

Yulon Nissan Motor Company, Ltd.

**Financial Statements for the
Nine Months Ended September 30, 2009 and 2008 and
Independent Accountants' Review Report**

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying balance sheets of Yulon Nissan Motor Company, Ltd. as of September 30, 2009 and 2008, and the related statements of income and cash flows for the nine months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report based on our reviews.

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

As stated in Note 9 to the financial statements, the carrying values of the long-term investments accounted for by the equity method as of September 30, 2009 and 2008, which were NT\$13,434,246 thousand and NT\$11,768,210 thousand, respectively, and the related investment income of NT\$1,748,074 thousand and NT\$1,037,782 thousand for the nine months ended September 30, 2009 and 2008, respectively, were based on the investees' unreviewed financial statements.

Based on our reviews, except for such adjustments, if any, as might have been determined to be necessary had the investment information mentioned in the third paragraph and related information been based on the investees' reviewed financial statements, we are not aware of any material modifications that should be made to the financial statements of Yulon Nissan Motor Company, Ltd. referred to above for them to be in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

As stated in Note 3 to the financial statements, on January 1, 2009, the Company adopted the newly revised SFAS No. 10, "Accounting for Inventories." On January 1, 2008, the Company adopted the interpretation issued by the Accounting Research and Development Foundation of the Republic of China, which requires companies to recognize as compensation expenses bonuses paid to employees, directors and supervisors. These bonuses were previously recorded as appropriations from earnings.

October 19, 2009

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such financial statements are those generally accepted and applied in the Republic of China.

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

YULON NISSAN MOTOR COMPANY, LTD.

BALANCE SHEETS

SEPTEMBER 30, 2009 AND 2008

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

(Reviewed, Not Audited)

ASSETS	2009		2008		LIABILITIES AND STOCKHOLDERS' EQUITY	2009		2008	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 449,278	3	\$ 769,331	5	Short-term loans (Note 12)	\$ 100,000	1	\$ -	-
Financial assets at fair value through profit or loss (Notes 2 and 5)	492,940	3	334,788	2	Notes and accounts payable	23,682	-	33,114	-
Notes and accounts receivable (Notes 2 and 6)	39,123	-	32,035	-	Notes and accounts payable - related parties (Note 20)	822,008	5	644,657	4
Notes and accounts receivable - related parties (Note 20)	635,773	4	799,191	5	Income tax payable (Notes 2 and 16)	78,037	-	94,581	1
Other financial assets (Note 7)	45,745	-	163,304	1	Accrued expenses (Note 13)	186,605	1	294,446	2
Inventories (Notes 2 and 8)	1,652	-	-	-	Other current liabilities	65,243	-	50,936	-
Prepayments	3,662	-	15,087	-	Total current liabilities	1,275,575	7	1,117,734	7
Deferred income tax assets, net (Notes 2 and 16)	6,754	-	442	-	OTHER LIABILITIES				
Other current assets	72,446	-	64,465	-	Accrued pension liabilities (Notes 2 and 17)	417,070	2	392,955	2
Total current assets	1,747,373	10	2,178,643	13	Deferred income tax liabilities, net (Notes 2 and 16)	669,674	4	798,869	5
LONG-TERM EQUITY INVESTMENTS (Notes 2 and 9)	13,434,246	74	11,768,210	68	Warranty (Note 2)	63,233	-	78,025	-
PROPERTY, PLANT AND EQUIPMENT (Notes 2 and 10)					Total other liabilities	1,149,977	6	1,269,849	7
Cost					Total liabilities	2,425,552	13	2,387,583	14
Machinery and equipment	28,107	-	49,712	1	STOCKHOLDERS' EQUITY (Notes 2 and 14)				
Transportation equipment	6,661	-	24,224	-	Capital stock - NT\$10.00 par value; authorized - 600,000 thousand shares; issued and outstanding - 300,000 thousand shares	3,000,000	16	3,000,000	17
Tools	5,566	-	3,565	-	Capital surplus				
Other equipment	179,814	1	221,682	1	Excess from spin-off	5,986,507	33	5,986,507	35
Leasehold improvement	3,441	-	11,264	-	Gains on long-term investments	2,461	-	2,461	-
Total cost	223,589	1	310,447	2	Total capital surplus	5,988,968	33	5,988,968	35
Less: Accumulated depreciation	169,212	1	211,318	1	Retained earnings				
	54,377	-	99,129	1	Legal reserve	1,028,005	6	977,573	6
Prepayments for equipment	2,434	-	3,233	-	Special reserve	379,840	2	379,840	2
Property, plant and equipment, net	56,811	-	102,362	1	Unappropriated earnings	3,977,979	22	3,019,729	17
OTHER ASSETS					Total retained earnings	5,385,824	30	4,377,142	25
Idle assets (Notes 2, 10 and 11)	18,730	-	-	-	Cumulative translation adjustments	1,379,322	8	1,452,547	9
Refundable deposits	4,481	-	5,326	-	Total stockholders' equity	15,754,114	87	14,818,657	86
Deferred charges (Notes 2, 11 and 20)	2,918,025	16	3,151,699	18	TOTAL	\$ 18,179,666	100	\$ 17,206,240	100
Total other assets	2,941,236	16	3,157,025	18					
TOTAL	\$ 18,179,666	100	\$ 17,206,240	100					

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

(With Deloitte & Touche review report dated October 19, 2009)

