

Stock Code : 5871

(English Translation of Financial Report Originally Issued in Chinese)
CHAILEASE HOLDING COMPANY LIMITED AND ITS
SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS
JUNE 30, 2015 AND 2014
(With Independent Accountants' Review Report Thereon)

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Independent Accountants' Review Report

The Board of Directors of Chailease Holding Company Limited :

We have reviewed the accompanying condensed consolidated balance sheets of Chailease Holding Company Limited (the "Company") and its subsidiaries (the "Group") as of June 30, 2015 and 2014, the related condensed consolidated statements of comprehensive income, for the three months and six months ended June 30, 2015 and 2014, and the related consolidated statements of changes in equity, and cash flows for the six months periods then ended. These condensed consolidated financial statements are the responsibility of the Group's management. Our responsibility is to issue a report on these condensed consolidated financial statements based on our reviews.

Except as described in paragraphs 3 and 4, we reviewed these condensed consolidated financial statements in accordance with the Statements of Auditing Standard No.36 "Review of Financial Statements" in the Republic of China. A review consists principally of inquiries of Group's personnel and applying analytical procedures to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Also included in the accompanying condensed consolidated financial statements are the financial statements of certain consolidated subsidiaries, which were not reviewed by independent accountants. These consolidated subsidiaries had total assets of NT\$38,743,182 thousand and NT\$35,589,542 thousand constituting 16% and 17%, respectively, of the Company's consolidated total assets; total liabilities of NT\$31,557,802 thousand and NT\$28,291,214 thousand constituting 15% and 16% of the Company's consolidated total liabilities as of June 30, 2015 and 2014, respectively; comprehensive income of NT\$(35,816) thousand, NT\$206,861 thousand, NT\$357,861 thousand, and NT\$497,732 thousand constituting 3%, 15%, 12% and 17% of the Company's consolidated comprehensive income for the three months and the six months ended June 30, 2015 and 2014, respectively.

Long term investments under equity method of NT\$213,997 thousand and NT\$46,019 thousand as of June 30, 2015 and 2014, respectively, and related investment income (loss) thereof amounting to NT\$83 thousand, NT\$(2,828) thousand, NT\$(8,189) thousand and NT\$(4,371) thousand for the three months and the six months ended June 30, 2015 and 2014, respectively, were recognized based upon financial statements prepared by investee companies.



Based on our reviews, except for the effects of the adjustments, if any, as might have been determined to be necessary had the financial statements of some consolidated subsidiaries and some equity method investees as described in paragraphs 3 and 4 above been reviewed by independent accountants, we are not aware of any material modifications that should be made to the accompanying condensed consolidated financial statements described in the first paragraph for them to be in conformity with the Guidelines Governing the Preparation of Financial Report by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission in the Republic of China.

We have previously audited the consolidated balance sheets of Chailease Holding Company Limited and its subsidiaries as of December 31, 2014, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended in accordance with the “Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants” and auditing standards generally accepted in the Republic of China and we expressed an unqualified opinion on those audited financial statements in our report dated March 26, 2015. In our opinion, the consolidated balance sheets and related disclosures of the Group as of December 31, 2014, are consistent, in all material respects, with the audited condensed consolidated financial statements from which they have been derived.

KPMG

CPA : Wan Wan, Lin
Yi Chun, Chen

Taipei, Taiwan, R.O.C.
Aug 12, 2015

Note to Readers

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

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

(English Translation of Financial Report Originally Issued in Chinese)
**AS OF JUNE 30, 2015 AND 2014 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY ACCEPTED
 AUDITING STANDARDS**

CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

Condensed Consolidated Balance Sheets

June 30, 2015, December 31, 2014, and June 30, 2014
 (Amounts Expressed in Thousands of New Taiwan Dollars)

	2015.6.30		2014.12.31		2014.6.30	
	Amount	%	Amount	%	Amount	%
Assets						
Current assets :						
1100 Cash and cash equivalents (Notes (6)(a) and (7))	\$ 10,577,561	5	8,338,117	4	7,607,684	4
1110 Current financial assets at fair value through profit or loss (Note (6)(b))	281,931	-	205,992	-	393,120	-
1130 Current held-to-maturity financial assets (Note (6)(b))	5,447,206	2	6,723,295	3	6,846,483	3
1135 Current derivative financial assets for hedging (Notes (6)(b))	31,189	-	37,759	-	29,998	-
1170 Accounts receivable, net (Notes (6)(d), (7) and (8))	171,936,830	69	164,933,842	69	144,081,596	68
1320 Inventories	207	-	207	-	379	-
1476 Other current financial assets (Notes (7) and (8))	4,550,042	2	3,387,175	2	5,399,795	3
1479 Other current assets - others (Notes (6)(e), (7) and (8))	3,175,067	1	3,259,333	1	2,499,086	1
	<u>196,000,033</u>	<u>79</u>	<u>187,085,720</u>	<u>79</u>	<u>166,838,141</u>	<u>79</u>
Non-current assets :						
1510 Non-current financial assets at fair value through profit or loss (Notes (6)(b) and (6)(c))	702,883	-	710,059	-	1,625,047	1
1523 Non-current available-for-sale financial assets (Notes (6)(b) and (8))	1,747,637	1	1,569,885	1	1,550,899	1
1528 Non-current held-to-maturity financial assets (Note (6)(b))	2,747,750	1	2,408,525	1	897,779	-
1550 Investments accounted under equity method (Notes (6)(d) and (8))	213,997	-	183,215	-	46,019	-
1600 Property, plant and equipment (Notes (6)(g), (7) and (8))	9,283,891	4	8,997,856	4	7,320,688	4
1780 Intangible assets (Note (6)(h))	44,136	-	35,591	-	21,058	-
1840 Deferred tax assets	2,346,046	1	2,334,571	1	1,848,458	1
1930 Long-term accounts receivable, net (Notes (6)(d), (7) and (8))	34,568,152	14	33,539,103	14	30,058,101	14
1995 Other non-current assets - others (Notes (7) and (8))	1,479,085	-	1,074,032	-	846,348	-
	<u>53,133,397</u>	<u>21</u>	<u>50,850,837</u>	<u>21</u>	<u>44,214,397</u>	<u>21</u>
TOTAL ASSETS	<u>\$ 249,133,630</u>	<u>100</u>	<u>237,936,557</u>	<u>100</u>	<u>211,072,538</u>	<u>100</u>
LIABILITIES AND EQUITY						
LIABILITIES :						
2100 Short-term borrowings (Notes (6)(i), (7) and (8))	\$ 66,532,716	27	66,974,084	28	70,942,719	34
2120 Current financial liabilities at fair value through profit or loss (Note (6)(b))	-	-	769	-	2,973	-
2125 Current derivative financial liabilities for hedging (Note (6)(b))	-	-	2,820	-	1,713	-
2150 Accounts and notes payable	2,125,792	1	2,344,572	1	1,310,418	1
2230 Current tax liabilities	1,192,825	-	1,381,461	1	781,942	-
2305 Other current financial liabilities (Note (7))	26,816,798	11	23,243,396	10	21,823,932	10
2312 Advance real estate receipts (Notes (6)(e) and (7))	-	-	-	-	349	-
2320 Long-term liabilities - current portion (Notes (6)(i), (6)(j), (7) and (8))	73,661,807	30	59,244,773	25	54,118,209	26
2399 Other current liabilities - others	962,890	-	902,357	-	855,254	-
	<u>171,292,828</u>	<u>69</u>	<u>154,094,232</u>	<u>65</u>	<u>149,837,509</u>	<u>71</u>
Non-current Liabilities :						
2530 Bonds payable (Notes (6)(i) and (7))	10,417,219	4	9,299,257	4	6,226,351	3
2540 Long-term borrowings (Notes (6)(i), (7) and (8))	27,762,109	11	34,252,478	14	19,926,343	9
2570 Deferred tax liabilities	1,299,821	1	1,574,717	1	1,697,469	1
2600 Other non-current liabilities (Note (6)(i))	2,309,982	1	2,286,792	1	2,095,486	1
	<u>41,789,131</u>	<u>17</u>	<u>47,413,244</u>	<u>20</u>	<u>29,945,649</u>	<u>14</u>
Total Liabilities	<u>213,081,959</u>	<u>86</u>	<u>201,507,476</u>	<u>85</u>	<u>179,783,158</u>	<u>85</u>
Equity attributable to owners of parent : (Note (6)(ii))						
3100 Share capital	10,954,134	4	10,954,134	4	9,958,304	6
3150 Stock dividends to be distributed	438,165	-	-	-	995,830	-
3200 Capital surplus	9,407,341	4	9,407,459	4	9,411,698	4
3350 Unappropriated retained earnings	12,043,926	5	12,132,818	5	8,511,952	4
3400 Other equity items	1,273,373	-	1,844,301	1	538,953	-
36XX Total equity attributable to owners of parent	34,116,939	13	34,338,712	14	29,416,737	14
Non-controlling interests	1,934,732	1	2,090,369	1	1,872,643	1
Total equity	36,051,671	14	36,429,081	15	31,289,380	15
TOTAL LIABILITIES AND EQUITY	<u>\$ 249,133,630</u>	<u>100</u>	<u>237,936,557</u>	<u>100</u>	<u>211,072,538</u>	<u>100</u>

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

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

CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2015 and 2014

(Amounts Expressed in Thousands of New Taiwan Dollars)

	For the three months ended June 30,				For the six months ended June 30,			
	2015		2014		2015		2014	
	Amount	%	Amount	%	Amount	%	Amount	%
Operating revenue : (Note (7))								
4111 Sales revenue	\$ 2,257,313	25	2,320,324	28	3,893,296	22	4,181,852	25
4810 Interest revenue - installment sales	1,704,149	19	1,623,233	19	3,357,943	19	3,176,706	19
4820 Interest revenue - capital leases	2,123,569	23	1,800,059	21	4,338,519	25	3,602,845	21
4300 Rental revenue - operating leases	585,106	6	456,067	6	1,152,752	7	907,435	5
4230 Interest revenue - loans	620,498	7	500,117	6	1,235,493	7	990,603	6
4240 Other interest revenue	555,262	6	429,060	5	1,081,949	6	828,370	5
4830 Building and land sales revenue	-	-	-	-	-	-	750,535	5
4881 Other operating revenue	1,246,363	14	1,286,247	15	2,535,357	14	2,423,685	14
	<u>9,092,260</u>	<u>100</u>	<u>8,415,107</u>	<u>100</u>	<u>17,595,309</u>	<u>100</u>	<u>16,862,031</u>	<u>100</u>
Operating costs : (Note (7))								
5111 Cost of sales	1,997,979	22	2,019,830	24	3,440,841	20	3,665,591	22
5240 Interest expense	1,183,857	13	1,035,605	13	2,387,701	13	2,051,041	12
5300 Cost of rental revenue	436,579	5	352,909	4	825,375	5	685,354	4
5800 Other operating costs	206,042	2	186,340	2	395,423	2	909,196	5
	<u>3,824,457</u>	<u>42</u>	<u>3,594,684</u>	<u>43</u>	<u>7,049,340</u>	<u>40</u>	<u>7,311,182</u>	<u>43</u>
Gross profit from operation	<u>5,267,803</u>	<u>58</u>	<u>4,820,423</u>	<u>57</u>	<u>10,545,969</u>	<u>60</u>	<u>9,550,849</u>	<u>57</u>
6000 Operating expenses (Note (7))	3,269,067	36	2,796,061	33	6,270,196	36	5,368,986	32
6500 Net other income and expenses (Note (6)(q))	(490)	-	35,571	-	64,701	-	71,038	-
Operating profit	<u>1,998,246</u>	<u>22</u>	<u>2,059,933</u>	<u>24</u>	<u>4,340,474</u>	<u>24</u>	<u>4,252,901</u>	<u>25</u>
Non-operating income and expenses :								
7100 Interest income	16,471	-	20,442	-	37,305	-	44,510	-
7130 Dividend revenue	9,885	-	2,853	-	9,885	-	2,853	-
7020 Other gains and losses (Note (6)(r))	419,055	5	363,592	5	452,175	3	356,883	3
7060 Share of profit (loss) of associates and joint ventures accounted for using equity method (Note (6)(g))	83	-	(2,828)	-	(8,189)	-	(4,371)	-
	<u>445,494</u>	<u>5</u>	<u>384,059</u>	<u>5</u>	<u>491,176</u>	<u>3</u>	<u>399,875</u>	<u>3</u>
7900 Profit before income tax	<u>2,443,740</u>	<u>27</u>	<u>2,443,992</u>	<u>29</u>	<u>4,831,650</u>	<u>27</u>	<u>4,652,776</u>	<u>28</u>
7950 Less: Income tax expense (Note (6)(m))	<u>653,679</u>	<u>7</u>	<u>704,510</u>	<u>8</u>	<u>1,246,413</u>	<u>6</u>	<u>1,275,491</u>	<u>8</u>
Profit for the period	<u>1,790,061</u>	<u>20</u>	<u>1,739,482</u>	<u>21</u>	<u>3,585,237</u>	<u>21</u>	<u>3,377,285</u>	<u>20</u>
Other comprehensive income (loss):								
8360 Items that may be reclassified subsequently to profit or loss								
8361 Exchange differences on translation of foreign financial statements	(525,755)	(6)	(480,344)	(6)	(772,071)	(4)	(299,937)	(2)
8362 Unrealized gains (losses) on available-for-sale financial assets	(12,611)	-	(57,860)	(1)	(920)	-	(164,466)	(1)
8363 Gains (Losses) of effective portion of cash flow hedges	(2,833)	-	6,797	-	(3,750)	-	68,205	1
8364 Gains (Losses) of effective portion of hedges of net investment in foreign operations	31,907	1	45,865	1	56,708	-	(7,150)	-
8391 Other comprehensive income (loss) - other	-	-	58,329	1	-	-	16,567	-
8399 Income tax relating to components of other comprehensive income (loss) (Note 6(m))	30,770	-	26,997	-	45,196	-	17,024	-
Total other comprehensive income (loss)	<u>(478,522)</u>	<u>(5)</u>	<u>(400,216)</u>	<u>(5)</u>	<u>(674,837)</u>	<u>(4)</u>	<u>(369,757)</u>	<u>(2)</u>
Other comprehensive income (loss) for the period, net of tax	<u>(478,522)</u>	<u>(5)</u>	<u>(400,216)</u>	<u>(5)</u>	<u>(674,837)</u>	<u>(4)</u>	<u>(369,757)</u>	<u>(2)</u>
8500 Total comprehensive income for the period	<u>\$ 1,311,539</u>	<u>15</u>	<u>1,339,266</u>	<u>16</u>	<u>2,910,400</u>	<u>17</u>	<u>3,007,528</u>	<u>18</u>
Profit attributable to :								
8610 Owners of parent	\$ 1,706,985	19	1,656,976	20	3,416,431	20	3,218,797	19
8620 Non-controlling interests	83,076	1	82,506	1	168,806	1	158,488	1
	<u>\$ 1,790,061</u>	<u>20</u>	<u>1,739,482</u>	<u>21</u>	<u>3,585,237</u>	<u>21</u>	<u>3,377,285</u>	<u>20</u>
Comprehensive income attributable to :								
8710 Owners of parent	\$ 1,330,963	15	1,252,673	15	2,845,503	16	2,783,955	17
8720 Non-controlling interests	(19,424)	-	86,593	1	64,897	1	223,573	1
	<u>\$ 1,311,539</u>	<u>15</u>	<u>1,339,266</u>	<u>16</u>	<u>2,910,400</u>	<u>17</u>	<u>3,007,528</u>	<u>18</u>
9750 Basic earnings per share (NT dollars) (Note (6)(o))	<u>\$ 1.50</u>		<u>1.45</u>		<u>3.00</u>		<u>2.83</u>	

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

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CHAILIASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

