

KOLAO HOLDINGS AND ITS SUBSIDIARIES

**Condensed Interim Consolidated Financial Statements
As of and For the Periods Ended
June 30, 2015 and 2014**

ATTACHMENT: INDEPENDENT AUDITORS' REVIEW REPORT

KOLAO HOLDINGS

Independent Auditor's Review Report

English Translation of Independent Auditor's Review Report Originally Issued in Korean on August 27, 2015.

**To the Shareholders and the Board of Directors of
KOLAO Holdings:**

Report on the Financial Statements

We have reviewed the accompanying condensed interim consolidated financial statements of KOLAO Holdings (the "Company") and its subsidiaries (the "Group"), which comprise the condensed interim consolidated financial statements of financial position as of June 30, 2015, and December 31, 2014, respectively, and the condensed interim consolidated statements of comprehensive income for the three months and six months ended June 30, 2015 and 2014, respectively, and the condensed interim consolidated statements of changes in shareholders' equity and condensed interim consolidated statements of cash flows, all expressed in US dollars, for the six months ended June 30, 2015 and 2014, respectively, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these condensed interim consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") and for such internal control as management determines is necessary to enable the preparation of condensed interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the accompanying condensed interim consolidated financial statements based on our review.

We conducted our reviews in accordance with standards for review of interim financial statements in the Republic of Korea. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data, and this provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Review conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements of the Company are not presented fairly, in all material respects, in accordance with International Financial Reporting Standards ("IFRS") 34, *Interim Financial Reporting*.



Others

We audited the consolidated statement of financial position as of December 31, 2014, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year ended December 31, 2014 (not presented in the accompanying interim consolidated financial statements), all expressed in US dollars, in accordance with auditing standards generally accepted in the Republic of Korea. We expressed an unqualified opinion in our independent auditors' report dated on March 23, 2015. The consolidated statement of financial position as of December 31, 2014, presented as a comparative purpose in the accompanying condensed interim financial statements does not differ, in all material respects, from the audited consolidated statement of financial position as of December 31, 2014.

A handwritten signature in black ink that reads "Deloitte Anjin LLC".

August 27, 2015

Notice to Readers

This report is effective as of August 27, 2015, the auditors' review report date. Certain subsequent events or circumstances may have occurred between the auditors' review report date and the time the auditors' report is read. Such events or circumstances could significantly affect the accompanying condensed interim consolidated financial statements and may result in modifications to the auditors' review report.

KOLAO HOLDINGS AND ITS SUBSIDIARIES (the “Group”)

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE PERIODS ENDED JUNE 30, 2015 AND 2014**

“The accompanying interim consolidated financial statements, including all footnote disclosures were prepared by, and are the responsibility of, the Group.”

Oh, Se Young

Chief Executive Officer
KOLAO Holdings

KOLAO HOLDINGS AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2015, AND DECEMBER 31, 2014

	USD	
	June 30, 2015	December 31, 2014
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalent (Notes 6 and 37)	\$ 16,084,280	\$ 23,682,612
Short-term financial instruments (Notes 6 and 20)	2,554,364	1,233,600
Financial assets at FVTPL (Notes 7, 37 and 38)	-	23,131,291
Trade receivables, net (Note 8)	106,523,632	73,294,206
Other receivables (Notes 9 and 37)	2,220,690	1,098,899
Other current assets (Notes 10, 18 and 21)	11,756,197	6,199,762
Current tax assets (Note 33)	1,509,897	15,691,615
Inventories (Note 11)	53,060,006	64,549,980
TOTAL CURRENT ASSETS	193,709,066	208,881,965
NON-CURRENT ASSETS:		
Long-term trade receivables, net (Note 8)	139,912,995	103,968,594
AFS financial assets (Notes 12, 37 and 38)	10,023,545	10,023,545
Investments in associate (Notes 6, 7, 13 and 20)	43,566,707	14,006,002
Other receivables (Notes 9 and 37)	670,624	7,052,625
Other non-current assets (Notes 14 and 18)	9,696,789	3,497,812
Property, plant and equipment, net (Notes 5, 15 and 37)	65,264,019	62,260,746
Investment property, net (Notes 16 and 18)	1,098,342	1,131,578
Intangible assets, net (Notes 5 and 17)	5,485,394	5,368,707
TOTAL NON-CURRENT ASSETS	275,718,415	207,309,609
TOTAL ASSETS	\$ 469,427,481	\$ 416,191,574
<u>LIABILITIES AND EQUITY</u>		
CURRENT LIABILITIES:		
Trade payables (Note 37)	\$ 13,933,150	\$ 22,605,870
Short-term borrowings (Notes 19 and 37)	75,002,387	45,719,901
Derivatives liabilities (Notes 6, 20, 37 and 38)	359,548	1,380,806
Provisions (Notes 10 and 21)	792,481	764,125
Other financial liabilities (Notes 22 and 37)	7,746,639	4,589,875
Other current liabilities (Notes 18 and 23)	8,389,369	2,249,672
Current tax liabilities (Note 33)	-	18,028
TOTAL CURRENT LIABILITIES	106,223,574	77,328,277

(Continued)

KOLAO HOLDINGS AND ITS SUBSIDIARIES

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION (CONTINUED)**

AS OF JUNE 30, 2015, AND DECEMBER 31, 2014

	USD	
	June 30, 2015	December 31, 2014
NON-CURRENT LIABILITIES:		
Long-term borrowings (Notes 19 and 37)	\$ 43,737,714	\$ 45,733,514
Derivatives liabilities (Notes 6, 20, 37 and 38)	4,242,269	2,254,684
Provisions (Note 10 and 21)	<u>1,280,446</u>	<u>1,038,720</u>
TOTAL NON-CURRENT LIABILITIES	<u>49,260,429</u>	<u>49,026,918</u>
TOTAL LIABILITIES	<u>155,484,003</u>	<u>126,355,195</u>
EQUITY:		
Share capital (Note 24)	11,967,377	11,967,377
Other issued capital (Notes 24 and 25)	137,033,064	136,996,688
Other equity (Note 27)	(784,849)	617,099
Retained earnings (Note 26)	165,804,515	140,015,589
Non-controlling interests	<u>(76,629)</u>	<u>239,626</u>
TOTAL EQUITY	<u>313,943,478</u>	<u>289,836,379</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 469,427,481</u>	<u>\$ 416,191,574</u>

(Concluded)

See accompanying notes to condensed interim consolidated financial statements.

KOLAO HOLDINGS AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2015 AND 2014

	USD			
	2015		2014	
	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30
SALES (Notes 5, 28 and 37)	\$ 97,699,270	\$ 205,819,571	\$ 84,730,947	\$ 172,097,399
COST OF SALES (Notes 29 and 37)	<u>(77,460,804)</u>	<u>(163,353,677)</u>	<u>(66,446,414)</u>	<u>(135,212,419)</u>
GROSS PROFIT	20,238,466	42,465,894	18,284,533	36,884,980
Selling, general and administrative expenses (Notes 29, 30 and 37)	(11,167,932)	(22,973,731)	(10,728,485)	(20,812,655)
Other income (Notes 31 and 37)	994,701	2,073,498	703,681	1,640,985
Other expenses (Note 31)	<u>(531,113)</u>	<u>(899,121)</u>	<u>(89,900)</u>	<u>(481,304)</u>
OPERATING PROFIT	9,534,122	20,666,540	8,169,829	17,232,006
Financial incomes (Notes 32 and 37)	498,307	11,871,208	1,665,443	2,503,425
Financial expenses (Notes 32 and 37)	(1,172,151)	(4,764,021)	(3,415,234)	(4,429,397)
Loss on investments in associates (Note 13)	<u>(831,635)</u>	<u>(1,369,419)</u>	<u>(490,675)</u>	<u>(490,675)</u>
PROFIT BEFORE INCOME TAX EXPENSE	8,028,643	26,404,308	5,929,363	14,815,359
Income tax expense (Note 33)	<u>(409,162)</u>	<u>(459,973)</u>	<u>(235,137)</u>	<u>(246,112)</u>
PROFIT FOR THE PERIOD	7,619,481	25,944,335	5,694,226	14,569,247
OTHER COMPREHENSIVE INCOME:	<u>(325,075)</u>	<u>(1,401,948)</u>	<u>804,247</u>	<u>803,033</u>
Items not to be reclassified subsequently to profit or loss:				
Changes due to associate's equity changes (Note 13)	-	-	404,674	404,674
Items to be reclassified subsequently to profit or loss:				
Changes due to associate's equity changes (Note 13)	(311,131)	(1,405,093)	403,880	403,880
Exchange differences on translating foreign operations	(13,944)	3,145	(4,307)	(5,521)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 7,294,406</u>	<u>\$ 24,542,387</u>	<u>\$ 6,498,473</u>	<u>\$ 15,372,280</u>
PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 7,729,925	\$ 26,261,590	\$ 5,774,944	\$ 14,642,394
Non-controlling interests	(110,444)	(317,255)	(80,718)	(73,147)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	7,404,850	24,859,642	6,579,191	15,445,427
Non-controlling interests	(110,444)	(317,255)	(80,718)	(73,147)
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE OWNERS OF THE COMPANY (Note 34):				
Basic earnings per share	\$ 0.16	\$ 0.55	\$ 0.12	\$ 0.31
Diluted earnings per share	\$ 0.16	\$ 0.55	\$ 0.12	\$ 0.31

See accompanying notes to condensed interim consolidated financial statements.

