1	18,804 (US$ 593)	-	-	18,804 (US$ 593)	(49,426) (US$ -1,655)	49.00	(24,472) (US$ -811)	9,833 (US$ 329)	-

Accumulated Investment in Mainland China as of June 30, 2014	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Stipulated by Investment Commission, MOEA (Note 3)
$1,841,642 (US$57,171)	$1,917,100 (US$59,660)	$12,942,359

Note 1: The Company indirectly owns these investees through Jetford, Inc., an investment company registered in a third region.

Note 2: The carrying values and related investment income of the equity investment were calculated based on the reviewed financial statements and percentage of ownership.

Note 3: The upper limit was calculated in accordance with the "Regulation Governing the Approval of Investment or Technical Cooperation in Mainland China" issued by the Investment Commission under the Ministry of Economic Affairs on August 22, 2008.