

**Yulon Nissan Motor Company, Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Six Months Ended June 30, 2015 and 2014 and
Independent Auditors' Review Report**

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, 2015 and 2014, and the related consolidated statements of comprehensive income for the three months ended June 30, 2015 and 2014, six months ended June 30, 2015 and 2014, and changes in equity and cash flows for the six months ended June 30, 2015 and 2014. 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 3, 2015

Notice to Readers

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, 2015 (Reviewed)		December 31, 2014 (Audited)		June 30, 2014 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 13,775,327	35	\$ 12,831,865	35	\$ 11,002,744	29
Financial assets at fair value through profit or loss (Notes 4 and 7)	734,384	2	331,032	1	231,234	1
Notes receivable (Notes 4 and 8)	-	-	2,000	-	-	-
Notes receivable - related parties (Notes 4 and 28)	1,396	-	905	-	4,279	-
Trade receivables (Notes 4 and 8)	70,871	-	70,218	-	55,816	-
Trade receivables - related parties (Notes 4 and 28)	672,258	2	220,133	1	762,524	2
Other receivables (Notes 4 and 8)	5,265,695	13	96,152	-	5,149,686	14
Inventories (Notes 4 and 9)	235,404	1	2,739	-	4,347	-
Prepayments (Note 28)	560,053	1	509,050	2	333,235	1
Other financial assets (Note 10)	1,136,865	3	2,198,866	6	4,073,707	11
Total current assets	22,452,253	57	16,262,960	45	21,617,572	58
NON-CURRENT ASSETS						
Investments accounted for using equity method (Notes 4 and 12)	14,339,691	37	17,734,336	49	12,905,436	35
Property, plant and equipment (Notes 4, 13 and 28)	1,900,731	5	1,758,753	5	1,843,227	5
Computer software (Notes 4 and 14)	10,782	-	12,346	-	5,577	-
Deferred tax assets (Note 4)	168,364	-	164,709	-	196,729	-
Other non-current assets (Notes 15 and 28)	346,829	1	573,443	1	627,349	2
Total non-current assets	16,766,397	43	20,243,587	55	15,578,318	42
TOTAL	<u>\$ 39,218,650</u>	<u>100</u>	<u>\$ 36,506,547</u>	<u>100</u>	<u>\$ 37,195,890</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 16)	\$ 3,630,000	9	\$ 3,630,000	10	\$ 2,630,000	7
Notes payable	2,736	-	-	-	-	-
Trade payables	156,365	1	122,244	-	72,536	-
Trade payables - related parties (Note 28)	1,652,371	4	565,471	2	951,607	3
Other payables (Note 17)	10,080,518	26	882,601	2	6,608,424	18
Current tax liabilities (Note 4)	108,072	-	977,135	3	533,202	2
Provisions (Notes 4 and 18)	178,071	1	172,054	-	156,796	-
Other current liabilities	29,079	-	19,698	-	25,561	-
Total current liabilities	15,837,212	41	6,369,203	17	10,978,126	30
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 16)	-	-	-	-	1,000,000	3
Provisions (Notes 4 and 18)	152,125	-	86,282	-	81,356	-
Credit balance of investments accounted for using equity method (Notes 4 and 12)	20,589	-	22,141	-	-	-
Net defined benefit liabilities (Notes 4 and 19)	538,744	1	546,327	2	543,315	1
Deferred tax liabilities (Note 4)	2,920,837	8	2,552,082	7	3,022,495	8
Total non-current liabilities	3,632,295	9	3,206,832	9	4,647,166	12
Total liabilities	19,469,507	50	9,576,035	26	15,625,292	42
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	8	3,000,000	8
Capital surplus	6,129,405	15	6,129,405	17	6,129,405	17
Retained earnings						
Legal reserve	3,640,263	9	2,987,887	8	2,987,887	8
Special reserve	788,877	2	788,877	2	788,877	2
Unappropriated earnings	5,366,344	14	12,607,444	35	8,558,413	23
Total retained earnings	9,795,484	25	16,384,208	45	12,335,177	33
Other equity	824,254	2	1,416,899	4	106,016	-
Total equity	19,749,143	50	26,930,512	74	21,570,598	58
TOTAL	<u>\$ 39,218,650</u>	<u>100</u>	<u>\$ 36,506,547</u>	<u>100</u>	<u>\$ 37,195,890</u>	<u>100</u>

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

(With Deloitte & Touche review report dated August 3, 2015)

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			
	2015		2014		2015		2014	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
(Note 28)								
Sales (Note 4)	\$ 9,654,276	100	\$ 10,071,171	100	\$ 18,683,329	100	\$ 18,243,407	100
Service revenue (Note 4)	-	-	5,836	-	4,906	-	7,694	-
Other operating revenue	<u>7,826</u>	-	<u>20,116</u>	-	<u>16,121</u>	-	<u>25,620</u>	-
Total operating revenue	9,662,102	100	10,097,123	100	18,704,356	100	18,276,721	100
OPERATING COSTS								
Cost of goods sold (Notes 9, 21 and 28)	<u>7,953,290</u>	<u>83</u>	<u>8,845,747</u>	<u>88</u>	<u>15,820,875</u>	<u>85</u>	<u>16,075,549</u>	<u>88</u>
GROSS PROFIT	<u>1,708,812</u>	<u>17</u>	<u>1,251,376</u>	<u>12</u>	<u>2,883,481</u>	<u>15</u>	<u>2,201,172</u>	<u>12</u>
OPERATING EXPENSES								
(Notes 19, 21 and 28)								
Selling and marketing expenses	1,028,481	11	720,231	7	1,620,352	9	1,384,982	8
General and administrative expenses	128,804	1	102,276	1	243,412	1	206,859	1
Research and development expenses	<u>127,409</u>	<u>1</u>	<u>134,136</u>	<u>1</u>	<u>265,734</u>	<u>1</u>	<u>260,341</u>	<u>1</u>
Total operating expenses	<u>1,284,694</u>	<u>13</u>	<u>956,643</u>	<u>9</u>	<u>2,129,498</u>	<u>11</u>	<u>1,852,182</u>	<u>10</u>
OTHER INCOME AND EXPENSES (Notes 21 and 28)	<u>(4)</u>	-	<u>1,161</u>	-	<u>(328)</u>	-	<u>1,161</u>	-
PROFIT FROM OPERATIONS	<u>424,114</u>	<u>4</u>	<u>295,894</u>	<u>3</u>	<u>753,655</u>	<u>4</u>	<u>350,151</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES								
Share of profit or loss of associates	1,341,599	14	1,446,671	14	2,243,954	12	2,807,122	15
Interest income	59,090	1	106,219	1	169,876	1	225,679	1
Gain (loss) on disposal of investment, net (Note 21)	4,046	-	-	-	(5,605)	-	7,274	-
Gain on financial assets at fair value through profit or loss, net	1,975	-	3,153	-	17,421	-	5,081	-
Other revenue (Note 28)	343	-	1,087	-	727	-	1,157	-
Foreign exchange loss, net (Note 21)	(171,237)	(2)	(152,061)	(1)	(268,140)	(2)	(241,216)	(1)
Interest expenses (Note 28)	(9,059)	-	(11,433)	-	(18,172)	-	(21,989)	-
Overseas business expenses (Note 28)	(3,309)	-	(4,302)	-	(7,479)	-	(11,095)	-
Other losses (Note 28)	<u>(224)</u>	-	<u>(196)</u>	-	<u>(396)</u>	-	<u>(786)</u>	-
Total non-operating income and expenses	<u>1,223,224</u>	<u>13</u>	<u>1,389,138</u>	<u>14</u>	<u>2,132,186</u>	<u>11</u>	<u>2,771,227</u>	<u>15</u>
PROFIT BEFORE TAX	1,647,338	17	1,685,032	17	2,885,841	15	3,121,378	17
INCOME TAX EXPENSES (Notes 4 and 22)	<u>261,197</u>	<u>2</u>	<u>405,059</u>	<u>4</u>	<u>474,385</u>	<u>2</u>	<u>645,846</u>	<u>3</u>
NET PROFIT FOR THE PERIOD	<u>1,386,141</u>	<u>15</u>	<u>1,279,973</u>	<u>13</u>	<u>2,411,456</u>	<u>13</u>	<u>2,475,532</u>	<u>14</u>

(Continued)