Condensed Consolidated Statements of Changes in Equity
For the six months ended June 30, 2015 and 2014
(Amounts Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											Total equity			
	Share capital	Stock dividend to be distributed	Capital surplus	Special reserve	Retained Earnings	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Uncalized gains (losses) on available-for-sale financial assets	Other equity items	Gains (losses) of effective portion of hedge of cash flow	Gains (losses) of effective portion of hedge of net investment in foreign operations		Others	Equity attributable to owners of the parent	Non controlling interests
Balance as of January 1, 2014	9,958,304	-	9,411,698	64,865	8,215,783	299,730	760,510	(39,919)	2,615	(42,141)	28,624,443	1,816,730	30,441,173	3,377,285	33,818,458
Net income for the period	-	-	-	-	3,218,797	-	-	-	-	-	-	-	3,218,797	158,488	3,377,285
Other comprehensive income for the period	-	-	-	-	-	-	(347,998)	(164,466)	68,205	(7,130)	16,567	(434,842)	(369,757)	65,085	(369,757)
Total comprehensive income for the period	-	-	-	-	3,218,797	-	(347,998)	(164,466)	68,205	(7,130)	16,567	(434,842)	(369,757)	223,573	3,007,528
Earnings distribution and appropriation:															
Cash dividends of ordinary share	-	-	-	-	(1,991,661)	-	-	-	-	-	-	-	(1,991,661)	-	(1,991,661)
Stock dividends of ordinary share	-	995,830	-	-	(995,830)	-	-	-	-	-	-	-	-	-	-
Appropriation for special reserve	-	-	-	(64,865)	64,865	-	-	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(167,680)	(167,680)
Balance as of June 30, 2014	9,958,304	-	9,411,698	-	8,511,952	28,286	412,512	135,264	(4,535)	(32,574)	28,286	1,872,643	31,289,380	1,872,643	33,162,023
Balance as of January 1, 2015	10,954,134	-	9,407,459	-	12,132,818	-	1,818,240	152,325	(161,203)	-	34,939	-	36,429,081	2,990,369	39,419,450
Net income for the period	-	-	-	-	3,416,431	-	-	-	-	-	-	-	3,416,431	168,806	3,585,237
Other comprehensive income for the period	-	-	-	-	-	-	(622,965)	(920)	(3,750)	56,708	(570,928)	(103,909)	(674,837)	64,897	(709,940)
Total comprehensive income for the period	-	-	-	-	3,416,431	-	(622,965)	(920)	(3,750)	56,708	(570,928)	(103,909)	(674,837)	64,897	(709,940)
Earnings distribution and appropriation:															
Cash dividends of ordinary share	-	-	-	-	(3,067,158)	-	-	-	-	-	-	-	(3,067,158)	-	(3,067,158)
Stock dividends of ordinary share	-	438,165	-	-	(438,165)	-	-	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(118)	(118)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(220,534)	(220,534)
Balance as of June 30, 2015	10,954,134	-	9,407,341	-	12,043,926	-	1,195,274	151,405	31,189	(104,429)	34,116,939	1,934,732	36,051,671	1,934,732	37,986,403

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

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CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

For the six months ended June 30, 2015 and 2014

(Amounts Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30.	
	2015	2014
Cash flows from operating activities :		
Profit before income tax	\$ 4,831,650	4,652,776
Adjustments :		
Adjustments to reconcile profit before income tax to net cash provided by operating activities :		
Depreciation expense	769,113	660,884
Amortization expense	74,349	34,490
Loss on financial assets and liabilities at fair value through profit or loss	2,923	53,008
Interest expense	2,387,701	2,051,041
Interest income	(10,051,209)	(8,643,034)
Dividend income	(9,885)	(2,853)
Share of loss of associates and joint ventures accounted for using equity method	8,189	4,371
Gain on disposal of property, plant and equipment	(16,031)	(17,648)
Loss on disposal of foreclosed assets	44,530	-
Gain on disposal of investments	(114,600)	(39,881)
Impairment loss on financial assets	2,181,046	1,750,336
Impairment loss on non-financial assets	122,255	114,670
Total adjustments to reconcile profit (loss)	(4,601,619)	(4,034,616)
Change in operating assets and liabilities :		
Change in operating assets :		
Increase in financial assets held for trading	(72,927)	(116,471)
Increase in accounts receivable	(13,812,819)	(16,624,403)
Proceeds from financial assets securitization	-	2,472,124
Decrease in inventories	-	567,373
Increase in other current financial assets	(1,023,310)	(399,578)
Decrease in other current assets	40,971	39,737
Proceeds from sales of operating lease assets	310,838	472,429
Purchase of operating lease assets	(1,514,495)	(1,380,473)
Increase in other non-current assets – others	(485,445)	(84,729)
Total changes in operating assets	(16,557,187)	(15,053,991)
Change in operating liabilities :		
Decrease in accounts payable	(182,080)	(1,422,728)
Increase in long-term and short-term debts	70,365,882	79,864,800
Repayment of long-term and short-term debts	(59,088,946)	(66,770,917)
Increase in other current financial liabilities	982,784	1,492
Increase in accrued pension liabilities	8,568	5,445
Increase (decrease) in other current liabilities-others	71,168	(14,260)
Increase in other non-current liabilities	25,116	269,207
Total changes in operating liabilities	12,182,492	11,933,039
Total changes in operating assets and liabilities	(4,374,695)	(3,120,952)
Total adjustments	(8,976,314)	(7,155,568)
Cash outflow from operation	(4,144,664)	(2,502,792)
Interest received	10,077,688	8,332,210
Dividend received	9,985	100
Interest paid	(2,419,857)	(2,010,293)
Income taxes paid	(1,720,074)	(1,105,632)
Net cash provided by operating activities	1,803,078	2,713,593
Cash flows from investing activities :		
Acquisition of available-for-sale financial assets	(184,048)	(3,517)
Proceeds from disposal of available-for-sale financial assets	116,889	56,347
Acquisition of held-to-maturity financial assets	(1,911,290)	(3,018,591)
Disposal of held-to-maturity financial assets	2,836,968	598,763
Acquisition of investments accounted for using equity method	-	(20,906)
Acquisition of property, plant and equipment	(65,223)	(77,559)
Disposal of property, plant and equipment	1,493	46,559
Acquisition of intangible assets	(8,008)	(11)
Net cash provided by (used in) investing activities	786,781	(2,418,915)
Cash flows from financing activities :		
Changes in non-controlling interests	(220,652)	(167,680)
Net cash used in financing activities	(220,652)	(167,680)
Effect of exchange rate changes on cash and cash equivalents	(142,591)	(118,976)
Net increase (decrease) in cash and cash equivalents	2,226,616	8,022
Cash and cash equivalents, net of bank overdraft, beginning of period	8,330,204	7,502,137
Cash and cash equivalents, net of bank overdraft, end of period	\$ 10,556,820	7,510,159

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

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(1) Overview

Chailease Holding Company Limited (the "Company") is an investment holding company, which was founded on December 24, 2009 under the Company Act of Cayman Islands. The Company has been listed on the Main Board of the Taiwan Stock Exchange Corporation (TWSE) since December 13, 2011.

The Company and its subsidiaries ("the Group") were engaged primarily in providing various services of leasing and financial instruments.

As of June 30, 2015 and 2014, the Company had outstanding common stock of \$10,954,134 and \$9,958,304 divided into 1,095,413,456 shares and 995,830,415 shares, respectively.

(2) Financial Statements Authorisation Date and Authorisation Process

The condensed interim consolidated financial statements were approved by the Audit Committee and reported to the Board of Directors on August 12, 2015.

(3) New Accounting Standards and Interpretations Adopted

- (a) Effect of new issuances of or amendments to IFRSs as endorsed by the Financial Supervisory Commission ("FSC").

The Group has adopted the 2013 version of IFRS (excluding IFRS 9, 'Financial instruments') as endorsed by the FSC in preparing the consolidated financial statements. The related new standards, interpretations and amendments are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>IASB Effective Date</u>
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendment to IFRS 1)	July 1, 2010
Severe hyperinflation and removal of fixed dates for first-time adopters (amendment to IFRS 1)	July 1, 2011
Government loans (amendment to IFRS 1)	January 1, 2013
Disclosures - transfers of financial assets (amendment to IFRS 7)	July 1, 2011
Disclosures-Offsetting financial assets and financial liabilities (amendment to IFRS 7)	January 1, 2013
IFRS 10, "Consolidated financial statements"	January 1, 2013 (Investment entities are required to adopt on January 1, 2014)
IFRS 11, "Joint arrangements"	January 1, 2013
IFRS 12, "Disclosure of interests in other entities"	January 1, 2013
IFRS 13, "Fair value measurement"	January 1, 2013

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<u>New Standards, Interpretations and Amendments</u>	<u>IASB Effective Date</u>
Presentation of items of other comprehensive income (amendment to IAS 1)	July 1, 2012
Deferred tax: Recovery of underlying assets (amendment to IAS 12)	January 1, 2012
Employee benefits (as amendment to IAS 19)	January 1, 2013
Separate financial statements (as amendments to IAS 27)	January 1, 2013
Offsetting financial assets and financial liabilities (amendment to IAS 32)	January 1, 2014
IFRIC 20, "Stripping costs in the production phase of a surface mine"	January 1, 2013

Based on the Group's assessment, the adoption of the 2013 version of IFRS has no significant impact on the consolidated financial statements of the Group, except for the following:

1. IAS 1 Presentation of Financial Statements

This standard requires that an entity present separately the items of other comprehensive income that would be classified to profit or loss in the future from those that would never be reclassified to profit or loss. Consequently, an entity that presents items of other comprehensive income before related tax effects would also have to allocate the aggregate tax amount between these classifications. The Group has adopted the new presentation method prescribed by the standard. Also, the comprehensive income statements for comparative periods are restated.

2. IFRS 13 Fair Value Measurement

This standard revised the definition of fair value, provides a framework for measuring fair value, and requires disclosures on fair value measurement. The Group has disclosed the information required by the standard (Please refer to note 6(t).) However, for the new disclosure requirement, comparison with prior periods is not needed. Also, the Company has postponed the application of the new fair value measurement, according to the transitional implementation guidance. As the adoption of this standard will be postponed until after 2015, the Group does not expect any significant influence on its financial condition and performance.

(b) New standards, interpretations and amendments not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRS as endorsed by the FSC :

<u>New Standards, Interpretations and Amendments</u>	<u>IASB Effective Date</u>
IFRS 9, "Financial instruments"	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	January 1, 2016
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016

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<u>New Standards, Interpretations and Amendments</u>	<u>IASB Effective Date</u>
Acquisition of an interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14 “Regulatory deferral accounts”	January 1, 2016
IFRS 15 “Revenue from contracts with customers”	January 1, 2017
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortization (amendments to IAS 16 and IAS 38)	January 1, 2016
Bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Services related contributions from employees or third parties (amendments to IAS 19)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
The Annual Improvements : 2010-2012 & 2011-2013 Cycles	July 1, 2014
The Annual Improvements to IFRS : 2012-2014 Cycles	January 1, 2016
IFRIC 21, “Levies”	January 1, 2014

The Group is assessing the potential impact of these new standards, interpretations and amendments above and has not yet been able to reliably estimate their impact on the consolidated financial statements.

(4) Significant Accounting Policies

(a) Statement of compliance

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

ACCEPTED AUDITING STANDARDS.**CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES****Notes to the Condensed Interim Consolidated Financial Statements****June 30, 2015 and 2014****(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Except as described in the following paragraphs, the significant accounting policies adopted in the preparation of the accompanying condensed interim consolidated financial statements are applied consistently with those of the consolidated financial statements for the year ended December 31, 2014. For other related information, please refer to Note (4) of the consolidated financial statements for the year ended December 31, 2014. In addition, the consolidated financial statement will fully adopt the 2013 IFRS version that was approved and endorsed by the Financial Supervisory Commission of the Republic of China commencing from 2015.

For the impact of adopting the IFRS 2013 version, which is endorsed by FSC and effective in 2015, please refer to note 3(a).

(b) Basis of consolidation

The accounting principles applied in the preparation of the condensed interim consolidated financial statements are consistent with those of the consolidated financial statements for the year ended December 31, 2014. For information about these accounting principles, please refer to Note (4)(c) of the consolidated financial statements for the year ended December 31, 2014.

1. Subsidiaries included in the condensed interim consolidated financial statements

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio			Note
			2015.6.30	2014.12.31	2014.6.30	
The Company	Chailease International Company (Malaysia) Limited	Investment	100.00 %	100.00 %	100.00 %	
"	Golden Bridge (B.V.I.) Corp.	Investment	100.00 %	100.00 %	100.00 %	
"	Chailease International Financial Services Co., Ltd.	Installment sales, leasing overseas and financial consulting	100.00 %	100.00 %	100.00 %	
Golden Bridge (B.V.I.) Corp.	My Leasing (Mauritius) Corp.	Investment	100.00 %	100.00 %	100.00 %	
My Leasing (Mauritius) Corp.	Chailease International Finance Corporation	Leasing	100.00 %	100.00 %	100.00 %	
My Leasing (Mauritius) Corp. and Chailease International Finance Corporation	Chailease Finance International Corp.	Leasing	100.00 %	100.00 %	100.00 %	
Chailease International Finance Corporation	Chailease International Corp.	Trading	100.00 %	100.00 %	100.00 %	
"	Jirong Real Estate Co., Ltd.	House property leasing and management	100.00 %	100.00 %	100.00 %	
Chailease International Company (Malaysia) Limited	Chailease Finance Co., Ltd.	Installment sales, leasing, and factoring	100.00 %	100.00 %	100.00 %	
"	Chailease International (B.V.I.) Corp.	Investment	100.00 %	100.00 %	100.00 %	

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Investor	Name of Subsidiary	Primary Business	Shareholding Ratio			Note
			2015.6.30	2014.12.31	2014.6.30	
Chailease International Financial Services Co., Ltd.	Chailease International Financial Services (Liberia) Corp.	Leasing	100.00 %	100.00 %	- %	Funded in November 24, 2014
Chailease Finance Co., Ltd.	Fina Finance & Trading Co., Ltd.	Installment sales, trading, and factoring	99.55 %	99.54 %	99.53 %	
"	China Leasing Co., Ltd.	Installment sales	100.00 %	100.00 %	100.00 %	
"	My Leasing (B.V.I.) Corp.	Investment	100.00 %	100.00 %	100.00 %	
Chailease International Company (Malaysia) Limited and Chailease Finance Co., Ltd.	Asia Sermkij Leasing Public Co., Ltd.	Installment sales of automobiles	48.18 %	48.18 %	48.18 %	(Note a)
Chailease Finance Co., Ltd.	Chailease Finance (B.V.I.) Co., Ltd.	Installment sales, leasing overseas, and financial consulting	100.00 %	100.00 %	100.00 %	
"	Chailease International Leasing Company Limited (Vietnam)	Leasing	100.00 %	100.00 %	100.00 %	
"	Chailease Auto Rental Co., Ltd.	Leasing	100.00 %	100.00 %	100.00 %	
"	Chailease Credit Services Co., Ltd.	Installment sales and leasing	100.00 %	100.00 %	100.00 %	
"	Apex Credit Solutions Inc.	Accounts receivable management, debt management, valuation, trading in financial instruments	100.00 %	100.00 %	100.00 %	
"	Chailease Insurance Brokers Co., Ltd.	Personal and property insurance brokers	100.00 %	100.00 %	100.00 %	
"	Chailease Cloud Service Co., Ltd.	Software of cloud products, leasing, and installment sales	100.00 %	100.00 %	100.00 %	
"	Chailease Finance Securitization Trust 2014 Purpose Entity	Special Purpose Entity	- %	- %	- %	The subsidiary was established on July 24, 2014. (Note b)

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Investor	Name of Subsidiary	Primary Business	Shareholding Ratio			Note
			2015.6.30	2014.12.31	2014.6.30	
Chailease Finance Co., Ltd.	Yun Tang Inc.	Solar Power business	100.00 %	100.00 %	- %	The subsidiary was owned by acquiring 100% of the capital contribution on September 30, 2014.
Fina Finance & Trading Co., Ltd.	Chailease Consumer Finance Co., Ltd	Factoring and installment sales	100.00 %	100.00 %	100.00 %	
The Company and Chailease Finance Co., Ltd.	Grand Pacific Holdings Corp.	Leasing, real estate, and mortgage	100.00 %	100.00 %	100.00 %	
Grand Pacific Holdings Corp.	Grand Pacific Financing Corp. (California)	Financing, leasing and financial consulting	100.00 %	100.00 %	100.00 %	
"	Grand Pacific Main Street Development, Inc.	Real estate development	100.00 %	100.00 %	100.00 %	
"	Grand Pacific Warehouse Funding Corp.	Real estate development	100.00 %	100.00 %	100.00 %	
"	Grand Pacific Business Loan LLC. 2005-1	Special Purpose Entity	- %	- %	- %	The subsidiary was established on June 27, 2005. (Note b)
Grand Pacific Warehouse Funding Corp.	Grand Pacific Warehouse Funding LLC.	Special Purpose Entity	100.00 %	100.00 %	100.00 %	
Grand Pacific Business Loan LLC. 2005-1	Grand Pacific Business Loan Trust 2005-1	Special Purpose Entity	- %	- %	- %	The subsidiary was established on June 27, 2005. (Note b)
Asia Sermkij Leasing Public Co., Ltd.	Bangkok Grand Pacific Lease Public Company Limited	Leasing and financing consulting	99.99 %	99.99 %	99.99 %	

Note a: Although the Company's ownership was lower than 50% of the subsidiary's outstanding shares, the subsidiary was consolidated. This is because the other 51.82% ownership was dispersed and no evidence of joint policy-making agreement among those stockholders. Also, the low participation rate of other shareholders in past shareholders' meetings indicates that the Company owns the actual power to control.

