

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

**Consolidated Financial Statements for the
Three Months Ended March 31, 2016 and 2015 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 subsidiaries as of March 31, 2016 and 2015, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the three months then ended. 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 above for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard No. 34, "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

Deloitte & Touche

May 13, 2016

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)

	March 31, 2016 (Reviewed)		December 31, 2015 (Audited)		March 31, 2015 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 8,570,323	27	\$ 10,136,832	32	\$ 12,491,929	33
Financial assets at fair value through profit or loss (Notes 4 and 7)	2,835,541	9	1,491,543	5	1,496,446	4
Notes receivable - related parties (Notes 4 and 29)	913	-	6,139	-	7,273	-
Trade receivables (Notes 4 and 8)	85,157	-	71,154	-	67,200	-
Trade receivables - related parties (Notes 4 and 29)	774,826	2	478,985	2	513,575	1
Other receivables (Notes 4 and 8)	3,120,651	10	38,978	-	112,123	-
Inventories (Notes 4 and 9)	2,264	-	3,020	-	180,054	1
Prepayments (Note 29)	261,112	1	87,080	-	597,453	2
Other financial assets (Note 10)	-	-	-	-	1,657,000	4
Total current assets	<u>15,650,787</u>	<u>49</u>	<u>12,313,731</u>	<u>39</u>	<u>17,123,053</u>	<u>45</u>
NON-CURRENT ASSETS						
Investments accounted for using equity method (Notes 4 and 12)	14,057,273	44	16,353,618	53	18,367,096	48
Property, plant and equipment (Notes 4, 13 and 29)	1,787,343	6	1,936,231	6	1,995,811	5
Computer software (Notes 4 and 14)	25,912	-	14,330	-	11,666	-
Deferred tax assets (Note 4)	151,430	-	152,728	1	159,906	1
Other non-current assets (Notes 15 and 29)	<u>390,226</u>	<u>1</u>	<u>408,397</u>	<u>1</u>	<u>519,603</u>	<u>1</u>
Total non-current assets	<u>16,412,184</u>	<u>51</u>	<u>18,865,304</u>	<u>61</u>	<u>21,054,082</u>	<u>55</u>
TOTAL	<u>\$ 32,062,971</u>	<u>100</u>	<u>\$ 31,179,035</u>	<u>100</u>	<u>\$ 38,177,135</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 16)	\$ 3,630,000	11	\$ 3,630,000	12	\$ 3,630,000	10
Notes payable	208,600	1	243,000	1	-	-
Trade payables	33,717	-	53,973	-	209,846	1
Trade payables - related parties (Note 29)	1,373,210	4	1,178,190	4	1,265,848	3
Other payables (Note 17)	777,704	2	901,930	3	874,227	2
Current tax liabilities (Note 4)	797,986	3	747,255	2	1,034,470	3
Provisions (Notes 4 and 18)	208,404	1	202,844	1	169,866	-
Other current liabilities (Note 19)	<u>15,684</u>	<u>-</u>	<u>32,507</u>	<u>-</u>	<u>16,563</u>	<u>-</u>
Total current liabilities	<u>7,045,305</u>	<u>22</u>	<u>6,989,699</u>	<u>23</u>	<u>7,200,820</u>	<u>19</u>
NON-CURRENT LIABILITIES						
Provisions (Notes 4 and 18)	46,470	-	43,706	-	93,281	-
Credit balance of investments accounted for using equity method (Notes 4 and 12)	17,098	-	17,397	-	21,110	-
Net defined benefit liabilities (Note 4)	421,736	1	573,363	2	546,920	2
Deferred tax liabilities (Note 4)	<u>1,773,522</u>	<u>6</u>	<u>1,599,692</u>	<u>5</u>	<u>2,695,080</u>	<u>7</u>
Total non-current liabilities	<u>2,258,826</u>	<u>7</u>	<u>2,234,158</u>	<u>7</u>	<u>3,356,391</u>	<u>9</u>
Total liabilities	<u>9,304,131</u>	<u>29</u>	<u>9,223,857</u>	<u>30</u>	<u>10,557,211</u>	<u>28</u>
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	<u>3,000,000</u>	<u>10</u>	<u>3,000,000</u>	<u>9</u>	<u>3,000,000</u>	<u>8</u>
Capital surplus	<u>6,129,405</u>	<u>19</u>	<u>6,129,405</u>	<u>20</u>	<u>6,129,405</u>	<u>16</u>
Retained earnings						
Legal reserve	3,640,263	11	3,640,263	12	2,987,887	8
Special reserve	788,877	2	788,877	2	788,877	2
Unappropriated earnings	<u>8,186,495</u>	<u>26</u>	<u>7,094,172</u>	<u>23</u>	<u>13,632,610</u>	<u>35</u>
Total retained earnings	<u>12,615,635</u>	<u>39</u>	<u>11,523,312</u>	<u>37</u>	<u>17,409,374</u>	<u>45</u>
Other equity	<u>1,013,800</u>	<u>3</u>	<u>1,302,461</u>	<u>4</u>	<u>1,081,145</u>	<u>3</u>
Total equity	<u>22,758,840</u>	<u>71</u>	<u>21,955,178</u>	<u>70</u>	<u>27,619,924</u>	<u>72</u>
TOTAL	<u>\$ 32,062,971</u>	<u>100</u>	<u>\$ 31,179,035</u>	<u>100</u>	<u>\$ 38,177,135</u>	<u>100</u>

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

(With Deloitte & Touche review report dated May 13, 2016)

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 March 31			
	2016		2015	
	Amount	%	Amount	%
OPERATING REVENUE (Note 29)				
Sales (Note 4)	\$ 9,490,820	100	\$ 9,029,053	100
Service revenue (Note 4)	-	-	4,906	-
Other operating revenue	<u>12,062</u>	<u>-</u>	<u>8,295</u>	<u>-</u>
Total operating revenue	9,502,882	100	9,042,254	100
OPERATING COSTS				
Cost of goods sold (Notes 9, 22 and 29)	<u>8,058,297</u>	<u>85</u>	<u>7,867,585</u>	<u>87</u>
GROSS PROFIT	<u>1,444,585</u>	<u>15</u>	<u>1,174,669</u>	<u>13</u>
OPERATING EXPENSES (Notes 22 and 29)				
Selling and marketing expenses	836,932	9	591,871	7
General and administrative expenses	110,999	1	114,608	1
Research and development expenses	<u>114,044</u>	<u>1</u>	<u>138,325</u>	<u>1</u>
Total operating expenses	<u>1,061,975</u>	<u>11</u>	<u>844,804</u>	<u>9</u>
OTHER OPERATING INCOME AND EXPENSES (Note 22)	<u>-</u>	<u>-</u>	<u>(324)</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>382,610</u>	<u>4</u>	<u>329,541</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES				
Shares of profit of associates	1,047,059	11	902,355	10
Interest income (Note 4)	37,772	-	110,786	1
Gain on fair value changes of financial assets at fair value through profit or loss, net	436	-	15,446	-
Other revenue	36	-	384	-
Foreign exchange loss, net (Note 22)	(123,423)	(1)	(96,903)	(1)
Loss on disposal of investment, net (Note 22)	(12,607)	-	(9,651)	-
Interest expenses (Note 29)	(8,863)	-	(9,113)	-
Overseas business expenses (Note 29)	(3,489)	-	(4,170)	-
Other losses (Note 29)	<u>(145)</u>	<u>-</u>	<u>(172)</u>	<u>-</u>
Total non-operating income and expenses	<u>936,776</u>	<u>10</u>	<u>908,962</u>	<u>10</u>
PROFIT BEFORE TAX	1,319,386	14	1,238,503	14
INCOME TAX EXPENSE (Notes 4 and 23)	<u>227,023</u>	<u>3</u>	<u>213,188</u>	<u>2</u>
NET PROFIT	<u>1,092,363</u>	<u>11</u>	<u>1,025,315</u>	<u>12</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 March 31			
	2016		2015	
	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	\$ 2	-	\$ (259)	-
Remeasurement of defined benefit plans	(51)	-	79	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 23)	9	-	31	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>(288,661)</u>	<u>(3)</u>	<u>(335,754)</u>	<u>(4)</u>
Other comprehensive income for the period, net of income tax	<u>(288,701)</u>	<u>(3)</u>	<u>(335,903)</u>	<u>(4)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 803,662</u>	<u>8</u>	<u>\$ 689,412</u>	<u>8</u>
NET PROFIT ATTRIBUTABLE TO:				
Owner of the Company	<u>\$ 1,092,363</u>	<u>12</u>	<u>\$ 1,025,315</u>	<u>11</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the Company	<u>\$ 803,662</u>	<u>8</u>	<u>\$ 689,412</u>	<u>8</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 3.64</u>		<u>\$ 3.42</u>	
Diluted	<u>\$ 3.64</u>		<u>\$ 3.42</u>	