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			
	2015		2014		2015		2014	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Share of the other comprehensive income of associates accounted for using equity method	\$ -	-	\$ -	-	\$ (259)	-	\$ -	-
Remeasurement of defined benefit plans	(37)	-	(34)	-	42	-	13	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 22)	6	-	5	-	37	-	(2)	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	(256,891)	(3)	(497,671)	(5)	(592,645)	(3)	(104,422)	(1)
Other comprehensive income for the period, net of income tax	(256,922)	(3)	(497,700)	(5)	(592,825)	(3)	(104,411)	(1)
TOTAL COMPREHENSIVE INCOME	<u>\$ 1,129,219</u>	<u>12</u>	<u>\$ 782,273</u>	<u>8</u>	<u>\$ 1,818,631</u>	<u>10</u>	<u>\$ 2,371,121</u>	<u>13</u>
EARNINGS PER SHARE (Note 23)								
Basic	<u>\$4.62</u>		<u>\$4.27</u>		<u>\$8.04</u>		<u>\$8.25</u>	
Diluted	<u>\$4.62</u>		<u>\$4.27</u>		<u>\$8.03</u>		<u>\$8.25</u>	

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

(With Deloitte & Touche review report dated August 3, 2015)

(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)

	Share Capital	Capital Surplus (Note 20)	Retained Earnings (Notes 20 and 22)			Other Equity Exchange Differences on Translating Foreign Operations	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		
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	-	-	730,000	-	(730,000)	-	-
Legal reserve	-	-	-	(439,912)	439,912	-	-
Special reserve	-	-	-	-	(5,841,000)	-	(5,841,000)
Cash dividend distributed by the Company - \$19.47 per share	-	-	-	-	-	-	-
	-	-	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
BALANCE, JANUARY 1, 2015	\$ 3,000,000	\$ 6,129,405	\$ 2,987,887	\$ 788,877	\$ 12,607,444	\$ 1,416,899	\$ 26,930,512
Appropriation of 2014 earnings	-	-	652,376	-	(652,376)	-	-
Legal reserve	-	-	-	-	(9,000,000)	-	(9,000,000)
Cash dividend distributed by the Company - \$30 per share	-	-	-	-	(9,652,376)	-	(9,000,000)
	-	-	652,376	-	-	-	-
Net profit for the six months ended June 30, 2015	-	-	-	-	2,411,456	-	2,411,456
Other comprehensive income for the six months ended June 30, 2015, net of income tax	-	-	-	-	(180)	(592,645)	(592,825)
Total comprehensive income for the six months ended June 30, 2015	-	-	-	-	2,411,276	(592,645)	1,818,631
BALANCE, JUNE 30, 2015	\$ 3,000,000	\$ 6,129,405	\$ 3,640,263	\$ 788,877	\$ 5,366,344	\$ 824,254	\$ 19,749,143

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

(With Deloitte & Touche review report dated August 3, 2015)

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	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,885,841	\$ 3,121,378
Adjustments for:		
Depreciation expenses	215,162	242,662
Amortization expenses	2,856	3,208
Gain on financial assets at fair value through profit or loss, net	(17,421)	(5,081)
Interest expense	18,172	21,989
Interest income	(169,876)	(225,679)
Share of profit of associates	(2,243,954)	(2,807,122)
Loss (gain) on disposal of property, plant and equipment	328	(1,161)
Loss (gain) on disposal of investment, net	5,605	(7,274)
Foreign exchange loss, net	192,330	204,736
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(391,536)	215,862
Notes receivable	2,000	27
Notes receivable - related parties	(491)	(1,967)
Trade receivables	(653)	(14,110)
Trade receivables - related parties	(452,125)	(476,328)
Other receivables	7,248	11,776
Inventories	(232,665)	(2,300)
Prepayments	(51,003)	(5,274)
Notes payable	2,736	-
Notes payable - related parties	-	(1,536)
Trade payables	34,121	(54,958)
Trade payables - related parties	931,918	(28,253)
Other payables	198,260	109,959
Other current liabilities	9,381	4,142
Deferred revenue	-	(1,643)
Provisions	71,860	(5,785)
Net defined benefit liabilities	(7,541)	(11,761)
Cash generated from operations	1,010,553	285,507
Interest paid	(18,515)	(22,204)
Income tax paid	(1,064,627)	(515,742)
Net cash used in operating activities	(72,589)	(252,439)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in other financial assets	1,063,405	3,460,659
Interest received	189,474	162,375
Payment for property, plant and equipment (Note 24)	(169,767)	(420,379)
Proceeds from disposal of property, plant and equipment	5,191	4,629

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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	
	2015	2014
Payments for computer software	\$ (1,292)	\$ (898)
Decrease (increase) in other non-current assets	<u>188,704</u>	<u>(391,913)</u>
Net cash generated from investing activities	<u>1,275,715</u>	<u>2,814,473</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(259,664)</u>	<u>(127,189)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	943,462	2,434,845
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>12,831,865</u>	<u>8,567,899</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 13,775,327</u>	<u>\$ 11,002,744</u>

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

(With Deloitte & Touche review report dated August 3, 2015)

(Concluded)

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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 consolidated financial statements were approved by the Company’s board of directors on August 3, 2015.

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

Initial Application of the Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 Version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) Endorsed by the FSC

Rule No. 1030029342 and 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 and the related amendments to the Regulation Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 IFRSs version did not have any material impact on the Group’s accounting policies.

New IFRSs in Issue But Not Yet Endorsed by the 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
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 4)
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 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	January 1, 2016 (Note 3)
Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception”	January 1, 2016
Amendment 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
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016
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
Amendment to IAS 27 “Equity Method in Separate Financial Statements”	January 1, 2016
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

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.

Note 3: Prospectively applicable to transactions occurring in annual periods beginning on or after January 1, 2016.

Note 4: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Group’s accounting policies.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

Statement of Compliance

This consolidated financial report has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting” as endorsed by the FSC. Disclosure information included in the consolidated financial statements is less than those required in a complete set of annual financial statements.

Basis of Preparation

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

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. Level 2 inputs are 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 (i.e. derived from prices); and
- c. Level 3 inputs are unobservable inputs for the asset or liability.

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 liabilities due to be settled within one year from the balance sheet date; liabilities other than current liabilities are non-current liabilities.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries).

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.

See Note 11 and Table 5 for the detailed information of subsidiaries (including the percentage of ownership and main business).

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. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise. Non-monetary items that are measured at historical cost in foreign currencies are not retranslated.

The foreign currency financial statements of the foreign associates accounted for by equity method prepared in their functional currencies are translated into New Taiwan dollars at the following exchange rates: Assets and liabilities - period-end rates; profit and loss - average rates for the period; stockholders' equity - historical rate. Exchange differences arising are recognized in other comprehensive income.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average rates for the period; stockholders' equity items are translated using historical rate. Exchange differences arising are recognized in 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 Group uses the equity method to account for its investments in associates. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the change in the Group's share of 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.

When the Group's share of losses of an associate equals its interest in that associate, the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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 subsequent accumulated depreciation and subsequent accumulated impairment loss.

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

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Computer Software

Computer software is stated at cost, less subsequent accumulated amortization and subsequent accumulated impairment loss. The amortization is recognized on a straight-line basis over 3 years. Estimated useful lives, residual values and amortization method are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of computer software shall be assumed to be zero unless the Group expects to dispose of the asset before the end of its economic life.

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. When an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized in profit or loss.

Financial Instruments

Financial assets and financial liabilities are 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.

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 Group 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 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 Group's obligation by the management of the Group.

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.

Employee Benefit

a. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

b. Retirement benefits

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

Defined benefit costs (including service cost, net interest and rereasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability are recognized as employee benefits expense in the period they occur. Rereasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Rereasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability represents the actual deficit in the Group's defined benefit plan.

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

c. Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

Taxation

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

a. Current tax

Current tax payable depends on current taxable profit. Taxable profit 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 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, 2015, December 31, 2014 and June 30, 2014, the carrying amounts of trade receivables were \$6,010,220 thousand, \$389,408 thousand and \$5,972,305 thousand, respectively.

b. Property, plant and equipment - molds and dies

The Group depreciates molds and dies on the basis of estimated production volume. 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, 2015, December 31, 2014 and June 30, 2014, the carrying amount of provisions for warranty was \$218,206 thousand, \$146,358 thousand and \$140,362 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 from Yulon regularly. As of June 30, 2015, December 31, 2014 and June 30, 2014, the carrying amount of provisions for loss on inventory purchase commitment was \$111,990 thousand, \$111,978 thousand and \$97,790 thousand, respectively.

e. Recognition and measurement of defined benefit plans

Net defined benefit liabilities and the resulting defined benefit costs under defined benefit pension plans are calculated using the projected unit credit method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and future salary increase, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

6. CASH AND CASH EQUIVALENTS

	June 30, 2015	December 31, 2014	June 30, 2014
Cash on hand	\$ 20	\$ 20	\$ 20
Checking accounts and demand deposits	1,378,037	1,184,495	600,849
Foreign currency demand deposits	180,393	1,081,033	236,611
Cash equivalents			
Foreign currency time deposits	12,209,977	10,559,417	10,158,364
Time deposits	<u>6,900</u>	<u>6,900</u>	<u>6,900</u>
	<u>\$ 13,775,327</u>	<u>\$ 12,831,865</u>	<u>\$ 11,002,744</u>

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 market interest rates intervals of cash in bank and time deposits at the end of the reporting period were as follows:

	June 30, 2015	December 31, 2014	June 30, 2014
Demand deposits and time deposits	0.01%-4.10%	0.01%-3.40%	0.01%-4.78%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2015	December 31, 2014	June 30, 2014
<u>Financial assets at FVTPL - current</u>			
Non-derivative financial assets-Mutual funds	<u>\$ 734,384</u>	<u>\$ 331,032</u>	<u>\$ 231,234</u>

8. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	June 30, 2015	December 31, 2014	June 30, 2014
Notes receivable	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ -</u>
Trade receivables	<u>\$ 70,871</u>	<u>\$ 70,218</u>	<u>\$ 55,816</u>

(Continued)

	June 30, 2015	December 31, 2014	June 30, 2014
Other receivables			
Dividend receivables	\$ 5,196,389	\$ -	\$ 4,746,994
Interest receivables	62,190	81,788	397,339
Others	<u>7,116</u>	<u>14,364</u>	<u>5,353</u>
	<u>\$ 5,265,695</u>	<u>\$ 96,152</u>	<u>\$ 5,149,686</u>

a. Notes receivable

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.