KOLAO HOLDINGS AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014

	USD									
	Share capital	Other issued capital	Stock option	Treasury	Gains on disposal of treasury	Other capital items	Retained earnings	Controlling equity	Non-controlling interests	Total equity
As of January 1, 2014	\$ 11,290,000	\$ 144,934,903	167,585	\$ -	\$ -	\$ -	\$ 101,045,650	\$ 257,438,138	\$ 526,483	\$ 257,964,621
Payment of dividends	677,377	-	-	-	-	-	(1,190,899)	(513,522)	-	(513,522)
Profit for the period	-	-	-	-	-	-	14,642,394	14,642,394	(73,147)	14,569,247
Other comprehensive income										
Changes due to associate's equity changes	-	-	-	-	-	808,554	-	808,554	-	808,554
Exchange differences on translating foreign operations	-	-	-	-	-	(5,521)	-	(5,521)	-	(5,521)
Stock options	-	-	144,922	-	-	-	-	144,922	-	144,922
Acquisition of treasury stock	-	-	-	(886,076)	-	-	-	(886,076)	-	(886,076)
As of June 30, 2014	\$ 11,967,377	\$ 144,934,903	\$ 312,507	\$ (886,076)	\$ -	\$ 803,033	\$ 114,497,145	\$ 271,628,889	\$ 453,336	\$ 272,082,225
As of January 1, 2015	\$ 11,967,377	\$ 144,934,903	\$ 634,724	\$ (8,573,687)	\$ 748	\$ 617,099	\$ 140,015,589	\$ 289,596,753	\$ 239,626	\$ 289,836,379
Payment of dividends	-	-	-	-	-	-	(472,664)	(472,664)	-	(472,664)
Profit for the period	-	-	-	-	-	-	26,261,590	26,261,590	(317,255)	25,944,335
Other comprehensive income										
Changes due to associate's equity changes	-	-	-	-	-	(1,405,093)	-	(1,405,093)	-	(1,405,093)
Exchange differences on translating foreign operations	-	-	-	-	-	3,145	-	3,145	-	3,145
Stock options	-	-	331,209	-	-	-	-	331,209	-	331,209
Acquisition of treasury stock	-	-	-	(294,833)	-	-	-	(294,833)	-	(294,833)
Establishment of a new subsidiary	-	-	-	-	-	-	-	-	1,000	1,000
As of June 30, 2015	\$ 11,967,377	\$ 144,934,903	\$ 965,933	\$ (8,868,520)	\$ 748	\$ (784,849)	\$ 165,804,515	\$ 314,020,107	\$ (76,629)	\$ 313,943,478

See accompanying notes to condensed interim consolidated financial statements.

KOLAO HOLDINGS AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014

	USD	
	June 30, 2015	June 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash flows generated from operations:		
Profit for the period	\$ 25,944,335	\$ 14,569,247
Adjustments:		
Gain on valuation of financial assets at FVTPL	-	(894,318)
Gain on disposal of financial assets at FVTPL	(9,203,926)	-
Bad debt expense	529,868	56,005
Loss on investments in associates	1,369,419	490,675
Depreciation	2,666,310	1,600,623
Gain on disposal of property, plant and equipment	(16,157)	(11,086)
Depreciation in investment property	33,236	33,236
Amortization of intangible assets	448,558	63,645
Loss on valuation of derivatives	1,141,183	-
Loss on transaction of derivatives	11,152	-
Increase (reversal) in provisions for product warranties	322,061	(1,801)
Increase of provisions for return products	(59,258)	53,299
Income tax expense	459,973	246,112
Stock option compensation cost	331,209	144,922
Cost of retirement benefit plan	66,534	-
Sales promotion cost	733,759	329,076
Gain on foreign exchange translation	(1,348,517)	(1,180,764)
Dividend income	(453,088)	-
Rental income	(27,600)	(26,520)
Loss on foreign exchange translation	647,835	2,096,344
Interest income	(1,507,822)	(1,645,953)
Interest expenses	2,602,024	2,413,974
	<u>(1,253,247)</u>	<u>3,767,469</u>
Movements in working capital:		
Increase in trade and other receivables	(61,940,961)	(47,051,181)
Decrease in other current assets	9,092,634	3,192,822
Decrease (increase) in other non-current assets	(6,198,977)	203,123
Decrease (increase) in inventories	9,446,841	(5,089,597)
Decrease in trade payables and other financial liabilities	(5,616,442)	(7,699,676)
Increase in other current liabilities	6,193,267	297,911
Decrease in provisions	(336,124)	(473,510)
	<u>(49,359,762)</u>	<u>(56,620,108)</u>
Interest received	1,750,628	1,265,556
Interest paid	(3,391,952)	(3,047,512)
Dividends received	453,088	-
Income tax paid	(650,965)	(464,735)
Net cash used in operating activities	<u>(26,507,875)</u>	<u>(40,530,083)</u>

(Continued)

KOLAO HOLDINGS AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014

	USD	
	June 30, 2015	June 30, 2014
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in short-term financial instruments	\$ (1,272,556)	\$ (9,004,194)
Decrease in short-term financial instruments	-	11,413,548
Acquisition of financial assets at FVTPL	-	(13,892,748)
Increase in short-term loans	(3,000,250)	(116,964)
Decrease in short-term loans	1,000,000	87,511
Acquisition of AFS financial assets	-	(9,963,162)
Acquisition of investments in associate	-	(14,514,468)
Acquisition of property, plant and equipment	(4,480,453)	(9,228,349)
Disposal of property, plant and equipment	59,100	21,200
Acquisition of intangible assets	(565,245)	(1,743,999)
Net cash used in investing activities	(8,259,404)	(46,941,625)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from short-term borrowings	29,630,812	33,011,705
Proceeds from long-term borrowings	-	5,873,140
Repayment of current portion of long-term borrowings	(1,491,576)	-
Proceeds from debentures	-	8,528,381
Repayment of debentures	-	(14,213,968)
Settlement of derivatives liabilities	(186,008)	-
Payment of dividends	(472,664)	(513,522)
Increased paid-in capital of subsidiary	1,000	-
Acquisition of treasury stock	(294,833)	(886,076)
Net cash provided by financing activities	27,186,731	31,799,660
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,580,548)	(55,672,048)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	23,682,612	90,275,278
CHANGES IN CASH AND CASH EQUIVALENTS BY FOREIGN CURRENCY TRANSLATION	(17,784)	(27,215)
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	\$ 16,084,280	\$ 34,576,015

(Concluded)

See accompanying notes to condensed interim consolidated financial statements.

KOLAO HOLDINGS AND ITS SUBSIDIARIES

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2015, AND DECEMBER 31, 2014, AND FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2015 AND 2014

1. GENERAL:

Kolao Holdings (the “Company”) is a limited and tax-exempt entity, which was incorporated on June 16, 2009, in Cayman Islands to control Kolao Developing Co., Ltd. and other subsidiaries (the “subsidiaries”), under the Companies Law of Cayman Islands. The Company was transferred shares of Kolao Developing Co., Ltd. from Oh, Se Young who owned 100% of Kolao Developing Co., Ltd. in exchange for investment in kind on December 24, 2009, in order to reorganize the controlling structure. The Company’s registered office is P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands, and the Company and its subsidiaries operate a business in Laos, Myanmar, etc., to engage in import, manufacture and sales of automobile and motorcycle.

On November 30, 2010, the Company’s shares were listed on the Korea Exchange. As of June 30, 2015, the Company has issued 47,869,508 shares and the Company’s share capital amounts to \$11,967,377, as a result of the several issuances of new shares from \$1 at the establishment of the Company.

As of June 30, 2015, the Company’s shareholders and the respective percentage of ownership are as follows:

<u>Shareholders</u>	<u>Number of shares owned</u>	<u>Percentage of ownership (%)</u>
Oh, Se Young	21,166,685	44.22
Others	26,702,823	55.78
	<u>47,869,508</u>	<u>100.00</u>

2. SIGNIFICANT ACCOUNTING POLICIES:

(1) Basis of Preparation

The Company and its subsidiaries’ (the “Group”) condensed interim consolidated financial statements as of and for the period ended June 30, 2015, have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. To have a better understanding of the condensed interim consolidated financial statements, they should be read in conjunction with the audited consolidated financial statements as of and for the year ended December 31, 2014.

The significant accounting policies as applied in the condensed interim consolidated financial statements correspond to those pertaining to the annual consolidated financial statements as of and for the year ended December 31, 2014, except for the effects of the changes of accounting policies as follows:

1) Amendments to K-IFRSs and new interpretations that are mandatorily effective for the current period

Amendments to IAS 19 – *Employee Benefits*

The amendments permit the Group to recognize amount of contributions as a reduction in the service cost in which the related service is rendered if the amount of the contributions is independent of the number of years of service. The amendments have no significant impact on the Group’s consolidated financial statements.

Annual Improvements to IFRS 2010-2012 Cycle

The amendments to IFRS 2 (i) change the definition of 'vesting condition' and 'market condition'; and (ii) add definition for 'performance condition' and 'service condition,' which were previously included within the definition of 'vesting condition.' The amendments to IFRS 3, *Business Combinations*, clarify the classification and measurement of the contingent consideration in business combination. The amendments to IFRS 8 clarify that a reconciliation of the total of the reportable segments' assets should only be provided if the segment assets are regularly provided to the chief operating decision maker. The amendments have no significant impact on the Group's consolidated financial statements.

Annual Improvements to IFRS 2011-2013 Cycle

The amendments to IFRS 3 clarify that it excludes the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself from the scope of IFRS 3. The amendments to IFRS 13, *Fair Value Measurement*, and IAS 40, *Investment Property*, exist and the amendments have no significant impact on the Group's consolidated financial statements.

2) New and revised IFRSs in issue but not yet effective

Amendments to IAS 16 – *Property, Plant and Equipment*

The amendments to IAS 16 prohibit the Group from using a revenue-based depreciation method for items of property, plant and equipment. The amendments are effective for the annual periods beginning on or after January 1, 2016.

Amendments to IAS 38 – *Intangible Assets*

The amendments to IAS 38 do not allow presumption that revenue is an appropriate basis for the amortization of intangible assets, which the presumption can only be limited when the intangible asset expressed as a measure of revenue or when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated. The amendments apply prospectively for annual periods beginning on or after January 1, 2016.

Amendments to IFRS 11 – *Accounting for Acquisitions of Interests in Joint Operations*

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3. A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations. The amendments to IFRS 11 are effective for the annual periods beginning on or after January 1, 2016.

The Group does not anticipate that the amendments referred above will have significant impact on the Group's interim consolidated financial statements and disclosures.

3. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES:

In preparing the interim consolidated financial statements, the management of the Group makes estimates and assumptions on matters which affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as of and for the year ended December 31, 2014.

4. SUBSIDIARIES:

(1) The details of consolidated subsidiaries as of June 30, 2015, and December 31, 2014, are as follows:

Subsidiaries	Country	Reporting date	Percentage of Ownership (%)		Main business
			June 30, 2015	December 31, 2014	
Kolao Developing Co., Ltd.	Laos	Dec.31			Manufacture and sales of automobile and motorcycle
			100	100	
Kolao Holdings Singapore Pte., Ltd.	Singapore	Dec.31			Holding company, Foreign trade
			100	100	
Kolao Holdings (HM) Singapore Pte., Ltd. (*1)	Singapore	Dec.31			Sales of automobile
			84	84	
Kolao Holdings Myanmar Co., Ltd. (*1)	Myanmar	Dec.31			Sales of automobile
			99	99	
Daehan Co., Ltd. (*1)	Myanmar	Dec.31			Sales of automobile
			99	99	
Fortune Kolao international Motors Co., Ltd. (*2)	Singapore	Dec.31			Trading company
			100	100	
International KLM Co., Ltd. (*2,4)	Myanmar	Dec.31			Sales of automobile and auto parts, auto repair service
			99	-	
Kolao Holdings (Cambodia) Co., Ltd. (*3)	Cambodia	Dec.31			Sales of automobile
			100	100	
KDC Korea Co., Ltd.	Korea	Dec.31			Trading company
			100	100	
LVMC Investment Limited	Hongkong	Dec.31			Financial business
			100	100	

(*1) The entities are the subsidiaries of Kolao Holdings Singapore Pte., Ltd.

(*2) The entities are the subsidiaries of Kolao Holdings (HM) Singapore Pte., Ltd.

(*3) The entity has become the subsidiary of the Company as of June 30, 2015, before that it was the subsidiary of Kolao Holdings Singapore Pte., Ltd. and this change is to promote efficiency through simplifying the corporate governance structure.

(*4) The entity is newly established in current period.

(2) Newly included subsidiary for the period ended June 30, 2015, is as follows:

Subsidiary	Description
International KLM Co., Ltd.	Newly established in current period

(3) The summaries of financial information of subsidiaries as of and for the period ended June 30, 2015, are as follows (Unit: USD):

Subsidiaries	Assets	Liabilities	Controlling equity	Non-controlling interests	Sales	Profit for the period	Total comprehensive income
Kolao Developing Co., Ltd.	\$380,474,745	\$186,836,989	\$193,637,756	\$-	\$202,273,423	\$21,616,860	\$21,616,860
Kolao Holdings Singapore Pte., Ltd. (*1)	28,223,481	10,463,060	17,837,050	(76,629)	3,254,972	(1,106,839)	(1,106,839)
KDC Korea Co., Ltd.	4,387,645	3,530,633	857,012	-	1,531,725	(357,707)	(354,562)
LVMC Investment Limited	13,634,329	-	13,634,329	-	-	503,655	503,655
Kolao Holdings (Cambodia) Co., Ltd. (*2)	1,736,258	1,276,502	459,756	-	-	-	-

(*1) The amounts are the consolidated financial information, which include its subsidiaries.

(*2) The entity has become the subsidiary of the Company as of June 30, 2015, before that it was the subsidiary of Kolao Holdings Singapore Pte., Ltd.

All financial information of subsidiaries is the amounts after adjusting differences in accounting policies from the Company but before eliminating all intragroup transactions.

(4) The summaries of cash flows of subsidiaries for the period ended June 30, 2015, are as follows (Unit: USD):

Subsidiaries	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Changes in cash and cash equivalents by foreign currency translation	Cash and cash equivalents, beginning of the period	Cash and cash equivalents, end of the period
Kolao Developing Co., Ltd.	\$ (24,321,192)	\$ (4,793,112)	\$29,702,295	\$ (44,338)	\$4,712,397	\$5,256,050
Kolao Holdings Singapore Pte., Ltd. (*1)	(836,133)	(319,323)	(378,621)	(2,560)	10,391,141	8,854,504
KDC Korea Co., Ltd.	(643,952)	-	625,156	36,607	427,375	445,186
LVMC Investment Limited	502,485	-	-	-	108,299	610,784
Kolao Holdings (Cambodia) Co., Ltd. (*2)	-	-	-	-	100,307	100,307

(*1) The amounts are the consolidated cash flows, which include its subsidiaries.

(*2) The entity has become the subsidiary of the Company as of June 30, 2015, before that it was the subsidiary of Kolao Holdings Singapore Pte., Ltd.

All financial information of subsidiaries is the amounts after adjusting differences in accounting policies from the Company but before eliminating all intragroup transaction.

(5) Net assets and profit of non-controlling interests as of and for the period ended June 30, 2015, are as follows (Unit: USD):

Subsidiary	Non-controlling interests	Profit for the period attributable to non-controlling interests	Total comprehensive income attributable to non-controlling interests	Dividends paid to non-controlling interests
Kolao Holdings Singapore Pte., Ltd. (*1)	(76,629)	(317,255)	(317,255)	-

(*1) The amounts are the consolidated financial information, which include its subsidiaries.

5. SEGMENT INFORMATION:

(1) Details of products and services from which segments derive their revenues are as follows:

The operating segments are decided under reported information for Group's chief operation decision maker for evaluating performance and allocating resources about the segment for administrative purpose. The Group's operating segments are as follows:

Segment	Description
New automobile	Engagement in the dealer business by distributing imported passenger cars and commercial vehicles
Completed Knock-Down ("CKD")	Selling and manufacturing CKD and used cars under the name of 'KOLAO,' after assembling and processing automobiles imported mostly from Korea
Motorcycle	Designing its own model and selling products under the name of 'KOLAO,' after making orders, processing and assembling of major parts
Wholesale	Selling accessories and other supplies designed for automobiles and motorcycles
AS	Providing after-service and repair service for automobiles and motorcycles
Others	Selling and buying used local automobiles in Laos and providing rental services

(2) Revenues and gross profit by segments are as follows (Unit: USD):

	Sales by segment				Gross profit by segment			
	2015		2014		2015		2014	
	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30
New automobile	\$ 54,602,749	\$119,899,804	\$59,378,384	\$117,964,754	\$ 12,525,243	\$26,880,279	13,739,464	25,839,792
CKD	27,808,614	54,409,051	13,143,830	26,872,563	6,365,421	12,103,457	2,988,488	6,250,358
Motorcycle	4,397,627	8,915,920	3,648,318	9,924,643	417,710	1,089,983	412,220	2,068,950
Wholesale	3,497,455	7,100,777	4,116,329	7,758,365	255,993	539,051	339,943	1,060,511
AS	1,852,202	3,563,262	1,423,253	2,953,969	81,353	310,010	395,042	775,253
Others	<u>5,540,623</u>	<u>11,930,757</u>	<u>3,020,833</u>	<u>6,623,105</u>	<u>592,746</u>	<u>1,543,114</u>	<u>409,376</u>	<u>890,116</u>
	<u>\$ 97,699,270</u>	<u>\$205,819,571</u>	<u>\$84,730,947</u>	<u>\$172,097,399</u>	<u>\$ 20,238,466</u>	<u>\$ 42,465,894</u>	<u>\$ 18,284,533</u>	<u>\$ 36,884,980</u>
Unallocated income and expenses					(12,209,823)	(16,061,586)	(12,355,170)	(22,069,621)
Profit before income tax expense					<u>\$ 8,028,643</u>	<u>\$ 26,404,308</u>	<u>\$ 5,929,363</u>	<u>\$ 14,815,359</u>

All the revenues and results reported above are the amounts after eliminating all intragroup transactions in full on consolidation.

The gross profit by segment is reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(3) Assets and liabilities by segments are as follows (Unit: USD):

	Assets		Liabilities	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
New automobile	\$ 173,816,450	\$ 130,681,368	\$ 33,627,665	\$ 28,559,865
CKD	132,713,329	118,545,738	27,705,858	25,253,386
Motorcycle	19,511,476	16,140,319	4,252,415	477,181
Wholesale	17,918,968	14,045,881	53,102	372,378
AS	14,172,787	17,241,264	26,647	154,671
Others	<u>12,113,036</u>	<u>12,787,663</u>	<u>89,222</u>	<u>407,853</u>
	370,246,046	309,442,233	65,754,909	55,225,334
Unallocated assets and liabilities	<u>99,181,435</u>	<u>106,749,341</u>	<u>89,729,094</u>	<u>71,129,861</u>
Total assets and liabilities	<u>\$ 469,427,481</u>	<u>\$ 416,191,574</u>	<u>\$ 155,484,003</u>	<u>\$ 126,355,195</u>

All the assets and liabilities reported above are the amounts after eliminating all intragroup transactions in full on consolidation.

The chief operating decision maker manages each segment's trade receivables, inventories, property, plant and equipment, intangible assets, trade payables and short-term borrowings (L/C, TR) for the purposes of resource allocation and assessment of segment performance, whereas other assets and liabilities are not allocated.

(4) Other segment information is as follows (Unit: USD):

	Depreciation (*1)		Acquisition of non-current assets (*2)	
	2015	2014	2015	2014
	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30
New automobile	\$ 757,126	\$ 575,761	\$ 1,025,931	\$ 1,284,509
CKD	1,587,655	717,148	3,918,943	4,720,412
Motorcycle	177,105	140,227	292,456	57,471
Wholesale	81,131	59,744	100,733	45,244
AS	254,660	76,772	84,781	5,339,195
Others	<u>257,191</u>	<u>94,616</u>	<u>932,228</u>	<u>132,402</u>
	<u>\$ 3,114,868</u>	<u>\$ 1,664,268</u>	<u>\$ 6,355,072</u>	<u>\$ 11,579,233</u>

- (*1) The amounts are from property, plant and equipment and intangible assets.
 (*2) The amounts of acquisition on non-current assets for the periods ended June 30, 2015 and 2014, are included \$1,309,374 and \$606,885, respectively, which was transferred from inventory to vehicles.