Note b: For purposes of trading and investment, the Group set up a number of special purpose entities (SPE) in which it does not have any direct or indirect shareholding.

These SPEs are consolidated if the substance of the Group's relationship with the SPEs and the assessment of their risks and rewards, disclosed that the Group has control over the SPEs. The control of an SPE by the Group may be indicated if:

(i) the SPE conducts its business to meet the specific needs of the Group;

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- (ii) the Group has decision making powers to obtain the majority of the benefits of the SPE's activities;
- (iii) the Group is able to obtain the majority of the benefits of the SPE's activities through an "auto-pilot" mechanism;
- (iv) by having a right to the majority of SPE's benefits, the Group is exposed to the SPE's risks; and
- (v) the Group has the majority of the residual interest of the SPE.

2. Subsidiaries excluded from the condensed interim consolidated financial statements: None.

(c) Income taxes

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

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

Deferred income taxes are determined based on difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect during the years in which the difference are expected to reverse.

(d) Employee benefits

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

**(5) Significant Accounting Judgments, Estimations, Assumptions, and Sources of Estimation
Uncertainty**

The accompanying condensed interim consolidated financial statements were prepared in accordance with IAS 34 "Interim Financial Reporting" as endorsed by FSC, which requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Except as described in the following paragraphs, the principles for the preparation of consolidated interim financial statements and the related significant estimates and underlying assumptions are consistent with Note (5) of the consolidated financial statements for the year ended December 31, 2014.

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(a) Valuation Process

The Group's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss.

The Company's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back-testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of fair value hierarchy in determining the fair value of financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- Level 2: 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).
- Level 3: inputs for the assets or liability that are not based on observable market data.

(b) Policies for Transferring of Fair Value Hierarchy

For any transfer within fair value hierarchy, the Company would recognize the impact of the transfer on the reporting date. Please refer to Note 6(t) for assumptions used in measuring fair value.

(6) **Explanation to Significant Accounts**

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2014. Please refer to Note (6) of the 2014 annual consolidated financial statements.

(a) Cash and cash equivalents

	<u>2015.6.30</u>	<u>2014.12.31</u>	<u>2014.6.30</u>
Cash and demand deposits	\$ 10,508,820	8,274,421	7,555,173
Time deposits	49,710	42,685	47,498
Cash equivalents – RP bills	<u>19,031</u>	<u>21,011</u>	<u>5,013</u>
Cash and cash equivalents	10,577,561	8,338,117	7,607,684
Bank overdraft	<u>(20,741)</u>	<u>(7,913)</u>	<u>(97,525)</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 10,556,820</u>	<u>8,330,204</u>	<u>7,510,159</u>

The Group's interest risk and sensitivity analysis of financial assets and liabilities were disclosed in Note (6)(t).

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(b) Financial instruments

1.Details of financial assets were as follows :

	<u>2015.6.30</u>	<u>2014.12.31</u>	<u>2014.6.30</u>
Financial assets at fair value through profit or loss			
Held for trading			
Securities of listed companies	\$ 265,200	177,256	392,428
Derivative instruments not used for hedging	<u>16,731</u>	<u>28,736</u>	<u>692</u>
Sub-total	<u>281,931</u>	<u>205,992</u>	<u>393,120</u>
Designated as at fair value through profit or loss			
2010 securitization	-	-	833,230
2011 securitization	<u>702,883</u>	<u>710,059</u>	<u>791,817</u>
Sub-total	<u>702,883</u>	<u>710,059</u>	<u>1,625,047</u>
	<u>984,814</u>	<u>916,051</u>	<u>2,018,167</u>
Available-for-sale financial assets			
Securities of listed companies	195,757	40,427	53,868
Emerging stock	1,053,279	1,012,241	972,640
Private equity	<u>498,621</u>	<u>517,217</u>	<u>524,391</u>
Sub-total	<u>1,747,657</u>	<u>1,569,885</u>	<u>1,550,899</u>
Held-to-maturity financial assets			
Investment in debt securities	<u>8,194,956</u>	<u>9,131,820</u>	<u>7,744,262</u>
Derivative financial assets used for hedging	<u>31,189</u>	<u>37,759</u>	<u>29,998</u>
Total	<u>\$ 10,958,616</u>	<u>11,655,515</u>	<u>11,343,326</u>

2.Sensitivity analysis — equity price risk :

If the equity price changes, the impact to other comprehensive income, using the sensitivity analysis based on the same variables, except for the price index for both periods, will be as follows:

Equity price at reporting date	For the six months ended June 30,			
	2015		2014	
	After-tax other comprehensive income	After-tax profit (loss)	After-tax other comprehensive income	After-tax profit (loss)
Increase 7%	\$ <u>122,391</u>	<u>18,564</u>	<u>108,617</u>	<u>27,470</u>
Decrease 7%	\$ <u>(122,391)</u>	<u>(18,564)</u>	<u>(108,617)</u>	<u>(27,470)</u>

The Group purchased debt securities issued by real estate trust. These debt securities have maturity dates between 2015 and 2018, and bear effective annual interest rate ranging from 3.43%~8.83%.

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Portion of investments in equity securities was provided as collaterals for the issuance of short-term bills payable, as well as long and short term debts, which were discussed further in Note (8).

3. Details of financial liabilities were as follows:

	<u>2015.6.30</u>	<u>2014.12.31</u>	<u>2014.6.30</u>
Financial liabilities at fair value through profit or loss			
Held for trading			
Derivative instruments not used for hedging	\$ -	(769)	(2,973)
Derivative financial liabilities used for hedging	-	(2,820)	(1,713)
Total	<u>\$ -</u>	<u>(3,589)</u>	<u>(4,686)</u>

4. Derivative instruments not used for hedging

Derivative financial instruments are used to manage certain interest risk, arising from the Group's operating, financing and investing activities. As of June 30, 2015, December 31, 2014 and June 30, 2014, derivative financial instruments accounted for as held-for-trading financial assets (liabilities) were as follows:

Cross currency swap contracts

		<u>2015.6.30</u>			
Nominal Amount	Currency	Interest Rate Payable	Interest Rate Receivable	Contract Period	
USD 20,000	USD to CNY	3.700%	90 Days LIBOR + 1.8%	2013.04.29~	
CNY 123,510				2016.04.29	
USD 30,000	USD to CNY	3.800%	90 Days LIBOR + 1.8%	2013.10.21~	
CNY 183,300				2016.04.29	
USD 20,000	USD to CNY	3.600%	90 Days LIBOR + 1.8%	2013.12.18~	
CNY 121,580				2016.04.29	
		<u>2014.12.31</u>			
Nominal Amount	Currency	Interest Rate Payable	Interest Rate Receivable	Contract Period	
USD 20,000	USD to CNY	3.700%	90 Days LIBOR + 1.8%	2013.04.29~	
CNY 123,510				2016.04.29	
USD 30,000	USD to CNY	3.800%	90 Days LIBOR + 1.8%	2013.10.21~	
CNY 183,300				2016.04.29	
USD 20,000	USD to CNY	3.600%	90 Days LIBOR + 1.8%	2013.12.18~	
CNY 121,580				2016.04.29	

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2014.6.30					
Nominal Amount	Currency	Interest Rate Payable	Interest Rate Receivable	Contract Period	
USD 20,000	USD to CNY	3.700%	90 Days LIBOR + 1.8%	2013.04.29~	
CNY 123,510				2016.04.29	
USD 30,000	USD to CNY	3.800%	90 Days LIBOR + 1.8%	2013.10.21~	
CNY 183,300				2016.04.29	
USD 20,000	USD to CNY	3.600%	90 Days LIBOR + 1.8%	2013.12.18~	
CNY 121,580				2016.04.29	

Interest rate swap contracts

2014.12.31				
Nominal Amount	Contract Period	Interest Rate Payable	Interest Rate Receivable	Swap Period
CNY 300,000	2012.03.20~2015.03.20	2.960%	Interest rate of one-year time deposit	3 years

2014.6.30				
Nominal Amount	Contract Period	Interest Rate Payable	Interest Rate Receivable	Swap Period
CNY 300,000	2012.03.20~2015.03.20	2.960%	Interest rate of one-year time deposit	3 years

5. Derivative instruments used for hedging

As of June 30, 2015, December 31, 2014 and June 30, 2014, the Group held derivative instruments qualified for hedge accounting as follows:

2015.6.30				
Nominal Amount	Contract Period	Interest Rate Payable	Interest Rate Receivable	Swap Period
TWD 400,000	2010.11.17~2015.11.17	3%	90 days CP+1.2%	5 years
TWD 50,000	2011.01.19~2016.01.19	3%	90 days CP+1.1%	5 years
TWD 50,000	2011.01.19~2016.01.19	3%	90 days CP+1.0%	5 years

2014.12.31				
Nominal Amount	Contract Period	Interest Rate Payable	Interest Rate Receivable	Swap Period
TWD 400,000	2010.11.17~2015.11.17	3%	90 days CP+1.2%	5 years
TWD 50,000	2011.01.19~2016.01.19	3%	90 days CP+1.1%	5 years
TWD 50,000	2011.01.19~2016.01.19	3%	90 days CP+1.0%	5 years

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2014.6.30					
Nominal Amount	Contract Period	Interest Rate Payable	Interest Rate Receivable	Swap Period	
TWD 400,000	2010.11.17~2015.11.17	3%	90 days CP+1.2%	5 years	
TWD 50,000	2011.01.19~2016.01.19	3%	90 days CP+1.1%	5 years	
TWD 50,000	2011.01.19~2016.01.19	3%	90 days CP+1.0%	5 years	

1) Cash flow hedge

The subsidiaries namely, Chailease Finance Co., Ltd. and Golden Bridge (B.V.I) Corp., entered into interest swap contract and cross currency swap contract with a bank to hedge future cash flows out of unsecured corporate bonds and CNY loans receivable.

Hedged item	Hedge Instrument	Fair Value			Expected Cash flow Period	Hedge Period
		2015.6.30	2014.12.31	2014.6.30		
Unsecured corporate bonds	Interest Swap	\$ 2,663	(2,820)	(1,713)	2010~2016	2010~2016
CNY loans receivable	Cross Currency Swap contract	28,526	37,759	29,998	2013~2016	2013~2016

Item	For the three months ended June 30,		For the six months ended June 30,	
	2015	2014	2015	2014
The fair value adjustment to \$ other comprehensive income	(2,833)	6,797	(3,750)	68,205

2) Hedge of net investment in foreign operation

The fair value of an equity investment in a foreign investee, Golden Bridge (B.V.I) Corp., may be influenced by the fluctuation of USD exchange rate. The Company designated its USD borrowings to hedge the exchange rate fluctuation risk from this investment. The details of net investment hedge in foreign operation and designated derivatives as of June 30, 2015, December 31, 2014 and June 30, 2014, were as follows:

Hedged Item	Designated Hedging Instrument			
	Hedge Instrument	Fair Value		
		2015.6.30	2014.12.31	2014.6.30
Equity investment measured in USD borrowings	Foreign currency	\$ 2,268,210	2,152,200	2,269,740

There were no effects of ineffectiveness recognized in profit or loss that arises from hedges of net investments in foreign operation of Golden Bridge (B.V.I) Corp., for the six months ended June 30, 2015 and 2014.

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(c) Financial assets securitization

1. 2011 Securitization

In 2011, the Group securitized its financial assets, consisting of conditional sales receivable, installment sales receivable, and capital leases receivable, with an aggregate carrying amount of \$5,000,229. Such securitization was made by way of offering the securities in the form of beneficiary certificates, with the Land Bank of Taiwan as the Trustee. Accordingly, the Group received \$4,154,000 in cash from issuing these beneficiary certificates, resulting in a loss of \$9,533 from this asset securitization. These beneficiary certificates are redeemable for the period from November 24, 2011 to November 24, 2018. Specific terms and conditions of the beneficiary certificates are as follows:

Class of beneficiary certificates issued	Order of principal repayment	Issue amount /par value	Issue price	Interest rate	Payment frequency
twAAA	1st	3,830,000	3,830,000	2.20 %	Monthly
twA	2nd	324,000	324,000	3.00 %	Monthly
Subordinated	3rd	846,229	991,210	None	Monthly

Key assumptions at the securitization date:

	<u>November 24, 2011</u> <u>(securitization date)</u>
Repayment rate	9.4500 %
Expected return rate on securitized financial assets	9.4000 %
Weighted-average life (in years)	4.83
Expected credit loss rate	1.65%~3.07%
Discount rate for cash flows	2.56 %

The Group holds subordinated beneficiary certificates and retains the right to interest (if any) in excess of the amount paid to the holders of twAAA and twA beneficiary certificates. If debtors default, neither the investor nor trustee has the right of recourse to the Group. The repayment of the principal amount of subordinated beneficiary certificates is subordinate to the investors' certificates and their value is affected by the credit risk, prepayment rate and change in interest rate of the securitized financial assets.

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1) Key assumptions used in measuring retained interests:

The key assumptions used in measuring subordinated seller certificates arising from the financial assets securitization at each reporting date were as follows:

	<u>2015.6.30</u>	<u>2014.12.31</u>	<u>2014.6.30</u>
Repayment rate	18.15 %	13.85 %	10.26 %
Expected return rate on securitized financial assets	8.11 %	8.63 %	8.80 %
Weighted-average life (in years)	1.42	1.92	2.42
Expected credit loss rate (Note)	1.85%~6.30%	1.85%~6.30%	1.85%~6.30%
Discount rate for residual cash flows	4.00 %	4.00 %	4.00 %

2) Sensitivity analysis

At each reporting date, the key assumptions and sensitivity analysis of the current fair value of residual cash flows with immediate 10% and 20% adverse changes in these assumptions were as follows:

	<u>2015.6.30</u>	<u>2014.6.30</u>
Carrying amount of retained interests	702,883	791,817
Weighted—average life (in years)	1.42	2.42
Repayment rate	18.15 %	10.26 %
Effect on fair value with 10% adverse change	(3,406)	(16,876)
Effect on fair value with 20% adverse change	(6,313)	(31,327)
Expected credit losses	4.58%	4.58%
Effect on fair value with 10% adverse change	(10,028)	(22,932)
Effect on fair value with 20% adverse change	(20,057)	(45,867)
Discount rate for residual cash flows	4.00 %	4.00 %
Effect on fair value with 10% adverse change	(2,276)	(5,180)
Effect on fair value with 20% adverse change	(4,542)	(10,318)

3) Expected static pool credit losses

As the securitized conditional sales receivable, installment sales receivable, and capital leases receivable do not have actual credit losses as of the balance sheet date, the expected static pool credit losses are, therefore, equal to the expected credit losses.

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4) Cash flows

The cash flows received from securitization trusts were as follows:

	For the six months ended June 30,	
	2015	2014
Other cash flows received on retained interests	\$ 115,274	173,729
Service fees received	1,660	2,380

Note: The securitization of debts is revolving and the expected credit loss rate of retained interests is evaluated and adjusted during the issue period.

2. 2010 Securitization

In 2010, the Group securitized its financial assets, consisting of conditional sales receivable, installment sales receivable, and capital leases receivable, with an aggregate carrying amount of \$5,274,997. Such securitization was made by way of offering the securities in the form of beneficiary certificates, with the Land Bank of Taiwan as the Trustee. Accordingly, the Group received \$4,255,000 in cash from issuing these beneficiary certificates, resulting in a gain of \$43,516 from this asset securitization. These beneficiary certificates are redeemable for the period from August 13, 2010 to August 26, 2017. Specific terms and conditions of the beneficiary certificates are as follows:

Class of beneficiary certificates issued	Order of principle repayment	Issue amount /par value	Issue price	Interest rate	Payment frequency
twAAA	1st	3,880,000	3,880,000	2.80 %	Monthly
twA	2nd	375,000	375,000	3.50 %	Monthly
Subordinated	3rd	1,019,997	1,124,727	None	Monthly

Key assumptions at the securitization date:

	August 13, 2010 (securitization date)
Repayment rate	8.5600 %
Expected return rate on securitized financial assets	9.4843 %
Weighted-average life (in years)	3.83
Expected credit loss rate	2.26%~4.20%
Discount rate for cash flows	3.08 %

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The Group holds subordinated beneficiary certificates and retains the right to interest (if any) in excess of the amount paid to the holders of twAAA and twA beneficiary certificates. If debtors default, neither the investor nor trustee has the right of recourse to the Group. The repayment of the principal amount of subordinated beneficiary certificates is subordinate to the investors' certificates and their value is affected by the credit risk, prepayment rate and change in interest rate of the securitized financial assets.