The aging of notes receivable was as follows:

	June 30, 2015	December 31, 2014	June 30, 2014
Less than 60 days	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ -</u>

The above aging schedule was based on the invoice date.

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 aging of receivables was as follows:

	June 30, 2015	December 31, 2014	June 30, 2014
0-60 days	\$ 48,594	\$ 36,875	\$ 41,912
61-90 days	8,189	10,771	9,322
91-120 days	6,208	15,844	4,454
121-180 days	<u>7,880</u>	<u>6,728</u>	<u>128</u>
	<u>\$ 70,871</u>	<u>\$ 70,218</u>	<u>\$ 55,816</u>

The above aging schedule was based on the invoice date.

The aging of receivables that were past due but not impaired was as follows:

	June 30, 2015	December 31, 2014	June 30, 2014
1-60 days	\$ 21,656	\$ 22,720	\$ 5,296
61-90 days	<u>2,532</u>	<u>-</u>	<u>18</u>
	<u>\$ 24,188</u>	<u>\$ 22,720</u>	<u>\$ 5,314</u>

The above aging schedule was based on the past due date.

c. Other receivables

As of June 30, 2015, December 31, 2014 and June 30, 2014, the other receivables were mainly dividend receivables from the investees:

	June 30, 2015	December 31, 2014	June 30, 2014
Guangzhou Aeolus Automobile Co., Ltd.	\$ 2,776,783	\$ -	\$ 2,863,307
Aeolus Automobile Co., Ltd.	994,481	-	1,883,687
Aeolus Xiangyang Automobile Co., Ltd.	<u>1,425,125</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,196,389</u>	<u>\$ -</u>	<u>\$ 4,746,994</u>

9. INVENTORIES

	June 30, 2015	December 31, 2014	June 30, 2014
Vehicles	\$ 233,633	\$ 1,075	\$ -
Parts	<u>1,771</u>	<u>1,664</u>	<u>4,347</u>
	<u>\$ 235,404</u>	<u>\$ 2,739</u>	<u>\$ 4,347</u>

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2015 was \$7,953,290 thousand, which included warranty cost of \$86,267 thousand and loss on inventory purchase commitment of \$4,891 thousand. The cost of inventories recognized as cost of goods sold for the six months ended June 30, 2015 was \$15,820,875 thousand, which included warranty cost of \$117,860 thousand and loss on inventory purchase commitment of \$12 thousand. 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.

10. OTHER FINANCIAL ASSETS

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

	June 30, 2015	December 31, 2014	June 30, 2014
Time deposit with original maturity of more than three months	3.30%-3.75%	3.25%-3.75%	3.25%-5.00%

11. SUBSIDIARY

Subsidiary included in consolidated financial statements:

Investor	Investee	Main Business	% of Ownership		
			June 30, 2015	December 31, 2014	June 30, 2014
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

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	June 30, 2015	December 31, 2014	June 30, 2014
<u>Material associate</u>			
Guangzhou Aeolus Automobile Co., Ltd.	\$ 11,527,468	\$ 12,650,417	\$ 8,341,307
<u>Associates that are not individually material</u>			
Aeolus Xiangyang Automobile Co., Ltd.	1,448,272	2,716,828	2,408,654
Aeolus Automobile Co., Ltd.	799,751	1,804,815	1,684,101
Shenzhen Lan You Technology Co., Ltd.	564,200	562,276	461,541
Dong Feng Yulon Used Cars Co., Ltd.	(20,589)	(22,141)	9,833
	2,791,634	5,061,778	4,564,129
Add: Credit balance of investments accounted for using equity method	20,589	22,141	-
	2,812,223	5,083,919	4,564,129
	\$ 14,339,691	\$ 17,734,336	\$ 12,905,436

a. Material associate

At the end of the reporting periods, the proportions of ownership in associate held by the Group were as follows:

	Proportion of Ownership and Voting Rights		
	June 30, 2015	December 31, 2014	June 30, 2014
Guangzhou Aeolus Automobile Co., Ltd.	40%	40%	40%

Refer to Table 5 “Information on Investees” and Table 7 “Information on Investments in Mainland China” for the nature of activities, principal place of business and country of incorporation of the associates.

Summarized financial information in respect of the Group’s material associate is set out below. The summarized financial information below represents amounts shown in the associates’ financial statements prepared in accordance with IFRSs purposes.

Guangzhou Aeolus Automobile Co., Ltd.

	June 30, 2015	December 31, 2014	June 30, 2014
Current assets	\$ 9,206,305	\$ 8,447,475	\$ 5,338,012
Non-current assets	37,986,052	39,879,586	36,955,382
Current liabilities	(17,500,609)	(15,789,461)	(17,049,896)
Non-current liabilities	<u>(873,078)</u>	<u>(911,556)</u>	<u>(4,390,231)</u>
Equity	<u>\$ 28,818,670</u>	<u>\$ 31,626,044</u>	<u>\$ 20,853,267</u>
Equity attributable to the Group	<u>\$ 11,527,468</u>	<u>\$ 12,650,417</u>	<u>\$ 8,341,307</u>
Carrying amount	<u>\$ 11,527,468</u>	<u>\$ 12,650,417</u>	<u>\$ 8,341,307</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Revenue	<u>\$ 7,955,827</u>	<u>\$ 7,574,679</u>	<u>\$ 13,768,051</u>	<u>\$ 13,796,874</u>
Net profit for the period	<u>\$ 2,854,495</u>	<u>\$ 3,223,121</u>	<u>\$ 4,929,532</u>	<u>\$ 6,508,748</u>
Dividends received from Guangzhou Aeolus Automobile Co., Ltd.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

b. Aggregate information of associates that are not individually material

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
The Group's share of:				
Net profit for the period	\$ 199,800	\$ 123,256	\$ 272,141	\$ 169,456
Other comprehensive income (loss)	<u>-</u>	<u>-</u>	<u>(259)</u>	<u>-</u>
Total comprehensive income for the period	<u>\$ 199,800</u>	<u>\$ 123,256</u>	<u>\$ 271,882</u>	<u>\$ 169,456</u>

c. Other information

The amount recognized as share of profit of associates on equity method for the three months and the six months ended June 30, 2015 and 2014 were based on the financial statements for the same periods, which were reviewed by independent accountants.

Guangzhou Aeolus Automobile Co., Ltd., Aeolus Automobile Co., Ltd. and Aeolus Xiangyang Automobile Co., Ltd. announced the distribution of cash dividend of RMB550,000 thousand (\$2,776,783 thousand), RMB196,980 thousand (\$994,481 thousand) and RMB282,280 thousand (\$1,425,125 thousand) to Jetford, Inc. in June 2015, respectively. As of June 30, 2015, the cash dividends mentioned above were not yet received by Jetford, Inc., and accounted as other receivables.