(5) Geographical information

Although the Group operates its business in Laos, Myanmar and Cambodia, most of the Group's revenue is generated in Laos.

(6) Information about major customers

The Group's revenues are generated from dealers and transactions with individuals and there are no major customers who contribute to generate more than 10% of total revenues.

6. RESTRICTED FINANCIAL ASSETS:

Restricted financial assets as of June 30, 2015, are as follows (Unit: USD):

	Description	June 30, 2015
Cash and cash equivalent	Escro account	\$ 458,012
Short-term financial instruments	Pledged for derivatives	1,233,600
Investments in associates (*1)	Pledged for derivatives	5,892,655
		<u>\$ 7,584,267</u>

- (*1) 6,000 thousand shares of KR Motors Co., Ltd., investments in associates, are pledged as collateral for the currency swap and the amounts are in proportion with the book value as of June 30, 2015.

7. FINANCIAL ASSETS AT FVTPL:

Details of financial asset at fair value through profit or loss ("FVTPL") as of June 30, 2015, and December 31, 2014, are as follows (Unit: USD):

	June 30, 2015	December 31, 2014
Financial asset at FVTPL:		
Investment in convertible bonds (*1)	\$ -	\$ 23,131,291

- (*1) The contract for the composite financial instruments containing one or more embedded derivatives has been designated by the Group as financial assets at fair value through profit or loss for the entire composite contract and, by exercising the conversion rights, the Company acquired additional shares in the investment KR Motors Co., Ltd. in current period.

8. TRADE RECEIVABLES:

The payback period of trade receivables is determined based on each customer's credit rating. The Group strictly controls the balance not collected and reviews regularly the balance of trade receivables that are past due. Also, the Group holds deposits in respect of some customers.

- (1) Details of trade receivables as of June 30, 2015 and December 31, 2014, are as follows (Unit: USD):

	June 30, 2015	December 31, 2014
Trade receivables in current assets	\$ 106,966,134	\$ 73,542,830
Less: Allowances for doubtful accounts	(187,808)	(88,770)
Less: Discount on present value	(254,694)	(159,854)
Total	<u>\$ 106,523,632</u>	<u>\$ 73,294,206</u>

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Trade receivables in non-current assets	\$ 140,562,937	\$ 104,724,192
Less: Allowances for doubtful accounts	(169,554)	(99,364)
Less: Discount on present value	(480,388)	(656,234)
Total	<u>\$ 139,912,995</u>	<u>\$ 103,968,594</u>

The trade receivables, excluding interest-bearing receivables, obtained from installment sales are classified as current assets because they reach maturity within one year from the end of the reporting period. The fair value approximates the book value because the effect of discount is not material. The interest-bearing receivables obtained from the installment sales, which reach maturity after one year, are classified as non-current assets and discount on present value according to effective interest method for long-term installment receivables is recorded. The Company used an interest rate of installment receivables that has a similar credit condition, because there is no local enterprise that has a same credit condition.

(2) Changes in allowance for doubtful accounts for the periods ended June 30, 2015 and 2014, are as follows (Unit: USD):

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Beginning balance	\$ 188,134	\$ 74,642
Bad debt expense	169,228	56,005
Ending balance	<u>\$ 357,362</u>	<u>\$ 130,647</u>

9. OTHER RECEIVABLES:

(1) Details of other receivables as of June 30, 2015 and December 31, 2014, are as follows (Unit: USD):

	<u>June 30, 2015</u>		<u>December 31, 2014</u>	
	<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
Short-term loans	\$ 2,019,809	\$ -	\$ 18,805	\$ -
Other accounts receivables	175,650	-	1,080,094	-
Accrued income	25,231	-	-	-
Business leasehold deposits	-	401,286	-	6,878,301
Guarantee deposits	-	269,338	-	174,324
	<u>\$ 2,220,690</u>	<u>\$ 670,624</u>	<u>\$ 1,098,899</u>	<u>\$ 7,052,625</u>

(2) The short-term loans are classified as current assets because they reach maturity within one year from the end of the reporting period. The business leasehold deposits provided for Chery Automobile Co., Ltd. are classified as non-current assets because they do not have fixed maturity dates and their expected maturity exceeds one year. In addition, the fair value of business leasehold deposits and guarantee deposits approximates the book value because the effect of discount is not material.

(3) The Company recognized \$360,640 as bad debt expense, concerning to impaired guarantee deposit, and there are no other receivables past due or impaired.

10. OTHER CURRENT ASSETS:

Details of other current assets as of June 30, 2015 and December 31, 2014, are as follows (Unit: USD):

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Advance payments	\$ 7,380,748	\$ 2,382,899
Prepaid expenses	2,938,619	2,588,504
Other accounts receivables (*1)	1,318,280	1,188,504
Value added tax prepayment	118,550	39,855
	<u>\$ 11,756,197</u>	<u>\$ 6,199,762</u>

- (*1) Some of the expenditure required to settle a provision is expected to be reimbursed by another party, as disclosed in Note 21, and it is virtually certain that reimbursement will be received if the entity settles the obligation. Therefore, the reimbursement is treated as a separate asset and accounted for as other accounts receivables.

11. INVENTORIES:

Details of inventories as of June 30, 2015 and December 31, 2014, are as follows (Unit: USD):

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Raw materials	\$ 21,330,291	\$ 16,679,157
Merchandise	25,933,336	27,790,438
Work in process	16,353	106,538
Finished goods	311,497	2,256,722
Goods in transit	<u>5,468,529</u>	<u>17,717,125</u>
	<u>\$ 53,060,006</u>	<u>\$ 64,549,980</u>

12. AFS FINANCIAL ASSETS:

Details of available for sale ("AFS") financial assets as of June 30, 2015 and December 31, 2014, are as follows (Unit: USD):

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Non-marketable equity securities		
Indochina Bank Co., Ltd. (*1)	\$ 10,023,545	\$ 10,023,545

- (*1) LVMC Investment Limited acquired 11.99% ownership of Indochina Bank Co., which is a related party.

13. INVESTMENTS IN ASSOCIATE:

- (1) Details of investments in associate as of June 30, 2015, and December 31, 2014, are as follows (Unit: USD):

<u>Associate</u>	<u>Country</u>	<u>June 30, 2015 (*2)</u>			<u>June 30, 2014</u>			<u>Main Business</u>
		<u>Percentage of Ownership (%)</u>	<u>Acquisition Cost</u>	<u>Book Value</u>	<u>Percentage of Ownership (%)</u>	<u>Acquisition Cost</u>	<u>Book Value</u>	
KR Motors Co., Ltd. (*1)	Korea	25.31	\$46,849,684	\$43,566,707	16.05	\$14,514,467	\$14,006,002	Manufactures and sales of motorcycle

- (*1) The Company's director is also the member of the board of directors of the investee.

- (*2) By exercising the conversion rights, as disclosed in Note 7, the Company acquired additional shares in the investment KR Motors Co., Ltd. in current period.

- (2) Market value of the associate as of June 30, 2015, and December 31, 2014, is as follows (Unit: USD):

<u>Associate</u>	<u>June 30, 2015</u>	<u>December 31, 2014</u>
KR Motors Co., Ltd.	\$ 42,620,035	\$ 18,031,776

- (3) Changes in investments in associate for the periods ended June 30, 2015 and 2014, are as follows (Unit: USD):

<u>Associate</u>	<u>June 30, 2015</u>				
	<u>Beginning balance</u>	<u>Acquisition</u>	<u>Share of profits</u>	<u>Changes due to associate's equity changes</u>	<u>Ending balance</u>
KR Motors Co., Ltd.	\$14,006,002	\$32,335,217	\$ (1,369,419)	\$ (1,405,093)	\$43,566,707

December 31, 2014					
Associate	Beginning balance	Acquisition	Share of profits	Changes due to associate's equity changes	Ending balance
KR Motors Co., Ltd.	\$ -	\$14,514,468	\$ (490,675)	\$ 808,554	\$14,832,347

(4) The summaries of financial information of associate as of June 30, 2015, and December 31, 2014, are as follows (Unit: USD):

	June 30, 2015	December 31, 2014
Current assets	\$ 67,693,288	\$ 61,119,981
Non-current assets	76,397,980	74,307,281
Total assets	<u>\$ 144,091,268</u>	<u>\$ 135,427,262</u>
Current Liabilities	\$ 48,111,544	\$ 63,769,589
Non-current Liabilities	21,268,335	21,455,387
Total Liabilities	<u>\$ 69,379,879</u>	<u>\$ 85,224,976</u>
Sales	\$ 36,841,552	\$ 77,144,701
Operating profit	(5,658,471)	(10,980,213)
Profit for the period	(5,966,847)	(12,142,801)
Total comprehensive income	(7,385,796)	(13,391,636)

(*1) Above financial information of KR Motors Co., Ltd. reflects the adjustments of differences in accounting policies and fair value from acquisition of shares, but before the elimination of the all intragroup transaction and goodwill.

14. OTHER NON-CURRENT ASSETS:

Details of other non-current assets as of June 30, 2015 and December 31, 2014, are as follows (Unit: USD):

	June 30, 2015	December 31, 2014
Advance payments	\$ 5,424,642	\$ 270,368
Prepaid expenses	4,272,147	3,227,444
	<u>\$ 9,696,789</u>	<u>\$ 3,497,812</u>

15. PROPERTY, PLANT AND EQUIPMENT:

Changes in property, plant and equipment for the periods ended June 30, 2015 and 2014, are as follows (Unit: USD):

Assets	June 30, 2015						Ending balance
	Beginning balance	Acquisition	Transfer (*1)	Disposal	Depreciation	Others	
Land	\$ 3,437,856	\$ -	\$ -	\$ -	\$ -	\$ (76,152)	\$ 3,361,704
Buildings	47,803,754	74,988	4,523,000	-	(1,464,512)	(1,038)	50,936,192
Vehicles	4,377,763	1,240,211	1,368,921	(42,943)	(722,507)	-	6,221,445
Tools and equipment	1,594,438	144,109	-	-	(203,830)	-	1,534,717
Office equipment	1,448,467	230,186	-	-	(258,961)	(111)	1,419,581
Other tangible assets	203,500	-	-	-	(16,500)	-	187,000
Construction in progress	3,394,968	2,790,959	(4,582,547)	-	-	-	1,603,380
	<u>\$ 62,260,746</u>	<u>\$ 4,480,453</u>	<u>\$ 1,309,374</u>	<u>\$ (42,943)</u>	<u>\$ (2,666,310)</u>	<u>\$ (77,301)</u>	<u>\$ 65,264,019</u>

(*1) The amounts transferred from inventory to vehicles are \$1,309,374.