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF INCOME NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008 (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	2009		2008	
	Amount	%	Amount	%
SALES (Note 20)	\$ 14,733,937	100	\$ 16,619,665	100
LESS: SALES RETURNS	4,488	-	6,063	-
SALES ALLOWANCES	<u>11,477</u>	<u>-</u>	<u>394</u>	<u>-</u>
NET SALES	14,717,972	100	16,613,208	100
COST OF SALES (Note 20)	<u>13,641,191</u>	<u>93</u>	<u>14,895,515</u>	<u>90</u>
GROSS PROFIT	<u>1,076,781</u>	<u>7</u>	<u>1,717,693</u>	<u>10</u>
OPERATING EXPENSES (Note 20)				
Marketing and selling	1,323,874	9	1,336,218	8
General and administrative	159,383	1	175,287	1
Research and development	<u>361,313</u>	<u>2</u>	<u>498,023</u>	<u>3</u>
Total operating expenses	<u>1,844,570</u>	<u>12</u>	<u>2,009,528</u>	<u>12</u>
OPERATING LOSS	<u>(767,789)</u>	<u>(5)</u>	<u>(291,835)</u>	<u>(2)</u>
NONOPERATING INCOME AND GAINS				
Equity in net income of investees	1,748,074	12	1,037,782	7
Gain on sale of investments, net	3,046	-	-	-
Interest income	1,976	-	10,266	-
Gain from valuation of financial assets	1,739	-	-	-
Others (Note 20)	<u>12,439</u>	<u>-</u>	<u>9,287</u>	<u>-</u>
Total nonoperating income and gains	<u>1,767,274</u>	<u>12</u>	<u>1,057,335</u>	<u>7</u>
NONOPERATING EXPENSES AND LOSSES				
Overseas business expense (Note 20)	38,863	1	20,657	-
Impairment loss (Notes 10 and 11)	30,645	-	-	-
Loss on disposal of property, plant and equipment (Note 20)	3,869	-	16	-
Interest expense (Note 20)	2,650	-	1,311	-
Foreign exchange loss	1,174	-	49,995	-
Loss on sale of investments, net	-	-	62,438	1
Loss from valuation of financial assets	-	-	13,144	-
Others (Note 20)	<u>22,118</u>	<u>-</u>	<u>28,178</u>	<u>-</u>
Total nonoperating expenses and losses	<u>99,319</u>	<u>1</u>	<u>175,739</u>	<u>1</u>

(Continued)

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	2009		2008	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 900,166	6	\$ 589,761	4
INCOME TAX BENEFIT (EXPENSE) (Notes 2 and 16)	<u>63,637</u>	<u>1</u>	<u>(130,319)</u>	<u>(1)</u>
NET INCOME	<u>\$ 963,803</u>	<u>7</u>	<u>\$ 459,442</u>	<u>3</u>
	2009		2008	
	Before Tax	After Tax	Before Tax	After Tax
EARNINGS PER SHARE (Note 19)				
Basic	<u>\$ 3.00</u>	<u>\$ 3.21</u>	<u>\$ 1.97</u>	<u>\$ 1.53</u>
Diluted	<u>\$ 3.00</u>	<u>\$ 3.21</u>	<u>\$ 1.96</u>	<u>\$ 1.53</u>

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

(With Deloitte & Touche review report dated October 19, 2009)

(Concluded)

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 963,803	\$ 459,442
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	581,510	676,422
Loss on inventory purchase commitment	3,154	4,796
Impairment loss	30,645	-
Loss (gain) on sale of investments, net	(3,046)	62,438
Equity in net income of investees	(1,748,074)	(1,037,782)
Cash dividends from equity-method investees	386,016	342,208
Loss (gain) from valuation of financial assets	(1,739)	13,144
Loss on disposal of property, plant and equipment, net	3,869	15
Deferred income taxes	(88,088)	82,516
Provision for pension costs	16,743	15,473
Provision for warranty liabilities	(6,719)	(12,657)
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(488,155)	295,821
Notes and accounts receivable	(10,369)	(184)
Notes and accounts receivable - related parties	(49,027)	340,173
Other financial assets	16,153	(69,344)
Inventories	(1,652)	132,953
Prepayments	21,852	33,820
Other current assets	(682)	58,377
Notes and accounts payable	(20,704)	(66,959)
Notes and accounts payable - related parties	166,490	(1,155,472)
Income tax payable	(9,225)	39,107
Accrued expenses	(136,327)	(233,884)
Other current liabilities	(14,394)	7,508
Net cash used in operating activities	<u>(387,966)</u>	<u>(12,069)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(12,322)	(8,276)
Decrease (increase) in refundable deposits	1,384	(886)
Increase in deferred charges	(307,870)	(462,206)
Proceeds from disposal of property, plant and equipment	<u>2,190</u>	<u>476</u>
Net cash used in investing activities	<u>(316,618)</u>	<u>(470,892)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	100,000	-
Distribution of bonus to employees	-	(59,360)
Cash dividends	<u>-</u>	<u>(510,000)</u>
Cash provided by (used in) financing activities	<u>100,000</u>	<u>(569,360)</u>

(Continued)

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2009	2008
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (604,584)	\$ (1,052,321)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>1,053,862</u>	<u>1,821,652</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 449,278</u>	<u>\$ 769,331</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for:		
Interest	<u>\$ 2,647</u>	<u>\$ 1,311</u>
Income tax	<u>\$ 33,676</u>	<u>\$ 8,696</u>

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

(With Deloitte & Touche review report dated October 19, 2009)

(Concluded)

YULON NISSAN MOTOR COMPANY, LTD.

NOTES TO FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

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

(Reviewed, Not Audited)

1. ORGANIZATION AND OPERATIONS

Yulon Nissan Motor Company, Ltd. (the “Company”) is a business on research and development of vehicles and sales of vehicles. The Company is a spin-off from Yulon Motor Co., Ltd. (“Yulon”) intended to increase Yulon’s competitive advantage and participation in the global automobile network and to enhance its professional management. The spin-off date was October 1, 2003. Yulon initially held 100% equity interest in the Company but then transferred its 40% equity to Nissan Motor Co., Ltd. (“Nissan”), a Japanese motor company, on October 30, 2003. The Company became listed on December 21, 2004 after the initial public offering application of the Company was accepted by the Taiwan Stock Exchange Corporation on October 6, 2004.

As of September 30, 2009 and 2008, the Company had 418 and 487 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, Business Accounting Law, Guidelines Governing Business Accounting, and accounting principles generally accepted in the Republic of China (“ROC”). In preparing financial statements in conformity with these guidelines and principles, the Company is required to make certain estimates and assumptions that could affect the amounts of allowance for doubtful accounts, allowance for loss on inventories, depreciation of property, plant and equipment, amortization of deferred charges, warranty, pension, and bonuses to employees. Actual results could differ from these estimates.