13. PROPERTY, PLANT AND EQUIPMENT

	Molds	Dies	Computer Equipment	Other Equipment	Transportation Equipment	Machinery and Equipment	Leasehold Improvement	Tools	Total
<u>Cost</u>									
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	<u>\$ 3,869,217</u>	<u>\$ 799,991</u>	<u>\$ 82,679</u>	<u>\$ 81,833</u>	<u>\$ 10,810</u>	<u>\$ 18,529</u>	<u>\$ 5,464</u>	<u>\$ 5,694</u>	<u>\$ 4,874,217</u>
<u>Accumulated depreciation and impairment</u>									
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	<u>\$ (2,468,426)</u>	<u>\$ (400,305)</u>	<u>\$ (70,188)</u>	<u>\$ (64,426)</u>	<u>\$ (4,386)</u>	<u>\$ (16,305)</u>	<u>\$ (1,590)</u>	<u>\$ (5,364)</u>	<u>\$ (3,030,990)</u>
Carrying value, net, June 30, 2014	<u>\$ 1,400,791</u>	<u>\$ 399,686</u>	<u>\$ 12,491</u>	<u>\$ 17,407</u>	<u>\$ 6,424</u>	<u>\$ 2,224</u>	<u>\$ 3,874</u>	<u>\$ 330</u>	<u>\$ 1,843,227</u>
<u>Cost</u>									
Balance at January 1, 2015	\$ 3,953,870	\$ 828,124	\$ 75,674	\$ 85,297	\$ 10,862	\$ 18,384	\$ 4,510	\$ 5,694	\$ 4,982,415
Additions	298,559	26,190	23	37,887	-	-	-	-	362,659
Disposal	-	-	-	-	(6,520)	-	-	-	(6,520)
Balance at June 30, 2015	<u>\$ 4,252,429</u>	<u>\$ 854,314</u>	<u>\$ 75,697</u>	<u>\$ 123,184</u>	<u>\$ 4,342</u>	<u>\$ 18,384</u>	<u>\$ 4,510</u>	<u>\$ 5,694</u>	<u>\$ 5,338,554</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2015	\$ (2,622,536)	\$ (443,092)	\$ (64,712)	\$ (66,978)	\$ (3,427)	\$ (16,369)	\$ (1,135)	\$ (5,413)	\$ (3,223,662)
Depreciation expense	(164,448)	(42,255)	(2,387)	(4,941)	(432)	(205)	(447)	(47)	(215,162)
Disposal	-	-	-	-	1,001	-	-	-	1,001
Balance at June 30, 2015	<u>\$ (2,786,984)</u>	<u>\$ (485,347)</u>	<u>\$ (67,099)</u>	<u>\$ (71,919)</u>	<u>\$ (2,858)</u>	<u>\$ (16,574)</u>	<u>\$ (1,582)</u>	<u>\$ (5,460)</u>	<u>\$ (3,437,823)</u>
Carrying value, net, January 1, 2015	<u>\$ 1,331,334</u>	<u>\$ 385,032</u>	<u>\$ 10,962</u>	<u>\$ 18,319</u>	<u>\$ 7,435</u>	<u>\$ 2,015</u>	<u>\$ 3,375</u>	<u>\$ 281</u>	<u>\$ 1,758,753</u>
Carrying value, net, June 30, 2015	<u>\$ 1,465,445</u>	<u>\$ 368,967</u>	<u>\$ 8,598</u>	<u>\$ 51,265</u>	<u>\$ 1,484</u>	<u>\$ 1,810</u>	<u>\$ 2,928</u>	<u>\$ 234</u>	<u>\$ 1,900,731</u>

There were no signs of impairment of assets for the six months ended June 30, 2015 and 2014; 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 10 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

14. COMPUTER SOFTWARE

	Amount
<u>Cost</u>	
Balance, January 1, 2014	\$ 22,451
Additions	898
Disposals	<u>(13,640)</u>
Balance, June 30, 2014	<u>\$ 9,709</u>
<u>Accumulated amortization</u>	
Balance, January 1, 2014	\$ (14,564)
Amortization expense	(3,208)
Disposals	<u>13,640</u>
Balance, June 30, 2014	<u>\$ (4,132)</u>
Carrying amounts at June 30, 2014	<u>\$ 5,577</u>
<u>Cost</u>	
Balance, January 1, 2015	\$ 18,724
Additions	1,292
Disposals	<u>(2,825)</u>
Balance, June 30, 2015	<u>\$ 17,191</u>
<u>Accumulated amortization</u>	
Balance, January 1, 2015	\$ (6,378)
Amortization expense	(2,856)
Disposals	<u>2,825</u>
Balance, June 30, 2015	<u>\$ (6,409)</u>
Carrying amounts at January 1, 2015	<u>\$ 12,346</u>
Carrying amounts at June 30, 2015	<u>\$ 10,782</u>

15. OTHER NON-CURRENT ASSETS

	June 30, 2015	December 31, 2014	June 30, 2014
Refundable deposits	\$ 323,995	\$ 538,131	\$ 611,364
Prepayment for equipment	<u>22,834</u>	<u>35,312</u>	<u>15,985</u>
	<u>\$ 346,829</u>	<u>\$ 573,443</u>	<u>\$ 627,349</u>

16. SHORT-TERM BORROWINGS

a. Short-term borrowings

	June 30, 2015	December 31, 2014	June 30, 2014
Unsecured bank loans	<u>\$ 3,630,000</u>	<u>\$ 3,630,000</u>	<u>\$ 2,630,000</u>
Ranges of interest rate	0.96-1.10%	0.96-1.10%	0.96%-1.10%

b. Long-term borrowings

	June 30, 2015	December 31, 2014	June 30, 2014
Unsecured bank loans	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>
Interest rate	-	-	1.35%

The interest payments of the long-term borrowing are made monthly. The principal of the long-term borrowings is repayable upon maturity. The Company made early repayment in October 2014.

17. OTHER PAYABLES

	June 30, 2015	December 31, 2014	June 30, 2014
Dividends	\$ 9,000,000	\$ -	\$ 5,841,000
Advertising and promotion fees	620,578	296,081	342,837
Salaries and bonus	257,748	156,097	273,599
Taxes	-	230,936	-
Others	<u>202,192</u>	<u>199,487</u>	<u>150,988</u>
	<u>\$ 10,080,518</u>	<u>\$ 882,601</u>	<u>\$ 6,608,424</u>

18. PROVISIONS

	June 30, 2015	December 31, 2014	June 30, 2014
Current			
Inventory purchase commitment	\$ 111,990	\$ 111,978	\$ 97,790
Warranties	<u>66,081</u>	<u>60,076</u>	<u>59,006</u>
	<u>\$ 178,071</u>	<u>\$ 172,054</u>	<u>\$ 156,796</u>
Non-current			
Warranties	<u>\$ 152,125</u>	<u>\$ 86,282</u>	<u>\$ 81,356</u>

	Inventory Purchase Commitment	Warranties	Total
Balance at January 1, 2014	\$ 109,812	\$ 134,125	\$ 243,937
Additional provisions recognized	-	31,772	31,772
Reversal	(12,022)	-	(12,022)
Paid	<u>-</u>	<u>(25,535)</u>	<u>(25,535)</u>
Balance at June 30, 2014	<u>\$ 97,790</u>	<u>\$ 140,362</u>	<u>\$ 238,152</u>
Balance at January 1, 2015	\$ 111,978	\$ 146,358	\$ 258,336
Additional provisions recognized	12	117,860	117,872
Paid	<u>-</u>	<u>(46,012)</u>	<u>(46,012)</u>
Balance at June 30, 2015	<u>\$ 111,990</u>	<u>\$ 218,206</u>	<u>\$ 330,196</u>

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 Group'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 Company 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, 2015 and 2014 was \$6,696 thousand and \$6,387 thousand, respectively, represents contributions payable to these plans by the Company at rates specified in the rules of the plans.

An analysis by function of the amounts recognized in profit or loss in respect of the defined contribution plan is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Selling and marketing expenses	\$ 1,097	\$ 1,325	\$ 2,190	\$ 2,325
General and administrative expenses	1,093	1,036	2,206	2,059
Research and development expenses	<u>1,147</u>	<u>821</u>	<u>2,300</u>	<u>2,003</u>
	<u>\$ 3,337</u>	<u>\$ 3,182</u>	<u>\$ 6,696</u>	<u>\$ 6,387</u>

As of June 30, 2015, the subsidiaries had no pension plan for employees.

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government. 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 and are managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Selling and marketing expenses	\$ 1,036	\$ 1,184	\$ 5,543	\$ 2,389
General and administrative expenses	1,592	2,417	8,514	4,475
Research and development expenses	<u>1,072</u>	<u>910</u>	<u>5,741</u>	<u>2,158</u>
	<u>\$ 3,700</u>	<u>\$ 4,511</u>	<u>\$ 19,798</u>	<u>\$ 9,022</u>

The defined benefit cost for the six months ended June 30, 2015 included the adjustments of the Company's initial application of 2013 version of IAS 19. The adjustments to past service cost, which amounted to \$12,399 thousand, did not have material impact; thus the financial statements were not restated.

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government/corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2014
Discount rate(s)	1.75%
Expected rate(s) of salary increase	2.50%

**December 31,
2014**

The average duration of the defined benefit obligation

10.7 years

20. EQUITY

a. Capital surplus

	June 30, 2015	December 31, 2014	June 30, 2014
Excess from spin-off	\$ 5,986,507	\$ 5,986,507	\$ 5,986,507
Arising from long-term investment	<u>142,898</u>	<u>142,898</u>	<u>142,898</u>
	<u>\$ 6,129,405</u>	<u>\$ 6,129,405</u>	<u>\$ 6,129,405</u>

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 and once a year).