Assets	June 30, 2014						Ending balance
	Beginning balance	Acquisition (*1)	Transfer (*2)	Disposal	Depreciation	Others	
Buildings	\$ 31,603,515	\$ -	\$ 3,987,084	\$ -	\$ (944,993)	\$ -	\$ 34,645,606
Vehicles	2,011,279	704,656	606,885	(10,114)	(349,173)	-	2,963,533
Tools and equipment	315,048	407,933	-	-	(78,132)	-	644,849
Office equipment	1,472,249	101,128	-	-	(211,825)	264	1,361,816
Other tangible assets	236,500	-	-	-	(16,500)	-	220,000
Construction in progress	<u>3,518,217</u>	<u>8,014,632</u>	<u>(1,010,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,522,849</u>
	<u>\$ 39,156,808</u>	<u>\$ 9,228,349</u>	<u>\$ 3,583,969</u>	<u>\$ (10,114)</u>	<u>\$ (1,600,623)</u>	<u>\$ 264</u>	<u>\$ 50,358,653</u>

(*1) The acquisition amounts above are included an advance payment amounting to \$2,977,084 to build a showroom in Myanmar.

(*2) The amounts transferred from inventory to vehicles are \$606,885.

16. INVESTMENT PROPERTY:

(1) Changes in investment property for the periods ended June 30, 2015 and 2014, are as follows (Unit: USD):

Assets	June 30, 2015			
	Beginning Balance	Acquisition	Depreciation	Ending Balance
Buildings	\$ 1,131,578	\$ -	\$ (33,236)	\$ 1,098,342

Assets	June 30, 2014			
	Beginning Balance	Acquisition	Depreciation	Ending Balance
Buildings	\$ 1,198,049	\$ -	\$ (33,236)	\$ 1,164,813

(2) Details of income and expenditure for the periods ended June 30, 2015 and 2014, are as follows (Unit: USD):

Description	June 30, 2015	June 30, 2014
Rental income	\$ 27,600	\$ 26,520

(3) The fair value of investment property cannot be determined reliably on the grounds that comparable market transactions are infrequent and alternative reliable estimates of fair value are not available.

(4) The investment property is directly held by the Group.

17. INTANGIBLE ASSETS:

Changes in intangible assets for the periods ended June 30, 2015 and 2014, are as follows (Unit: USD):

Assets	June 30, 2015			
	Beginning balance	Acquisition	Depreciation	Ending balance
Software	\$ 50,858	\$ -	\$ (7,088)	\$ 43,770
Development cost	5,317,849	565,245	(441,470)	5,441,624
	<u>\$ 5,368,707</u>	<u>\$ 565,245</u>	<u>\$ (448,558)</u>	<u>\$ 5,485,394</u>

Assets	June 30, 2014			
	Beginning balance	Acquisition	Depreciation	Ending balance
Software	\$ 46,572	\$ -	\$ (6,198)	\$ 40,374
Development cost	2,716,427	1,743,999	(57,447)	4,402,979
	<u>\$ 2,762,999</u>	<u>\$ 1,743,999</u>	<u>\$ (63,645)</u>	<u>\$ 4,443,353</u>

18. OPERATING LEASE ARRANGEMENTS:

(1) The Group as lessee

The Group has 33 lease contracts as of June 30, 2015, which are accounted for as operating leases. Details of the lease contracts that the Group has executed are as follows (Unit: USD):

Location	Leased assets	Issue date	Expiry date	Gross lease payments
Vientiane	Tongphong Factory Land	2011-09-15	2021-09-14	\$ 41,344
Savannakhet Province	Savannakhet Factory Land	2012-07-01	2031-06-30	32,500
Vientiane	T2 Showroom Cherry	2009-07-01	2029-07-01	420,000
Bolikhamsai Province	Paksan Showroom	2010-01-01	2030-01-01	135,000
Vientiane	Autocity Showroom	2009-09-01	2024-09-01	250,000
Khammouan Province	Khammouan Land	2009-07-01	2019-07-01	29,403
Vientiane	TKK Showroom	2010-01-01	2015-12-31	120,000
Vientiane	Tongphong Factory Land	2010-10-08	2025-10-07	56,745
Champasak Province	Pakse Showroom	2010-10-16	2025-10-15	182,400
Vientiane	Office NB (3F, 4F)	2010-11-01	2015-10-31	1,994,916
Vientiane	Office NB (5F, 8F)	2011-01-01	2015-12-31	1,493,100
Vientiane	Alounmai Showroom	2011-04-01	2021-03-31	5,082,934
Vientiane	Tongphong Factory Land	2011-09-01	2041-08-31	132,585
Vientiane	T2 Factory Land	2011-09-01	2026-08-31	1,898,375
Savannakhet Province	Showroom SV	2015-01-01	2017-12-31	110,880
Vientiane	Training Institut	2012-03-01	2027-03-01	384,000
Vientiane	Company housing	2012-03-01	2027-03-01	240,000
Vientiane	T2 MC Showroom	2012-04-01	2022-03-31	307,500
Champasak Province	Pakse Showroom	2012-09-01	2030-08-31	171,000
Vientiane	NB Village Land	2012-12-01	2042-11-30	827,500
Savannakhet Province	CKD Factory Land	2012-12-12	2072-12-12	617,012
Savannakhet Province	SVK Showroom	2014-07-14	2023-01-13	3,191,000
Savannakhet Province	CVD TK Showroom	2017-01-02	2027-01-02	16,904
Savannakhet Province	CVD Showroom	2013-12-01	2018-11-30	1,200,000
Savannakhet Province	SVK CKD Factory Land	2014-06-02	2019-06-01	200,000
Vientiane	Dormitory Land	2014-08-04	2015-08-03	14,161
Vientiane	Dormitory Land	2014-09-01	2015-08-31	18,500
Vientiane	Tongphong Showroom	2014-10-01	2019-09-30	240,000
Vientiane	Dormitory Land	2014-09-01	2015-08-31	18,643
Vientiane	Tongphong AS Center Land	2014-10-01	2022-03-31	30,000
Vientiane	Daehan AS Center Land	2015-01-01	2022-12-31	308,864
Vientiane	AS Center Land	2015-02-01	2016-01-31	1,494,700
Vientiane	LNT Showroom	2015-03-01	2031-02-28	960,000
				<u>\$ 22,219,966</u>

When lease contract is terminated, it can be renewed with both parties' consent. Both parties can also change the amount of lease payments considering financial condition at the time of renewing the lease contract. However, the Group does not have an option to purchase the leased land at the expiry of the lease periods.

According to the operating lease contract, the Group recognized as lease expenses amounting to \$2,310,166 and \$2,157,644 for the periods ended June 30, 2015 and 2014, respectively.

Minimum lease payments that the Group will make subsequently as of June 30, 2015, are as follows (Unit: USD):

Periods	Minimum lease payments
2015.7.1 - 2016.6.30	\$ 2,800,823
2016.7.1 - 2020.6.30	6,137,488
2020.7.1 and thereafter	5,409,370
	<u>\$ 14,347,681</u>

The prepaid amounts for minimum lease payment are \$7,055,187 as of June 30, 2015.

(2) The Group as lessor

The Group provides the investment property to a lessee under operating lease and the lease terms are five and seven years. The lessee has the option to continue to lease the assets for 30 years and does not have the purchase option at the expiration of the lease term.

Minimum lease receipts that the Group will make subsequently as of June 30, 2015, are as follows (Unit: USD):

Periods	Minimum lease payments
2015.7.1 - 2016.6.30	\$ 55,200
2016.7.1 - 2018.9.30	100,000
	<u>\$ 155,200</u>

19. BORROWINGS:

(1) Details of borrowings as of June 30, 2015, and December 31, 2014, are as follows (Unit: USD):

	June 30, 2015		December 31, 2014	
	Current	Non-current	Current	Non-current
Short-term borrowings	\$ 64,327,179	\$ -	\$ 34,802,870	\$ -
Long-term borrowings	2,668,802	-	2,729,258	1,364,629
Debentures	<u>8,006,406</u>	<u>43,737,714</u>	<u>8,187,773</u>	<u>44,368,885</u>
	<u>\$ 75,002,387</u>	<u>\$ 43,737,714</u>	<u>\$ 45,719,901</u>	<u>\$ 45,733,514</u>

(2) Details of short-term and long-term borrowings as of June 30, 2015, and December 31, 2014, are as follows (Unit: USD):

	Description	Creditor	Interest rate	June 30, 2015		December 31, 2014	
				Current	Non-current	Current	Non-current
Short-term borrowings	L/C, TR	ANZ Bank (LAO) Limited (*1)	7.5%	\$ 29,005,259	\$ -	\$ 27,978,865	\$ -
	L/C, TR	Indochina Bank Co., Ltd.	9.0%	17,994,590	-	2,344,934	-
	L/C, TR	KB Hongkong Limited (*2)	6-month LIBOR+3%	4,821,910	-	2,295,665	-
	Loans from associate	KR Motors Co., Ltd.	3.7%	2,135,041	-	2,183,406	-
	Loans for working capital	HANA Bank (*2)	6-month LIBOR +3%	10,000,000	-	-	-
	Others	International Daehan Motors Co., Ltd.	-	370,379	-	-	-
Long-term borrowings	Loans for working capital	KB Bank(*2,3)	5.0%	<u>2,668,802</u>	<u>-</u>	<u>2,729,258</u>	<u>1,364,629</u>
				<u>\$ 66,995,981</u>	<u>\$ -</u>	<u>\$ 37,532,128</u>	<u>\$ 1,364,629</u>

(*1) Land and building are pledged through the largest shareholder and its related parties as collateral for the borrowings of ANZ Bank (LAO) Limited.