1) Key assumptions used in measuring retained interests:

At each reporting date, the key assumptions used in measuring the subordinated seller certificates arise from the financial assets securitization were as follows:

	<u>2014.6.30</u>
Repayment rate	22.98 %
Expected return rate on securitized financial assets	7.94 %
Weighted-average life (in years)	1.17
Expected credit loss rate (Note)	1.85%~7.81%
Discount rate for residual cash flows	4.00 %

2) Sensitivity analysis

At each reporting date, the key economic assumptions and sensitivity analysis of the current fair value of residual cash flows with immediate 10% and 20% adverse changes in these assumptions were as follows:

	<u>2014.6.30</u>
Carrying amount of retained interests	833,230
Weighted—average life (in years)	1.17
Repayment rate	22.98 %
Effect on fair value with 10% adverse change	(1,331)
Effect on fair value with 20% adverse change	(2,482)
Expected credit losses	7.81%
Effect on fair value with 10% adverse change	(9,594)
Effect on fair value with 20% adverse change	(19,189)
Discount rate for residual cash flows	4.00 %
Effect on fair value with 10% adverse change	(1,260)
Effect on fair value with 20% adverse change	(2,516)

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3) Expected static pool credit losses

As the securitized conditional sales receivable, installment sales receivable, and capital leases receivable do not have actual credit losses as of the balance sheet date, the expected static pool credit losses are, therefore, equal to the expected credit losses.

4) Cash flows

The cash flows received from securitization trusts were as follows:

	<u>For the six months ended June 30,</u>
	<u>2014</u>
Other cash flows received on retained interests	\$ 79,011
Service fees received	1,130

Note: The securitization of debts is revolving and the expected credit loss rate of retained interests is evaluated and adjusted during the issue period.

5) On August 26, 2014, the special purpose trust has fully redeemed beneficiary certificates twAAA and twA. On September 22, 2014, the process of its liquidation was completed, so that the Group received \$895,104 from the return of subordinated certificates.

On September 17, 2014, the Group entered into an agreement with the said Special Purpose Entity to repurchase its receivable of \$613,677.

(d) Accounts receivable, net

	<u>2015.6.30</u>	<u>2014.12.31</u>	<u>2014.6.30</u>
Current			
Accounts receivable	\$ 12,860,493	10,089,740	8,250,027
Less: Allowance for impairment	<u>(577,586)</u>	<u>(624,129)</u>	<u>(573,042)</u>
	<u>12,282,907</u>	<u>9,465,611</u>	<u>7,676,985</u>
Installment sales receivable	68,391,340	64,169,367	60,329,915
Less: Unearned interests	(6,193,734)	(5,907,409)	(5,695,665)
Allowance for impairment	<u>(1,888,897)</u>	<u>(1,846,027)</u>	<u>(1,777,509)</u>
	<u>60,308,709</u>	<u>56,415,931</u>	<u>52,856,741</u>
Leases receivable (included operating leases)	76,743,870	78,653,219	65,287,706
Less: Unearned revenue	(8,966,628)	(9,809,078)	(7,867,389)
Allowance for impairment	<u>(2,768,647)</u>	<u>(2,637,123)</u>	<u>(2,038,826)</u>
	<u>65,008,595</u>	<u>66,207,018</u>	<u>55,381,491</u>
Loans receivable	35,270,813	33,734,391	28,976,180
Less: Allowance for impairment	<u>(934,194)</u>	<u>(889,109)</u>	<u>(809,801)</u>
	<u>34,336,619</u>	<u>32,845,282</u>	<u>28,166,379</u>
Sub-total of current accounts	<u>171,936,830</u>	<u>164,933,842</u>	<u>144,081,596</u>

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	<u>2015.6.30</u>	<u>2014.12.31</u>	<u>2014.6.30</u>
Non-Current			
Accounts receivable	\$ 3,066,649	2,652,563	2,153,123
Less: Allowance for impairment	<u>(56,380)</u>	<u>(53,292)</u>	<u>(46,914)</u>
	<u>3,010,269</u>	<u>2,599,271</u>	<u>2,106,209</u>
Installment sales receivable	25,795,541	26,136,991	25,340,789
Less: Unearned interests	<u>(2,233,185)</u>	<u>(2,296,764)</u>	<u>(2,338,051)</u>
Allowance for impairment	<u>(319,154)</u>	<u>(304,723)</u>	<u>(274,925)</u>
	<u>23,243,202</u>	<u>23,535,504</u>	<u>22,727,813</u>
Leases receivable	6,670,959	6,232,235	3,033,837
Less: Unearned revenue	<u>(1,741,460)</u>	<u>(1,685,203)</u>	<u>(231,474)</u>
Allowance for impairment	<u>(57,846)</u>	<u>(59,099)</u>	<u>(54,357)</u>
	<u>4,871,653</u>	<u>4,487,933</u>	<u>2,748,006</u>
Loans receivable	3,520,454	2,988,244	2,571,234
Less: Allowance for impairment	<u>(77,426)</u>	<u>(71,849)</u>	<u>(95,161)</u>
	<u>3,443,028</u>	<u>2,916,395</u>	<u>2,476,073</u>
Sub-total of non-current accounts	<u>34,568,152</u>	<u>33,539,103</u>	<u>30,058,101</u>
Total accounts receivable	<u>\$ 206,504,982</u>	<u>198,472,945</u>	<u>174,139,697</u>

1. The movements in allowance for impairment with respect to accounts receivable during the period were as follows:

	<u>For the six months ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
Opening balance	\$ 6,485,351	5,398,770
Impairment loss recognized	2,181,016	1,750,336
Amounts written off	<u>(1,868,408)</u>	<u>(1,420,661)</u>
Foreign exchange gains (loss)	<u>(117,829)</u>	<u>(57,910)</u>
Ending balance	<u>\$ 6,680,130</u>	<u>5,670,535</u>

2. Receivables arising from installment sales and capital leases transactions, which were partially pledged for the repayment or collaterals of bank loans, were discussed further in Note (8).

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3. The Group's capital leases receivable and related accounts were as follows:

	<u>Gross investment in the leases</u>	<u>Unearned revenue</u>	<u>Present value of minimum leases receivable</u>
June 30, 2015			
Within operating cycle	\$ 76,592,572	(8,966,628)	67,625,944
Beyond one operating cycle to 5 years	4,401,723	(732,484)	3,669,239
Over 5 years	<u>2,269,236</u>	<u>(1,008,976)</u>	<u>1,260,260</u>
	<u>\$ 83,263,531</u>	<u>(10,708,088)</u>	<u>72,555,443</u>
December 31, 2014			
Within operating cycle	\$ 78,562,748	(9,809,078)	68,753,670
Beyond one operating cycle to 5 years	3,959,475	(649,594)	3,309,881
Over 5 years	<u>2,272,760</u>	<u>(1,035,609)</u>	<u>1,237,151</u>
	<u>\$ 84,794,983</u>	<u>(11,494,281)</u>	<u>73,300,702</u>
June 30, 2014			
Within operating cycle	\$ 65,173,313	(7,867,389)	57,305,924
Beyond one operating cycle to 5 years	3,033,837	(231,474)	2,802,363
	<u>\$ 68,207,150</u>	<u>(8,098,863)</u>	<u>60,108,287</u>

The Group entered into several electricity procurement agreements with Taiwan Power Company(Refer to Note(9) for details of these agreements). Under these agreements, the production of electric power will be only sold to Taiwan Power Company from the day the power plants are put into commercial operation. The average lease term is approximately twenty years.

The electricity procurement agreements mentioned above were accounted for as finance leases under IFRIC 4 "Determining whether an Agreement contains a lease" and IAS 17 "Lease" .

4. The future minimum operating leases receivable under non-cancellable leases was analyzed as follows:

	<u>2015.6.30</u>	<u>2014.12.31</u>	<u>2014.6.30</u>
Within operating cycle	\$ 1,966,406	1,873,886	1,508,730
Beyond one operating cycle to 5 years	2,508,437	2,413,712	1,375,418
Over 5 years	<u>13,147</u>	<u>197,198</u>	<u>1,135</u>
	<u>\$ 4,487,990</u>	<u>4,484,796</u>	<u>2,885,283</u>

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5. The Group's installment sales receivable and related accounts were as follows:

	<u>Gross investment in the installment sales</u>	<u>Unearned interests</u>	<u>Present value of installment sales receivable</u>
June 30, 2015			
Within operating cycle	\$ 68,391,340	(6,193,734)	62,197,606
Beyond one operating cycle to 5 years	25,767,130	(2,232,355)	23,534,775
Over 5 years	<u>28,411</u>	<u>(830)</u>	<u>27,581</u>
	<u>\$ 94,186,881</u>	<u>(8,426,919)</u>	<u>85,759,962</u>
December 31, 2014			
Within operating cycle	\$ 64,169,367	(5,907,409)	58,261,958
Beyond one operating cycle to 5 years	26,104,458	(2,295,861)	23,808,597
Over 5 years	<u>32,533</u>	<u>(903)</u>	<u>31,630</u>
	<u>\$ 90,306,358</u>	<u>(8,204,173)</u>	<u>82,102,185</u>
June 30, 2014			
Within operating cycle	\$ 60,329,915	(5,695,665)	54,634,250
Beyond one operating cycle to 5 years	25,292,779	(2,336,736)	22,956,043
Over 5 years	<u>48,010</u>	<u>(1,315)</u>	<u>46,695</u>
	<u>\$ 85,670,704</u>	<u>(8,033,716)</u>	<u>77,636,988</u>

6. 2014 Securitization

In 2014, the Group securitized its financial assets, consisting of conditional sales receivable, installment sales receivable, and capital leases receivable, with an aggregate carrying amount of \$6,499,797. Such securitization was made by way of offering the securities in the form of beneficiary certificates, with the Land Bank of Taiwan as the Trustee. Accordingly, the Group received \$5,465,000 in cash from issuing these beneficiary certificates, resulting in a gain of \$87,457 from this asset securitization. Because the Group acquired all of the subordinated beneficiary certificates, the Group had control over the SPEs. The SPEs are classified as "Investments accounted under equity method. The downstream transactions are eliminated by the difference between the following two amounts.

- 1) The amount received from disposal of financial assets.
- 2) Adjusted book value of disposed financial assets.

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The SPEs trusts are included in the condensed interim consolidated financial statements and recognized as liabilities for issue amount.

These beneficiary certificates are redeemable for the period from July 24, 2014 to July 24, 2021. Specific terms and conditions of the beneficiary certificates are as follows:

Class of beneficiary certificates issued	Order of principal repayment	Issue amount /par value	Issue price	Interest rate	Payment frequency
twAAA	1st	5,079,000	5,079,000	1.85 %	Monthly
twA	2nd	386,000	386,000	2.65 %	Monthly
Subordinated	3rd	1,034,797	1,294,462	None	Monthly

(e) Other current assets - others

	<u>2015.6.30</u>	<u>2014.12.31</u>	<u>2014.6.30</u>
Prepayments	\$ 1,739,933	1,383,417	733,209
Prepaid expenses	1,396,372	1,493,040	1,437,855
Foreclosed assets	29,767	65,806	94,749
Others	8,995	317,070	233,273
	<u>\$ 3,175,067</u>	<u>3,259,333</u>	<u>2,499,086</u>

As of June 30, 2015, December 31, 2014 and June 30, 2014, foreclosed assets held by the Group were as follows:

	<u>2015.6.30</u>	<u>2014.12.31</u>	<u>2014.6.30</u>
Foreclosed assets	\$ 45,685	107,426	116,308
Less: Accumulated impairment	(15,918)	(41,620)	(21,559)
	<u>\$ 29,767</u>	<u>65,806</u>	<u>94,749</u>

For the three months and the six months ended June 30, 2015 and 2014, the Group recognized a gain on reversal of impairment loss (an impairment loss) of \$5,669, \$(4,043), \$24,443 and \$(3,532), respectively, for foreclosed assets. Certain foreclosed assets were disposed to non related parties and a disposal loss of \$44,530 was recognized thereon for the three months and the six months ended June 30, 2015.

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(f) Investments accounted under equity method

The financial information of individually non-significant equity method affiliates included in the consolidated financial statements were as follows:

	<u>2015.6.30</u>	<u>2014.12.31</u>	<u>2014.6.30</u>	
Affiliates	<u>\$ 213,997</u>	<u>183,215</u>	<u>46,019</u>	
	<u>For the three months</u>		<u>For the six months</u>	
	<u>ended June 30,</u>		<u>ended June 30,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Comprehensive income attributable to owners of parent	<u>\$ 83</u>	<u>(2,828)</u>	<u>(8,189)</u>	<u>(4,371)</u>

Portion of the investments in associates was provided as collaterals for the issuance of short-term bills payable, as well as long and short-term debts, which were discussed further in Note (8).

(g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group as of and for the six months ended June 30, 2015 and 2014, were as follows:

	<u>Land and buildings</u>	<u>Transportation equipment</u>	<u>Machinery and miscellaneous equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
Cost:					
Balance at January 1, 2015	\$ 3,060,206	8,055,558	1,098,529	125,923	12,340,216
Additions	25,181	1,468,538	77,428	8,571	1,579,718
Reclassification	-	275	-	-	275
Disposals	-	(730,218)	(205,534)	-	(935,752)
Effect of movements in exchange rate	(41,562)	(45,680)	(19,828)	(369)	(107,439)
Balance at June 30, 2015	<u>\$ 3,043,825</u>	<u>8,748,473</u>	<u>950,595</u>	<u>134,125</u>	<u>12,877,018</u>
Balance at January 1, 2014	\$ 2,965,915	5,482,214	2,992,112	121,105	11,561,346
Additions	11,755	1,347,487	95,574	3,216	1,458,032
Reclassification	-	1,475	-	-	1,475
Disposals	-	(744,818)	(1,128,162)	-	(1,872,980)
Effect of movements in exchange rate	(34,725)	(12,379)	(54,240)	(40)	(101,384)
Balance at June 30, 2014	<u>\$ 2,942,945</u>	<u>6,073,979</u>	<u>1,905,284</u>	<u>124,281</u>	<u>11,046,489</u>

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	<u>Land and buildings</u>	<u>Transportation equipment</u>	<u>Machinery and miscellaneous equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
Depreciation and impairment losses:					
Balance at January 1, 2015	\$ 438,336	1,966,842	842,851	94,331	3,342,360
Depreciation for the period	27,053	681,143	55,298	5,619	769,113
Impairment loss	-	146,698	-	-	146,698
Disposals	-	(448,253)	(191,196)	-	(639,449)
Effect of movements in exchange rate	(1,928)	(7,784)	(15,647)	(236)	(25,595)
Balance at June 30, 2015	<u>\$ 463,461</u>	<u>2,338,646</u>	<u>691,306</u>	<u>99,714</u>	<u>3,593,127</u>
Balance at January 1, 2014	\$ 384,074	1,586,301	2,322,279	82,325	4,374,979
Depreciation for the period	25,575	495,170	134,336	5,803	660,884
Impairment loss (reversal)	-	109,190	1,948	-	111,138
Disposals	-	(470,977)	(900,369)	-	(1,371,346)
Effect of movements in exchange rate	(767)	(5,020)	(44,043)	(24)	(49,854)
Balance at June 30, 2014	<u>\$ 408,882</u>	<u>1,714,664</u>	<u>1,514,151</u>	<u>88,104</u>	<u>3,725,801</u>
Carrying amounts:					
Balance at January 1, 2015	<u>\$ 2,621,870</u>	<u>6,088,716</u>	<u>255,678</u>	<u>31,592</u>	<u>8,997,856</u>
Balance at June 30, 2015	<u>\$ 2,580,364</u>	<u>6,409,827</u>	<u>259,289</u>	<u>34,411</u>	<u>9,283,891</u>
Balance at January 1, 2014	<u>\$ 2,581,841</u>	<u>3,895,913</u>	<u>669,833</u>	<u>38,780</u>	<u>7,186,367</u>
Balance at June 30, 2014	<u>\$ 2,534,063</u>	<u>4,359,315</u>	<u>391,133</u>	<u>36,177</u>	<u>7,320,688</u>

Recognition and reversal of impairment losses were charged to the cost of rental revenue.

Assets held for lease, which were partially pledged for the Group's long-term debts and short-term debts, were discussed further in Note (8).

(h) Intangible assets

	<u>Goodwill</u>	<u>Software</u>	<u>Total</u>
Carrying amounts:			
Balance at January 1, 2015	<u>\$ 12,680</u>	<u>22,911</u>	<u>35,591</u>
Balance at June 30, 2015	<u>\$ 12,680</u>	<u>31,456</u>	<u>44,136</u>
Balance at January 1, 2014	<u>\$ 3,728</u>	<u>18,884</u>	<u>22,612</u>
Balance at June 30, 2014	<u>\$ 3,728</u>	<u>17,330</u>	<u>21,058</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the six months ended June 30, 2015 and 2014. Information on amortization for the period is discussed in Note (12)(b). Please refer to Note (6)(j) of the 2014 annual consolidated financial statements for other related information.