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

The Company’s significant accounting policies are summarized as follows:

Current/Noncurrent Assets and Liabilities

Current assets are unrestricted cash, cash equivalents and other assets held for trading, converted to cash, sold or consumed within one year from the balance sheet date. Current liabilities are obligations due within one year from the balance sheet date. Assets and liabilities that are not classified as current are non-current assets and liabilities, respectively.

Cash Equivalents

Cash equivalents are commercial paper purchased with maturities of three months or less from the date of acquisition. The carrying amount approximates fair value.

Financial Instruments at Fair Value Through Profit or Loss

Financial instruments at fair value through profit or loss include financial assets or financial liabilities classified as held for trading upon purchase. Once the Company becomes contractual in a financial instrument arrangement, the financial instruments are eligible for classification as assets or liabilities. Financial asset is derecognized when the Company has lost control of its contractual rights over the asset. Financial liability is derecognized when the obligation specified in the relevant contract is discharged, cancelled or expired.

Financial instruments are initially recognized at fair value, with transaction costs expensed as incurred. After initial recognition, financial instruments are remeasured at fair value with the changes in fair value recognized in earnings. Cash dividends received (including in the first year of investments) are recognized as income. A regular purchase or sale of financial assets is recognized and derecognized using settlement date accounting.

The basis for determining the fair value of mutual funds is net assets value or redemption price as of balance sheet date.

Revenue Recognition, Accounts Receivable and Allowance for Doubtful Accounts

Revenue from sales of goods is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, primarily upon shipment, because the earnings process has been completed and the economic benefits associated with the transaction have been realized or realizable. Revenue is measured at the fair value of the consideration received or receivable and represents amounts agreed between the Company and the customers for goods sold in the normal course of business, net of sales discounts and volume rebates. For trade receivables due within one year from the balance sheet date, as the nominal value of the consideration to be received approximates its fair value and transactions are frequent, fair value of the consideration is not determined by discounting all future receipts using an imputed rate of interest.

Allowance for doubtful accounts is provided on the basis of a review of the collectibility of receivables.

Inventories

Cost of inventories is calculated by applying moving average method. Before January 1, 2009, inventories were stated at the lower of weighted-average cost or market value. Any write-down was made on a total-inventory basis. Market value meant net realizable value. Effective January 1, 2009, inventories are stated at the lower of weighted-average cost or net realizable value. Inventory write-downs are made item by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Cost of sales includes the cost of inventories sold, warranty cost, loss on inventory purchase commitment, write-downs of inventories to net realizable value and any reversal of write-downs.

Long-term Equity Investments

Under the equity method, long-term investments are stated at cost on the acquisition date and subsequently adjusted for the Company's proportional equity share in the investees' net income and stockholders' equity in the same accounting period. Cash dividends received are accounted for as reductions of the carrying value of the investments. If an investee raises capital by issuing additional common stocks and the Company does not purchase the additional stocks, the Company will adjust its capital surplus account or unappropriated retained earnings account in proportion to its new equity in the investee's assets.

Stock dividends received from an investee are accounted for as increases in the number of shares held and are not recognized as investment income.

The costs of equity investments sold are determined using the weighted-average method.

An impairment loss is recognized when there are objective evidences indicating that the recoverable amount of an asset is less than its carrying amount.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Major renewals and betterments are capitalized, while maintenance and repairs are expensed immediately.

Depreciation expense is determined based upon the asset's estimated useful life using the straight-line method. The estimated useful lives are as follows: machinery and equipment, 3 to 15 years; transportation equipment, 4 to 5 years; tools, 2 to 5 years; other equipment, 2 to 15 years; and leasehold improvement, 3 to 5 years. When properties are retired or disposed, their costs and related accumulated depreciation are removed from the accounts, and gains or losses are recognized as nonoperating income and expenses.

An impairment loss is recognized when the recoverable amount of an asset is less than its carrying amount. A reversal of the impairment loss is recognized if there is a subsequent recovery in the value of the asset. However, the carrying amount after reversal cannot exceed the original cost less accumulated depreciation.

Deferred Charges

Deferred charges are amortized as follows: (a) costs of molds and development costs for new model and dies are amortized on the basis of production volume; and (b) costs of computer software acquired and other deferred charges are amortized on the basis using the straight-line method over three years.

An impairment loss is recognized when the recoverable amount of an asset is less than its carrying amount. A reversal of the impairment loss is recognized if there is a subsequent recovery in the value of the asset. However, the carrying amount after reversal cannot exceed the original cost less accumulated amortization.

Idle Assets

Idle assets are assets retired from active use and carried at the lower of net selling price or carrying amount. Idle assets include the following: Machinery and equipment, transportation equipment, other equipment, leasehold improvement, and computer software. The depreciation and amortization are recognized as nonoperating expenses and losses.

Pensions

Pension costs subject to the defined benefit plan are recognized according to the actuarial report. Unrecognized net transition obligation is amortized over 15 years. Prior service cost and pension gain (loss) are amortized using the straight-line method over the average remaining service years of employees. When a curtailment or settlement occurs, any gains or losses of this curtailment or settlement are accounted for as pension costs. Pension costs subject to defined contribution plan are recognized according to the amount of contributions by the Company during the employees' service period.

Warranty

Warranty is the estimated cost of rendering free after-sales services to the car buyers within the warranty period.

Income Tax

The Company accounts for income tax using the asset and liability method. Under this method, deferred income tax is recognized for investment tax credits and tax consequences of differences between financial statement carrying amounts and their respective tax bases. A valuation allowance is recognized if, available evidence indicates it is more likely than not that a portion or the entire deferred tax asset will not be realized. A deferred tax asset or liability is classified as current or noncurrent according to the classification of the related asset or liability. However, if a deferred asset or liability cannot be related to an asset or liability in the financial statements, it is classified as current or noncurrent on the basis of the expected reversal date of the temporary difference.

Tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures are recognized using the flow-through method.

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

According to the Income Tax Law, and additional tax at 10% of unappropriated earnings is provided for as income tax in the year the stockholders approve to retain the earnings.