(*2) Payment guarantees are provided by the largest shareholder.

(*3) Borrowings in foreign currency (KRW 3,000 million).

(3) Details of debentures as of June 30, 2015, and December 31, 2014, are as follows (Unit: USD):

Description	Interest rate	Maturity	June 30, 2015		December 31, 2014	
			Current	Non-current	Current	Non-current
2 nd -1 Private placed bond (*1)	6.2%	2015-05-30	\$ -	\$ -	\$ 8,187,773	\$ -
2 nd -2 Private placed bond (*1)	5.4%	2016-05-30	8,006,406	-	-	-
CGIF secured private placed bond (*2)	2.0%	2017-08-21	-	44,568,000	-	45,402,000
Less: Discount on debentures			-	(830,286)	-	(1,033,115)
			<u>\$ 8,006,406</u>	<u>\$ 43,737,714</u>	<u>\$ 8,187,773</u>	<u>\$ 44,368,885</u>

(*1) Payment guarantees are provided by the largest shareholder.

(*2) CGIF secured private placed bond is borrowings in foreign currency (SGD 60,000,0000), and CGIF and the largest shareholder and Kolao Developing Co., Ltd., which is subsidiary of the Company, provides the Group with payment guarantee.

20. DERIVATIVE LIABILITIES:

Details of derivative liabilities as of June 30, 2015, and December 31, 2014, are as follows (Unit: USD):

	June 30, 2015		December 31, 2014	
	Current	Non-current	Current	Non-current
Financial liabilities at FVTPL				
Currency Swap (*1)	\$ 359,548	\$ 4,242,269	\$ 1,380,806	\$ 2,254,684

(*1) Some short-term financial instruments and investments in associate are pledged as collateral (see Note 6), and payment guarantees are provided by the largest shareholder.

21. PROVISIONS:

(1) Details of the Group's provisions as of June 30, 2015, and December 31, 2014, are as follows (Unit: USD):

Description	June 30, 2015			December 31, 2014		
	Current	Non-Current	Total	Current	Non-Current	Total
Provisions for product warranties	\$ 621,522	\$ 1,280,446	\$ 1,901,968	\$ 522,440	\$ 1,038,720	\$ 1,561,160
Provisions for return products	170,959	-	170,959	241,685	-	241,685
	<u>\$ 792,481</u>	<u>\$ 1,280,446</u>	<u>\$ 2,072,927</u>	<u>\$ 764,125</u>	<u>\$ 1,038,720</u>	<u>\$ 1,802,845</u>

As the Group provides free repair service for a certain period to customers who purchased its products, estimated costs of future repair service are accounted for as provisions for product warranties. In addition, the Group records the gross profit from estimated return on product sales as a provision for return products.

(2) Changes in provisions for product warranties for the periods ended June 30, 2015 and 2014, are as follows (Unit: USD):

	June 30, 2015	June 30, 2014
Beginning balance	\$ 1,561,160	\$ 1,565,712
Increase (reversal) in provisions (*1)	665,464	(832,865)
Use of provisions	(324,656)	(226,812)
Ending balance	<u>\$ 1,901,968</u>	<u>\$ 506,035</u>

(*1) Some of expenditures required to settle a provision are expected to be reimbursed by a third party, and it is virtually certain that reimbursement will be received if the entity settles the obligation. The amount to be reimbursed is accounted for as other receivable in the condensed interim consolidated statements of financial position and, after being offset with the amount accounted for as receivable, recognized as selling, general and administrative expenses in the condensed interim consolidated statements of comprehensive income (see Note 10).

(3) Changes in provisions for return products as of the periods ended June 30, 2015 and 2014, are as follows (Unit: USD):

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Beginning balance	\$ 241,685	\$ 519,017
Increase (reversal) in provisions	(59,258)	53,299
Use of provisions	(11,468)	(246,698)
Ending balance	<u>\$ 170,959</u>	<u>\$ 325,618</u>

22. OTHER FINANCIAL LIABILITIES:

Details of other financial liabilities as of June 30, 2015, and December 31, 2014, are as follows (Unit: USD):

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Other accounts payables	\$ 1,488,160	\$ 260,801
Accrued expenses	<u>6,258,479</u>	<u>4,329,074</u>
	<u>\$ 7,746,639</u>	<u>\$ 4,589,875</u>

23. OTHER CURRENT LIABILITIES:

Details of other current liabilities as of June 30, 2015, and December 31, 2014, are as follows (Unit: USD):

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Withholdings	\$ 179,700	\$ 291,985
Advances received	1,697,086	842,157
Rental income received in advance	118,200	145,800
Value-added taxes withheld	19,647	560,581
Consumption taxes withheld	<u>6,374,736</u>	<u>409,149</u>
	<u>\$ 8,389,369</u>	<u>\$ 2,249,672</u>

24. CAPITAL AND OTHER ISSUED CAPITAL:

(1) Details of the Company's share capital as of June 30, 2015, and December 31, 2014, are as follows:

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Number of shares authorized (*1)	160,000,000 shares	160,000,000 shares
Par value	\$0.25	\$0.25
Number of shares issued	47,869,508 shares	47,869,508 shares
Share capital	\$ 11,967,377	\$ 11,967,377

(*1) Preferred stocks of 40,000,000 shares are included in the number of shares authorized as of June 30, 2015, and December 31, 2014, and the par value of the preferred shares is the same as the common shares.

(2) Changes in share capital for the periods ended June 30, 2015 and 2014, are as follows (Unit: USD):

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Beginning balance	\$ 11,967,377	\$ 11,290,000
Dividend of stocks	-	677,377
Ending balance	<u>\$ 11,967,377</u>	<u>\$ 11,967,377</u>

(3) Changes in the Group's other issued capital for the periods ended June 30, 2015 and 2014, are as follows (Unit: USD):

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Beginning balance	\$ 136,996,688	\$ 145,102,488
Stock options	331,209	144,922
Acquisition of treasury stock	(294,833)	(886,076)
Ending balance	<u>\$ 137,033,064</u>	<u>\$ 144,361,334</u>

The Group has treasury stock of 508,153 shares and 488,153 shares as of June 30, 2015, and December 31, 2014, respectively

25. SHARE-BASED PAYMENT:

As of June 30, 2015, the Group granted stock options with the grant date April 1, 2015, and May 8, 2015, and the vesting conditions for the stock options are for them to remain in employment for two years from the grant date to some employees. On the other hand, the stock option grant date of May 27, 2013, is regranted as stock option grant date of April 1, 2015, after adjusting some conditions through mutual consent.

	<u>Description</u>	<u>Description</u>
Grant date	2015-04-01	2015-05-08
Stock price at grant date	KRW 17,100	KRW 19,750
Exercise price	KRW 17,150	KRW 19,894
Expected volatility	0.2065892	0.2090344
Option maturity	2019-03-31	2019-05-07
Risk-free rate applied	1.72%	1.97%

The numbers of granted stock options are 367,000 shares and 135,000 shares as of June 30, 2015, and December 31, 2014, respectively.

26. RETAINED EARNINGS AND DIVIDENDS:

(1) Changes in retained earnings for the periods ended June 30, 2015 and 2014, are as follows (Unit: USD):

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Beginning balance	\$ 140,015,589	\$ 101,045,650
Payment of dividends	(472,664)	(1,190,899)
Profit for the period attributable to owners of the Company	26,261,590	14,642,394
Ending balance	<u>\$ 165,804,515</u>	<u>\$ 114,497,145</u>

(2) Details of the paid dividends for the periods ended June 30, 2015 and 2014, are as follows:

	June 30, 2015	June 30, 2014	
	Cash dividend	Cash dividend	Cash dividend
Number of issued shares	47,869,508 shares	45,160,000 shares	45,160,000 shares
Number of shares entitled to dividends	47,869,508 shares	45,160,000 shares	45,160,000 shares
Dividends per share	KRW 11	KRW 12	0.06 shares
Amount of dividends	\$ 472,664	\$ 513,522	\$ 677,377
Amount of share dividends	-	-	2,709,508 shares

27. OTHER EQUITY:

Changes in other equity of the Company for the periods ended June 30, 2015 and 2014, are as follows (Unit: USD):

	June 30, 2015			
	Gains on valuation of AFS financial assets	Changes due to associate's equity changes	Exchange differences on translating foreign operations	Total
Beginning balance	\$ 60,383	\$ 632,703	\$ (75,987)	\$ 617,099
Changes	-	(1,405,093)	3,145	(1,401,948)
Ending balance	<u>\$ 60,383</u>	<u>\$ (772,390)</u>	<u>\$ (72,842)</u>	<u>\$ (784,849)</u>

	June 30, 2014			
	Gains on valuation of AFS financial assets	Changes due to associate's equity changes	Exchange differences on translating foreign operations	Total
Beginning balance	\$ -	\$ -	\$ -	\$ -
Changes	-	808,554	(5,521)	803,033
Ending balance	<u>\$ -</u>	<u>\$ 808,554</u>	<u>\$ (5,521)</u>	<u>\$ 803,033</u>

28. REVENUES:

Revenues for the three months and six months ended June 30, 2015 and 2014, are as follows (Unit: USD):

	2015		2014	
	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30
New automobile	\$ 54,602,749	\$ 119,899,804	\$ 59,378,384	\$ 117,964,754
CKD	27,808,614	54,409,051	13,143,830	26,872,563
Motorcycle	4,397,627	8,915,920	3,648,318	9,924,643
Wholesales	3,497,455	7,100,777	4,116,329	7,758,365
AS	1,852,202	3,563,262	1,423,253	2,953,969
Others	5,540,623	11,930,757	3,020,833	6,623,105
	<u>\$ 97,699,270</u>	<u>\$ 205,819,571</u>	<u>\$ 84,730,947</u>	<u>\$ 172,097,399</u>

29. EXPENSES CLASSIFICATION ACCORDING TO NATURE:

Details of expenses classified according to nature for the periods ended June 30, 2015 and 2014, are as follows (Unit: USD):