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(i) Long-term and short-term borrowings

The significant terms and conditions of long-term borrowings and short-term borrowings were as follows:

	2015.6.30			
	Currency	Interest Rate	Year of Maturity	Amount
Secured bank loans	TWD	1.30%~1.65%	2015~2019	\$ 757,808
"	USD	1.85%~4.00%	2015~2017	1,625,395
"	THB	2.30%~4.75%	2015~2018	8,503,494
"	CNY	4.27%~6.76%	2015~2018	16,297,805
"	VND	3.80%~5.30%	2015~2016	1,394,931
Unsecured bank loans	TWD	0.94%~1.97%	2015~2018	78,745,646
"	USD	1.24%~1.59%	2015~2017	18,727,669
"	EUR	1.35%	2015	91,319
"	THB	2.15%~7.38%	2015~2016	6,895,064
"	JPY	1.20%	2015	276,416
"	CNY	4.27%~6.76%	2015~2018	22,344,147
Other unsecured loans	THB	2.30%~2.90%	2015	2,395,188
"	TWD	7.88%	2015	3,299
Notes payable from securitization	TWD	1.85%~2.65%	2019	5,465,000
"	USD	0.82%~0.90%	2030	197,878
Total				\$ <u>163,721,059</u>
Current				\$ 135,958,950
Non-current				<u>27,762,109</u>
Total				\$ <u>163,721,059</u>

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2014.12.31				
	Currency	Interest Rate	Year of Maturity	Amount
Secured bank loans	TWD	1.30%~1.65%	2015~2019	\$ 837,802
"	USD	2.00%~4.00%	2015~2017	1,486,428
"	THB	2.80%~4.75%	2015~2017	8,886,730
"	CNY	3.93%~7.69%	2015~2017	14,476,088
"	VND	3.60%~7.50%	2015~2016	1,320,356
Unsecured bank loans	TWD	0.92%~1.97%	2015~2017	73,316,182
"	USD	1.41%~2.92%	2015~2016	18,587,366
"	EUR	1.37%	2015	100,022
"	THB	2.67%~7.38%	2015~2016	7,588,035
"	JPY	1.20%~1.25%	2015~2016	226,890
"	CNY	3.93%~7.69%	2015~2017	19,697,786
Other unsecured loans	THB	2.90%~3.00%	2015	2,570,343
"	TWD	7.83%	2015	7,541
Notes payable from securitization	TWD	1.85%~2.65%	2019	5,465,000
"	USD	0.71%~0.81%	2030	247,556
Total				<u>\$ 154,814,125</u>
Current				\$ 120,561,647
Non-current				34,252,478
Total				<u>\$ 154,814,125</u>

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2014.6.30				
	Currency	Interest Rate	Year of Maturity	Amount
Secured bank loans	TWD	1.28%~1.33%	2014	\$ 499,853
"	USD	2.19%~4.50%	2014~2017	1,522,134
"	THB	2.67%~4.75%	2014~2017	8,746,920
"	CNY	3.93%~7.69%	2014~2017	10,959,544
"	VND	3.50%~6.50%	2014~2016	853,489
Unsecured bank loans	TWD	0.91%~2.00%	2014~2017	67,276,931
"	USD	1.15%~2.92%	2014~2017	15,921,586
"	EUR	1.39%	2014	12,234
"	THB	2.67%~7.38%	2014~2016	9,752,186
"	JPY	1.20%~1.27%	2014~2016	313,772
"	CNY	3.93%~7.69%	2014~2017	18,490,753
Other unsecured loans	THB	2.88%~3.05%	2014~2015	1,277,507
Notes payable from securitization	USD	0.71%~0.73%	2030	326,881
Total				<u>\$ 135,953,790</u>
Current				\$ 116,027,447
Non-current				<u>19,926,343</u>
Total				<u>\$ 135,953,790</u>

For information on the Group's interest risk, currency risk, and liquidity risk, please refers to Note (6)(t). For information on the debts of related parties, please refer to Note (7).

1. Securities for bank loans

Certain assets of the Group which were pledged for the repayment of aforementioned loans were disclosed in Note (8).

2. Financial covenants of significant loans and borrowings

- 1) A subsidiary, Chailease Finance Co., Ltd., entered into several syndicated credit agreements with financial institutions, under which, this subsidiary shall maintain certain financial ratios on balance sheet date. (i.e. equity ratio, interest coverage ratio, tangible net worth, etc.) Otherwise, the loans are due and payable immediately.
- 2) A subsidiary, Chailease Finance (B.V.I.) Co., Ltd., also entered into several syndicated credit/loan agreements with financial institutions, under which, Chailease Finance Co., Ltd. shall maintain certain financial ratios on balance sheet date. (i.e. equity ratio, interest coverage ratio, tangible net worth, etc.) Otherwise, the loans are due and payable immediately.

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- 3) A subsidiary, Asia Sermkij Leasing Public Co., Ltd., likewise entered into several credit/loan agreements with financial institutions, under which, this subsidiary shall maintain certain financial ratios on balance sheet date. (i.e. liabilities to equity ratio, etc.) Otherwise, the loans are due and payable immediately.
- 4) A subsidiary, Grand Pacific Financing Corp. (California) entered into a syndicated credit agreement with financial institutions, under which, this subsidiary shall maintain certain financial ratios on balance sheet date. (i.e. interest coverage ratio, tangible net worth, etc.) Otherwise, the loan is due and payable immediately.
- 5) A subsidiary, Fina Finance & Trading Co., Ltd., entered into several syndicated credit/loan agreements with financial institutions, under which, this subsidiary shall maintain certain financial ratios on balance sheet date. (i.e. current ratio, interest coverage ratio, tangible net worth, etc.) Otherwise, the loans are due and payable immediately.
- 6) A subsidiary, Chailease International Finance Corporation entered into several credit/loan agreements with financial institutions. Under these agreements, this subsidiary shall maintain certain financial ratios on balance sheet date. (i.e. liabilities to equity ratio, equity ratio, interest coverage ratio, and total risk assets to net assets ratio, overdue leased assets to leased assets ratio, leasing rental recovery ratio, etc.) Otherwise, the loans are due and payable immediately.
- 7) A subsidiary, Chailease Finance International Corp., entered into several credit/loan agreements with financial institutions. Under these agreements, this subsidiary shall maintain certain financial ratios on balance sheet date. (i.e. liabilities to equity ratio, risk assets to net assets ratio, etc.) Otherwise, the loans are due and payable immediately.
- 8) A subsidiary, Chailease International Corp., entered into several credit/loan agreements with financial institutions. Under these agreements, the Company shall maintain certain financial ratios on balance sheet date. (i.e. liabilities to equity ratio, recovery of account receivable, etc.) Otherwise, the loans are due and payable immediately.
- 9) A subsidiary, Chailease Consumer Finance Co., Ltd., entered into several credit/loan agreements with financial institutions, under which, this subsidiary shall maintain certain financial ratios on balance sheet date. (i.e. current ratio, interest coverage ratio, tangible net worth, etc.) Otherwise, the loans are due and payable immediately.
- 10) A subsidiary, Chailease International Financial Services Co., Ltd., entered into several credit/loan agreements with financial institutions, under which, Chailease Finance Co., Ltd., shall maintain certain parent only financial ratios on balance sheet date. (i.e. interest coverage ratio, tangible net worth, etc.) Otherwise, the loans are due and payable immediately.

As of June 30, 2015, December 31, 2014 and June 30, 2014 the Group were in compliance with the financial covenants mentioned above.

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(j) Bonds payable

Period	Interest Rate	Principal Amount	Repayment Terms	2015.6.30		Collateral
				Within Operating Cycle	Beyond Operating Cycle	
2010.11.17~ 2015.11.17	2.058%~ 2.088%	400,000	Payable in lump sum. Interest rate is floating. Interest is payable annually.	\$ 400,000	-	None
2011.01.19~ 2016.01.19	1.858%~ 1.897%	50,000	"	50,000	-	"
2011.01.19~ 2016.01.19	1.958%~ 1.997%	50,000	"	50,000	-	"
2012.06.05~ 2017.06.05	1.500%	2,000,000	Principal amount is payable in two equal installments at the end of the fourth and fifth year. Interest rate is fixed. Interest is payable annually.	2,000,000	-	"
2013.07.22~ 2018.07.22	1.600%	1,400,000	"	-	1,400,000	"
2014.06.16~ 2019.06.16	1.500%	450,000	"	-	450,000	"
2014.10.30~ 2021.10.30	2.050%	900,000	Payable in lump sum. Interest rate is fixed. Interest is payable annually.	-	900,000	"
2014.10.30~ 2024.10.30	2.300%	1,100,000	"	-	1,100,000	"
2015.06.29~ 2020.06.29	1.550%	3,000,000	"	-	3,000,000	"
2013.02.22~ 2015.08.21	4.550%	THB 350,000	Payable in lump sum. Interest rate is fixed. Interest is payable quarterly.	321,580	-	"
2014.05.09~ 2016.05.16	3.820%	THB 240,000	"	220,512	-	"
2013.06.27~ 2016.06.27	4.500%	THB 1,300,000	"	1,194,440	-	"
2014.04.30~ 2017.04.28	4.150%	THB 100,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi - annually.	-	91,880	"
2014.05.15~ 2017.06.08	4.100%	THB 210,000	"	-	192,948	"
2014.05.27~ 2017.05.09	4.050%	THB 150,000	"	-	137,820	"
2014.06.27~ 2017.07.10	4.050%	THB 220,000	"	-	202,136	"

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Period	Interest Rate	Principal Amount	Repayment Terms	2015.6.30		Collateral
				Within Operating Cycle	Beyond Operating Cycle	
2014.07.17~ 2016.07.11	3.790%	THB 215,000	Payable in lump sum. Interest rate is fixed. Interest is payable quarterly.	-	197,542	None
2014.07.18~ 2017.07.25	4.050%	THB 500,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi - annually.	-	459,400	"
2014.07.25~ 2017.08.08	4.050%	THB 320,000	"	-	294,016	"
2014.09.26~ 2017.10.10	3.950%	THB 200,000	"	-	183,760	"
2014.09.26~ 2017.09.25	3.950%	THB 250,000	"	-	229,700	"
2014.09.29~ 2017.09.25	3.950%	THB 100,000	"	-	91,880	"
2014.11.07~ 2016.11.07	3.700%	THB 160,000	"	-	147,008	"
2014.11.10~ 2017.11.10	3.950%	THB 200,000	"	-	183,760	"
2014.11.24~ 2017.12.07	3.850%	THB 130,000	"	-	119,444	"
2014.11.25~ 2016.11.25	3.700%	THB 120,000	"	-	110,256	"
2014.12.03~ 2016.12.07	3.700%	THB 190,000	"	-	174,572	"
2015.01.28~ 2017.01.28	3.600%	THB 300,000	"	-	275,640	"
2015.03.18~ 2018.03.18	3.700%	THB 100,000	"	-	91,880	"
2015.05.14~ 2017.05.15	3.500%	THB 120,000	"	-	110,256	"
2015.06.04~ 2018.06.04	3.400%	THB 300,000	"	-	275,640	"
Bonds payable (Gross)				4,236,532	10,419,538	
Discounts on bonds payable				(959)	(2,319)	
				<u>\$ 4,235,573</u>	<u>10,417,219</u>	

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				Within Operating Cycle	Beyond Operating Cycle	
2010.11.17~ 2015.11.17	2.058%~ 2.088%	400,000	Payable in lump sum. Interest rate is floating. Interest is payable annually.	\$ 400,000	-	None
2011.01.19~ 2016.01.19	1.858%~ 1.897%	50,000	"	50,000	-	"
2011.01.19~ 2016.01.19	1.958%~ 1.997%	50,000	"	50,000	-	"
2012.06.05~ 2017.06.05	1.500%	2,000,000	Principal amount is payable in two equal installments at the end of the fourth and fifth year. Interest rate is fixed. Interest is payable annually.	1,000,000	1,000,000	"
2013.07.22~ 2018.07.22	1.600%	1,400,000	"	-	1,400,000	"
2014.06.16~ 2019.06.16	1.500%	450,000	"	-	450,000	"
2014.10.30~ 2021.10.30	2.050%	900,000	Payable in lump sum. Interest rate is fixed. Interest is payable annually.	-	900,000	"
2014.10.30~ 2024.10.30	2.300%	1,100,000	"	-	1,100,000	"
2013.02.22~ 2015.08.21	4.550%	THB 350,000	Payable in lump sum. Interest rate is fixed. Interest is payable quarterly.	338,450	-	"
2014.05.09~ 2016.05.16	3.820%	THB 240,000	"	-	232,080	"
2013.06.27~ 2016.06.27	4.500%	THB 1,300,000	"	-	1,257,100	"
2014.04.30~ 2017.04.28	4.150%	THB 100,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi - annually.	-	96,700	"
2014.05.15~ 2017.06.08	4.100%	THB 210,000	"	-	203,070	"
2014.05.27~ 2017.05.09	4.050%	THB 150,000	"	-	145,050	"
2014.06.27~ 2017.07.10	4.050%	THB 220,000	"	-	212,740	"

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				Within Operating Cycle	Beyond Operating Cycle	
2014.07.17~ 2016.07.11	3.790%	THB 215,000	Payable in lump sum. Interest rate is fixed. Interest is payable quarterly.	-	207,905	None
2014.07.18~ 2017.07.25	4.050%	THB 500,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi - annually.	-	483,500	"
2014.07.25~ 2017.08.08	4.050%	THB 320,000	"	-	309,440	"
2014.09.26~ 2017.10.10	3.950%	THB 200,000	"	-	193,400	"
2014.09.26~ 2017.09.25	3.950%	THB 250,000	"	-	241,750	"
2014.09.29~ 2017.09.25	3.950%	THB 100,000	"	-	96,700	"
2014.11.07~ 2016.11.07	3.700%	THB 160,000	"	-	154,720	"
2014.11.10~ 2017.11.10	3.950%	THB 200,000	"	-	193,400	"
2014.11.24~ 2017.12.07	3.850%	THB 130,000	"	-	125,710	"
2014.11.25~ 2016.11.25	3.700%	THB 120,000	"	-	116,040	"
2014.12.03~ 2016.12.07	3.700%	THB 190,000	"	-	183,730	"
2012.04.05~ 2015.04.05	5.000%	CNY 750,000	"	3,818,889	-	"
Bonds payable (Gross)				5,657,339	9,303,035	
Discounts on bonds payable				(129)	(3,778)	
				<u>\$ 5,657,210</u>	<u>9,299,257</u>	

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				Within Operating Cycle	Beyond Operating Cycle	
2010.11.17~ 2015.11.17	2.058%~ 2.083%	400,000	Payable in lump sum. Interest rate is floating. Interest is payable annually.	\$ 400,000	-	None
2011.01.19~ 2016.01.19	1.858%~ 1.897%	50,000	"	50,000	-	"
2011.01.19~ 2016.01.19	1.958%~ 1.997%	50,000	"	50,000	-	"
2011.08.30~ 2014.08.30	1.750%	4,000,000	Payable in lump sum. Interest rate is fixed. Interest is payable quarterly.	4,000,000	-	"
2012.06.05~ 2017.06.05	1.500%	2,000,000	Principal amount is payable in two equal installments at the end of the fourth and fifth year. Interest rate is fixed. Interest is payable annually.	-	2,000,000	"
2013.07.22~ 2018.07.22	1.600%	1,400,000	"	-	1,400,000	"
2014.06.16~ 2019.06.16	1.500%	450,000	Payable in lump sum. Interest rate is fixed. Interest is payable annually.	-	450,000	"
2012.11.09~ 2014.11.10	4.550%	THB 1,000,000	Payable in lump sum. Interest rate is fixed. Interest is payable quarterly.	925,600	-	"
2013.02.22~ 2015.08.21	4.550%	THB 350,000	"	-	323,960	"
2014.05.09~ 2016.05.16	3.820%	THB 240,000	"	-	222,144	"
2013.06.27~ 2016.06.27	4.500%	THB 1,300,000	"	-	1,203,280	"
2014.04.30~ 2017.04.28	4.150%	THB 100,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi - annually.	-	92,560	"
2014.05.15~ 2017.06.08	4.100%	THB 210,000	"	-	194,376	"
2014.05.27~ 2017.05.09	4.050%	THB 150,000	"	-	138,840	"
2014.06.27~ 2017.07.10	4.050%	THB 220,000	"	-	203,632	"
2012.04.05~ 2015.04.15	5.000%	CNY 750,000	"	3,608,215	-	"
Bonds payable (Gross)				9,033,815	6,228,792	
Discounts on bonds payable				(334)	(2,441)	
				<u>\$ 9,033,481</u>	<u>6,226,351</u>	

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Financial covenants of significant loans and borrowings:

A subsidiary, Chailease Finance (B.V.I.) Co., Ltd., issued three-year CNY bonds in Hong Kong, under which, Chailease Finance Co., Ltd. shall maintain certain consolidated financial ratios on balance sheet date. (i.e. equity ratio, tangible net worth, interest coverage ratio, etc.) Otherwise, the loans are due and payable immediately. The bonds have been paid as of April 5, 2015.