Foreign-currency Transactions

Foreign-currency transactions are recorded in New Taiwan dollars at the exchange rates prevailing on the transaction dates. Gains or losses realized upon the settlement of a foreign-currency transaction are included in the period in which the transaction is settled. On the balance sheet dates, the balances of the foreign currency-denominated assets and liabilities are adjusted to reflect the prevailing exchange rates, and the resulting gains or losses are recorded as follows:

- a. Long-term equity investments is treated as cumulative translation adjustment under stockholders' equity; and
- b. Other assets and liabilities is treated as credits or charges to current income.

3. EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES

On January 1, 2009, the Company adopted the newly revised SFAS No. 10, "Accounting for Inventories." The main revisions are (1) inventories are stated at the lower of cost or net realizable value, and inventories are written down to net realizable value item-by-item except when the grouping of similar or related items is appropriate; (2) inventory-related expenses and losses are recorded as cost of sales for the period. The change in accounting principle had no effect on net income for the nine months ended September 30, 2009. For comparison purposes, the Company reclassified operating expenses of \$23,609 thousand and nonoperating expenses and losses of \$4,796 thousand to cost of sales for the nine months ended September 30, 2008.

In March 2007, the Accounting Research and Development Foundation of the Republic of China issued the interpretation, which requires companies to recognize as compensation expenses bonuses paid to employees, directors and supervisors beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings.

4. CASH AND CASH EQUIVALENTS

	<u>September 30</u>	
	2009	2008
Cash on hand	\$ 20	\$ -
Checking accounts and demand deposits	309,457	661,736
Time deposits, annual yield rate - 2009: 0.64%, 2008: 2.30%-3.00%	1,500	55,000
Foreign-currency demand deposits	<u>115,643</u>	<u>42,923</u>
	426,620	759,659
Cash equivalents		
Foreign commercial paper, annual yield rate - 2009: 1.00%-1.75%; 2008: 4.60%	<u>22,658</u>	<u>9,672</u>
	<u>\$ 449,278</u>	<u>\$ 769,331</u>

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>September 30</u>	
	2009	2008
Financial assets held for trading		
Mutual funds	<u>\$ 492,940</u>	<u>\$ 334,788</u>

There were a net gain of \$4,785 thousand and a net loss of \$75,582 thousand on financial assets held for trading for the nine months ended September 30, 2009 and 2008, respectively.

6. NOTES AND ACCOUNTS RECEIVABLE

	<u>September 30</u>	
	2009	2008
Notes receivable	\$ 4,562	\$ 1,560
Accounts receivable	<u>34,561</u>	<u>30,475</u>
	<u>\$ 39,123</u>	<u>\$ 32,035</u>

7. OTHER FINANCIAL ASSETS

	<u>September 30</u>	
	2009	2008
Tax refund receivable	\$ 35,936	\$ 70,349
Lease receivable	5,774	17,318
Interest receivable	5	28
Receivable from sale of securities	-	71,291
Others	<u>4,030</u>	<u>4,318</u>
	<u>\$ 45,745</u>	<u>\$ 163,304</u>

8. INVENTORIES

	<u>September 30</u>	
	<u>2009</u>	<u>2008</u>
Parts	\$ <u>1,652</u>	\$ <u>-</u>

The cost of inventories recognized as cost of sales during the nine months ended September 30, 2009 was \$13,641,191 thousand, which included warranty cost of \$49,263 thousand and loss on inventory purchase commitment of \$3,154 thousand. The cost of inventories recognized as cost of sales during the nine months ended September 30, 2008 was \$14,895,515 thousand, which included warranty cost of \$23,609 thousand and loss on inventory purchase commitment of \$4,796 thousand.

9. LONG-TERM EQUITY INVESTMENTS

	<u>September 30</u>			
	<u>2009</u>		<u>2008</u>	
	<u>Carrying Value</u>	<u>% of Ownership</u>	<u>Carrying Value</u>	<u>% of Ownership</u>
Yi-Jan Overseas Investment Co., Ltd.	\$ <u>13,434,246</u>	100	\$ <u>11,768,210</u>	100

Through Yi-Jan Overseas Investment Co., Ltd. and Jet Ford Inc. (subsidiary of Yi-Jan Overseas Investment Co., Ltd.), the Company indirectly owns the following companies:

<u>Investee</u>	<u>Percentage of Ownership</u>	<u>Accumulated Investment Amount (In Thousands) as of September 30, 2009</u>
Aeolus Xiangfan Automobile Co., Ltd.	16.55	US\$ 21,700
Guangzhou Aeolus Automobile Co., Ltd.	40.00	US\$ 16,941
Aeolus Automobile Co., Ltd.	25.00	US\$ 10,890
Dong Feng Yulon Motors Sales Co., Ltd.	49.00	US\$ 5,922
Shenzhen Lan You Technology Co., Ltd.	45.00	US\$ 1,125
Dong Feng Yulon Used Cars Co., Ltd.	49.00	US\$ <u>593</u>
		US\$ <u>57,171</u>

The Company invested US\$200 thousand in Yi Hsing Corporation through Yi-Jan Overseas Investment Co., Ltd. Yi Hsing Corporation engages in inquires selling prices of motor parts and commission-based businesses.

The carrying values of the long-term investments accounted for by the equity method as of September 30, 2009 and 2008, which were \$13,434,246 thousand and \$11,768,210 thousand, respectively, and the related investment income of \$1,748,074 thousand and \$1,037,782 thousand for the nine months ended September 30, 2009 and 2008, respectively, were based on the investees' unreviewed financial statements.

10. PROPERTY, PLANT AND EQUIPMENT

	<u>September 30</u>	
	<u>2009</u>	<u>2008</u>
Accumulated depreciation		
Machinery and equipment	\$ 23,458	\$ 41,263
Transportation equipment	4,889	12,910
Tools	3,009	2,564
Other equipment	137,388	149,956
Leasehold improvement	<u>468</u>	<u>4,625</u>
	<u>\$ 169,212</u>	<u>\$ 211,318</u>

Depreciation of property, plant and equipment amounted to \$21,394 thousand and \$24,459 thousand for the nine months ended September 30, 2009 and 2008, respectively.