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

(With Deloitte & Touche review report dated May 13, 2016)

(Concluded)

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Retained Earnings (Notes 21 and 23)					Other Equity
	Capital Stock	Capital Surplus (Note 21)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations
BALANCE, JANUARY 1, 2015	\$ 3,000,000	\$ 6,129,405	\$ 2,987,887	\$ 788,877	\$ 12,607,444	\$ 1,416,899
Net profit for the three months ended March 31, 2015	-	-	-	-	1,025,315	-
Other comprehensive income for the three months ended March 31, 2015, net of income tax	-	-	-	-	(149)	(335,754)
Total comprehensive income for the three months ended March 31, 2015	-	-	-	-	1,025,166	(335,754)
BALANCE, MARCH 31, 2015	\$ 3,000,000	\$ 6,129,405	\$ 2,987,887	\$ 788,877	\$ 13,632,610	\$ 1,081,145
BALANCE, JANUARY 1, 2016	\$ 3,000,000	\$ 6,129,405	\$ 3,640,263	\$ 788,877	\$ 7,094,172	\$ 1,302,461
Net profit for the three months ended March 31, 2016	-	-	-	-	1,092,363	-
Other comprehensive income for the three months ended March 31, 2016, net of income tax	-	-	-	-	(40)	(288,661)
Total comprehensive income for the three months ended March 31, 2016	-	-	-	-	1,092,323	(288,661)
BALANCE, MARCH 31, 2016	\$ 3,000,000	\$ 6,129,405	\$ 3,640,263	\$ 788,877	\$ 8,186,495	\$ 1,013,800

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

(With Deloitte & Touche review report dated May 13, 2016)

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,319,386	\$ 1,238,503
Adjustments for:		
Depreciation expenses	115,157	101,530
Amortization expenses	1,177	1,459
Gain on fair value changes of financial assets at fair value through profit of loss, net	(436)	(15,446)
Interest expenses	8,863	9,113
Interest income	(37,772)	(110,786)
Share of profit of associates	(1,047,059)	(902,355)
Loss on disposal of property, plant and equipment, net	-	324
Loss on disposal of investment, net	12,607	9,651
Loss on foreign exchange, net	73,833	101,942
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(1,356,169)	(1,159,619)
Notes receivable	-	2,000
Notes receivable - related parties	5,226	(6,368)
Trade receivables	(14,003)	3,018
Trade receivables - related parties	(295,841)	(293,442)
Other receivables	25,852	2,256
Inventories	756	(177,315)
Prepayments	(173,659)	(93,922)
Notes payable	(34,400)	-
Trade payables	(20,256)	87,602
Trade payables - related parties	320,427	439,579
Other payables	(124,226)	(8,526)
Provisions	8,324	4,811
Other current liabilities	(16,823)	(3,135)
Net defined benefit liabilities	(151,678)	672
Net cash used in operations	(1,380,714)	(768,454)
Interest paid	(8,863)	(8,961)
Income tax paid	(1,155)	(8,022)
Net cash used in operating activities	(1,390,732)	(785,437)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	19,075	92,559
Decrease in other financial assets	-	527,911
Payment for property, plant and equipment (Note 25)	(96,969)	(66,600)
Proceeds from disposal of property, plant and equipment	-	3,809

(Continued)

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2016	2015
Payments for computer software	\$ (12,759)	\$ (779)
Decrease in refundable deposits	<u>23,464</u>	<u>38,517</u>
Net cash generated from (used in) investing activities	<u>(67,189)</u>	<u>595,417</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(108,588)</u>	<u>(149,916)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,566,509)	(339,936)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>10,136,832</u>	<u>12,831,865</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 8,570,323</u>	<u>\$ 12,491,929</u>

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

(With Deloitte & Touche review report dated May 13, 2016)

(Concluded)

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015 (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 May 13, 2016.

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

The International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) in issue but not yet endorsed by the FSC

The Group have not applied the following IFRS, IAS, IFRIC and SIC (collectively, the “IFRSs”) issued by the International Accounting Standards Board (IASB) but not yet endorsed by the FSC.

On March 10, 2016, the FSC announced the scope of IFRSs to be endorsed and will take effect from January 1, 2017. The scope includes all IFRSs that were issued by the IASB before January 1, 2016 and have effective dates on or before January 1, 2017, which means the scope excludes those that are not yet effective as of January 1, 2017 such as IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers” and those with undetermined effective date. In addition, the FSC announced that the Group should apply IFRS 15 starting January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other new, amended and revised standards and interpretations.

New, Amended or Revised Standards and Interpretations	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 3)
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”	To be determined by IASB
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, 2018
Amendment to IFRS 15 “Clarifications to IFRS 15”	January 1, 2018
IFRS 16 “Leases”	January 1, 2019
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016
Amendment to IAS 7 “Disclosure Initiative”	January 1, 2017
Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”	January 1, 2017
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants”	January 1, 2016
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
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: 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 interim 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 these interim consolidated financial statements is less than the disclosure information 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 values. 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 using 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'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 using 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 using 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.

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

Computer Software

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 estimated 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 28.

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

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

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the stockholders 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 March 31, 2016, December 31, 2015 and March 31, 2015, the carrying values of trade receivables were \$3,981,547 thousand, \$595,256 thousand and \$700,171 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 March 31, 2016, December 31, 2015 and March 31, 2015, the carrying amount of provisions for warranty was \$128,799 thousand, \$123,055 thousand and \$156,048 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 March 31, 2016, December 31, 2015 and March 31, 2015, the carrying amount of provisions for loss on inventory purchase commitment was \$126,075 thousand, \$123,495 thousand and \$107,099 thousand, respectively.

e. Recognition and measurement of defined benefit plans

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

6. CASH AND CASH EQUIVALENTS

	March 31, 2016	December 31, 2015	March 31, 2015
Cash on hand	\$ 20	\$ 20	\$ 20
Checking accounts and demand deposits	497,351	1,454,751	357,077
Foreign currency demand deposit	407,674	5,678,939	570,378
Cash equivalents			
Foreign currency time deposits	7,256,828	2,604,490	11,557,554
Time deposits	6,900	6,900	6,900
Repurchase agreements collateralized by bonds	<u>401,550</u>	<u>391,732</u>	<u>-</u>
	<u>\$ 8,570,323</u>	<u>\$ 10,136,832</u>	<u>\$ 12,491,929</u>

Cash equivalents include time deposits that have a maturity of three months or less from the date of acquisition and repurchase agreements collateralized by bonds, 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, time deposits and repurchase agreements collateralized by bonds at the end of the reporting period were as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Demand deposits and time deposits	0.01%-6.00%	0.01%-6.80%	0.01%-4.00%
Repurchase agreements collateralized by bonds	1.5%	1.5%	-

7. FINANCIAL INSTRUMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2016	December 31, 2015	March 31, 2015
<u>Financial assets at FVTPL - current</u>			
Non-derivative financial assets			
Mutual fund	<u>\$ 2,835,541</u>	<u>\$ 1,491,543</u>	<u>\$ 1,496,446</u>