As of December 31, 2014 and June 30, 2014 Chailease Finance Co., Ltd., a subsidiary, was in compliance with the financial covenants mentioned above.

(k) Operating Leases

1. Leases entered into as lessee

Non-cancellable operating lease payables were as follows:

	<u>2015.6.30</u>	<u>2014.12.31</u>	<u>2014.6.30</u>
Within 1 year	\$ 214,451	241,054	144,647
Beyond 1 year but up to 5 years	558,806	673,384	228,667
Over 5 years	<u>128,045</u>	<u>130,977</u>	<u>-</u>
	<u>\$ 901,302</u>	<u>1,045,415</u>	<u>373,314</u>

(l) Employee benefits

1. Defined benefit plans

Management believes that in prior fiscal year, there was no material volatility of the market, no material reimbursement and settlement or other material one-time events. As a result, the pension cost in the accompanying interim financial statements was measured and disclosed according to the actuarial report as of December 31, 2014 and 2013.

The Group's pension costs recognized in profit or loss were as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Operating costs	\$ 539	460	1,000	891
Operating expenses	<u>18,505</u>	<u>18,134</u>	<u>37,149</u>	<u>36,671</u>
Total	<u>\$ 19,044</u>	<u>18,594</u>	<u>38,149</u>	<u>37,562</u>

2. Defined contribution plans

The pension costs incurred from the contributions were as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Operating expenses	<u>\$ 18,489</u>	<u>20,656</u>	<u>42,166</u>	<u>40,066</u>

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(m) Income taxes

1. Income Tax Expense

The components of income tax were as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Total income tax expense from continuing operations	\$ <u>653,679</u>	<u>704,510</u>	<u>1,246,413</u>	<u>1,275,491</u>

The amount of income tax recognized in other comprehensive income for years was as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Foreign currency translation differences for foreign operations	\$ <u>30,770</u>	<u>26,997</u>	<u>45,196</u>	<u>17,024</u>

2. The income tax returns of the subsidiary, Chailease Finance Co., Ltd. have been assessed by the tax Authority through 2012. Additionally, the income tax returns of the subsidiaries, Fina Finance & Trading Co., Ltd., Apex Credit Solutions Inc., China Leasing Co., Ltd., Chailease Auto Rental Co., Ltd., Chailease Insurance Brokers Co., Ltd., and Chailease Credit Services Co., Ltd., have been assessed by the Tax Authority through 2013.

(n) Share capital and other equity accounts

Except for the following, there were no significant changes in capital and reserves for the six months ended June 30, 2015 and 2014. Please refer to Note (6)(p) of the consolidated financial statements for the year ended December 31, 2014 for other related information.

1. Share capital

Due to the capital required for investing in subsidiaries and repaying bank loans, the board of directors of the Company resolved to increase the Company's capital by issuing common shares of stock through the offering of global depositary shares overseas, and the offering was approved by the Financial Supervisory Commission (FSC) on August 3, 2012. As of October 9, 2012, these global depositary shares were priced at US\$8.59 per unit, and the Company issued 120,000,000 common shares of stock from the conversion of 24,000,000 units of global depositary shares. Each unit of global depositary shares represents 5 common shares of stock. As of June 30, 2015, December 31, 2014 and June 30, 2014, the Company has listed, 2,744,313, 2,612,562, and 2,707,458 units of GDRs, respectively, on the Euro MTF market of the Luxembourg Stock Exchange. Major terms and conditions for GDRs were as follows:

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1) Exercise of voting rights

Holders of GDRs may exercise voting rights with respect to the common shares in the manner set out in "Terms and Conditions of the Global Depositary Shares-Voting Rights," as such provisions may be amended from time to time to comply with applicable ROC law.

2) Dividend distributions, pre-emptive rights and other rights

Holders of GDRs have same rights on dividend distribution and share distribution as the Company's existing common shareholders.

2. Retained earnings

According to its Articles of Association, which was revised through a resolution approved by the stockholders' meeting on May 30, 2014, the Company is required to appropriate earnings every accounting year. The after-tax earnings are initially used to offset cumulative losses, and then a special reserve is appropriated from the remainder. Without necessarily violating the Cayman Islands Companies Law, the Company is able to retain reasonable amount of earnings for Company development. The remaining earnings for each accounting period and the unappropriated retained earnings are distributed according to the stockholders' approval in compliance with the following order of distribution:

- a) between 0.01% and 1% of such remaining amount as employees' bonus for each accounting period;
- b) between 0.01% and 0.1% of such remaining amount as directors' bonus for each accounting period; and
- c) dividends of at least 20% of such remaining amount of which cash dividends shall not be less than 30% of the total amount of dividends.

According to The ROC Company Act which was amended on May 2015, employee benefits and the rewards of directors were no longer part of earnings distribution. On this regard, the Company will amend its articles association before the deadline which was set by the authorities.

Earnings distribution

For the three months and the six months ended June 30, 2014, the Company accrued employee benefits of \$249 and \$483, and the board of directors' remuneration of \$1,325 and \$2,575, respectively. These amounts were estimated from the Group's net profit attributed to owners of parent for the three months and six months ended June 30 2014, according to the earnings allocation method, priority and factor for employee benefits and the board of directors' remuneration as stated under the Articles of Association. These benefits were charged to profit or loss under operating expense for the three months and six months ended June 30 2014.

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In its financial statements for the years 2014 and 2013, the Company accrued employee benefits of \$1,024 and \$882, and the board of directors' remuneration of \$5,460 and \$4,706, respectively. There were no differences between the actual distributions of 2014 and 2013 earnings in 2015 and 2014 and those which were estimated and accrued in the financial statements for both periods.

During their meetings on May 28, 2015 and May 30, 2014, the stockholders approved to distribute the 2014 and 2013 earnings, respectively. These earnings were distributed as dividends as follows:

	<u>2014</u>		<u>2013</u>	
	<u>Dividend per share (\$)</u>	<u>Amount</u>	<u>Dividend per share (\$)</u>	<u>Amount</u>
Dividends distributed to common shareholders				
Cash	\$ 2.80	3,067,158	2.00	1,991,661
Stock	0.40	<u>438,165</u>	1.00	<u>995,830</u>
Total		<u>\$ 3,505,323</u>		<u>2,987,491</u>

The information before 2014 earning distribution of the Company's earnings had been announced through the Market Observation Post System on the internet.

(o) Earnings per share

The basic and diluted earnings per share were calculated as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Profit attributable to common stockholders of the Company	<u>\$ 1,706,985</u>	<u>1,656,976</u>	<u>3,416,431</u>	<u>3,218,797</u>
Weighted average number of ordinary shares	<u>\$ 1,139,230</u>	<u>1,139,230</u>	<u>1,139,230</u>	<u>1,139,230</u>
Weighted average number of ordinary shares (Diluted)	<u>\$ 1,139,248</u>	<u>1,139,248</u>	<u>1,139,248</u>	<u>1,139,248</u>

Note: Potential ordinary shares have no dilutive effects.

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(p) Employee and board of directors compensation

For the six months ended June 30, 2015, compensation for employee and the board of directors amounted to \$516 and \$2,407, respectively. These amounts were calculated using the Company's profit before tax for the period described above, and were determined according to the earnings allocation method, priority and factor for employee benefits and the board of directors' remuneration as stated under the Articles of Association. These compensation are expensed under operating cost or expenses in the corresponding period. According to the management assertions, the difference between the actual amounts of employee compensation and estimated employee compensation, if any, will be treated as changes in accounting estimates and adjusted in profit or loss in the following year.

(q) Net other income and expenses

The details of net other income and expenses were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2015	2014	2015	2014
Loss on disposal of foreclosed assets	\$ (44,530)	-	(44,530)	-
Gain (loss) on reversal of impairment loss of foreclosed assets	5,669	(4,043)	24,443	(3,532)
Gain on doubtful debt recoveries	38,274	39,614	84,680	74,570
Others	97	-	108	-
	<u>\$ (490)</u>	<u>35,571</u>	<u>64,701</u>	<u>71,038</u>

(r) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2015	2014	2015	2014
Foreign exchange gains (losses)	\$ (20,289)	(68)	(17,347)	(1,036)
Net gains on disposal of property, plant, and equipment	850	1,615	1,124	2,097
Net gains on disposal of available-for-sale financial assets	114,600	29,635	114,600	39,881
Net gains (losses) on valuation of financial assets (liabilities) measured at fair value through profit or loss	(20,501)	(26,865)	(2,923)	(53,008)
Impairment losses on available-for-sale financial assets	(30)	-	(30)	-
Others	<u>344,425</u>	<u>359,275</u>	<u>356,751</u>	<u>368,949</u>
	<u>\$ 419,055</u>	<u>363,592</u>	<u>452,175</u>	<u>356,883</u>

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(s) Adjustments to other comprehensive income

	For the three months ended June 30,		For the six months ended June 30,	
	2015	2014	2015	2014
Available-for-sale financial assets				
Net change in fair value	\$ (13,447)	(23,591)	(1,756)	(125,926)
Net change in fair value reclassified to profit or loss	836	(34,269)	836	(38,540)
Net change in fair value recognized in other comprehensive income	<u>\$ (12,611)</u>	<u>(57,860)</u>	<u>(920)</u>	<u>(164,466)</u>

(t) Financial instruments

1. Credit risks

1) Credit risks exposure

The carrying amounts of financial assets represented the maximum credit risk exposure of the Group. As of June 30, 2015, December 31, 2014 and June 30, 2014, the maximum exposure to credit risks amounted to \$246,409,560, \$237,672,494 and \$212,871,609, respectively.

The non-performing loans (net of allowance for doubtful accounts) amounted to \$181,430, \$210,194 and \$238,189 as of June 30, 2015, December 31, 2014 and June 30, 2014, respectively.

The loans and receivables originated by the Group and their related allowance for impairment at the reporting date by geographic location were as follows:

	Taiwan	Thailand	China	Others	Total
June 30, 2015					
Gross loans and receivables:					
Neither past due nor impaired	\$ 108,365,734	24,086,128	64,975,664	5,082,774	202,510,300
Past due	133,886	-	-	110,733	244,619
Impaired	<u>2,717,490</u>	<u>3,427,468</u>	<u>3,651,885</u>	<u>365,978</u>	<u>10,162,821</u>
	<u>\$111,217,110</u>	<u>27,513,596</u>	<u>68,627,549</u>	<u>5,559,485</u>	<u>212,917,740</u>
Allowance for impairment					
Collectively assessed	\$ 1,242,770	368,376	1,386,713	351,456	3,349,315
Individually assessed	<u>1,282,452</u>	<u>284,848</u>	<u>1,462,017</u>	<u>215,556</u>	<u>3,244,873</u>
	<u>\$ 2,525,222</u>	<u>653,224</u>	<u>2,848,730</u>	<u>567,012</u>	<u>6,594,188</u>

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	<u>Taiwan</u>	<u>Thailand</u>	<u>China</u>	<u>Others</u>	<u>Total</u>
<u>December 31, 2014</u>					
Gross loans and receivables:					
Neither past due nor impaired	\$ 98,780,352	25,084,959	66,283,452	4,384,331	194,533,094
Past due	117,518	-	-	178,836	296,354
Impaired	<u>2,506,388</u>	<u>3,392,786</u>	<u>3,545,628</u>	<u>413,946</u>	<u>9,858,748</u>
	<u>\$101,404,258</u>	<u>28,477,745</u>	<u>69,829,080</u>	<u>4,977,113</u>	<u>204,688,196</u>
Allowance for impairment					
Collectively assessed	\$ 1,151,027	317,347	1,299,025	353,968	3,121,367
Individually assessed	<u>1,347,087</u>	<u>279,503</u>	<u>1,461,598</u>	<u>215,890</u>	<u>3,304,078</u>
	<u>\$ 2,498,114</u>	<u>596,850</u>	<u>2,760,623</u>	<u>569,858</u>	<u>6,425,445</u>
<u>June 30, 2014</u>					
Gross loans and receivables:					
Neither past due nor impaired	\$ 88,294,598	24,456,456	54,313,290	3,713,547	170,777,891
Past due	116,522	-	-	161,359	277,881
Impaired	<u>2,447,717</u>	<u>2,631,371</u>	<u>2,866,795</u>	<u>493,374</u>	<u>8,439,257</u>
	<u>\$ 90,858,837</u>	<u>27,087,827</u>	<u>57,180,085</u>	<u>4,368,280</u>	<u>179,495,029</u>
Allowance for impairment					
Collectively assessed	\$ 1,249,383	278,997	1,037,622	322,355	2,888,357
Individually assessed	<u>1,057,864</u>	<u>278,546</u>	<u>1,114,842</u>	<u>253,912</u>	<u>2,705,164</u>
	<u>\$ 2,307,247</u>	<u>557,543</u>	<u>2,152,464</u>	<u>576,267</u>	<u>5,593,521</u>

2) Loans and receivables which were neither past due nor impaired

The credit quality of the portfolio of loans and receivables that were neither past due nor impaired includes loans and receivables with renegotiated terms.

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made concessions that it would not otherwise consider. Renegotiating activity is designed to manage customer relationships, maximize collection opportunities and if possible, avoid foreclosure or repossession. Such activities include extended payment arrangements, approved external debt management plans, deferring foreclosure, modification, loan rewrites and/or deferral of payments pending a change in circumstances. Once the loan is restructured, it remains in this category independent of satisfactory performance after restructuring.

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3) Loans and receivables which were past due

When loans and receivables of contractual interest or principal payments are past due, the Group consider that impairment loss has not been incurred because the level of collateral available exceeds the amounts owed to the Group.

The following table sets forth the aging of past due loans and receivables:

	<u>2015.6.30</u>	<u>2014.12.31</u>	<u>2014.6.30</u>
Past due up to 30 days	\$ 120,725	210,027	161,687
31 to 90 days	123,894	86,327	116,194
	<u>\$ 244,619</u>	<u>296,354</u>	<u>277,881</u>

4) Impaired loans and receivables

Impaired loans and receivables are loans and receivables for which the Group determine that it will be unable to collect part of principal and interest due according to the contracted terms of the loans and receivables agreements.