	June 30, 2015		
	Cost of sales	Selling, general and administrative expense	Total
Changes in inventories			
Finished goods	\$ 1,556,460	\$ -	\$ 1,556,460
Work in progress	97,998	-	97,998
Merchandise	103,765,118	-	103,765,118
Use of raw materials	37,128,947	-	37,128,947
Salaries	2,607,081	7,105,514	9,712,595
Depreciation	910,884	1,755,426	2,666,310
Amortization of intangible assets	-	448,558	448,558
Taxes and dues	1,251,152	260,125	1,511,277
Supplies	12,833,765	520,762	13,354,527
Others	3,202,272	12,883,346	16,085,618
	<u>\$ 163,353,677</u>	<u>\$ 22,973,731</u>	<u>\$ 186,327,408</u>

	June 30, 2014		
	Cost of sales	Selling, general and administrative expense	Total
Changes in inventories			
Finished goods	\$ (8,613,505)	\$ -	\$ (8,613,505)
Work in progress	4,423,572	-	4,423,572
Merchandise	98,094,455	-	98,094,455
Use of raw materials	29,345,392	-	29,345,392
Salaries	1,356,749	6,198,794	7,555,543
Depreciation	482,313	1,118,310	1,600,623
Amortization of intangible assets	-	63,645	63,645
Taxes and dues	311,231	376,685	687,916
Supplies	9,229,461	870,961	10,100,422
Others	582,751	12,184,260	12,767,011
	<u>\$ 135,212,419</u>	<u>\$ 20,812,655</u>	<u>\$ 156,025,074</u>

30. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:

Details of selling, general and administrative expenses for the three and six months ended June 30, 2015 and 2014, are as follows (Unit: USD):

	2015		2014	
	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30
Salaries	\$ 3,580,245	\$ 7,105,514	\$ 3,180,027	\$ 6,198,794
Entertainment	196,732	474,847	221,239	490,183
Advertisement	268,488	464,195	326,197	566,101
Sales promotion cost	934,794	1,950,628	1,928,662	2,606,010
Sales commission	247,237	440,785	108,571	251,582
Increase (reversal) in provisions for product warranties	90,849	322,061	119,842	(1,801)
Lease	1,384,449	2,731,279	1,391,116	2,376,421
Depreciation	912,476	1,755,426	555,613	1,118,310
Amortization of intangible assets	273,742	448,558	2,516	63,645
Taxes and dues	134,066	260,125	349,376	376,685
Supplies	104,118	520,762	430,900	870,961
Fees and charges	809,697	1,861,880	835,691	2,001,740
Other	2,231,039	4,637,671	1,278,735	3,894,024
	<u>\$ 11,167,932</u>	<u>\$ 22,973,731</u>	<u>\$ 10,728,485</u>	<u>\$ 20,812,655</u>

31. **OTHER INCOME AND EXPENSES:**

- (1) Details of other income and expenses for the three and six months ended June 30, 2015 and 2014, are as follows (Unit: USD):

	2015		2014	
	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30
Gain on foreign currency exchange transactions and translation	\$ 105,282	\$ 262,247	\$ 147,378	\$ 491,419
Rental income	13,800	27,600	-	26,520
Gain on disposal of property, plant and equipment	10,257	16,157	6,239	11,086
Interest income of installment sale	763,867	1,408,208	550,064	797,376
Miscellaneous incomes	101,495	359,286	-	314,584
Total	<u>\$ 994,701</u>	<u>\$ 2,073,498</u>	<u>\$ 703,681</u>	<u>\$ 1,640,985</u>
Loss on foreign currency exchange transactions and translation	\$ 480,595	\$ 696,553	\$ 49,655	\$ 360,340
Depreciation in investment property	16,618	33,236	16,618	33,236
Donation	30,137	164,348	23,000	87,101
Miscellaneous expenses	3,763	4,984	627	627
Total	<u>\$ 531,113</u>	<u>\$ 899,121</u>	<u>\$ 89,900</u>	<u>\$ 481,304</u>

32. **FINANCIAL INCOME AND EXPENSES:**

- (1) Details of financial income for the three and six months ended June 30, 2015 and 2014, are as follows (Unit: USD):

	2015		2014	
	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30
Interest income:				
Cash and cash equivalent	\$ 27,251	\$ 86,601	\$ 231,214	\$ 269,440
Short-term financial instruments	5,743	13,013	232,375	579,137
Subtotal	32,994	99,614	463,589	848,577
Gain on foreign currency exchange transactions and translation	177,284	2,114,580	1,201,854	1,654,848
Gain from disposal of financial asset at FVTPL	(165,059)	9,203,926	-	-
Dividend income	453,088	453,088	-	-
Total	<u>\$ 498,307</u>	<u>\$ 11,871,208</u>	<u>\$ 1,665,443</u>	<u>\$ 2,503,425</u>

- (2) The Group's finance expenses for the three and six months ended June 30, 2015 and 2014, are as follows (Unit: USD):

	2015		2014	
	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30
Interest expenses	\$ 1,468,600	\$ 2,602,024	\$ 1,399,811	\$ 2,413,974
Loss (gain) on derivative valuation	(1,262,414)	1,141,183	-	-
Loss from derivative transactions	-	11,152	-	-
Loss on foreign currency exchange transactions and translation	965,965	1,009,662	2,015,423	2,015,423
Total	<u>\$ 1,172,151</u>	<u>\$ 4,764,021</u>	<u>\$ 3,415,234</u>	<u>\$ 4,429,397</u>

33. INCOME TAX EXPENSES:

(1) Details of current tax assets and liabilities as of June 30, 2015, and December 31, 2014, are as follows (Unit: USD):

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Current tax assets	\$ 1,509,897	\$ 15,691,615
Current tax liabilities	-	18,028

The Company was established in Cayman Islands and 100% corporate tax-exempt entity. On the other hand, Kolao Developing Co., Ltd. is a subsidiary and recognized as a foreign-invested entity under the Laotian Law. As a result, the corporate tax rate is 24%. The amount of a subsidiary's taxable income is determined by taxation authorities at the end of tax years. When determining the amount of taxable income, differences between accounting income and taxable income of the current year do not carry over to deduct from or add to the future taxable income.

(2) The comparison between income and income tax expenses for the periods ended June 30, 2015 and 2014, is as follows (Unit: USD):

	<u>2015</u>	<u>2014</u>
Profit before income tax expenses	\$ 26,404,308	\$ 14,815,359
Income tax expenses	<u>459,973</u>	<u>246,112</u>
Effective tax rate	<u>\$ 1.74%</u>	<u>\$ 1.66%</u>

34. EARNINGS PER SHARE:

(1) Earnings per share for the three and six months ended June 30, 2015 and 2014, are as follows (Unit: USD):

	<u>2015</u>		<u>2014</u>	
	<u>Three months ended June 30</u>	<u>Six months ended June 30</u>	<u>Three months ended June 30</u>	<u>Six months ended June 30</u>
Profit attributable to owners of the Company	\$ 7,729,925	\$ 26,261,590	\$ 5,774,944	\$ 14,642,394
Weighted-average number of shares (shares)	<u>47,361,355</u>	<u>47,363,012</u>	<u>47,869,508</u>	<u>47,869,508</u>
Basic earnings per share	<u>\$ 0.16</u>	<u>\$ 0.55</u>	<u>\$ 0.12</u>	<u>\$ 0.31</u>

(2) Diluted earnings per share for the three and six months ended June 30, 2015 and 2014, are as follows (Unit: USD):

	<u>2015</u>	
	<u>Three months ended June 30</u>	<u>Six months ended June 30</u>
Profit attributable to owners of the Company	\$ 7,729,925	\$ 26,261,590
Profit used for calculation of the diluted earnings per share for the period	7,729,925	26,261,590
Weighted-average number of shares for calculation of the diluted earnings per share for the period (shares)	<u>47,422,303</u>	<u>47,423,960</u>
Diluted earnings per share	<u>\$ 0.16</u>	<u>\$ 0.55</u>

Diluted earnings per share are calculated by applying the weighted-average number of common shares outstanding, which is adjusted assuming that all dilutive potential ordinary shares were converted into ordinary shares. Although the Group had stock options for the period ended June 30, 2014, the diluted earnings per share are the same with the basic earning per share due to their antidilutive effect.

35. NON-CASH TRANSACTIONS:

Major non-cash transactions that were not included in the consolidated statements of cash flows for the periods ended June 30, 2015 and 2014, are as follows (Unit: USD):

	June 30, 2015	June 30, 2014
Transfer to vehicles from inventories	\$ 1,309,374	\$ 606,885
Transfer to buildings from advance payments	-	2,977,084
Transfer to buildings from construction in progress	4,582,547	1,010,000
Acquisition of investments in associate through the conversion of investment convertible bonds	32,335,217	-
Transfer to current portion of long-term borrowings from long-term borrowings	1,364,629	-
Transfer to current portion of derivative liabilities from non-current derivatives liabilities	1,987,585	-

36. PAYMENT GUARANTEES AND COMMITMENTS:

(1) Details of major contractual commitments for purchase as of June 30, 2015, are as follows:

Contract Counterparty	Contract term	Commitments for minimum purchase	Other
Hyundai Motors	2015.1.1 ~ 2016.12.31	2015.1.1 ~ 2015.12.31: 4,000 cars 2016.1.1 ~ 2016.12.31: 5,000 cars	Decision on whether to renew before the expiry of the contract period
Kia Motors	2014.12.1 ~ 2017.11.30	2014.12.1 ~ 2015.11.30: 2,304 cars 2015.12.1 ~ 2016.11.30: 2,400 cars 2016.12.1 ~ 2017.11.30: 2,500 cars	Decision on extending or renewing the contract by mutual consent 4 months before the expiration date

(2) Details of the major commitments with financial institutions as of June 30, 2015, are as follows (Unit: USD):

Financial institution	Agreement amounts	Used amounts	Description
ANZ Bank	\$ 34,500,000	\$ 29,005,259	Comprehensive limit USANCE L/C, TR (*1)
Indochina Bank Co., Ltd.	32,000,000	17,994,590	Comprehensive limit USANCE L/C, TR (*2)
KB Hong Kong Ltd.	5,400,000	4,821,910	Comprehensive limit USANCE L/C, TR

(*1) The comprehensive limit includes the limit of Trust Receipt amounting to \$25 million.