The Company reclassified retired property, plant and equipment amounting to \$24,991 thousand to idle assets and recognized an impairment loss of \$7,384 thousand for the nine months ended September 30, 2009. The depreciation expense of \$2,421 thousand for idle assets for the nine months ended September 30, 2009, was recorded under nonoperating expenses and losses.

11. DEFERRED CHARGES

	<u>September 30</u>	
	<u>2009</u>	<u>2008</u>
Costs of molds	\$ 2,442,814	\$ 2,559,614
Dies	450,082	535,605
Computer software	<u>25,129</u>	<u>56,480</u>
	<u>\$ 2,918,025</u>	<u>\$ 3,151,699</u>

Amortization of deferred charges amounted to \$556,738 thousand and \$651,963 thousand for the nine months ended September 30, 2009 and 2008, respectively.

The Company estimated the value in use of molds and dies and recognized an impairment loss of \$21,831 thousand for the nine months ended September 30, 2009. It also reclassified the retired computer software amounting to \$5,931 thousand to idle assets and recognized an impairment loss of \$1,430 thousand for the nine months ended September 30, 2009. The amortization of idle assets, which amounted to \$957 thousand for the nine months ended September 30, 2009, was recorded under nonoperating expenses and losses.

12. SHORT-TERM LOANS

The short-term loans were credit loans from Hua Nan Bank with annual interest rate of 1.08% as of September 30, 2009.

13. ACCRUED EXPENSES

	<u>September 30</u>	
	<u>2009</u>	<u>2008</u>
Wages and bonuses	\$ 75,734	\$ 85,772
Promotion expenses	42,794	124,545
Others	<u>68,077</u>	<u>84,129</u>
	<u>\$ 186,605</u>	<u>\$ 294,446</u>

14. STOCKHOLDERS' EQUITY

a. Capital stock

The registered capital was \$6,000,000 thousand and issued and outstanding shares amounted to \$3,000,000 thousand.

b. Capital surplus

Under the ROC Company Law, all components of capital surplus may be used only to offset deficit. However, the capital surplus from share issued in excess of par (i.e., excess from spin-off) and donations may be capitalized, which however is limited to a certain percentage of the Company's paid-in capital. Also, the capital surplus from long-term equity investments may not be used for any purpose.

c. Appropriation of earnings and dividend policy

The Company's Articles of Incorporation provides that legal reserve should be set aside at 10% of annual net income, less any accumulated deficit. The remainder of this income should be appropriated as follows:

- 1) 1% to 5% as bonus for employees.
- 2) The remainder and the undistributed retained earnings as dividends. The distribution is proposed by the Board of Directors and approved by the stockholders.

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

Based on past experience, the bonus to employees for nine months ended September 30, 2009 was calculated at 1% of net income net of the 10% deduction for legal reserve, and recorded under accrued expenses.

Based on past experience, the bonus to employees for nine months ended September 30, 2009 was calculated at 4.90% of net income net of the 10% deduction for legal reserve, and recorded under accrued expenses.

If the estimated bonus is different from the proposal for the distributions of earnings proposed by the board of directors, the difference will be adjusted to the expense of current year. If the estimated bonus is different from the amount approved by the stockholders, the difference will be recognized as expense in the year of stockholders' resolution as a change in accounting estimate. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day preceding the stockholders' meeting.

Under the Company Law, legal reserve should be appropriated until the balance equals to the Company's capital. This reserve may only be used to offset deficit. When the reserve has reached 50% of the Company's paid-in capital, up to 50% of the reserve may be transferred to capital.

Under the Securities and Exchange Act, where the Securities and Futures Bureau of Financial Supervisory Commission of the Executive Yuan deems necessary, an amount equal to the net debit balance of certain stockholders' equity accounts shall be transferred from unappropriated earnings to a special reserve. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

The appropriation of the 2008 and 2007 earnings of the Company approved by the stockholders on June 22, 2009 and June 20, 2008, respectively, was as follows:

	<u>Appropriation of Earnings</u>		<u>Earnings Per Share</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Legal reserve	\$ 50,432	\$ 147,132		
Cash dividend	-	510,000	\$ -	\$1.7
Employee bonus (cash)	-	59,360		

The cash bonus to employees of \$9,528 thousand for 2008 was approved in stockholders' meeting on June 22, 2009. The approved amount of the cash bonus to employees was not different from the accrual amount of \$9,528 thousand reflected in the financial statements for the year ended December 31, 2008.

Information on the appropriations and distribution of the 2008 earnings, bonus to employees, directors and supervisors is available on the Market Observation Post System on the Web site of the Taiwan Stock Exchange Corporation.

15. TECHNICAL COOPERATION AGREEMENT

The Company had a technical cooperation agreement (the "TCA") with Nissan. The TCA required the Company to pay Nissan technical service fees mostly based on purchase costs less commodity tax. TCA fees, which amounted to \$244,424 thousand and \$263,360 thousand for the nine months ended September 30, 2009 and 2008, respectively, were recorded under costs of sales.

16. INCOME TAX

- a. The reconciliation between income tax expense computed by applying the statutory income tax rate of 25% to income before income tax and income tax payable was as follows:

	<u>Nine Months Ended September 30</u>	
	2009	2008
Income tax expense computed on the basis of income before income tax at statutory tax rate of 25%	\$ 225,042	\$ 147,430
Add (deduct) tax effects of:		
Permanent differences	(384,409)	(205,135)
Temporary differences	(33,561)	(106,420)
Loss carryforwards	<u>96,812</u>	<u>-</u>
	-	-
Additional tax on retained earnings (10%)	45,389	75,483
Investment tax credits	<u>(18,086)</u>	<u>(27,680)</u>
Income tax payable	<u>\$ 27,303</u>	<u>\$ 47,803</u>

The balance of the income tax payable shown on the balance sheets as of September 30, 2009 and 2008 was net of prepaid income tax and added to income tax payable of previous years.

Income tax returns through 2006 had been examined by the tax authorities. But the Company disagreed with the examination result on its 2006 and 2005 returns and thus requested the tax authorities for a reexamination of this return.