2. Liquidity risks

The following are the contractual maturities of financial liabilities of the Group, including estimated interest payments and excluding the impact of netting arrangements:

<u>June 30, 2015</u>	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 1 month</u>	<u>1 to 3 months</u>	<u>3 months to 1 year</u>	<u>1 to 5 years</u>	<u>More than 5 years</u>	<u>On demand</u>
Non-derivative financial liabilities								
Bank overdraft	\$ 20,741	20,741	-	-	-	-	-	20,741
Secured bank loans	28,579,433	29,092,750	2,133,631	3,322,670	9,908,782	13,727,667	-	-
Unsecured bank loans	127,059,520	128,009,740	36,640,702	25,334,659	29,519,296	36,515,083	-	-
Other unsecured loans	2,398,487	2,410,555	519,665	1,009,568	881,322	-	-	-
Notes payable from securitization	5,662,878	6,063,753	8,837	17,674	79,532	5,732,882	224,828	-
Bonds payables	14,652,792	15,774,745	38,434	358,334	3,203,151	10,011,426	2,163,400	-
Other payables	8,221,648	8,614,890	3,243,802	3,215,347	919,966	264,667	-	971,108
Deposits relating to collateral of customers	23,178,079	23,194,129	382,202	543,452	4,798,741	16,794,746	-	674,988
	<u>\$ 209,773,578</u>	<u>213,181,303</u>	<u>42,967,273</u>	<u>33,801,704</u>	<u>49,310,790</u>	<u>83,046,471</u>	<u>2,388,228</u>	<u>1,666,837</u>

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	Carrying amount	Contractual cash flows	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	On demand
December 31, 2014								
Non-derivative financial liabilities								
Bank overdraft	\$ 7,913	7,913	-	-	-	-	-	7,913
Secured bank loans	27,007,404	27,589,820	2,963,808	1,548,762	9,486,254	13,590,996	-	-
Unsecured bank loans	119,508,368	120,556,771	35,117,657	22,153,946	26,064,880	37,220,288	-	-
Other unsecured loans	2,577,884	2,593,299	320,165	1,338,505	934,629	-	-	-
Notes payable from securitization	5,712,556	6,161,043	8,850	17,701	79,652	5,785,623	269,217	-
Bonds payables	14,956,467	15,954,622	13,780	36,821	4,815,208	8,925,413	2,163,400	-
Other payables	5,850,340	5,850,978	3,932,919	828,760	592,150	347	-	496,802
Deposits relating to collateral of customers	22,114,780	22,347,787	458,034	739,035	5,663,802	14,868,608	-	618,308
Derivative financial liabilities								
Derivative instruments not used for hedging	769	769	-	-	-	769	-	-
	<u>\$ 197,736,481</u>	<u>201,063,002</u>	<u>42,815,213</u>	<u>26,663,530</u>	<u>47,636,575</u>	<u>80,392,044</u>	<u>2,432,617</u>	<u>1,123,023</u>
June 30, 2014								
Non-derivative financial liabilities								
Bank overdraft	\$ 97,525	97,525	-	-	-	-	-	97,525
Secured bank loans	22,581,940	23,254,475	4,270,960	1,821,967	5,713,914	10,996,898	450,736	-
Unsecured bank loans	111,669,937	112,826,138	32,874,086	25,075,215	20,419,882	34,456,955	-	-
Other unsecured loans	1,277,507	1,286,584	286,010	660,879	339,695	-	-	-
Notes payable from securitization	326,881	365,386	197	395	1,776	9,472	353,546	-
Bonds payables	15,259,832	15,746,221	22,400	4,049,275	4,671,981	7,002,565	-	-
Other payables	5,752,966	5,773,116	2,163,572	2,165,096	804,854	313	-	639,281
Deposits relating to collateral of customers	19,516,216	19,558,246	291,282	543,350	14,114,471	3,920,779	432	687,932
Derivative financial liabilities								
Derivative instruments not used for hedging	2,973	2,973	-	-	-	2,973	-	-
	<u>\$ 176,485,777</u>	<u>178,910,664</u>	<u>39,908,507</u>	<u>34,316,177</u>	<u>46,066,573</u>	<u>56,389,955</u>	<u>804,714</u>	<u>1,424,738</u>

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

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	2014.6.30		
	Foreign currency (In thousands)	Exchange rate	Functional currency
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 7,837.78	USD : TWD 29.8650	234,075
	7,777.34	USD : VND 21.9590	232,270
JPY	143,393.46	JPY : TWD 0.2946	42,833
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 76,618.56	USD : TWD 29.8650	2,288,213
	6,367.16	USD : VND 21,959	190,155
CNY	750,000.00	CNY : USD 0.1611	3,608,250

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from foreign currency exchange fluctuations on cash and cash equivalents, account receivables, and loans and borrowings. A 5% depreciation or appreciation of the TWD against the USD and CNY on balance sheet date would have decreased or increased the net profit after tax by \$8,419 and \$12,999, for the six months ended June 30, 2015 and 2014, respectively. Such analysis was performed on the same basis for both periods.

3) The Foreign Currency Gain or Loss on Monetary Items

Since the Company uses multiple functional currencies, the amounts for foreign currency gain or loss are consolidated for presentation. For the six months ended June 30, 2015 and 2014, the foreign currency gain or loss, including realized and unrealized, amounted to \$17,347 and \$1,036 of loss, respectively.

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4. Interest analysis

The Group's financial assets and financial liabilities with interest rate exposure risk were as follows:

Ending balance as of June 30, 2015	Effective interest rate	Total	Floating rate	Fixed rate			Non-interest bearing
				Within 1 year	1-5 years	More than 5 years	
Financial assets							
Cash and cash equivalents	0.88 %	\$ 10,577,561	7,417,890	1,049,434	-	-	2,110,237
Debt securities	5.89 %	8,897,839	702,883	5,274,097	2,920,859	-	-
Total accounts receivables	10.37 %	213,185,112	25,048,472	101,259,281	76,620,536	1,200,221	9,056,602
Cross currency swap contracts	1.87 %	45,257	45,257	-	-	-	-
Interest rate swap contract	0.94 %	2,663	2,663	-	-	-	-
		<u>232,708,432</u>	<u>33,217,165</u>	<u>107,582,812</u>	<u>79,541,395</u>	<u>1,200,221</u>	<u>11,166,839</u>
Financial liabilities							
Secured bank loans	5.76 %	28,579,433	18,987,600	4,520,343	5,071,490	-	-
Unsecured bank loans	2.60 %	127,059,520	70,329,005	43,004,867	13,725,648	-	-
Bonds payables	2.56 %	14,652,792	500,000	2,735,573	9,417,219	2,000,000	-
Bank overdraft	7.38 %	20,741	20,741	-	-	-	-
Other unsecured loans	2.54 %	2,398,487	-	2,398,487	-	-	-
Notes payable from securitization	1.87 %	5,662,878	197,878	-	5,465,000	-	-
Deposits relating to collateral of customers	0.69 %	23,178,079	-	2,630,583	3,833,978	-	16,713,518
		<u>201,551,930</u>	<u>90,035,224</u>	<u>55,289,853</u>	<u>37,513,335</u>	<u>2,000,000</u>	<u>16,713,518</u>
Net exposure		<u>\$ 31,156,502</u>	<u>(56,818,059)</u>	<u>52,292,959</u>	<u>42,028,060</u>	<u>(799,779)</u>	<u>(5,546,679)</u>

Ending balance as of December 31, 2014	Effective interest rate	Total	Floating rate	Fixed rate			Non-interest bearing
				Within 1 year	1-5 years	More than 5 years	
Financial assets							
Cash and cash equivalents	1.69 %	\$ 8,338,117	6,052,982	713,754	-	-	1,571,381
Debt securities	6.19 %	9,841,879	710,059	4,577,469	4,554,351	-	-
Total accounts receivables	10.39 %	204,958,296	23,380,889	97,512,314	73,687,255	1,184,436	9,193,402
Cross currency swap contracts	1.68 %	66,495	66,495	-	-	-	-
		<u>223,204,787</u>	<u>30,210,425</u>	<u>102,803,537</u>	<u>78,241,606</u>	<u>1,184,436</u>	<u>10,764,783</u>
Financial liabilities							
Secured bank loans	5.67 %	27,007,404	17,256,211	4,786,967	4,964,226	-	-
Unsecured bank loans	2.64 %	119,508,368	62,886,707	45,360,961	11,260,700	-	-
Bonds payables	3.71 %	14,956,467	500,000	4,157,210	8,299,257	2,000,000	-
Bank overdraft	7.50 %	7,913	7,913	-	-	-	-
Other unsecured loans	2.93 %	2,577,884	-	2,577,884	-	-	-
Notes payable from securitization	1.86 %	5,712,556	247,556	-	5,465,000	-	-
Deposits relating to collateral of customers	0.64 %	22,114,780	-	2,090,956	3,240,707	-	16,783,117
Interest rate swap contracts	0.94 %	3,589	3,589	-	-	-	-
		<u>191,888,961</u>	<u>80,901,976</u>	<u>58,973,978</u>	<u>33,229,890</u>	<u>2,000,000</u>	<u>16,783,117</u>
Net exposure		<u>\$ 31,315,826</u>	<u>(50,691,551)</u>	<u>43,829,559</u>	<u>45,011,716</u>	<u>(815,564)</u>	<u>(6,018,334)</u>

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Ending balance as of June 30, 2014	Effective interest rate	Total	Floating rate	Fixed rate			Non-interest bearing
				Within 1 year	1-5 years	More than 5 years	
Financial assets							
Cash and cash equivalents	1.17 %	\$ 7,607,684	7,054,062	339,665	-	-	213,957
Debt securities	6.10 %	9,369,309	1,625,047	93,833	7,650,429	-	-
Total accounts receivables	11.44 %	179,810,232	20,920,292	82,281,853	68,414,524	46,695	8,146,868
Cross currency swap contracts	0.96 %	29,998	29,998	-	-	-	-
Interest rate swap contract	0.04 %	692	692	-	-	-	-
		<u>196,817,915</u>	<u>29,630,091</u>	<u>82,715,351</u>	<u>76,064,953</u>	<u>46,695</u>	<u>8,360,825</u>
Financial liabilities							
Secured bank loans	5.39 %	22,581,940	13,284,017	3,033,396	5,813,790	450,737	-
Unsecured bank loans	2.69 %	111,669,937	71,084,369	29,119,159	11,466,409	-	-
Bonds payables	3.38 %	15,259,832	500,000	8,533,481	6,226,351	-	-
Bank overdraft	7.38 %	97,525	97,525	-	-	-	-
Other unsecured loans	2.94 %	1,277,507	-	1,277,507	-	-	-
Notes payable from securitization	0.72 %	326,881	326,881	-	-	-	-
Deposits relating to collateral of customers	0.87 %	19,516,216	-	2,521,525	2,305,765	432	14,688,494
Cross currency swap contracts	0.96 %	2,973	2,973	-	-	-	-
Interest rate swap contracts	0.95 %	1,713	1,713	-	-	-	-
		<u>170,734,524</u>	<u>85,297,478</u>	<u>44,485,068</u>	<u>25,812,315</u>	<u>451,169</u>	<u>14,688,494</u>
Net exposure		<u>\$ 26,083,391</u>	<u>(55,667,387)</u>	<u>38,230,283</u>	<u>50,252,638</u>	<u>(404,474)</u>	<u>(6,327,669)</u>

The Group's sensitivity analysis in interest rates is based on the risk exposure to interest rates on the derivative and non-derivative financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date. The Group's accounting and financial department reported that the increases or decreases in interest rates and the change in interest rate of 25 basis points has been determined as management's benchmark in assessing the reasonableness of the changes in the interest rates.

If the interest rate increases or decreases by 0.25%, the Group's net profit will decrease or increase by \$122,500 and \$147,031 for the six months ended June 30, 2015 and 2014, respectively. This analysis assumes that all other variables remain constant.

5. Fair value information

1) The Categories and Fair Values of Financial Instruments

The carrying amount and the fair value of the Group's financial assets and financial liabilities (including fair value hierarchy information; however, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required.) are as follows:

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	June 30, 2015				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value though profit or loss					
Financial assets held for trading	\$ 281,931	265,200	16,731	-	281,931
Financial assets at fair value though profit or loss	<u>702,883</u>	<u>-</u>	<u>-</u>	<u>702,883</u>	<u>702,883</u>
Sub-total	<u>984,814</u>	<u>265,200</u>	<u>16,731</u>	<u>702,883</u>	<u>984,814</u>
Hedging of derivative financial assets	<u>31,189</u>	<u>-</u>	<u>31,189</u>	<u>-</u>	<u>31,189</u>
Available-for-sale financial assets					
Domestic and foreign market (OTC) stocks	1,249,036	195,757	1,053,279	-	1,249,036
Measure the fair value of unquoted equity instruments	<u>498,621</u>	<u>-</u>	<u>-</u>	<u>498,621</u>	<u>498,621</u>
Sub-total	<u>1,747,657</u>	<u>195,757</u>	<u>1,053,279</u>	<u>498,621</u>	<u>1,747,657</u>
Held-to maturity investments	<u>8,194,956</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loan and receivable					
Cash and cash equivalents	10,577,561	-	-	-	-
Accounts receivable	206,504,982	-	-	-	-
Other financial assets	2,091,537	-	-	-	-
Refundable deposits	837,049	-	-	-	-
Restricted bank deposits	<u>2,593,863</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sub-total	<u>222,604,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 233,563,608</u>	<u>460,957</u>	<u>1,101,199</u>	<u>1,201,504</u>	<u>2,763,660</u>
Measurement of financial liabilities at amortized cost					
Bank overdrafts	\$ 20,741	-	-	-	-
Secured bank borrowings	28,579,433	-	-	-	-
Unsecured bank loans	127,059,520	-	-	-	-
Unsecured other loans from financial institutions	2,398,487	-	-	-	-
Notes payable from securitization	5,662,878	-	-	-	-
Bonds payable	14,652,792	-	-	-	-
Accounts payable	8,221,648	-	-	-	-
Guarantee deposits	<u>23,178,079</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sub-total	<u>209,773,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 209,773,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	December 31, 2014				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value though profit or loss					
Financial assets held for trading	\$ 205,992	177,256	28,736	-	205,992
Financial assets at fair value though profit or loss	710,059	-	-	710,059	710,059
Sub-total	916,051	177,256	28,736	710,059	916,051
Hedging of derivative financial assets	37,759	-	37,759	-	37,759
Available-for-sale financial assets					
Domestic and foreign market (OTC) stocks	1,052,668	40,427	1,012,241	-	1,052,668
Measure the fair value of unquoted equity instruments	517,217	-	-	517,217	517,217
Sub-total	1,569,885	40,427	1,012,241	517,217	1,569,885
Held-to maturity investments	9,131,820	-	-	-	-
Loan and receivable					
Cash and cash equivalents	8,338,117	-	-	-	-
Accounts receivable	198,472,945	-	-	-	-
Other financial assets	1,458,092	-	-	-	-
Refundable deposits	799,339	-	-	-	-
Restricted bank deposits	2,200,387	-	-	-	-
Sub-total	211,268,880	-	-	-	-
Total	\$ 222,924,395	217,683	1,078,736	1,227,276	2,523,695
Financial liabilities fair value though profit or loss					
Financial liabilities held for trading	\$ 769	-	769	-	769
Hedging of derivative financial liabilities	2,820	-	2,820	-	2,820
Measurement of financial liabilities at amortized cost					
Bank overdrafts	7,913	-	-	-	-
Secured bank borrowings	27,007,404	-	-	-	-
Unsecured bank loans	119,508,368	-	-	-	-
Unsecured other loans from financial institutions	2,577,884	-	-	-	-
Notes payable from securitization	5,712,556	-	-	-	-
Bonds payable	14,956,467	-	-	-	-
Accounts payable	5,850,340	-	-	-	-
Guarantee deposits	22,114,780	-	-	-	-
Sub-total	197,735,712	-	-	-	-
Total	\$ 197,739,301	-	3,589	-	3,589

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	June 30, 2014				
	Book value	Fair value			Total
	Level 1	Level 2	Level 3		
Financial assets at fair value though profit or loss					
Financial assets held for trading	\$ 393,120	392,428	692	-	393,120
Financial assets at fair value though profit or loss	<u>1,625,047</u>	<u>-</u>	<u>-</u>	<u>1,625,047</u>	<u>1,625,047</u>
Sub-total	<u>2,018,167</u>	<u>392,428</u>	<u>692</u>	<u>1,625,047</u>	<u>2,018,167</u>
Hedging of derivative financial assets	<u>29,998</u>	<u>-</u>	<u>29,998</u>	<u>-</u>	<u>29,998</u>
Available-for-sale financial assets					
Domestic and foreign market (OTC) stocks	1,026,508	53,868	972,640	-	1,026,508
Measure the fair value of unquoted equity instruments	<u>524,391</u>	<u>-</u>	<u>-</u>	<u>524,391</u>	<u>524,391</u>
Sub-total	<u>1,550,899</u>	<u>53,868</u>	<u>972,640</u>	<u>524,391</u>	<u>1,550,899</u>
Held-to maturity investments	<u>7,744,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loan and receivable					
Cash and cash equivalents	7,607,684	-	-	-	-
Accounts receivable	174,139,697	-	-	-	-
Other financial assets	1,867,963	-	-	-	-
Refundable deposits	555,672	-	-	-	-
Restricted bank deposits	<u>3,603,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sub-total	<u>187,774,424</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 199,117,750</u>	<u>446,296</u>	<u>1,003,330</u>	<u>2,149,438</u>	<u>3,599,064</u>
Financial liabilities fair value though profit or loss					
Financial liabilities held for trading	\$ 2,973	-	2,973	-	2,973
Hedging of derivative financial liabilities	<u>1,713</u>	<u>-</u>	<u>1,713</u>	<u>-</u>	<u>1,713</u>
Measure of financial liabilities at amortized cost using					
Bank overdrafts	97,525	-	-	-	-
Secured bank borrowings	22,581,940	-	-	-	-
Unsecured bank loans	111,669,937	-	-	-	-
Unsecured other loans from financial institutions	1,277,507	-	-	-	-
Notes payable from securitization	326,881	-	-	-	-
Bonds payable	15,259,832	-	-	-	-
Accounts payable	5,752,966	-	-	-	-
Guarantee deposits	<u>19,516,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sub-total	<u>176,482,804</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 176,487,490</u>	<u>-</u>	<u>4,686</u>	<u>-</u>	<u>4,686</u>

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2) Valuation Techniques for Financial Instruments not Measured at Fair Value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

A.Held-to-Maturity Financial Assets

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

B.Debt Investment that Has No Active Markets and Financial Liabilities Measured at Amortized Cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation Techniques for Financial Instruments Measured at Fair Value

A.Non-derivative Financial Instruments

If quoted prices in active markets are available, the prices are established as fair values. For the Company's financial instruments that have no active markets, the fair values are listed as follows:

Beneficiary Certificate that Has No Quoted Prices: The discounted cash flow model is used to estimate fair values. The main assumption for the model is to discount expected future cash flows by using a discount rate that reflects the time value of money and risks.