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.

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The Company expects to make consequential amendments to the Company's Articles of Incorporation to be approved during the 2016 annual shareholders' meeting. For information about the accrual basis of the employee remuneration for the three months ended June 30, 2015 and 2014, and the six months ended June 30, 2015 and 2014, and the actual appropriations for the years ended December 31, 2014 and 2013, please refer to d. employee benefits expense in Note 21.

The appropriations of earnings for 2014 and 2013 had been approved in the shareholders' meetings on June 30, 2015 and June 23, 2014, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2014	2013	2014	2013
Legal reserve	\$ 652,376	\$ 730,000		
Special reserve	-	(439,912)		
Cash dividends	9,000,000	5,841,000	\$ 30.00	\$ 19.47

Under Rule No. 1010012865 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse to a special reserve. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

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.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. 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 paid-in capital, the excess may be transferred to capital or distributed in cash.

21. NET PROFIT

a. Other operating income and expenses

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2015	2014	2015	2014
(Loss) gain on disposal of property, plant and equipment	\$ (4)	\$ 1,161	\$ (328)	\$ 1,161

b. Depreciation and amortization

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2015	2014	2015	2014
Property, plant and equipment	\$ 113,632	\$ 123,618	\$ 215,162	\$ 242,662
Computer software	1,397	1,435	2,856	3,208
	<u>\$ 115,029</u>	<u>\$ 125,053</u>	<u>\$ 218,018</u>	<u>\$ 245,870</u>
Depreciation				
Operating cost	\$ 108,845	\$ 119,987	\$ 206,703	\$ 235,312
Operating expenses	4,787	3,631	8,459	7,350
	<u>\$ 113,632</u>	<u>\$ 123,618</u>	<u>\$ 215,162</u>	<u>\$ 242,662</u>
Amortization				
Operating expenses	<u>\$ 1,397</u>	<u>\$ 1,435</u>	<u>\$ 2,856</u>	<u>\$ 3,208</u>

c. Technical cooperation agreement

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Operating cost	<u>\$ 163,602</u>	<u>\$ 155,510</u>	<u>\$ 294,389</u>	<u>\$ 295,709</u>

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.

d. Employee benefit expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Post-employment benefit (Note 19)				
Defined contribution plans	\$ 3,337	\$ 3,182	\$ 6,696	\$ 6,387
Defined benefit plans	<u>3,700</u>	<u>4,511</u>	<u>19,798</u>	<u>9,022</u>
	<u>7,037</u>	<u>7,693</u>	<u>26,494</u>	<u>15,409</u>
Termination benefit	975	975	1,950	1,950
Labor and health insurance	7,953	8,149	19,662	20,212
Other employee benefit	<u>172,976</u>	<u>149,265</u>	<u>324,736</u>	<u>300,342</u>
	<u>181,904</u>	<u>158,389</u>	<u>346,348</u>	<u>322,504</u>
Total employee benefit expenses	<u>\$ 188,941</u>	<u>\$ 166,082</u>	<u>\$ 372,842</u>	<u>\$ 337,913</u>
An analysis of employee benefits expense				
Operating cost	<u>\$ 150</u>	<u>\$ 97</u>	<u>\$ 326</u>	<u>\$ 296</u>
Operating expenses	<u>\$ 188,401</u>	<u>\$ 165,815</u>	<u>\$ 371,719</u>	<u>\$ 337,200</u>
Non-operating expenses	<u>\$ 390</u>	<u>\$ 170</u>	<u>\$ 797</u>	<u>\$ 417</u>

The number of the Group’s employees for six months ended June 30, 2015 and 2014 were 416 and 412.

Under the Company Act as amended in May 2015, the Company’s Articles of Incorporation should stipulate a fixed amount or ratio of annual profit to be distributed as employee remuneration. However, the Company has not made consequential amendments to its policies for distribution of employee remuneration. The estimated bonus to employees which represented 0.73% and 0.71%, respectively, of net income (net of the bonus) of the 10% deduction for legal reserve, were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Bonus to employees	<u>\$ 7,875</u>	<u>\$ 7,875</u>	<u>\$ 15,750</u>	<u>\$ 15,750</u>

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. Share bonuses were resolved to be distributed to employees at the shareholders' meetings. 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 on the day immediately preceding the shareholders' meeting.

The bonus to employees for 2014 and 2013 approved in the shareholders' meetings on June 30, 2015 and June 23, 2014, respectively, were as follows:

	<u>2014</u>	<u>2013</u>
	Cash Dividend	Cash Dividend
Bonus to employees	\$ 32,723	\$ 31,500

The approved amount of the bonus to employees on June 30, 2015 and June 23, 2014 was not different from the accrual amount reflected in the financial statements for the year ended December 31, 2014 and 2013.

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.

e. Gain or loss on foreign currency exchange

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	2015	2014	2015	2014
Foreign exchange gains	\$ 119,209	\$ 198,114	\$ 299,001	\$ 278,579
Foreign exchange losses	<u>(290,446)</u>	<u>(350,175)</u>	<u>(567,141)</u>	<u>(519,795)</u>
Net loss	<u>\$ (171,237)</u>	<u>\$ (152,061)</u>	<u>\$ (268,140)</u>	<u>\$ (241,216)</u>

f. Gain or loss on sale of investment

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	2015	2014	2015	2014
Total gain on sale of investment	\$ 4,918	\$ -	\$ 9,299	\$ 7,274
Total loss on sale of investment	<u>(872)</u>	<u>-</u>	<u>(14,904)</u>	<u>-</u>
Net (loss) gain	<u>\$ 4,046</u>	<u>\$ -</u>	<u>\$ (5,605)</u>	<u>\$ 7,274</u>

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	
	2015	2014	2015	2014
Current tax				
In respect of current period	\$ 50,667	\$ 54,529	\$ 116,024	\$ 990,827
Additional tax on retained earnings	-	116,959	-	116,959
Adjustments for prior periods	(6,775)	-	(6,775)	-
Deferred tax				
In respect of current period	<u>217,305</u>	<u>233,571</u>	<u>365,136</u>	<u>(461,940)</u>
Income tax expense recognized in profit or loss	<u>\$ 261,197</u>	<u>\$ 405,059</u>	<u>\$ 474,385</u>	<u>\$ 645,846</u>

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

b. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
<u>Deferred tax</u>				
Current				
Share of the other comprehensive income of associates accounted for using equity method	\$ -	\$ -	\$ 44	\$ -
Actuarial gains (losses) on defined benefit plan	<u>6</u>	<u>5</u>	<u>(7)</u>	<u>(2)</u>
Recognized in other comprehensive income (loss)	<u>\$ 6</u>	<u>\$ 5</u>	<u>\$ 37</u>	<u>\$ (2)</u>

c. Integrated income tax

	June 30, 2015	December 31, 2014	June 30, 2014
Unappropriated earnings			
Unappropriated earnings generated on and after January 1, 1998	<u>\$ 5,366,344</u>	<u>\$ 12,607,444</u>	<u>\$ 8,558,413</u>
Imputation credit account ("ICA")	<u>\$ 1,933,786</u>	<u>\$ 881,287</u>	<u>\$ 843,474</u>

	For the Six Months Ended June 30	
	2015 (Expected)	2014 (Actual)
Creditable ratio for distribution	<u>15.34%</u>	<u>6.67%</u>

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 2014 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

d. Income tax assessment

The tax returns through 2012 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

The earnings and weighted-average number of ordinary shares 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	
	2015	2014	2015	2014
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 1,386,141</u>	<u>\$ 1,279,973</u>	<u>\$ 2,411,456</u>	<u>\$ 2,475,532</u>

Weighted-average number of ordinary shares outstanding (in thousand shares):

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Weighted average number of ordinary shares in computation of basic earnings per share	300,000	300,000	300,000	300,000
Effect of potentially dilutive ordinary shares:				
Bonus issue to employees	<u>101</u>	<u>81</u>	<u>152</u>	<u>118</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>300,101</u>	<u>300,081</u>	<u>300,152</u>	<u>300,118</u>

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, 2015 and 2014, the Group entered into the following non-cash investing activities:

	For the Six Months Ended June 30	
	2015	2014
<u>Investing activities affecting both cash and non-cash transactions</u>		
Increase in property, plant and equipment	\$ 324,749	\$ 327,147
(Increase) decrease in trade payables	<u>(195,830)</u>	<u>93,232</u>
Cash paid for acquisition of property, plant and equipment	<u>\$ 128,919</u>	<u>\$ 420,379</u>

25. OPERATING LEASE AGREEMENTS

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

	June 30, 2015	December 31, 2014	June 30, 2014
No later than 1 year	\$ 4,952	\$ 2,508	\$ 2,508
Later than 1 year and not later than 5 years	<u>7,882</u>	<u>3,971</u>	<u>5,225</u>
	<u>\$ 12,834</u>	<u>\$ 6,479</u>	<u>\$ 7,733</u>

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments that are not measured at fair value

The carrying amounts of the financial assets and financial liabilities that are not measured at fair value are approximately equal to their fair values.