- b. Income tax expense (benefit) consisted of the following:

	<u>Nine Months Ended September 30</u>	
	2009	2008
Income tax payable	\$ 27,303	\$ 47,803
Deferred income tax	(88,088)	82,516
Prior year's income tax adjustments	<u>(2,852)</u>	<u>-</u>
Income tax expense (benefit)	<u>\$ (63,637)</u>	<u>\$ 130,319</u>

In May 2009, the Legislative Yuan passed the amendment of Article 5 of the Income Tax Law, which reduces a profit-seeking enterprise's income tax rate from 25% to 20%, effective 2010. The Company recalculated its deferred tax assets and liabilities in accordance with the amended Article and recorded the resulting difference as a income tax benefit or expense.

c. Deferred income tax assets and liabilities consisted of the following:

	<u>September 30</u>	
	<u>2009</u>	<u>2008</u>
Current		
Loss on inventory purchase commitment	\$ 7,205	\$ 3,313
Unrealized foreign exchange gain	<u>(451)</u>	<u>(2,871)</u>
Net deferred income tax assets	<u>\$ 6,754</u>	<u>\$ 442</u>
Noncurrent		
Investment tax credits	\$ 189,168	\$ 158,993
Loss carryforwards	137,945	-
Provision for pension	83,438	98,242
Provision for warranty	12,647	19,506
Impairment loss difference between taxable loss and book loss	899	-
Equity in net income of overseas subsidiaries	<u>(1,093,771)</u>	<u>(1,075,610)</u>
Net deferred income tax liabilities	<u>\$ (669,674)</u>	<u>\$ (798,869)</u>

The Company's investment plans, which focus on investments in areas with scanty natural resources and slow development defined under the Statute for Upgrading Industries, were granted by the county government. The Company filed the application of this grant as tax incentive. As of September 30, 2009, the amount invested in the investment plans totaled \$945,843 thousand, with investment tax credits amount of \$189,168 thousand. The plans are expected to be completed by December 2009. The expire year of the tax credit is 2013.

As of September 30, 2009, loss carryforwards comprised:

Tax Credit Item	Total Amount	Unused Amount	Expiry Year
Loss carryforwards	\$ 60,495	\$ 60,495	2018
Loss carryforwards	77,450	77,450	2019

d. Information on the Imputation Tax System is as follows:

	<u>September 30</u>	
	<u>2009</u>	<u>2008</u>
Balance of imputation credit account ("ICA")	<u>\$ 412,424</u>	<u>\$ 315,720</u>

The actual ICA rates for 2008 and 2007 earnings were 13.68% and 12.33%, respectively.

17. PENSION PLAN

The pension calculation under the Labor Pension Act is considered a defined contribution plan. The rate of contribution by an employer to the Labor Pension Fund per month shall not be less than 6% of each employee's monthly salary or wage. The Company contributes amounts equal to 6% of each employee's monthly salary beginning July 1, 2005.

Pension expenses recognized under the defined contribution plan was \$7,324 thousand and \$7,421 thousand for the nine months ended September 30, 2009 and 2008, respectively. Accrued pension liabilities under defined contribution plan amounted to \$1,534 thousand and \$1,642 thousand as of September 30, 2009 and 2008, respectively.

Following the provisions of the Labor Standards Law, which was promulgated earlier than the Labor Pension Act, the Company set up a defined benefit plan, which provides benefits based on length of service and average basic salaries or wages of the last six months before retirement. The Company makes monthly contributions to a retirement fund equal to 2% of salaries and wages. The fund is administered by the employees' pension plan committee and deposited in the committee's name in the Bank of Taiwan. Pension expenses recognized under the defined benefit plan were \$26,428 thousand and \$26,687 thousand for the nine months ended September 30, 2009 and 2008, respectively. Pension fund amounted to \$6,017 thousand and \$11,523 thousand as of September 30, 2009 and 2008, respectively. Accrued pension liabilities recognized under the defined benefit plan were \$415,536 thousand and \$391,313 thousand as of September 30, 2009 and 2008, respectively.

18. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	<u>Nine Months Ended September 30, 2009</u>		
	Operating Cost	Operating Expenses	Total
Personnel expenses			
Salaries	\$ -	\$ 270,935	\$ 270,935
Labor and health insurance	-	19,859	19,859
Pension	-	31,746	31,746
Other personnel expenses	-	<u>14,760</u>	<u>14,760</u>
	<u>\$ -</u>	<u>\$ 337,300</u>	<u>\$ 337,300</u>
Depreciation	<u>\$ -</u>	<u>\$ 21,394</u>	<u>\$ 21,394</u>
Amortization	<u>\$ 535,807</u>	<u>\$ 20,931</u>	<u>\$ 556,738</u>
	<u>Nine Months Ended September 30, 2008</u>		
	Operating Cost	Operating Expenses	Total
Personnel expenses			
Salaries	\$ -	\$ 338,709	\$ 338,709
Labor and health insurance	-	22,173	22,173
Pension	-	34,108	34,108
Other personnel expenses	-	<u>16,778</u>	<u>16,778</u>
	<u>\$ -</u>	<u>\$ 411,768</u>	<u>\$ 411,768</u>
Depreciation	<u>\$ -</u>	<u>\$ 24,459</u>	<u>\$ 24,459</u>
Amortization	<u>\$ 606,744</u>	<u>\$ 45,219</u>	<u>\$ 651,963</u>

19. EARNINGS PER SHARE

The numerators and denominators used in calculating earnings per share (EPS) were as follows:

	Amounts (Numerator)		Shares (Denominator) (Thousands)	EPS (Dollars)	
	Income Before Income Tax	Net Income		Income Before Income Tax	Net Income
Nine months ended <u>September 30, 2009</u>					
Basic EPS					
Income for the period attributable to common stockholders	\$ 900,166	\$ 963,803	300,000	<u>\$ 3.00</u>	<u>\$ 3.21</u>
Effect of dilutive potential common stock					
Bonus to employees	<u>-</u>	<u>-</u>	<u>185</u>		
Diluted EPS					
Income for the period attributable to common stockholders plus effect of potential dilutive common stock	<u>\$ 900,166</u>	<u>\$ 963,803</u>	<u>300,185</u>	<u>\$ 3.00</u>	<u>\$ 3.21</u>
Nine months ended <u>September 30, 2008</u>					
Basic EPS					
Income for the period attributable to common stockholders	\$ 589,761	\$ 459,442	300,000	<u>\$ 1.97</u>	<u>\$ 1.53</u>
Effect of dilutive potential common stock					
Bonus to employees	<u>-</u>	<u>-</u>	<u>426</u>		
Diluted EPS					
Income for the period attributable to common stockholders plus effect of potential dilutive common stock	<u>\$ 589,761</u>	<u>\$ 459,442</u>	<u>300,426</u>	<u>\$ 1.96</u>	<u>\$ 1.53</u>

The ARDF issued Interpretation 2007-052 that requires companies to recognize bonuses paid to employees, directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. If the Company may settle the bonus to employees by cash or shares, the Company should presume that the entire amount of the bonus will be settled in shares and the resulting potential shares should be included in the weighted average number of shares outstanding used in the calculation of diluted EPS, if the shares have a dilutive effect. The number of shares is estimated by dividing the entire amount of the bonus by the closing price of the shares at the balance sheet date. Such dilutive effect of the potential shares needs to be included in the calculation of diluted EPS until the stockholders resolved the number of shares to be distributed to employees at their meeting in the following year.

20. RELATED-PARTY TRANSACTIONS

The Company had business transactions with the following related parties:

a. Related parties

Related Party	Relationship with the Company
Nissan Motor Corporation (“Nissan”)	Parent company
PT. Nissan Motor Indonesia (“NMI”)	Equity-method investee of Nissan
Nissan Motor (Thailand) Co., Ltd. (formerly Siam Nissan Automobile Co., Ltd.)	Same as above
Nissan Trading Co., Ltd.	Same as above
Nissan Mexicana, S.A. De C.V.	Same as above
Nissan S.A.(Pty) Ltd.	Same as above
Nissan Motor Egypt S.A.E.	Same as above
Nissan Motor Iberica, S.A.	Same as above
Nissan Trading Europe Ltd.	Same as above
Nissan Motor India Private Ltd.	Same as above
Chien Tai Industry Co., Ltd.	Same as above
Taiwan Calsonic Co., Ltd.	Same as above
Dongfeng Yi Jin Co., Ltd.	Equity-method investee of Nissan Motor Corporation
Zhengzhou Nissan Automobile Co., Ltd.	Same as above
Dongfeng Nissan Passenger Vehicle Co.	Same as above
Yi-Jan Overseas Investment Co., Ltd.	Subsidiary
Jet Ford, Inc.	Subsidiary of Yi-Jan Overseas Investment Co., Ltd.
Yi Hsing Corporation	Same as above
Yulon Motor Co., Ltd. (“Yulon”)	Equity-method investor of the Company
Taiwan Acceptance Corporation	Subsidiary of Yulon Motor Co., Ltd.
Yueki Industrial Co., Ltd.	Same as above
Yue Sheng Industrial Co., Ltd.	Same as above
Nissan Taiwan Ltd.	Same as above
Yu Pong Business Co., Ltd.	Same as above
Yu Ching Business Co., Ltd.	Same as above
Yushin Motor Co., Ltd.	Same as above
Chi Long Motor Co., Ltd.	Same as above
Yu Chang Motor Co., Ltd.	Same as above
Sin Etke Technology Co., Ltd.	Same as above
Yu Sing Motor Co., Ltd.	Same as above
Empower Motor Co., Ltd.	Same as above
Uni Auto Parts Co., Ltd.	Same as above
Chan Yun Technology Co., Ltd.	Same as above
Y-teks, Co.	Same as above
Singan Co., Ltd.	Same as above
Yulon General Motors Co.	Same as above
Daton Co., Ltd.	Same as above
Yulon Management Co., Ltd. (formerly Sin Chi Co., Ltd.)	Same as above
Singual Technology Co., Ltd.	Subsidiary of Singan Co., Ltd.
Hsiang Shou Enterprise Co., Ltd.	Same as above
Hong Shou Culture Enterprise Co., Ltd.	Same as above
Sinboum Travel Service Co., Ltd.	Same as above
China Motor Corporation	Equity-method investee of Yulon Motor Co., Ltd.
Uni Calsonic Corporation	Same as above

(Continued)

<u>Related Party</u>	<u>Relationship with the Company</u>
China Ogihara Corporation	Same as above
Yuan Lon Motor Co., Ltd.	Same as above
Chen Long Co., Ltd.	Same as above
Chi Ho Corporation	Same as above
Yu Tang Motor Co., Ltd.	Same as above
Sinjang Co., Ltd.	Same as above
Tokio Marine Newa Insurance Co., Ltd.	Same as above
Hua-Chuang Automobile Information Technical Center Co., Ltd.	Same as above
Hui-Lian Motor Co.	Same as above
China Engine Corporation	Same as above
Ka-Plus Automobile Leasing Co., Ltd.	Subsidiary of Taiwan Acceptance Corporation
Hsin Ke Limousine Service Co., Ltd.	Subsidiary of Ka-Plus Automobile Leasing Co., Ltd.
Visionary International Consulting Co., Ltd.	Subsidiary of Yulon Management Co., Ltd.
Yu Chia Motor Co., Ltd.	Same as above
Yu Pool Co., Ltd.	Subsidiary of Yushin Motor Co., Ltd.
Shou Li Deng, Ltd.	Subsidiary of Chi Long Motor Co., Ltd.
Yu-Jan Co., Ltd.	Subsidiary of Yu Sing Motor Co., Ltd.
Tang Li Enterprise Co., Ltd.	Subsidiary of Yu Tang Motor Co., Ltd.
Y. M. Hi-Tech Industry	Subsidiary of China Ogihara Corporation
Nissan Motor Philippines, Inc. (NMPI)	Equity-method investee of Yulon Motor Co., Ltd.
Taiway, Ltd.	Same as above
Lev Vian Enterprise Co., Ltd.	Same as above
Ding Long Motor Co., Ltd.	Subsidiary of Chen Long Co., Ltd.
Lian Cheng Motor Co., Ltd.	Same as above
CL Skylite Trading Co., Ltd.	Substantial related party of Chen Long Co., Ltd.
Yuan Jyh Motor Co., Ltd.	Subsidiary of Yuan Lon Motor Co., Ltd.
Kian Shen Corporation	Substantial related party of Yulon Motor Co., Ltd.
Tsung Ho Enterprise Co., Ltd.	Subsidiary of Chi Ho Corporation
Diamond Leasing Service Co., Ltd.	Subsidiary of Ka-Plus Automobile Leasing Co., Ltd.
Hsieh Kuan Manpower Service Co., Ltd.	Subsidiary of Diamond Leasing Service Co., Ltd.
Carnival Co., Ltd.	The chairman of the board of director is the same person as that of the Company