8. TRADE RECEIVABLES AND OTHER RECEIVABLES

	March 31, 2016	December 31, 2015	March 31, 2015
<u>Trade receivables</u>	<u>\$ 85,157</u>	<u>\$ 71,154</u>	<u>\$ 67,200</u>
<u>Other receivables</u>			
Dividend receivables	\$ 3,088,828	\$ -	\$ -
Interest receivables	21,046	2,349	100,015
Disposal of investment receivables	-	15,237	2,052
Others	<u>10,777</u>	<u>21,392</u>	<u>10,056</u>
	<u>\$ 3,120,651</u>	<u>\$ 38,978</u>	<u>\$ 112,123</u>

a. 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:

	March 31, 2016	December 31, 2015	March 31, 2015
0-60 days	\$ 44,470	\$ 49,966	\$ 40,534
61-90 days	24,707	15,795	11,481
91-120 days	8,664	5,393	-
121-180 days	<u>7,316</u>	<u>-</u>	<u>15,185</u>
	<u>\$ 85,157</u>	<u>\$ 71,154</u>	<u>\$ 67,200</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:

	March 31, 2016	December 31, 2015	March 31, 2015
1-60 days	\$ 12,643	\$ 22,703	\$ 21,174
61-90 days	<u>-</u>	<u>-</u>	<u>7,079</u>
	<u>\$ 12,643</u>	<u>\$ 22,703</u>	<u>\$ 28,253</u>

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

b. Other receivables

When there is objective evidence that other receivables were impaired, the Group assesses impairment loss on other receivables for impairment individually.

There were no past due other receivables balances at the end of the reporting period and the Group did not recognize an allowance for impairment loss.

As of March 31, 2016, the other receivables were dividend receivables from the investees:

	March 31, 2016
Guangzhou Aeolus Automobile Co., Ltd.	<u>\$ 3,088,828</u>

9. INVENTORIES

	March 31, 2016	December 31, 2015	March 31, 2015
Parts	\$ 2,264	\$ 3,020	\$ 1,813
Vehicles	<u>-</u>	<u>-</u>	<u>178,241</u>
	<u>\$ 2,264</u>	<u>\$ 3,020</u>	<u>\$ 180,054</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2016 was \$8,058,297 thousand, which included warranty cost of \$32,513 thousand and loss on inventory purchase commitment of \$2,580 thousand. The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2015 was \$7,867,585 thousand, which included warranty cost of \$31,593 thousand and reversal of loss on inventory purchase commitment of \$4,879 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:

	March 31, 2016	December 31, 2015	March 31, 2015
Time deposit with original maturity more than three months	-	-	3.25%-3.75%

11. SUBSIDIARY

Subsidiary included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership		
			March 31, 2016	December 31, 2015	March 31, 2015
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

	March 31, 2016	December 31, 2015	March 31, 2015
<u>Material associate</u>			
Guangzhou Aeolus Automobile Co., Ltd.	<u>\$ 10,854,730</u>	<u>\$ 13,194,781</u>	<u>\$ 13,286,947</u>
<u>Associates that are not individually material</u>			
Aeolus Xiangyang Automobile Co., Ltd.	1,793,546	1,736,447	2,739,934
Aeolus Automobile Co., Ltd.	790,172	801,660	1,775,682

(Continued)

	March 31, 2016	December 31, 2015	March 31, 2015
Shenzhen Lan You Technology Co., Ltd.	\$ 618,825	\$ 620,730	\$ 564,533
Dong Feng Yulon Used Cars Co., Ltd.	<u>(17,098)</u>	<u>(17,397)</u>	<u>(21,110)</u>
	3,185,445	3,141,440	5,059,039
Add: Credit balance of investments accounted for using equity method	<u>17,098</u>	<u>17,397</u>	<u>21,110</u>
	<u>3,202,543</u>	<u>3,158,837</u>	<u>5,080,149</u>
	<u>\$ 14,057,273</u>	<u>\$ 16,353,618</u>	<u>\$ 18,367,096</u>
			(Concluded)

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		
	December 31,		
	March 31, 2016	2015	March 31, 2015
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 associate’s financial statements prepared in accordance with IFRSs purposes.

Guangzhou Aeolus Automobile Co., Ltd.

	March 31, 2016	December 31, 2015	March 31, 2015
Current assets	\$ 13,940,555	\$ 13,615,010	\$ 7,084,712
Non-current assets	36,996,192	37,857,580	39,467,164
Current liabilities	(22,728,858)	(17,387,572)	(12,444,746)
Non-current liabilities	<u>(1,071,063)</u>	<u>(1,098,065)</u>	<u>(889,762)</u>
Equity	<u>\$ 27,136,826</u>	<u>\$ 32,986,953</u>	<u>\$ 33,217,368</u>
Equity attributable to the Group	<u>\$ 10,854,730</u>	<u>\$ 13,194,781</u>	<u>\$ 13,286,947</u>
Carrying amount	<u>\$ 10,854,730</u>	<u>\$ 13,194,781</u>	<u>\$ 13,286,947</u>

	For the Three Months Ended March 31	
	2016	2015
Revenue	<u>\$ 6,045,720</u>	<u>\$ 5,812,224</u>
Net profit for the period	<u>\$ 2,390,395</u>	<u>\$ 2,075,037</u>
Dividends received from Guangzhou Aeolus Automobile Co., Ltd.	<u>\$ -</u>	<u>\$ -</u>

b. Aggregate information of associates that are not individually material

	For the Three Months Ended March 31	
	2016	2015
The Group's share of:		
Net profit for the period	\$ 91,071	\$ 72,341
Other comprehensive income	<u>2</u>	<u>(259)</u>
Total comprehensive income for the period	<u>\$ 91,073</u>	<u>\$ 72,082</u>

c. Other information

The amount recognized as share of profit of associates on equity method for the three months ended March 31, 2016 and 2015 were based on the financial statements for the same periods, which were reviewed by independent auditors.

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, 2015	\$ 3,953,870	\$ 828,124	\$ 75,674	\$ 85,297	\$ 10,862	\$ 18,384	\$ 4,510	\$ 5,694	\$ 4,982,415
Additions	293,268	26,190	23	23,240	-	-	-	-	342,721
Disposals	-	-	-	-	(4,800)	-	-	-	(4,800)
Balance at March 31, 2015	<u>\$ 4,247,138</u>	<u>\$ 854,314</u>	<u>\$ 75,697</u>	<u>\$ 108,537</u>	<u>\$ 6,062</u>	<u>\$ 18,384</u>	<u>\$ 4,510</u>	<u>\$ 5,694</u>	<u>\$ 5,320,336</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	(77,909)	(19,949)	(1,260)	(1,779)	(283)	(103)	(223)	(24)	(101,530)
Disposals	-	-	-	-	667	-	-	-	667
Balance at March 31, 2015	<u>\$ (2,700,445)</u>	<u>\$ (463,041)</u>	<u>\$ (65,972)</u>	<u>\$ (68,757)</u>	<u>\$ (3,043)</u>	<u>\$ (16,472)</u>	<u>\$ (1,358)</u>	<u>\$ (5,437)</u>	<u>\$ (3,324,525)</u>
Carrying value, net, March 31, 2015	<u>\$ 1,546,693</u>	<u>\$ 391,273</u>	<u>\$ 9,725</u>	<u>\$ 39,780</u>	<u>\$ 3,019</u>	<u>\$ 1,912</u>	<u>\$ 3,152</u>	<u>\$ 257</u>	<u>\$ 1,995,811</u>
<u>Cost</u>									
Balance at January 1, 2016	\$ 4,463,975	\$ 854,314	\$ 78,353	\$ 151,582	\$ 8,408	\$ 15,784	\$ 8,903	\$ 5,694	\$ 5,587,013
Additions	3,034	-	240	12,958	717	-	-	-	16,949
Disposals	(50,680)	-	-	-	-	-	-	-	(50,680)
Balance at March 31, 2016	<u>\$ 4,416,329</u>	<u>\$ 854,314</u>	<u>\$ 78,593</u>	<u>\$ 164,540</u>	<u>\$ 9,125</u>	<u>\$ 15,784</u>	<u>\$ 8,903</u>	<u>\$ 5,694</u>	<u>\$ 5,553,282</u>