Equity Instrument that Has No Quoted Prices: The net asset value method is used to estimate fair values. The main assumption for the model is to use the net asset value per share as the measuring basis.

B.Derivative Financial Instruments

Derivative financial instruments are measured by using common valuation models such as discounted cash flow model and Black-Scholes model.

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4) Change in Level 3 of the fair value's ledger

	<u>At fair value through profit or loss Designated at initial recognition</u>	<u>Available-for-sale financial assets Unquoted equity instruments</u>	<u>Total</u>
Opening balance, January 1, 2015	\$ 710,059	517,217	1,227,276
Total gains and losses recognized:			
In profit or loss	(7,176)	-	(7,176)
In other comprehensive income	-	(18,597)	(18,597)
Ending balance, June 30, 2015	<u>\$ 702,883</u>	<u>498,620</u>	<u>1,201,503</u>
Opening balance, January 1, 2014	\$ 1,699,947	517,685	2,217,632
Total gains and losses recognized:			
In profit or loss	(74,900)	-	(74,900)
In other comprehensive income	-	6,706	6,706
Ending balance, June 30, 2014	<u>\$ 1,625,047</u>	<u>524,391</u>	<u>2,149,438</u>

For the three months and six months ended June 30, 2015 and 2014, total gains and losses arising from the valuation of investments under Level 3 of the fair value hierarchy that were included in "other gains and losses" and "unrealized gains and losses on available-for-sale financial assets" were as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Total gains and losses recognized :				
In profit or loss, and included "other gains and losses"	\$ 14	(55,400)	(7,176)	(74,900)
In other comprehensive income, and included "unrealized gains and losses on available-for-sale financial assets"	620	500	(18,597)	6,706

5) The Quantified Information for Significant Unobservable Inputs (Level 3) Used in Fair Value Measurement

The Company's financial instruments that use level 3 inputs to measure fair values include financial assets measured at fair value through profit or loss-subordinated beneficiary certificate and available-for-sale financial assets-equity investments. Most of these financial instruments using level 3 inputs to measure fair values have only one significant unobservable input, except that the subordinated beneficiary certificate has multiple significant unobservable inputs. For subordinated beneficiary certificate that has no active markets, the significant unobservable inputs are independent and therefore unrelated.

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Quantified information of significant unobservable inputs as follows:

<u>Item</u>	<u>Valuation Technique</u>	<u>Significant Non-observable Input</u>	<u>The Relationship between Significant Non-observable Input and Fair Value</u>
Financial assets measured at fair value through profit or loss - subordinated beneficiary certificate	Discounted Cash Flow Method	<ul style="list-style-type: none"> Expected Asset Repayment Rate (18.15% on June 30,2015) Expected Loss Given Default Rate (4.58% on June 30,2015) 	<ul style="list-style-type: none"> The higher the expected asset repayment rate, the higher the fair value. The lower the expected loss given default rate, the higher the fair value.
Available-for-sale financial assets-equity investments	Net Asset Value Method	• Net Asset Value	• Not applicable

6) Sensitivity Analysis for Fair Values of Financial Instruments Using Level 3 Inputs

The management believes their fair value measurement on financial instruments is reasonable. However, the measurement would differ if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, if the valuation parameters are changed, the impact on net income or loss and other comprehensive income or loss are as follows:

	<u>Input</u>	<u>Variation</u>	<u>Impact or Fair Value Change on Net income or loss</u>		<u>Impact of Fair Value Change on Other Comprehensive income or loss</u>	
			<u>Favorable Change</u>	<u>Unfavorable Change</u>	<u>Favorable Change</u>	<u>Unfavorable Change</u>
June 30, 2015						
Financial asset at fair value through profit or loss - subordinated beneficiary certificate	Expects Asset Repayment Rate	10%	\$ <u>3,406</u>	<u>(3,406)</u>	<u>-</u>	<u>-</u>
"	Expected Loss Given Default Rate	10%	\$ <u>10,028</u>	<u>(10,028)</u>	<u>-</u>	<u>-</u>

The favorable change and unfavorable change refer to the fluctuation of fair value. The fair value is calculated based on different levels of unobservable inputs. The table above shows the impact of a single input. Therefore, the relations and variations between inputs are not considered.

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(u) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note (6)(v) of the consolidated financial statements for the year ended December 31, 2014.

(v) Capital Management

Management believes that the objectives, policies and processes of capital management of the Group have been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2014. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2014. Please refer to Note (6)(w) of the consolidated financial statements for the year ended December 31, 2014 for further details.

(7) Related Party Transactions

(a) Related-party transactions

1. Operating revenue

Operating revenue of the Group from the related parties were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2015	2014	2015	2014
Affiliates	\$ 49,943	20,686	95,025	37,075

2. Receivables from related parties

Receivables of the Group from related parties were as follows :

Account	Category of related party	2015.6.30	2014.12.31	2014.6.30
Capital leases receivable	Affiliates	\$ 346	435	568
Accounts receivable	Affiliates	5,121	6,723	2,301
Other receivables	Affiliates	14,688	13,138	278,567
Other current financial assets	Affiliates	1,000	1,000	1,000
Other non-current financial assets	Affiliates	5,900	5,100	4,234
		\$ 27,055	26,396	286,670

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3. Payable to related parties

Payable of the Group from related parties were as follows :

<u>Account</u>	<u>Category of related party</u>	<u>2015.6.30</u>	<u>2014.12.31</u>	<u>2014.6.30</u>
Other current financial liabilities	Affiliates	\$ <u>696</u>	<u>3,275</u>	<u>56,769</u>

4. Asset transactions

The Group purchased leasehold improvements and other non-current assets from affiliates of \$9,295 and \$2,666 for the six months ended June 30, 2015 and 2014, respectively.

5. Related-Party Financing

Financing to related parties was as follows :

Affiliates	<u>2015.6.30</u>	<u>2014.12.31</u>	<u>2014.6.30</u>
	\$ <u>93,808</u>	<u>349,409</u>	<u>329,700</u>

The loans receivable bear interest at rates ranging from 3.23% to 4.00%. As of June 30, 2015, December 31, 2014 and June 30, 2014, interest receivable from the loans receivable from affiliates amounted to \$8,186, \$7,935 and \$6,124, respectively. For the three months and the six months ended June 30, 2015 and 2014, interest revenue from the loans receivable from affiliates amounted to \$2,527, \$3,948, \$5,541 and \$5,926, respectively.

6. Interest bearing borrowings

Borrowings of the Group from related parties were as follows :

Affiliates	<u>2015.6.30</u>	<u>2014.12.31</u>	<u>2014.6.30</u>
	\$ <u>2,133,981</u>	<u>2,493,104</u>	<u>2,457,804</u>

The borrowings from affiliates bear interest at rates ranging from 2.57% to 7.50%. As of June 30, 2015, December 31, 2014 and June 30, 2014, interest payable from the interest bearing borrowings from affiliates amounted to \$272, \$475 and \$371, respectively. For the three months and the six months ended June 30, 2015 and 2014 interest expense from the interest bearing borrowing from affiliates amounted to \$25,425, \$31,051, \$52,051 and \$61,019, respectively.

Bonds payable of the Group from related parties was as follows :

Affiliates	<u>2015.6.30</u>	<u>2014.12.31</u>	<u>2014.6.30</u>
	\$ <u>45,940</u>	<u>48,350</u>	<u>46,280</u>

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The bonds payable bear interest at rate 4.50%~4.60%. As of June 30, 2015, December 31, 2014 and June 30, 2014, interest payable from bonds payable to affiliates amounted to \$22, \$30, and \$23, respectively. For the three months and the six months ended June 30, 2015 and 2014, interest expenses from bonds payable to affiliates amounted to \$523, \$524, \$1,061 and \$1,041, respectively.

7. Others

1) As of June 30, 2015, December 31, 2014 and June 30, 2014, bank deposits in financial institutions which are related parties of the Group amounted to \$917,874, \$241,293 and \$207,304, respectively. For the three months and the six months ended June 30, 2015 and 2014, interest revenue from the deposits in affiliates amounted to \$115, \$202, \$137 and \$228, respectively.

2) Other revenue and expense with related parties :

	For the three months ended June 30,		For the six months ended June 30,	
	2015	2014	2015	2014
Affiliates				
Rent expense	\$ 7,421	7,463	14,958	14,322
Commission and service costs	183	138	339	272
Other operating costs and expense	25,997	46,308	33,105	52,295
	<u>\$ 33,601</u>	<u>53,909</u>	<u>48,402</u>	<u>66,889</u>

3) In 2010, Chailease Finance Co., Ltd. and Chailease Construction & Development Corp. entered into an agreement with a related party, Yi Mao International Development Corp. for joint venture construction of housing units. Under this agreement, Yi Mao International Development Corp. invested its land for use in the construction. Yi Mao, the Company and Chailease Construction & Development Corp share 18.11%, 40.945% and 40.945%, respectively, from the proceeds of the sale of the housing units. The housing units have been sold out as of December 31, 2014.

(b) Key management personnel compensation

	For the three months ended June 30,		For the six months ended June 30,	
	2015	2014	2015	2014
Short-term employee benefits	\$ 66,816	64,567	134,029	136,433
Post-employment benefits	411	433	768	689
	<u>\$ 67,227</u>	<u>65,000</u>	<u>134,797</u>	<u>137,122</u>

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(8) Pledged Assets

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>2015.6.30</u>	<u>2014.12.31</u>	<u>2014.6.30</u>
Restricted cash in banks				
Restricted account for loans repayment (demand deposits)	Issuance of short-term bills and as guarantee for short-term and long-term borrowings and alliance contract guarantee	\$ 2,593,863	2,248,866	3,621,618
Property and equipment, and assets held for lease	As guarantee for short-term and long-term borrowings	4,114,302	4,119,420	3,587,181
Equity securities	Issuance of short-term bills and as guarantee for short-term and long-term borrowings	1,181,366	1,134,360	1,093,518
Refundable deposits	Provincial court seizure etc.	636,630	591,965	185,284
Notes receivable	Issuance of short-term bills, corporate bonds and as guarantee for short-term and long-term borrowings	35,111,272	25,904,308	23,184,137
Accounts receivable and loans	As guarantee for short-term and long-term borrowings	62,930,863	61,799,923	44,804,394
Total		<u>\$ 106,568,296</u>	<u>95,798,842</u>	<u>76,476,132</u>

Note : The Group issued discount coupons for car rental services and opened a trust account with Sunny Bank in accordance with mandatory and prohibitory provisions of the standard contracts for coupons.

(9) Commitments and Contingencies

(a) The Group entered into alliances with several commercial banks for which the banks will provide direct financing loans to the Group's corporate and individual customers. Should these corporate and individual customers default on their payments, the Group is required to assume their loan obligations and pay these loans on behalf of these customers. As of June 30, 2015, December 31, 2014 and June 30, 2014, the balance of unexpired payments from these alliance transactions amounted to \$12,770,922, \$14,342,389 and \$13,342,805, respectively.

(b) Chailease Finance Co., Ltd. (CFC), together with third parties/co-facilitators, entered into an agreement with CFC customers for purposes of facilitating the extension of loans to these customers by financial institutions, under which, CFC will share with these co-facilitators in the facilitating fee that they earn from this agreement. If the customers default on their payments, CFC is required to pay to the financial institutions its share of the loans on behalf of these customers. As of June 30, 2015, December 31, 2014 and June 30, 2014, the payable balance from these transactions amounted to \$51,358, \$171,396 and \$285,453, respectively.

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- (c) The Group facilitated the extension of financing by financial institutions on behalf of its certain customers under factoring agreements. Such facilitation enables the customers to obtain desired financing from financial institutions. As of June 30, 2015, December 31, 2014 and June 30, 2014, the balance of financing obtained from such facilitation amounted to \$53,174, \$50,769 and \$86,650, respectively.
- (d) The Group entered into several electricity procurement agreements with Taiwan Power Company and all of these agreements will expire on twenty years after the date the electricity generating sets are launched. Under these agreements, reselling to third parties of electric power from the renewable energy system is prohibited.

(10) Losses Due to Major Disasters : None.

(11) Subsequent Events : None.

(12) Other

(a) Liquidity analysis of assets and liabilities :

	2015.6.30		
	Expected to be collected or paid within 12 months	Expected to be collected or paid after 12 months	Total
<u>Current assets</u>			
Cash and cash equivalents	\$ 10,577,561	-	10,577,561
Current financial assets at fair value through profit or loss	281,931	-	281,931
Current held-to-maturity financial assets	2,285,128	3,162,078	5,447,206
Current derivative financial assets for hedging	31,189	-	31,189
Accounts receivable, net	115,345,943	56,590,887	171,936,830
Inventories	207	-	207
Other current financial assets	4,487,273	62,769	4,550,042
Other current assets – others	3,172,016	3,051	3,175,067
	<u>\$ 136,181,248</u>	<u>59,818,785</u>	<u>196,000,033</u>

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	2014.6.30		
	Expected to be collected or paid within 12 months	Expected to be collected or paid after 12 months	Total
Current liabilities			
Short-term borrowings	\$ 70,942,719	-	70,942,719
Current financial liabilities at fair value through profit or loss	2,973	-	2,973
Current derivative financial liabilities for hedging	1,713	-	1,713
Accounts and notes payable	1,310,418	-	1,310,418
Current tax liabilities	781,942	-	781,942
Other current financial liabilities	19,181,950	2,641,982	21,823,932
Advance real estate receipts	349	-	349
Long-term liabilities – current portion	24,097,513	30,020,696	54,118,209
Other current liabilities – others	855,254	-	855,254
	<u>\$ 117,174,831</u>	<u>32,662,678</u>	<u>149,837,509</u>

(b) The nature of employee benefits, depreciation and amortization expenses were as follows:

By item	By function	For the three months ended June 30, 2015			For the three months ended June 30, 2014		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary		13,753	974,814	988,567	12,536	789,453	801,989
Labor and health insurance		1,046	69,735	70,781	963	51,903	52,866
Pension		539	36,994	37,533	460	38,790	39,250
Others		-	66,289	66,289	-	62,539	62,539
Depreciation		351,097	35,979	387,076	291,020	35,848	326,868
Amortization		-	40,375	40,375	-	17,645	17,645

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By item	For the six months ended June 30, 2015			For the six months ended June 30, 2014		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	27,249	1,927,310	1,954,559	25,261	1,677,959	1,703,220
Labor and health insurance	2,084	152,720	154,804	1,833	107,211	109,044
Pension	1,000	79,315	80,315	891	76,737	77,628
Others	-	137,769	137,769	-	114,521	114,521
Depreciation	693,583	75,530	769,113	589,767	71,117	660,884
Amortization	-	74,349	74,349	-	34,490	34,490

(c) Seasonality of operation:

The Group's operation is neither seasonal nor cyclical.

(13) Segment Information

Operating segments financial information:

	For the three months ended June 30, 2015					
	Taiwan	China	Thailand	Others	Elimination	Total
Revenue						
Revenue from external customers	\$ 4,047,742	4,286,181	630,196	128,141	-	9,092,260
Intersegment revenues	208,158	96,581	-	-	(304,739)	-
Total revenue	\$ 4,255,900	4,382,762	630,196	128,141	(304,739)	9,092,260
Reportable segment profit or loss	\$ 1,241,546	615,282	158,375	(225,142)	-	1,790,061
	For the three months ended June 30, 2014					
	Taiwan	China	Thailand	Others	Elimination	Total
Revenue						
Revenue from external customers	\$ 3,294,994	4,290,458	625,985	203,670	-	8,415,107
Intersegment revenues	188,976	-	-	-	(188,976)	-
Total revenue	\$ 3,483,970	4,290,458	625,985	203,670	(188,976)	8,415,107
Reportable segment profit or loss	\$ 932,191	742,368	157,457	(92,534)	-	1,739,482

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	For the six months ended June 30, 2015					
	Taiwan	China	Thailand	Others	Elimination	Total
Revenue						
Revenue from external customers	\$ 7,844,143	8,060,945	1,279,612	410,609	-	17,595,309
Intersegment revenues	469,305	252,578	-	-	(721,883)	-
Total revenue	\$ 8,313,448	8,313,523	1,279,612	410,609	(721,883)	17,595,309
Reportable segment profit or loss	\$ 2,373,824	1,157,977	322,274	(268,838)	-	3,585,237
	For the six months ended June 30, 2014					
	Taiwan	China	Thailand	Others	Elimination	Total
Revenue						
Revenue from external customers	\$ 7,276,998	7,939,077	1,234,147	411,809	-	16,862,031
Intersegment revenues	375,220	-	-	-	(375,220)	-
Total revenue	\$ 7,652,218	7,939,077	1,234,147	411,809	(375,220)	16,862,031
Reportable segment profit or loss	\$ 1,997,219	1,271,140	303,076	(194,150)	-	3,377,285