2) Fair value of financial instruments that are measured at fair value on a recurring basis

a) Fair value hierarchy

June 30, 2015

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Non-derivative financial assets held for trading	<u>\$ 734,384</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 734,384</u>

December 31, 2014

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Non-derivative financial assets held for trading	<u>\$ 331,032</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 331,032</u>

June 30, 2014

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Non-derivative financial assets held for trading	<u>\$ 231,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231,234</u>

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

b) 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, 2015	December 31, 2014	June 30, 2014
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Held for trading	\$ 734,384	\$ 331,032	\$ 231,234
Loans and receivables (Note 1)	20,922,412	15,420,139	21,048,756
<u>Financial liabilities</u>			
Amortized cost (Note 2)	15,240,202	4,876,724	10,964,603

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, 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 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 the functional currency strengthen 5% against the relevant currency. For a 5% weakening of the functional currency 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		For the Six Months Ended		For the Six Months Ended	
	June 30		June 30		June 30	
	2015	2014	2015	2014	2015	2014
Gain (loss)	\$ (931,008)	\$ (721,497)	\$ (6,782)	\$ (22,802)	\$ (397)	\$ (7,625)

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, 2015	December 31, 2014	June 30, 2014
Fair value interest rate risk			
Financial assets	\$ 13,360,781	\$ 12,796,831	\$ 14,244,123
Financial liabilities	500,000	500,000	630,000
Cash flows interest rate risk			
Financial assets	1,551,391	2,233,880	832,308
Financial liabilities	3,130,000	3,130,000	3,000,000

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, 2015 and 2014 would decrease/increase by \$1,973 thousand and \$2,710 thousand, respectively, which were mainly attributable to the Group's exposure to interest rates on its demand deposits and bank loans.

2) Credit risk

The Group's concentration of credit risk of 76%, 46% and 83% in total trade receivables as of June 30, 2015, December 31, 2014 and June 30, 2014, 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, 2015, December 31, 2014 and June 30, 2014, the available unutilized short-term borrowing facilities were \$2,070,000 thousand, \$2,070,000 thousand and \$370,000 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, 2015

	Weighted- average Effective Interest Rate (%)	On Demand or Less than 1 Month	1 to 3 Months	3 to 12 Months	12 to 24 Months
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	-	\$ 2,230,378	\$ 9,087,725	\$ 290,929	\$ -
Floating interest rate instrument	0.96	1,133,707	2,000,767	-	-
Fixed interest rate instrument	1.10	<u>500,347</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 3,864,432</u>	<u>\$ 11,088,492</u>	<u>\$ 290,929</u>	<u>\$ -</u>

December 31, 2014

	Weighted- average Effective Interest Rate (%)	On Demand or Less than 1 Month	1 to 3 Months	3 to 12 Months	12 to 24 Months
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	-	\$ 1,018,924	\$ 67,421	\$ 159,019	\$ -
Floating interest rate instrument	0.96	1,133,555	2,000,925	-	-
Fixed interest rate instrument	1.10	<u>500,135</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 2,652,614</u>	<u>\$ 2,068,346</u>	<u>\$ 159,019</u>	<u>\$ -</u>

June 30, 2014

	Weighted- average Effective Interest Rate (%)	On Demand or Less than 1 Month	1 to 3 Months	3 to 12 Months	12 to 24 Months
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	-	\$ 1,317,050	\$ 5,891,368	\$ 124,935	\$ -
Floating interest rate instrument	0.96	2,850	2,001,030	10,125	1,001,849
Fixed interest rate instrument	1.25	<u>631,518</u>	<u>2,250</u>	<u>-</u>	<u>-</u>
		<u>\$ 1,951,418</u>	<u>\$ 7,894,648</u>	<u>\$ 135,060</u>	<u>\$ 1,001,849</u>

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
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 North America, Inc.	Subsidiary of Nissan
Nissan Vietnam Co., Ltd.	Substantial related party of Nissan
Nissan Motors Co., Ltd Honmoku Plant	Same as above
Nissan Philippines Inc.	Same as above
Autech Japan, Inc.	Same as above
Dongfeng Nissan Passenger Vehicle Co.	Same as above
Zhenzhou Nissan Automobile Co., Ltd.	Same as above
Allied Engineering Co., Ltd.	Same as above
Chien Tai Industry Co., Ltd.	Same as above
Taiwan Calsonic Co., Ltd.	Same as above
Taiwan Acceptance Corporation	Subsidiary of Yulon
Yueki Industrial Co., Ltd.	Same as above
Yu Pong Business Co., Ltd.	Same as above
Yushin Motor Co., Ltd.	Same as above
Yu Chang Motor Co., Ltd.	Same as above
Ka-Plus Automobile Leasing 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
Univatin Motor Philippines, Inc. (Nissan Motor Philippines, Inc.)	Substantial related party of Yulon
Uni Calsonic Corporation	Same as above
China Ogihara Corporation	Same as above
Yuan Lon Motor Co., Ltd.	Same as above
Chen Long Co., Ltd.	Same as above
Yulon Management Co., Ltd.	Same as above
ROC Spicer Co., Ltd.	Same as above
Chi Ho Corporation	Same as above

(Continued)

Related Party	Relationship with the Group
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.	Same as above
Le-Wen Co., Ltd.	Same as above
Visionary International Consulting Co., Ltd.	Same as above
Sin Etke Technology Co., Ltd.	Subsidiary of Hua-Chuang Automobile Information Technical Center Co., Ltd.
Singual 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.	Same as above
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.

(Concluded)

- b. Balances and transactions between the Company and its subsidiaries, which are 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 are disclosed below:

1) Trading transactions

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
<u>Sales</u>				
Investors that have significant influence over the Group	\$ 6,200	\$ 1,656	\$ 7,876	\$ 4,160
Other parties	<u>9,515,806</u>	<u>9,910,826</u>	<u>18,428,272</u>	<u>17,940,282</u>
	<u>\$ 9,522,006</u>	<u>\$ 9,912,482</u>	<u>\$ 18,436,148</u>	<u>\$ 17,944,442</u>
<u>Service revenue</u>				
Investors that have significant influence over the Group	\$ -	\$ 5,836	\$ 4,906	\$ 7,694

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
<u>Other operating revenue</u>				
Investors that have significant influence over the Group	\$ 2,773	\$ 4,414	\$ 2,790	\$ 8,994
Other parties	<u>3,714</u>	<u>2,735</u>	<u>10,314</u>	<u>3,484</u>
	<u>\$ 6,487</u>	<u>\$ 7,149</u>	<u>\$ 13,104</u>	<u>\$ 12,478</u>

The Company designs and performs R&D of cars for Nissan. 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 certification and testing.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
<u>Operating cost - purchase</u>				
Investors that have significant influence over the Group	\$ 7,796,054	\$ 8,452,323	\$ 15,177,355	\$ 15,357,266
Other parties	<u>9,347</u>	<u>25,546</u>	<u>21,280</u>	<u>36,499</u>
	<u>\$ 7,805,401</u>	<u>\$ 8,477,869</u>	<u>\$ 15,198,635</u>	<u>\$ 15,393,765</u>

Operating cost - TCA

Investors that have significant influence over the Group	\$ <u>163,602</u>	\$ <u>155,510</u>	\$ <u>294,389</u>	\$ <u>295,709</u>
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Operating expense - rental

Investors that have significant influence over the Group	\$ 4,550	\$ 2,739	\$ 8,380	\$ 5,783
Other parties	<u>3,251</u>	<u>2,778</u>	<u>6,129</u>	<u>5,819</u>
	<u>\$ 7,801</u>	<u>\$ 5,517</u>	<u>\$ 14,509</u>	<u>\$ 11,602</u>

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	
	2015	2014	2015	2014
<u>Selling and marketing expenses</u>				
Investors that have significant influence over the Group	\$ 3,296	\$ 5,355	\$ 9,236	\$ 10,585
Other parties	<u>427,091</u>	<u>348,467</u>	<u>816,145</u>	<u>764,733</u>
	<u>\$ 430,387</u>	<u>\$ 353,822</u>	<u>\$ 825,381</u>	<u>\$ 775,318</u>
<u>General and administrative expenses</u>				
Investors that have significant influence over the Group	\$ 2,711	\$ 2,670	\$ 5,309	\$ 4,009
Other parties	<u>51,510</u>	<u>47,038</u>	<u>96,168</u>	<u>93,529</u>
	<u>\$ 54,221</u>	<u>\$ 49,708</u>	<u>\$ 101,477</u>	<u>\$ 97,538</u>
<u>Research and development expenses</u>				
Investors that have significant influence over the Group	\$ 10,979	\$ 17,588	\$ 31,907	\$ 24,483
Other parties	<u>4,752</u>	<u>5,948</u>	<u>12,568</u>	<u>15,503</u>
	<u>\$ 15,731</u>	<u>\$ 23,536</u>	<u>\$ 44,475</u>	<u>\$ 39,986</u>