(Continued)

	Molds	Dies	Computer Equipment	Other Equipment	Transportation Equipment	Machinery and Equipment	Leasehold Improvement	Tools	Total
Accumulated depreciation and impairment									
Balance at January 1, 2016	\$ (2,950,144)	\$ (527,202)	\$ (68,095)	\$ (79,339)	\$ (3,118)	\$ (14,985)	\$ (2,394)	\$ (5,505)	\$ (3,650,782)
Depreciation expense	<u>(87,618)</u>	<u>(20,606)</u>	<u>(1,151)</u>	<u>(5,021)</u>	<u>(254)</u>	<u>(42)</u>	<u>(443)</u>	<u>(22)</u>	<u>(115,157)</u>
Balance at March 31, 2016	<u>\$ (3,037,762)</u>	<u>\$ (547,808)</u>	<u>\$ (69,246)</u>	<u>\$ (84,360)</u>	<u>\$ (3,372)</u>	<u>\$ (15,027)</u>	<u>\$ (2,837)</u>	<u>\$ (5,527)</u>	<u>\$ (3,765,939)</u>
Carrying value, net, December 31, 2015	<u>\$ 1,513,831</u>	<u>\$ 327,112</u>	<u>\$ 10,258</u>	<u>\$ 72,243</u>	<u>\$ 5,290</u>	<u>\$ 799</u>	<u>\$ 6,509</u>	<u>\$ 189</u>	<u>\$ 1,936,231</u>
Carrying value, net, March 31, 2016	<u>\$ 1,378,567</u>	<u>\$ 306,506</u>	<u>\$ 9,347</u>	<u>\$ 80,180</u>	<u>\$ 5,753</u>	<u>\$ 757</u>	<u>\$ 6,066</u>	<u>\$ 167</u>	<u>\$ 1,787,343</u>

(Concluded)

Reversed the cost of molds is due to the decline of the original cost.

There were no signs of impairment losses of assets for the three months ended March 31, 2016 and 2015; therefore, the Group did not assess for impairment.

Except molds and dies are depreciated on an estimated production volume basis, 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	5 years
Tools	2 to 5 years

14. COMPUTER SOFTWARE

	Computer Software
<u>Cost</u>	
Balance, January 1, 2015	\$ 18,724
Additions	779
Disposals	<u>(2,706)</u>
Balance, March 31, 2015	<u>\$ 16,797</u>
<u>Accumulated amortization</u>	
Balance, January 1, 2015	\$ (6,378)
Amortization expense	(1,459)
Disposals	<u>2,706</u>
Balance, March 31, 2015	<u>\$ (5,131)</u>
Carrying amounts at March 31, 2015	<u>\$ 11,666</u>

(Continued)

	Computer Software
<u>Cost</u>	
Balance, January 1, 2016	\$ 20,685
Additions	12,759
Disposals	<u>(18)</u>
Balance, March 31, 2016	<u>\$ 33,426</u>
<u>Accumulated amortization</u>	
Balance, January 1, 2016	\$ (6,355)
Amortization expense	(1,177)
Disposals	<u>18</u>
Balance, March 31, 2016	<u>\$ (7,514)</u>
Carrying amounts December 31, 2015	<u>\$ 14,330</u>
Carrying amounts at March 31, 2016	<u>\$ 25,912</u> (Concluded)

15. OTHER NON CURRENT ASSETS

	March 31, 2016	December 31, 2015	March 31, 2015
Refundable deposits	\$ 382,053	\$ 405,517	\$ 499,614
Prepayment for equipment	<u>8,173</u>	<u>2,880</u>	<u>19,989</u>
	<u>\$ 390,226</u>	<u>\$ 408,397</u>	<u>\$ 519,603</u>

Refundable deposits are mainly for materials the Company paid to Yulon.

16. BORROWINGS

Short-term Borrowings

	March 31, 2016	December 31, 2015	March 31, 2015
Unsecured bank loans	<u>\$ 3,630,000</u>	<u>\$ 3,630,000</u>	<u>\$ 3,630,000</u>
Ranges of interest rate	0.93%-1.09%	0.96-1.09%	0.96-1.10%

17. OTHER PAYABLES

	March 31, 2016	December 31, 2015	March 31, 2015
Advertising and promotion fees	\$ 470,256	\$ 425,110	\$ 233,066
Salaries and bonus	147,565	263,668	175,665
Taxes	21,405	20,840	329,275
Others	<u>138,478</u>	<u>192,312</u>	<u>136,221</u>
	<u>\$ 777,704</u>	<u>\$ 901,930</u>	<u>\$ 874,227</u>

18. PROVISIONS

	March 31, 2016	December 31, 2015	March 31, 2015
Current			
Inventory purchase commitment	\$ 126,075	\$ 123,495	\$ 107,099
Warranties	<u>82,329</u>	<u>79,349</u>	<u>62,767</u>
	<u>\$ 208,404</u>	<u>\$ 202,844</u>	<u>\$ 169,866</u>
Non-current			
Warranties	<u>\$ 46,470</u>	<u>\$ 43,706</u>	<u>\$ 93,281</u>
	Inventory Purchase Commitment	Warranties	Total
Balance at January 1, 2015	\$ 111,978	\$ 146,358	\$ 258,336
Additional provisions recognized	-	31,593	31,593
Reversal	(4,879)	-	(4,879)
Paid	<u>-</u>	<u>(21,903)</u>	<u>(21,903)</u>
Balance at March 31, 2015	<u>\$ 107,099</u>	<u>\$ 156,048</u>	<u>\$ 263,147</u>
Balance at January 1, 2016	\$ 123,495	\$ 123,055	\$ 246,550
Additional provisions recognized	2,580	32,513	35,093
Paid	<u>-</u>	<u>(26,769)</u>	<u>(26,769)</u>
Balance at March 31, 2016	<u>\$ 126,075</u>	<u>\$ 128,799</u>	<u>\$ 254,874</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. OTHER CURRENT LIABILITIES

	March 31, 2016	December 31, 2015	March 31, 2015
Withholding	\$ 2,985	\$ 15,617	\$ 2,977
Receipts in advance	8,184	9,149	9,215
Others	<u>4,515</u>	<u>7,741</u>	<u>4,371</u>
	<u>\$ 15,684</u>	<u>\$ 32,507</u>	<u>\$ 16,563</u>

20. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group's defined benefit retirement plans were \$3,406 thousand and \$16,098 thousand, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2015 and 2014.

The defined benefit cost for the three months ended March 31, 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.

21. EQUITY

a. Capital surplus

	March 31, 2016	December 31, 2015	March 31, 2015
Excess from spin-off	\$ 5,986,507	\$ 5,986,507	\$ 5,986,507
Generated 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).

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 stockholders and do not include employees. The consequential amendments to the Company's Articles of Incorporation had been proposed by the Company's board of directors on November 6, 2015 and are subject to the resolution of the stockholders in their meeting to be held on June 30, 2016. For information about the accrual basis of the employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to 22.d Employee benefits expense.

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.