(*2) The comprehensive limit includes the limit of Trust Receipt amounting to \$18 million.

(3) The Group has been charged with one litigation claim, which amount to KRW1,000 million. The Group's management expects no material impact on the disclosures or on the amounts recognized in the consolidated financial statements from the results of the litigation claim.

37. RELATED-PARTY TRANSACTIONS:

(1) The Group's related parties as of June 30, 2015, are as follows:

Type	Corporate Name
Associate	KR Motors Co., Ltd.
Other related party	Kolao Farm Co., Ltd., KLD Computer Co., Ltd. (K-plaza), GLOVIA Co., Ltd., GLOVIA Lao Co., Ltd., Kolao I-Tech Construction Co., Ltd., I-Furniture Lao Co., Ltd., Indochina Bank Co., Ltd., Lanxang media Co., Ltd., Kolao Import & Export Co., Ltd., Kolao Resort Co., Ltd.

(2) Details of transactions with related parties for the periods ended June 30, 2015 and 2014, are as follows (Unit: USD):

Related Party	Account	June 30, 2015	June 30, 2014
KR Motors Co., Ltd.	Sales	\$ 291,176	\$ -
	Cost of sales	11,751,878	-
	Financial income	42,589	-
	Financial expenses	40,290	-
GLOVIA Co., Ltd.	Cost of sales	4,576,291	3,670,575
	Selling, general and administrative expenses	4,059	1,457,256
Kolao I-Tech Construction Co., Ltd.	Acquisition of property, plant and equipment	2,261,500	6,698,100
I-Furniture Lao Co., Ltd.	Acquisition of property, plant and equipment	215,447	54,785
	Selling, general and administrative expenses	10,904	3,893
Indochina Bank Co., Ltd.	Cost of sales	75,404	78,336
	Selling, general and administrative expenses	10,084	6,715
	Other income	-	36,105
	Financial income	-	921,205
Lanxang media Co., Ltd.	Financial expenses	552,272	376,714
	Selling, general and administrative expenses	111,919	166,102

(3) The outstanding balances with related parties as of June 30, 2015, and December 31, 2014, are as follows (Unit: USD):

Related party	Account	June 30, 2015	December 31, 2014
KR Motors Co., Ltd.	Other accounts receivables	\$ 36,200	\$ -
	Other financial liabilities	216	462
	Trade payables	11,534,930	14,207,638
Indochina Bank Co., Ltd.	Cash and cash equivalent	2,874,453	3,230,809

(4) Financial transactions with related parties for the period ended June 30, 2015, are as follows (Unit: USD):

	Account	Beginning Balance	Increase	Decrease	Others	Ending Balance
KR Motors Co., Ltd.	Financial assets at FVTPL	\$ 23,131,291	\$ -	\$ (23,131,291)	\$ -	\$ -
	Short-term loans	-	3,000,000	(1,000,000)	-	2,000,000
	Short-term borrowings	2,183,406	-	-	(48,365)	2,135,041
Indochina Bank Co., Ltd.	AFS financial assets	10,023,545	-	-	-	10,023,545
	Short-term borrowings	2,344,934	37,690,940	(22,041,284)	-	17,994,590

(5) Details of payment guarantees provided by the largest shareholder as of June 30, 2015, are as follows (see Notes 19 and 20) (Unit: USD):

Company	Description
ANZ Bank (LAO) Limited	L/C, TR guarantee
KB Hongkong Limited	L/C, TR guarantee
KB Bank	Loans for working capital guarantee
Hana Bank	Currency swap guarantee and loans for working capital guarantee
KDB Bank	2 nd -2 Private placed bond guarantee
Deutsche Bank Hongkong	CGIF secured private placed bond guarantee

(6) Compensation of key management personnel

Compensation of directors and other members of key management personnel for the periods ended June 30, 2015 and 2014, is as follows (Unit: USD):

	June 30, 2015	June 30, 2014
Salaries	\$ 716,540	\$ 1,016,212
Stock options compensation cost	50,667	53,675

38. FINANCIAL INSTRUMENTS:

(1) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. In order to maintain such optimization of the debt and equity balance, the Group may adjust dividend payments, issue of shares and reduction of capital. The Group applied the same capital risk management strategy that was applied in the prior year.

(2) Financial risk management

The Group is exposed to diverse financial risks, including market risk (foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk as a result of its operating activities. The purpose of risk management of the Group is to identify the potential risks to financial performance and minimize those risks to a degree acceptable to the Group. The Board of Directors approved the Group's financial risk management policy to be managed by the treasury department of the Group, which collaborates with other sales departments to identify, assess and evade those financial risks. The Group applied the same financial risk management strategy that was applied in the prior year.

1) Market risk

(a) Foreign exchange risk

Foreign exchange risk refers to the risk that the fair value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's foreign exchange risk occurs when forecast transactions and recognized assets and liabilities are not presented in USD that is a functional currency.

Except sales of the Group's motorcycle segment that are presented in BAHT, most of sales and operating costs are presented in USD. The Group's management believes that impact of foreign exchange risk relating to motorcycle sales in USD is limited because the management maintains flexible prices for motorcycles in BAHT considering exchange rate changes.

The Group does not have any hedging instrument to avoid foreign exchange risk, and in order to avoid transaction risk, it uses a method that allows amount received from and paid to each of foreign currencies to be the same. The Group's foreign assets and liabilities as of June 30, 2015, and December 31, 2014, are as follows (Unit: USD):

Currency	Foreign assets		Foreign liabilities	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
BAHT	\$ 16,528,515	\$ 26,063,572	\$ 2,475,965	\$ 1,282,012
KIP	7,653,208	81,335,761	9,394,927	2,563,191
KRW	1,836,170	17,424,055	12,879,349	15,800,195
SGD	-	-	44,047,858	44,368,886
MMK	339,075	-	338,858	-

The Group has entered into a currency swap contract in order to avoid the foreign exchange risk of foreign currency cash flow of private corporate bonds within the scope of the risk amount.

Details of currency swap contracts that are not settled as of June 30, 2015, are as follows (Unit: USD):

Bank	From	To	Sell			Buy		
			Currency	Amount	Interest rate	Currency	Amount	Interest rate
Hana Bank	2014.7.21	2017.8.21	USD	\$48,000,000	2.57%	SGD	\$60,000,000	2.00%

(b) Price risk

As of June 30, 2015 and December 31, 2014, the Group has no marketable AFS financial assets.

(c) Interest rate risk

As of June 30, 2015, and December 31, 2014, floating interest-bearing liabilities are not material.

2) Credit risk

As of June 30, 2015, there are no significant changes in the Group's maximum exposure to credit risk comparing to December 31, 2014.

3) Liquidity risk

As of June 30, 2015, there are no significant changes in the contractual undiscounted cash flows comparing to December 31, 2014.

(3) Fair value of financial instruments

The fair values of financial instruments (financial assets held for trading and AFS financial assets) traded on active markets are determined with reference to quoted market prices. The Group uses the current bid price as the quoted market price for its financial assets.

The fair values of financial instruments not traded in active markets (non-marketable AFS financial assets) are determined using a valuation technique. The Group uses various valuation techniques and makes assumptions based on current market conditions at the end of the reporting period. The Group receives information about fair values from external evaluation agencies that are trustworthy in Korea in order to use it for the Group's non-marketable AFS financial assets, payment guarantee liabilities and derivative financial instruments. The fair values of long-term liabilities are determined using market prices or dealer quotes for similar instruments. Where such prices are not available, a discounted cash flow analysis or other valuation technique is performed to measure their fair values.

The fair values of trade receivable and other receivables are approximated as their carrying value, less impairment loss. The Group estimates the fair values of financial liabilities as the present value of future contractual cash flows discounted based on current market rates applied to similar financial instruments. Meanwhile, since the carrying amount that expires within 12 months is not materially affected by the discount effect, repayment at maturity is considered to approximate its fair value.

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

- Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

- 2) The categorization of fair value measurements into the different levels of the fair value hierarchy depends on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement (Unit: USD):

		June 30, 2015			
		Level 1	Level 2	Level 3	Total
AFS financial assets					
Non-marketable equity securities	\$	-	\$	10,023,545	\$ 10,023,545
Financial liabilities at FVTPL					
Currency swap		-	4,601,817	-	4,601,817
		December 31, 2014			
		Level 1	Level 2	Level 3	Total
Financial assets at FVTPL					
Investment in convertible bonds	\$	-	\$ 23,131,291	\$	- \$ 23,131,291
AFS financial assets					
Non-marketable equity securities		-	-	10,023,545	10,023,545
Financial liabilities at FVTPL					
Currency swap		-	3,635,490	-	3,635,490

No significant transfers between Level 1 and Level 2 have been made for the periods ended June 30, 2015 and December 31, 2014.

- (3) The following table gives information about how the fair values of these financial instruments, classified as Levels 2 and 3, are determined (in particular, the valuation technique(s) and inputs used) (Unit: USD):

		June 30, 2015			
		Fair value	Valuation method	Unobservable input	Range
AFS financial assets					
Non-marketable equity securities	\$	10,023,545	DCF	Discount rate Growth rate	15.8% 7.2%
Financial liabilities at FVTPL					
Currency swap		4,601,817	DCF	n/a	n/a

- (4) There are no changes in Level 3 of the fair value hierarchy for the period ended June 30, 2015.
- (5) The Group recognizes transfer between levels when relevant events and changes in circumstances occur.
- (6) In the current period, there are no changes in valuation techniques of financial instruments classified by Level 2 and Level 3. The Group judges that changes in unobservable inputs for reflecting reasonably possible general assumptions do not bring significant changes of measured fair value.
- (7) There are no significant changes in the economic environment or business circumstances that affect measurement on the fair value of the financial assets and liabilities.
- (8) There is no financial asset reclassified due to changes of the Group's intention or ability