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

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

Research and development expenses are payments 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	
	2015	2014	2015	2014
Other parties	<u>\$ 22,326</u>	<u>\$ 72,030</u>	<u>\$ 112,058</u>	<u>\$ 115,102</u>

2) Non-operating transactions

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
<u>Other revenue</u>				
significant influence over the Group	\$ <u>-</u>	\$ <u>47</u>	\$ <u>-</u>	\$ <u>116</u>
<u>Overseas business expenses</u>				
Other parties	\$ <u>4,140</u>	\$ <u>2,143</u>	\$ <u>5,546</u>	\$ <u>10,424</u>
<u>Other losses</u>				
Investors that have significant influence over the Group	\$ <u>47</u>	\$ <u>10</u>	\$ <u>53</u>	\$ <u>11</u>

3) Receivables from related parties

	June 30, 2015	December 31, 2014	June 30, 2014
<u>Notes receivable</u>			
Other parties	\$ <u>1,396</u>	\$ <u>905</u>	\$ <u>4,279</u>
<u>Trade receivable</u>			
Investors that have significant influence over the Group	\$ 41,940	\$ 14,890	\$ 12,859
Other parties	<u>630,318</u>	<u>205,243</u>	<u>749,665</u>
	\$ <u>672,258</u>	\$ <u>220,133</u>	\$ <u>762,524</u>

The outstanding trade receivables from related parties are unsecured. For the six months ended June 30, 2015 and 2014, no impairment loss was recognized for trade receivables from related parties.

4) Payables to related parties

	June 30, 2015	December 31, 2014	June 30, 2014
<u>Trade payables</u>			
Investors that have significant influence over the Group	\$ 1,194,006	\$ 253,986	\$ 677,112
Other parties	<u>458,365</u>	<u>311,485</u>	<u>274,495</u>
	\$ <u>1,652,371</u>	\$ <u>565,471</u>	\$ <u>951,607</u>

The outstanding trade payables from related parties are unsecured.

5) Refundable deposits

	June 30, 2015	December 31, 2014	June 30, 2014
Investors that have significant influence over the Group	\$ 312,932	\$ 488,561	\$ 557,289
Other parties	<u>9,612</u>	<u>47,977</u>	<u>52,849</u>
	<u>\$ 322,544</u>	<u>\$ 536,538</u>	<u>\$ 610,138</u>

6) Prepayments

	June 30, 2015	December 31, 2014	June 30, 2014
Other parties	<u>\$ 58,200</u>	<u>\$ -</u>	<u>\$ -</u>

The Company made prepayments to other parties for consulting, labor dispatch and IT services.

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	
	2015	2014	2015	2014
Short-term employee benefit	\$ 12,815	\$ 12,157	\$ 25,690	\$ 22,861
Post-employment benefit	<u>538</u>	<u>574</u>	<u>1,159</u>	<u>1,034</u>
	<u>\$ 13,353</u>	<u>\$ 12,731</u>	<u>\$ 26,849</u>	<u>\$ 23,895</u>

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 \$1,013,161 thousand and \$1,056,078 thousand in the six months ended June 30, 2015 and 2014, 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 \$575 thousand and \$589 thousand for the six months ended June 30, 2015 and 2014, respectively.
- 2) The Company sold property, plant and equipment to related-party for the six months ended June 30, 2014, summarized as follows:

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

- 3) 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 tax) and the installment payments will be disbursed according to the progress under the contract schedule. As of June 30, 2015, the Company had already paid \$722,075 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, 2015 were as follows:

- a. The Company is re-signed a manufacturing contract with Yulon, effective on or after May 1, 2015, for 5 years. This contract, for which the first expiry date was on April 30, 2020, 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.

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, 2015, no buy-back of vehicles has occurred.
- c. Unrecognized commitments

	June 30, 2015	December 31, 2014	June 30, 2014
Acquisition of property, plant and equipment	\$ 4,246	\$ 234,249	\$ 183,651
Acquisition of computer software	<u>-</u>	<u>296</u>	<u>296</u>
	<u>\$ 4,246</u>	<u>\$ 234,545</u>	<u>\$ 183,947</u>

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, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
RMB	\$ 2,085,217	0.1636 (RMB:NTD)	\$ 10,527,627
RMB	1,627,294	4.9730 (RMB:USD)	8,092,533
USD	4,395	30.860 (USD:NTD)	135,630
JPY	32,126	0.2524 (JPY:NTD)	<u>8,109</u>
			<u>\$ 18,763,899</u>

Financial liabilities

Monetary items			
JPY	709	0.2524 (JPY:NTD)	<u>\$ 179</u>

December 31, 2014

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
RMB	\$ 1,607,224	5.0920 (RMB:NTD)	\$ 8,183,984
RMB	1,042,417	0.1634 (RMB:USD)	5,390,974
USD	3,778	31.650 (USD:NTD)	119,574
JPY	108,653	0.2646 (JPY:NTD)	<u>28,749</u>
			<u>\$ 13,723,281</u>

Financial liabilities

Monetary items			
JPY	278	0.2646 (JPY:NTD)	<u>\$ 74</u>

June 30, 2014

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
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)	<u>8,397</u>
			<u>\$ 14,894,404</u>

Financial liabilities

Monetary items			
JPY	546,165	0.2946 (JPY:NTD)	\$ 160,900
USD	1	29.865 (USD:NTD)	<u>30</u>
			<u>\$ 160,930</u>

The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Three Months Ended June 30				
2015			2014	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
RMB	4.9682 (RMB:NTD)	\$ (200,487)	4.8303 (RMB:NTD)	\$ (41,500)
RMB	0.1634 (RMB:USD)	27,394	0.1624 (RMB:USD)	(109,909)
USD	30.8352 (USD:NTD)	(2,910)	30.1047 (USD:NTD)	(823)
JPY	0.2543 (JPY:NTD)	<u>4,766</u>	0.2949 (JPY:NTD)	<u>171</u>
		<u>\$ (171,237)</u>		<u>\$ (152,061)</u>

For the Six Months Ended June 30				
2015			2014	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
RMB	5.0083 (RMB:NTD)	\$ (277,084)	4.9025 (RMB:NTD)	\$ (141,539)
RMB	0.1632 (RMB:USD)	8,555	0.1629 (RMB:USD)	(99,337)
USD	31.1791 (USD:NTD)	(4,457)	30.1873 (USD:NTD)	897
JPY	0.2596 (JPY:NTD)	<u>4,846</u>	0.2947 (JPY:NTD)	<u>(1,237)</u>
		<u>\$ (268,140)</u>		<u>\$ (241,216)</u>

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: Table 2 (attached)
- 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 or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3 (attached)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached)
- 9) Trading in derivative instruments: None
- 10) Information on investees: Table 5 (attached)
- 11) Intercompany relationships and significant intercompany transactions: Table 6 (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, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7 (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		For the Six Months Ended	
	June 30		June 30	
	2015	2014	2015	2014
Vehicle segment	\$ 16,917,402	\$ 16,465,061	\$ 730,867	\$ 319,065
Part segment	1,765,927	1,778,346	305,144	309,482
Investment segment	-	-	2,236,475	2,796,027
Other segment	21,027	33,314	(273,897)	(271,386)
	<u>\$ 18,704,356</u>	<u>\$ 18,276,721</u>	<u>2,998,589</u>	<u>3,153,188</u>
Gain (loss) on disposal of property, plant and equipment			(328)	1,161
Interest income			169,876	225,679
Gain on fair value changes of financial assets at fair value through profit or loss, foreign exchange loss, net			17,421	5,081
Foreign exchange loss, net			(268,140)	(241,216)
Interest expense			(18,172)	(21,989)
Gain (loss) on disposal of investment, net			(5,605)	7,274
Central administration cost			<u>(7,800)</u>	<u>(7,800)</u>
Profit before tax			<u>\$ 2,885,841</u>	<u>\$ 3,121,378</u>

Segment revenues reported above represents revenues generated from external customers. There were no inter-segment sales for the six months ended June 30, 2015 and 2014.