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

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

The appropriation of earnings for 2015 has been proposed by the board of directors on May 13, 2016 and the appropriation of earnings for 2014 has been approved by the stockholders on June 30, 2015 were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2015	2014	2015	2014
Legal reserve	\$ 416,590	\$ 652,376		
Cash dividend	3,750,000	9,000,000	\$ 12.5	\$ 30.0

22. NET PROFIT

a. Other operating income and expenses

	For the Three Months Ended March 31	
	2016	2015
Loss on disposal of property, plant and equipment, net	\$ -	\$ (324)

b. Depreciation and amortization

	For the Three Months Ended March 31	
	2016	2015
Property, plant and equipment	\$ 115,157	\$ 101,530
Computer software	<u>1,177</u>	<u>1,459</u>
	<u>\$ 116,334</u>	<u>\$ 102,989</u>
An analysis of depreciation by function		
Operating cost	\$ 108,223	\$ 97,858
Operating expenses	<u>6,934</u>	<u>3,672</u>
	<u>\$ 115,157</u>	<u>\$ 101,530</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 1,177</u>	<u>\$ 1,459</u>

c. Technical cooperation agreement

	For the Three Months Ended March 31	
	2016	2015
Operating cost	<u>\$ 151,551</u>	<u>\$ 130,787</u>

The Company has a technical cooperation agreement (the “TCA”) with Nissan and Autech Japan, Inc. The TCA with Nissan is based on purchase costs less commodity tax. The TCA with Autech Japan, Inc. is based on development expenses together with royalty expenses.

d. Employee benefit expenses

	For the Three Months Ended March 31	
	2016	2015
Post-employment benefit (Note 20)		
Defined contribution plans	\$ 3,453	\$ 3,359
Defined benefit plans	<u>3,406</u>	<u>16,098</u>
	<u>6,859</u>	<u>19,457</u>
Termination benefit	975	975
Labor and health insurance	11,940	11,709
Other employee benefit	<u>160,695</u>	<u>151,760</u>
	<u>173,610</u>	<u>164,444</u>
Total employee benefit expenses	<u>\$ 180,469</u>	<u>\$ 183,901</u>
An analysis of employee benefits expense by function		
Operating cost	\$ 183	\$ 176
Operating expenses	<u>\$ 180,124</u>	<u>\$ 183,318</u>
Non-operating expenses	<u>\$ 162</u>	<u>\$ 407</u>

The existing Articles of Incorporation of the Company stipulate to distribute bonus to employees and remuneration to directors and supervisors at the rates no less than 0.1% and no higher than 5% of net income (net of the bonus and remuneration). For the three months ended March 31, 2015, the bonus to employees was \$7,875 thousand, representing 0.85% the base net profit.

To be in compliance with the Company Act as amended in May 2015, the proposed amended Articles of Incorporation of the Company stipulate to distribute employees' compensation and remuneration to directors and supervisors at the rates no less than 0.1% of net profit before income tax, employees' compensation. For the three months ended March 31, 2016, the employees' compensation was \$1,500 thousand, representing 0.11% of the base net profit.

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

The appropriations of employees' compensation for 2015 having been resolved by the board of directors on March 28, 2016, and the appropriations of bonus to employees and remuneration to directors and supervisors for 2014 having been approved in the stockholders' meetings on June 30, 2015, respectively, were stated as below. The employees' compensation for 2015 are subject to the resolution of the amendments to the Company's Articles of Incorporation for adoption by the stockholders' in their meeting to be held on June 30, 2016, and in addition thereto a report of such distribution shall be submitted to the stockholders' meeting.

	For the Year Ended December 31	
	2015	2014
	Cash Dividends	Cash Dividends
Employees' compensation/bonus to employees	\$ 11,500	\$ 33,723

There was no difference between the amounts of the employees' compensation resolved by the board of directors on March 28, 2016 and the amounts of the bonus to employees approved in the stockholders' meetings on June 30, 2015, and the respective amounts recognized in the consolidated financial statements for the years ended December 31, 2015 and 2014.

Information on the employees' compensation for 2015 resolved by the Company's board of directors in 2016 and bonus to employees for 2014 resolved by the stockholders' meeting in 2015 are available on the Market Observation Post System website of the Taiwan Stock Exchange.

e. Gain or loss on foreign currency exchange

	For the Three Months Ended March 31	
	2016	2015
Foreign exchange gain	\$ 96,765	\$ 179,792
Foreign exchange loss	<u>(220,188)</u>	<u>(276,695)</u>
Net loss	<u>\$ (123,423)</u>	<u>\$ (96,903)</u>

- f. Gain or loss on sale of investment

	For the Three Months Ended March 31	
	2016	2015
Gain on sale of investment	\$ 1,086	\$ 4,381
Loss on sale of investment	<u>(13,693)</u>	<u>(14,032)</u>
Net loss	<u>\$ (12,607)</u>	<u>\$ (9,651)</u>

23. INCOME TAX

- a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended March 31	
	2016	2015
Current tax		
In respect of the current year	\$ 51,886	\$ 65,357
Deferred tax		
In respect of the current year	<u>175,137</u>	<u>147,831</u>
Income tax expense recognized in profit or loss	<u>\$ 227,023</u>	<u>\$ 213,188</u>

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

- b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2016	2015
<u>Deferred tax</u>		
Recognized in other comprehensive income		
Remeasurement of defined benefit plans	\$ 9	\$ (13)
Share of other comprehensive income of associates	<u>-</u>	<u>44</u>
Income tax expense recognized in other comprehensive income	<u>\$ 9</u>	<u>\$ 31</u>

c. Integrated income tax

	March 31, 2016	December 31, 2015	March 31, 2015
Unappropriated earnings			
Unappropriated earnings generated on and after January 1, 1998	<u>\$ 8,186,495</u>	<u>\$ 7,094,172</u>	<u>\$ 13,632,610</u>
Imputation credit account ("ICA")	<u>\$ 594,566</u>	<u>\$ 594,566</u>	<u>\$ 883,051</u>
		For the Three Months Ended March 31	
		2015 (Expected)	2014 (Actual)
Creditable ratio for distribution		<u>18.91%</u>	<u>15.34%</u>

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident stockholders of the Company was calculated based on the creditable ratio as of the date of dividend distribution. The actual imputation credits allocated to stockholders of the Company was based on the balance of ICA as of the date of dividends distribution. Therefore, the expected creditable ratio for the 2015 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the stockholders.

d. Income tax assessment

The tax returns through 2013 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

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

Net Profit for the Period

	For the Three Months Ended March 31	
	2016	2015
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 1,092,363</u>	<u>\$ 1,025,315</u>

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

	For the Three Months Ended March 31	
	2016	2015
Weighted average number of common stock in computation of basic earnings per share	300,000	300,000
Effect of potential dilutive common stock:		
Employee's compensation/bonus issue to employees	<u>74</u>	<u>143</u>
Weighted average number of common stock used in the computation of diluted earnings per share	<u>300,074</u>	<u>300,143</u>

If the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were 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 was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. NON-CASH TRANSACTIONS

For the three months ended March 31, 2016 and 2015, the Group entered into the following non-cash investing activities:

	For the Three Months Ended March 31	
	2016	2015
<u>Investing activities affecting both cash and non-cash transactions</u>		
Increase in property, plant and equipment	\$ 16,949	\$ 342,721
Net changes of prepayment for equipment	5,293	(15,323)
Net changes of trade payables	<u>74,727</u>	<u>(260,798)</u>
Cash paid for acquisition of property, plant and equipment	<u>\$ 96,969</u>	<u>\$ 66,600</u>

26. OPERATING LEASE AGREEMENTS

The Company as Lessee

Operating leases relate to leases of office with lease term between 6 and 20 years.

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

	March 31, 2016	December 31, 2015	March 31, 2015
Not later than 1 year	\$ 16,309	\$ 10,474	\$ 5,076
Later than 1 year and not later than 3 years	<u>8,327</u>	<u>4,067</u>	<u>9,058</u>
	<u>\$ 24,636</u>	<u>\$ 14,541</u>	<u>\$ 14,134</u>

27. 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.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

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

The carrying amount of the financial assets and financial liabilities that are not measured at fair value is approximately equal to the fair value.

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

a) Fair value hierarchy

March 31, 2016

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Non-derivative financial assets held for trading	<u>\$ 2,835,541</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,835,541</u>

December 31, 2015

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Non-derivative financial assets held for trading	<u>\$ 1,491,543</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,491,543</u>

March 31, 2015

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Non-derivative financial assets held for trading	<u>\$ 1,496,446</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,496,446</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

	March 31, 2016	December 31, 2015	March 31, 2015
<u>Financial assets</u>			
Fair value through profit or loss			
Held for trading	\$ 2,835,541	\$ 1,491,543	\$ 1,496,446
Loans and receivables (Note 1)	12,551,870	10,732,088	14,849,100
<u>Financial liabilities</u>			
Amortized cost (Note 2)	5,853,612	5,699,943	5,781,285

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 borrowings, notes payable, trade payables and part of other payables.

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 31.

Sensitivity analysis

The Group is mainly exposed to the RMB, USD and JPY.

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 profit before tax and the balances below would be negative.

	RMB Impact		USD Impact		JPY Impact	
	For the Three Months Ended March 31		For the Three Months Ended March 31		For the Three Months Ended March 31	
	2016	2015	2016	2015	2016	2015
Loss	\$ (236,251)	\$ (674,821)	\$ (296,089)	\$ (7,777)	\$ (740)	\$ (713)

This was mainly attributable to the exposure outstanding on RMB, USD and JPY cash in bank, repurchase agreement collateralized by bonds, 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:

	March 31, 2016	December 31, 2015	March 31, 2015
Fair value interest rate risk			
Financial assets	\$ 7,693,911	\$ 3,001,776	\$ 13,229,277
Financial liabilities	500,000	500,000	500,000
Cash flows interest rate risk			
Financial assets	876,392	7,135,036	919,632
Financial liabilities	3,130,000	3,130,000	3,130,000

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 three months ended March 31, 2016 would decrease/increase by \$1,409 thousand, which was mainly attributable to the Group's exposure to interest rates on its demand deposits, time deposits and short-term borrowings.

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 three months ended March 31, 2015 would decrease/increase by \$1,381 thousand, which was mainly attributable to the Group's exposure to interest rates on its demand deposits, time deposits and short-term borrowings.

2) Credit risk

The Group's concentration of credit risk of 81%, 67% and 74% in total trade receivables as of March 31, 2016, December 31, 2015 and March 31, 2015, 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 March 31, 2016, December 31, 2015 and March 31, 2015, the available unutilized short-term borrowing facilities were \$2,070,000 thousand, \$2,070,000 thousand and \$2,070,000 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.

March 31, 2016

	Weighted- average Effective Interest Rate (%)	Within One Month	1 to 3 Months	3 Months to 12 Months
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	-	\$ 1,977,507	\$ 45,564	\$ 199,028
Floating interest rate instrument	0.93	3,132,777	-	-
Fixed interest rate instrument	1.09	<u>454</u>	<u>500,248</u>	<u>-</u>
		<u>\$ 5,110,738</u>	<u>\$ 545,812</u>	<u>\$ 199,028</u>

December 31, 2015

	Weighted- average Effective Interest Rate (%)	Within One Month	1 to 3 Months	3 Months to 12 Months
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	-	\$ 1,664,346	\$ 223,486	\$ 180,929
Floating interest rate instrument	0.96	3,132,829	-	-
Fixed interest rate instrument	1.09	<u>500,269</u>	<u>-</u>	<u>-</u>
		<u>\$ 5,297,444</u>	<u>\$ 223,486</u>	<u>\$ 180,929</u>

March 31, 2015

	Weighted- average Effective Interest Rate (%)	Within One Month	1 to 3 Months	3 Months to 12 Months
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	-	\$ 1,664,241	\$ 66,135	\$ 419,396
Floating interest rate instrument	0.96	1,133,707	2,000,767	-
Fixed interest rate instrument	1.10	<u>500,030</u>	<u>-</u>	<u>-</u>
		<u>\$ 3,297,978</u>	<u>\$ 2,066,902</u>	<u>\$ 419,396</u>

29. 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

<u>Related Party</u>	<u>Relationship with the Group</u>
Investors that have significant influence over the Group	
Nissan Motor Corporation ("Nissan")	Parent company
Yulon Motor Co., Ltd. ("Yulon")	Equity-method investor of the Company
Other parties	
Nissan Trading Co., Ltd.	Subsidiary of Nissan
Nissan Trading Europe Ltd.	Same as above
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.	Same as above
Nissan Vietnam Co., Ltd.	Substantial related party of Nissan
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

(Continued)

Related Party	Relationship with the Group
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
Yulon Energy Service Co., Ltd.	Same as above
Yulon China Investment Limited	Same as above
Univation 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
Yu Tang Motor Co., Ltd.	Same as above
Tokio Marine New 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.
Singgual Technology Co., Ltd.	Subsidiary of Singan Co., Ltd.
Hsiang Shou Enterprise Co., Ltd.	Same as above
Hong Shou Culture Enterprise Co., Ltd.	Same as above
Yu Pool Co., Ltd.	Subsidiary of Yushin Motor Co., Ltd.
Yu-Jan Co., Ltd.	Subsidiary of Yu Sing Motor Co., Ltd.
Tang Li Enterprise Co., Ltd.	Subsidiary of Yu Tang Motor Co., Ltd.
Ding Long Motor Co., Ltd.	Subsidiary of Chen Long Co., Ltd.
Lian Cheng Motor Co., Ltd.	Same as above
CL Skylite Trading Co., Ltd.	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.
Y.M. Hi-Tech Industry Ltd.	Subsidiary of China Ogihara Corporation

(Continued)

Related Party	Relationship with the Group
DFS Industrial Group Co., Ltd.	Substantial related party of Dongfeng Nissan Passenger Vehicle Co.
Luxgen Motor Co., Ltd. (Taoyuan)	Subsidiary of Luxgen Motor Co., Ltd.
Luxgen Motor Co., Ltd. (Taichung)	Same as above
Luxgen Motor Co., Ltd. (Kaohsiung)	Same as above
	(Concluded)

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

1) Trading transactions

	For the Three Months Ended March 31	
	2016	2015
<u>Sales</u>		
Investors that have significant influence over the Group	\$ 14,708	\$ 1,676
Others parties	<u>9,325,251</u>	<u>8,912,466</u>
	<u>\$ 9,339,959</u>	<u>\$ 8,914,142</u>
<u>Service revenue</u>		
Investors that have significant influence over the Group	<u>\$ -</u>	<u>\$ 4,906</u>
<u>Other operating revenue</u>		
Investors that have significant influence over the Group	\$ 1,890	\$ 17
Others parties	<u>9,089</u>	<u>6,600</u>
	<u>\$ 10,979</u>	<u>\$ 6,617</u>

The Company designs and performs R&D of cars for investor with significant influence. Service revenue is recognized according to the related contracts.

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

	For the Three Months Ended March 31	
	2016	2015
<u>Operating cost - purchase</u>		
Investors that have significant influence over the Group	\$ 7,660,886	\$ 7,381,301
Others	<u>58,418</u>	<u>11,933</u>
	<u>\$ 7,719,304</u>	<u>\$ 7,393,234</u>

	For the Three Months Ended March 31	
	2016	2015
<u>Operating cost - TCA</u>		
Investors that have significant influence over the Group	\$ 147,350	\$ 130,787
Others	<u>4,201</u>	<u>-</u>
	<u>\$ 151,551</u>	<u>\$ 130,787</u>
<u>Operating cost - rental</u>		
Investors that have significant influence over the Group	\$ 4,103	\$ 3,830
Others	<u>2,945</u>	<u>2,878</u>
	<u>\$ 7,048</u>	<u>\$ 6,708</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 March 31	
	2016	2015
<u>Selling and marketing expenses</u>		
Investors that have significant influence over the Group	\$ 2,227	\$ 5,940
Others	<u>484,258</u>	<u>389,054</u>
	<u>\$ 486,485</u>	<u>\$ 394,994</u>
<u>General and administrative expenses</u>		
Investors that have significant influence over the Group	\$ 2,581	\$ 2,598
Others	<u>43,042</u>	<u>39,349</u>
	<u>\$ 45,623</u>	<u>\$ 41,947</u>
<u>Research and development expenses</u>		
Investors that have significant influence over the Group	\$ 2,808	\$ 20,928
Others	<u>8,736</u>	<u>7,816</u>
	<u>\$ 11,544</u>	<u>\$ 28,744</u>

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

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

Research and development expenses are payment for sample products, trial fee and system.