Segment profit represents the profit earned by each segment, excluding the allocation of gain (loss) on disposal of property, plant and equipment, interest income, gain on fair value changes of financial assets at fair value through profit or loss, foreign exchange loss, net, interest expense, gain (loss) on disposal of investment, net, central administration cost, 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, 2015	December 31, 2014	June 30, 2014
<u>Segment assets</u>			
Continuing operations			
Vehicle segment	\$ 1,835,828	\$ 1,717,969	\$ 1,802,001
Part segment	37,707	3,174	2,058
Investment segment	14,339,691	17,734,336	12,905,436
Other segment	<u>27,196</u>	<u>37,610</u>	<u>39,168</u>
	16,240,422	19,493,089	14,748,663
Unallocated assets	<u>22,978,228</u>	<u>17,013,458</u>	<u>22,447,227</u>
Consolidated total assets	<u>\$ 39,218,650</u>	<u>\$ 36,506,547</u>	<u>\$ 37,195,890</u>

TABLE 1

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

JUNE 30, 2015

(In Thousands of New Taiwan Dollars)

Investor	Securities Type and Name	Relationship with the Investor	Financial Statement Account	June 30, 2015				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note)	
Yulon Nissan Motor Company, Ltd.	Beneficiary certificates	-	Financial assets at fair value through profit or loss	18,701	\$ 300,603	-	\$ 300,603	
	Nomura Taiwan Money Market	-	Financial assets at fair value through profit or loss	9,654	150,278	-	150,278	
	Prudential Financial Money Market	-	Financial assets at fair value through profit or loss	8,793	100,164	-	100,164	
	Paradigm Pion Money Market	-	Financial assets at fair value through profit or loss	7,964	80,984	-	80,984	
	Franklin Templeton Sinoam Money Market	-	Financial assets at fair value through profit or loss	1,081	45,264	-	45,264	
	Allianz Global Investors Glb Biotech	-	Financial assets at fair value through profit or loss	1,169	19,853	-	19,853	
	Capital China New Opportunities TWD	-	Financial assets at fair value through profit or loss	667	12,607	-	12,607	
	Nomura Global Biotech & Health Care	-	Financial assets at fair value through profit or loss	712	11,132	-	11,132	
	Capital Chinese Golden Age Equity TWD	-	Financial assets at fair value through profit or loss	345	5,738	-	5,738	
	JPMorgan (Taiwan) China A Share Fund	-	Financial assets at fair value through profit or loss	452	5,316	-	5,316	
	JPMorgan (Taiwan) Japan Brilliance	-	Financial assets at fair value through profit or loss	124	2,445	-	2,445	
	Cathay China Emerging Industries	-	Financial assets at fair value through profit or loss					

Note: The fair value of the financial asset at fair value through profit or loss is calculated based on the asset's net value on June 30, 2015.

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2015
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount (Note)
Yulon Nissan Motor Company, Ltd.	Beneficiary certificates Nomura Taiwan Money Market	Financial assets at fair value through profit or loss	-	-	-	\$	18,701	\$ 300,000	-	\$	-	-	18,701	\$ 300,000
	Paradigm Pion Money Market	Financial assets at fair value through profit or loss	-	-	-	-	26,390	300,000	17,597	200,375	200,037	338	8,793	99,963

Note: Shown at their original investment amount.

YULON NISSAN MOTOR COMPANY LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNT TO AT LEAST NTS100 MILLION OR 20% OF PAID-IN CAPITAL

FOR THE SIX MONTHS ENDED JUNE 30, 2015

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

Company Name	Related Party	Nature of Relationship	Transaction Details			Abnormal Transaction (Note 1)		Notes/Accounts Payable or Receivable (Note 2)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	
Yulon Nissan Motor Company, Ltd.	Yulon	Equity-method investor of the Company	Purchase	\$ 15,029,661	97	4 days after sales for parts	\$ -	-	\$ (900,214)	(50)
	Taiwan Acceptance Corporation	Subsidiary of Yulon	Sale	16,813,810	90	3 days after sales for vehicles	-	-	511,030	68
	Yuan Lon Motor Co., Ltd.	Substantial related party of Yulon	Sale	202,329	1	Same as above	-	-	7,291	1
						15 days after sales for parts	-	-		
						Immediate payment for vehicles	-	-		
	Chen Long Co., Ltd.	Substantial related party of Yulon	Sale	201,596	1	Same as above	-	-	3,739	-
	Yu Chang Motor Co., Ltd.	Subsidiary of Yulon	Sale	188,751	1	15 days after sales for parts	-	-	7,624	1
	Yu Sing Motor Co., Ltd.	Subsidiary of Yulon	Sale	187,252	1	Same as above	-	-	1,098	-
	Hui-Lian Motor Co., Ltd.	Substantial related party of Yulon	Sale	148,947	1	Same as above	-	-	-	-
	Empower Motor Co., Ltd.	Subsidiary of Yulon	Sale	147,528	1	Same as above	-	-	7,447	1
	Yu Tang Motor Co., Ltd.	Substantial related party of Yulon	Sale	137,316	1	Same as above	-	-	2,748	-
	Yushin Motor Co., Ltd.	Subsidiary of Yulon	Sale	132,331	1	15 days after sales for parts	-	-	792	-
						Immediate payment for vehicles	-	-		

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.

TABLE 4

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

TRADE RECEIVABLES FROM RELATED PARTIES REACHING NT\$100 MILLION OR 20% OF PAID-IN CAPITAL OR MORE
 JUNE 30, 2015
 (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 \$ 511,030 Other receivables 19,275	104.65	\$ -	-	\$ 511,030 19,275	\$ -

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

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE SIX MONTHS ENDED JUNE 30, 2015
(In Thousands of New Taiwan Dollars and U.S. Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2015		Net Income of the Investee	Investment Gain (Note 1)	Note
				June 30, 2015	December 31, 2014	Shares (Thousands)	Percentage of Ownership			
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	\$ 2,271,319	\$ 2,271,319	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\$ 72,847	US\$ 72,847	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\$ 44,541	US\$ 7,148	Note 2
	Aeolus Automobile Co., Ltd.	Guangdong (Mainland China)	Developing and manufacturing of parts and vehicles and related services	US\$ 18,710	US\$ 18,710	-	33.12	US\$ 25,915	US\$ 1,053	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\$ 158,104	US\$ 63,241	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\$ 1,098	US\$ 494	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\$ 67	US\$ 33	Notes 2 and 4

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 of investee company and percentage of ownership.

Note 3: Eliminated.

Note 4: The Company's share of losses exceeds its interest in Dong Feng Yulon Used Cars Co., Ltd. The Company recognized additional loss on constructive future obligations to settle Dong Feng Yulon Used Cars Co., Ltd.

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 3)	Payment Terms (Note 4)	% to Total Sales or Assets (Note 5)
0	Yulon Nissan Motor Company, Ltd.	Jet Ford Inc.	a	Notes and accounts receivable - related parties	\$ 5,619	-	-

Note 1: Intercompany relationships are numbered as follows:

- a. The Company is numbered as 0.
- b. Subsidiaries are numbered from number 1.

Note 2: Nature of relationships is numbered as follows:

- a. The Company to subsidiaries is numbered as 1.
- b. Subsidiaries to the Company is numbered as 2.
- c. 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 7

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2015

(In Thousands of New Taiwan Dollars, U.S. Dollars and RMB, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Investment from Taiwan as of January 1, 2015	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2015	% Ownership of Direct or Indirect Investment	Net Income of the Investee	Investment Gain (Note 2)	Carrying Amount as of June 30, 2015	Accumulated Repatriation of Investment Income as of June 30, 2015
					Outward	Inward						
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)	16.55	\$ 1,388,757 (US\$ 44,541)	\$ 222,864 (US\$ 7,148)	\$ 1,448,272 (US\$ 46,930)	\$ 876,623 (US\$ 28,078)
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)	33.12	99,163 (US\$ 3,180)	32,843 (US\$ 1,053)	799,751 (US\$ 25,915)	4,597,012 (US\$ 148,224)
Guangzhou Aeolus Automobile Co., Ltd.	Developing and manufacturing of parts and vehicles and related services	8,969,950 (RMB2,200,000)	Note 1	537,199 (US\$ 16,941)	-	-	537,199 (US\$ 16,941)	40.00	4,929,532 (US\$ 158,104)	1,971,813 (US\$ 63,241)	11,527,468 (US\$ 373,541)	10,914,750 (US\$ 355,880)
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)	45.00	34,240 (US\$ 1,098)	15,408 (US\$ 494)	564,200 (US\$ 18,283)	
Dong Feng Yulon Used Cars Co., Ltd. (Note 4)	Valuation, purchase, renovation, rent and selling of used cars.	38,300 (RMB 10,000)	Note 1	18,804 (US\$ 593)	-	-	18,804 (US\$ 593)	49.00	2,094 (US\$ 67)	1,026 (US\$ 33)	(20,589) (US\$ -667)	

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2015	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
\$1,841,642 (US\$57,171)	\$1,917,100 (US\$59,660)	\$11,849,486

Note 1: The Company indirectly owns these investees through Jet Ford, 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 of investee company 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.

Note 4: The Company's share of losses exceeds its interest in Dong Feng Yulon Used Cars Co., Ltd. The Company recognized additional loss on constructive future obligations to settle Dong Feng Yulon Used Cars Co., Ltd.