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

		For the Three Months Ended March 31	
		2016	2015
Others		\$ <u>335</u>	\$ <u>198,661</u>
2) Non-operating transactions			
		For the Three Months Ended March 31	
		2016	2015
<u>Overseas business expense</u>			
Others		\$ <u>1,155</u>	\$ <u>1,406</u>
<u>Other losses</u>			
Investors that have significant influence over the Group		\$ <u>45</u>	\$ <u>6</u>
3) Receivables from related parties			
	March 31, 2016	December 31, 2015	March 31, 2015
<u>Notes receivable</u>			
Others	\$ <u>913</u>	\$ <u>6,139</u>	\$ <u>7,273</u>
<u>Trade receivables</u>			
Investors that have significant influence over the Group	\$ 13,167	\$ 22,636	\$ 7,085
Others	<u>761,659</u>	<u>456,349</u>	<u>506,490</u>
	\$ <u>774,826</u>	\$ <u>478,985</u>	\$ <u>513,575</u>

The outstanding trade receivables from related parties are unsecured. For the three months ended March 31, 2016 and 2015, no impairment loss was recognized for trade receivables from related parties.

4) Payables to related parties

	March 31, 2016	December 31, 2015	March 31, 2015
<u>Trade payables</u>			
Investors that have significant influence over the Group	\$ 994,399	\$ 669,569	\$ 814,411
Others	<u>378,811</u>	<u>508,621</u>	<u>451,437</u>
	<u>\$ 1,373,210</u>	<u>\$ 1,178,190</u>	<u>\$ 1,265,848</u>

The outstanding trade payables from related parties are unsecured.

5) Refundable deposits

	March 31, 2016	December 31, 2015	March 31, 2015
Investors that have significant influence over the Group	\$ 373,496	\$ 373,496	\$ 488,561
Others	<u>7,601</u>	<u>7,601</u>	<u>9,612</u>
	<u>\$ 381,097</u>	<u>\$ 381,097</u>	<u>\$ 498,173</u>

6) Prepayments

	March 31, 2016	December 31, 2015	March 31, 2015
Others	\$ 130,950	\$ -	\$ 72,750
Investors that have significant influence	<u>9,369</u>	<u>9,089</u>	<u>-</u>
	<u>\$ 140,319</u>	<u>\$ 9,089</u>	<u>\$ 72,750</u>

Prepayments are mainly 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 March 31	
	2016	2015
Short-term employee benefit	\$ 12,725	\$ 12,875
Post-employment benefit	<u>662</u>	<u>621</u>
	<u>\$ 13,387</u>	<u>\$ 13,496</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 trade receivable which amounted to \$460,793 thousand and \$477,036 thousand for the three months ended March 31, 2016 and 2015, 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 trade receivable sold to Taiwan Acceptance Corporation were \$262 thousand and \$269 thousand for the three months ended March 31, 2016 and 2015, respectively.
- 2) 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 \$1,080,206 thousand (excluding of tax) and the installment payments will be disbursed according to the progress under the contract schedule. As of March 31, 2016, the Company had already paid \$952,342 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.

30. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of March 31, 2016 were as follows:

- a. The Company 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 March 31, 2016, no buy-back of vehicles has occurred.
- c. Unrecognized commitments

	March 31, 2016	December 31, 2015	March 31, 2015
Acquisition of property, plant and equipment	\$ 2,954	\$ 2,051	\$ 2,962
Acquisition of computer software	<u>13,820</u>	<u>3,923</u>	<u>-</u>
	<u>\$ 16,774</u>	<u>\$ 5,974</u>	<u>\$ 2,962</u>

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

(In Thousands of New Taiwan Dollars and Foreign Currency)

March 31, 2016

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 183,992	32.185 (USD:NTD)	\$ 5,921,783
RMB	947,666	0.1548 (RMB:USD)	4,721,462
JPY	51,931	0.2863 (JPY:NTD)	14,868
RMB	716	4.9720 (RMB:NTD)	<u>3,560</u>
			<u>\$ 10,661,673</u>

Financial liabilities

Monetary items			
JPY	244	0.2863 (JPY:NTD)	<u>\$ 70</u>

December 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 165,459	32.825 (USD:NTD)	\$ 5,431,168
RMB	325,103	0.1540 (RMB:USD)	1,643,428
RMB	323,840	4.995 (RMB:NTD)	1,617,582
JPY	28,382	0.2727 (JPY:NTD)	<u>7,740</u>
			<u>\$ 8,699,918</u>

Financial liabilities

Monetary item			
JPY	300	0.2727 (JPY:NTD)	<u>\$ 82</u>

March 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
RMB	\$ 1,616,740	5.0440 (RMB:NTD)	\$ 8,154,837
RMB	1,048,266	0.1628 (RMB:USD)	5,341,586
USD	4,969	31.300 (USD:NTD)	155,530
JPY	55,105	0.2604 (JPY:NTD)	<u>14,349</u>
			<u>\$ 13,666,302</u>

Financial liabilities

Monetary items			
JPY	369	0.2604 (JPY:NTD)	<u>\$ 96</u>

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

For the Three Months Ended March 31				
2016			2015	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
RMB	5.0500 (RMB:NTD)	\$ 10,218	5.0485 (RMB:NTD)	\$ (76,597)
RMB	0.1531 (RMB:USD)	7,007	0.1629 (RMB:USD)	(18,839)
USD	33.143 (USD:NTD)	(131,785)	31.523 (USD:NTD)	(1,547)
JPY	0.2872 (JPY:NTD)	<u>(8,863)</u>	0.2649 (JPY:NTD)	<u>80</u>
		<u>\$ (123,423)</u>		<u>\$ (96,903)</u>

32. 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 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, repatriated 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.

33. 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 Three Months Ended March 31		For the Three Months Ended March 31	
	2016	2015	2016	2015
Vehicle segment	\$ 8,464,717	\$ 8,112,204	\$ 365,528	\$ 316,038
Part segment	1,026,103	916,849	164,253	166,549
Investment segment	-	-	1,043,570	898,185
Other segment	<u>12,062</u>	<u>13,201</u>	<u>(143,380)</u>	<u>(148,610)</u>
	<u>\$ 9,502,882</u>	<u>\$ 9,042,254</u>	1,429,971	1,232,162
Loss on disposal of property, plant and equipment			-	(324)
Interest income			37,772	110,786
Gain on fair value changes of financial assets at fair value through profit			436	15,446
Foreign exchange loss, net			(123,423)	(96,903)
Loss on disposal of investment, net			(12,607)	(9,651)
Interest expense			(8,863)	(9,113)
Central administration cost and directors' compensation			<u>(3,900)</u>	<u>(3,900)</u>
Profit before tax			<u>\$ 1,319,386</u>	<u>\$ 1,238,503</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the three months ended March 31, 2016 and 2015.

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

b. Segment total assets

	March 31, 2016	December 31, 2015	March 31, 2015
Vehicle segment	\$ 1,685,575	\$ 1,842,403	\$ 1,939,474
Part segment	51,828	42,194	25,725
Investment segment	14,057,273	16,353,618	18,367,096
Other segment	<u>49,082</u>	<u>36,516</u>	<u>30,612</u>
	15,843,758	18,274,731	20,362,907
Unallocated assets	<u>16,219,213</u>	<u>12,904,304</u>	<u>17,814,228</u>
Consolidated total assets	<u>\$ 32,062,971</u>	<u>\$ 31,179,035</u>	<u>\$ 38,177,135</u>

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2016
(In Thousands of New Taiwan Dollars)

Investor	Securities Type and Name	Relationship with the Investor	Financial Statement Account	March 31, 2016			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	2,118	\$ 19,917	-	\$ 19,917
	Yuanta As Pac (ex-Jap) Inv Or Gv Bd	-	Financial assets at fair value through profit or loss	4,189	46,495	-	46,495
	Yuanta Emerging Indonesia Opp Bd	-	Financial assets at fair value through profit or loss	10,000	97,981	-	97,981
	Yuanta USD Money Market	-	Financial assets at fair value through profit or loss	222	2,872	-	2,872
	Yuanta Multi-Strategy Futures Trust Fund	-	Financial assets at fair value through profit or loss	22,452	300,182	-	300,182
	Taishin 1699 Money Market	-	Financial assets at fair value through profit or loss	33,137	500,777	-	500,777
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	568	100,151	-	100,151
	FSITC Money Market	-	Financial assets at fair value through profit or loss	800	10,216	-	10,216
	Nomura Global Equity	-	Financial assets at fair value through profit or loss	24,819	400,297	-	400,297
	Nomura Taiwan Money Market	-	Financial assets at fair value through profit or loss	1,003	9,769	-	9,769
	Nomura Japan Strong Leaders	-	Financial assets at fair value through profit or loss	1,000	10,000	-	10,000
	Nomura Global Short Duration Bond Fund	-	Financial assets at fair value through profit or loss	26,263	300,181	-	300,181
	Paradigm Pion Money Market	-	Financial assets at fair value through profit or loss	6,274	100,058	-	100,058
	Capital Money Market	-	Financial assets at fair value through profit or loss	482	4,822	-	4,822
	Capital China New Opportunities	-	Financial assets at fair value through profit or loss	1,410	20,063	-	20,063
	Fuh Hwa Global Bond	-	Financial assets at fair value through profit or loss	1,347	19,892	-	19,892
	Fuh Hwa Global Fixed Inc FoFs	-	Financial assets at fair value through profit or loss	9,654	150,848	-	150,848
	Prudential Financial Money Market	-	Financial assets at fair value through profit or loss	293	1,953	-	1,953
	Prudential Financial Global Resources	-	Financial assets at fair value through profit or loss	8,461	100,151	-	100,151
	The RSIT Enhanced Money Market	-	Financial assets at fair value through profit or loss	1,755	19,846	-	19,846
	Reliance Wealth Bond	-	Financial assets at fair value through profit or loss	1,842	20,073	-	20,073
	PineBridge Em Mkt AsiaPac Strat Bd	-	Financial assets at fair value through profit or loss	8,026	100,095	-	100,095
	Mirae Asset Solomon Money Market Fund	-	Financial assets at fair value through profit or loss	24,249	300,429	-	300,429
	Mega Diamond Money Market	-	Financial assets at fair value through profit or loss	7,964	81,299	-	81,299
	Franklin Templeton Sinoam Money Market	-	Financial assets at fair value through profit or loss	536	16,861	-	16,861
	Allianz Global Investors GIB Biotech	-	Financial assets at fair value through profit or loss	8,102	100,313	-	100,313
	Allianz Global Investors Taiwan Money Market Fund	-	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 as of March 31, 2016.

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 THREE MONTHS ENDED MARCH 31, 2016
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal		Gain (Loss) on 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	Financial assets at fair value through profit or loss	-	-	27,794	\$ 300,000	-	\$ -	27,794	\$ 300,266	\$ 300,000	\$ 266	-	\$ -
	Yuanta RMB Money Market TWD	Financial assets at fair value through profit or loss	-	-	13,274	200,000	19,863	300,000	-	-	-	-	33,137	500,000
	FSITC Taiwan Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	-	26,263	300,000	-	-	-	-	26,263	300,000
	Paradigm Pion Money Market	Financial assets at fair value through profit or loss	-	-	-	-	22,452	300,000	-	-	-	-	22,452	300,000

Note: Shown at their original investment amount.

YULON NISSAN MOTOR COMPANY LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE THREE MONTHS ENDED MARCH 31, 2016

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction (Note 1)		Note/Accounts Payable or Receivable (Note 2)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total (Note 3)	
Yulon Nissan Motor Company, Ltd.	Yulon	Equity-method investor of the Company	Purchase	\$ 7,656,202	99	4 days after sales for parts	\$ -	-	\$ (838,437)	(52)	-
	Taiwan Acceptance Corporation	Subsidiary of Yulon	Sale	8,447,181	89	3 days after sales for vehicles	-	-	641,123	74	-
	Yuan Lon Motor Co., Ltd.	Substantial related party of Yulon	Sale	113,606	1	Same as above	-	-	11,843	1	-
	Yu Chang Motor Co., Ltd.	Subsidiary of Yulon	Sale	106,796	1	15 days after sales for parts	-	-	10,507	1	-
	Yu Sing Motor Co., Ltd.	Subsidiary of Yulon	Sale	101,609	1	Same as above	-	-	3,815	-	-

Note 1: Transaction terms are based on agreements.

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

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

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 MARCH 31, 2016
 (In Thousands of New Taiwan Dollars)

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 \$ 641,123	73.55	\$ -	-	\$ 641,123	\$ -

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

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE THREE MONTHS ENDED MARCH 31, 2016
(In Thousands of New Taiwan Dollars and U.S. Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2016		Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				March 31, 2016	December 31, 2015	Shares (Thousands)	Carrying Amount			
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	\$ 18,951,732	\$ 1,065,028	\$ 1,065,028	Notes 2 and 3
Yi-Jan Overseas Investment Co., Ltd.	Jetford, Inc.	British Virgin Islands	Investment	US\$ 57,171	US\$ 57,171	71,772	US\$ 588,629	US\$ 32,134	US\$ 32,134	Notes 2 and 3

Note 1: Shares of profit include the amortization of investment premium or discount.

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

Note 3: Eliminated.

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2016
(In Thousands of New Taiwan Dollars)

Number (Note 1)	Company Name	Related Party	Relationship (Note 2)	Transaction Details		
				Financial Statement Account	Amount (Note 3)	Payment Terms (Note 4)
0	Yulon Nissan Motor Company, Ltd.	Jet Ford Inc.	a	Notes and trade receivables - related parties Deduction of general and administrative expenses	\$ 6,764 5,369	- -

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.

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2016
(In Thousands of New Taiwan Dollars, U.S. Dollars and RMB)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (e.g., Direct or Indirect)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2016	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2016	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the Investee	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2016	Accumulated Repatriation of Investment Income as of March 31, 2016
					Outflow	Inflow						
Aeolus Xiangyang Automobile Co., Ltd.	Developing and manufacturing of parts and vehicles and related services	\$ 3,581,037 (RMB 826,000)	Note 1	\$ 716,856 (US\$ 21,700)	-	\$ -	\$ 716,856 (US\$ 21,700)	16.55	\$ 526,301 (US\$ 15,880)	\$ 83,625 (US\$ 2,523)	\$ 1,793,546 (US\$ 55,726)	\$ 2,157,064 (US\$ 67,080)
Aeolus Automobile Co., Ltd.	Consulting	761,964 (RMB 194,400)	Note 1	533,109 (US\$ 16,812)	-	-	533,109 (US\$ 16,812)	33.12	183 (US\$ 6)	60 (US\$ 2)	790,172 (US\$ 24,551)	7,478,304 (US\$ 237,559)
Guangzhou Aeolus Automobile Co., Ltd.	Developing and manufacturing of parts and vehicles and related services	8,969,950 (RMB 2,200,000)	Note 1	537,199 (US\$ 16,941)	-	-	537,199 (US\$ 16,941)	40.00	2,390,395 (US\$ 72,124)	956,158 (US\$ 28,849)	10,854,730 (US\$ 337,261)	15,294,620 (US\$ 490,523)
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	15,924 (US\$ 480)	7,166 (US\$ 216)	618,825 (US\$ 19,227)	-
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	101 (US\$ 3)	50 (US\$ 1)	(17,098) (US\$ -531)	-

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2016	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)	\$13,655,304

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

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

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

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.