(Concluded)

- b. The prices and payment terms for related-party transactions were based on agreements.
- c. Significant transactions with related parties are summarized as follows:

	<u>Nine Months Ended September 30</u>			
	<u>2009</u>		<u>2008</u>	
	<u>Amount</u>	<u>% to Total</u>	<u>Amount</u>	<u>% to Total</u>
1) Operating revenue - sales revenue				
Taiwan Acceptance Corporation	\$ 11,928,592	82	\$ 12,330,586	76
Chi Ho Corporation	300,251	2	440,227	3
Yu Sing Motor Co., Ltd.	243,909	2	219,641	1
Yu Chang Motor Co., Ltd.	211,058	2	158,777	1
Yuan Lon Motor Co., Ltd.	209,822	1	224,437	1
Chen Long Co., Ltd.	174,818	1	824,677	5

(Continued)

	Nine Months Ended September 30			
	2009		2008	
	Amount	% to Total	Amount	% to Total
Empower Motor Co., Ltd.	\$ 152,713	1	\$ 155,879	1
Yushin Motor Co., Ltd.	147,999	1	181,477	1
Yu Tang Motor Co., Ltd.	144,889	1	154,989	1
Hui-Lian Motor Co.	135,944	1	141,531	1
NMPI	47,740	-	98,295	1
Nissan Motor Egypt S.A.E.	35,148	-	18,365	-
Chi Long Motor Co., Ltd.	30,600	-	101,785	1
Others	<u>327,699</u>	<u>3</u>	<u>834,703</u>	<u>5</u>
	<u>\$ 14,091,182</u>	<u>97</u>	<u>\$ 15,885,369</u>	<u>98</u>

2) Operating revenue - service revenue

Nissan	<u>\$ 134,540</u>	<u>100</u>	<u>\$ 420,289</u>	<u>100</u>
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(Concluded)

The Company designs and performs R&D of car for Nissan. Service revenue is recognized according to the related contracts.

	Nine Months Ended September 30			
	2009		2008	
	Amount	% to Total	Amount	% to Total
Yulon	\$ 19,045	81	\$ 6,150	15
Yu Pool Co., Ltd.	2,102	9	174	-
Zhengzhou Nissan Automobile Co., Ltd	1,126	5	29,725	75
Others	<u>849</u>	<u>3</u>	<u>3,829</u>	<u>9</u>
	<u>\$ 23,122</u>	<u>98</u>	<u>\$ 39,878</u>	<u>99</u>

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

	Nine Months Ended September 30			
	2009		2008	
	Amount	% to Total	Amount	% to Total
Yulon	\$ 12,793,933	99	\$ 13,838,838	99
Others	<u>6,794</u>	<u>-</u>	<u>6,899</u>	<u>-</u>
	<u>\$ 12,800,727</u>	<u>99</u>	<u>\$ 13,845,737</u>	<u>99</u>

	Nine Months Ended September 30			
	2009		2008	
	Amount	% to Total	Amount	% to Total
5) Operating cost - technical cooperation agreement ("TCA")				
Nissan	\$ 244,424	100	\$ 263,360	100
6) Operating expenses - rental				
Yulon	\$ 30,988	56	\$ 58,861	62
Ka-Plus Automobile Leasing Co., Ltd.	6,343	11	5,430	6
Taiwan Acceptance Corporation	2,691	5	4,413	5
Hsieh Kuan Manpower Service Co., Ltd.	2,275	4	3,934	4
Others	343	1	609	-
	<u>\$ 42,640</u>	<u>77</u>	<u>\$ 73,247</u>	<u>77</u>

The Company's rental expenses to Yulon primarily refer to customer service system, office and car testing expenses, which are payable monthly. The Company leases cars, as needed, for its executives, from Ka-Plus Automobile Leasing Co., Ltd. and Taiwan Acceptance Corporation and pays the rental expenses monthly. Hsieh Kuan Manpower Service Co., Ltd. provides the Company driving services for its executives and charges payments monthly.

	Nine Months Ended September 30			
	2009		2008	
	Amount	% to Total	Amount	% to Total
7) Operating expenses - marketing and selling				
Taiwan Acceptance Corporation	\$ 146,765	11	\$ 80,360	6
Yu Sing Motor Co., Ltd.	120,893	9	108,248	8
Yuan Lon Motor Co., Ltd.	100,855	8	79,247	6
Yu Chang Motor Co., Ltd.	98,660	7	74,161	6
Empower Motor Co., Ltd.	88,551	7	68,500	5
Chen Long Co., Ltd.	85,062	6	70,879	5
Yushin Motor Co., Ltd.	73,620	6	59,961	5
Hui-Lian Motor Co.	64,180	5	60,202	5
Yu Tang Motor Co., Ltd.	63,202	5	63,762	5
Chi Ho Corporation	59,521	4	81,084	6
Tokio Marine Nawa Insurance Co., Ltd.	393	-	83,452	6
Others	121,652	9	153,954	11
	<u>\$ 1,023,354</u>	<u>77</u>	<u>\$ 983,810</u>	<u>74</u>

	Nine Months Ended September 30			
	2009		2008	
	Amount	% to Total	Amount	% to Total
8) Operating expenses - general and administrative				
Yulon	\$ 7,568	5	\$ 10,718	6
Sinboum Travel Service Co., Ltd.	3,596	2	4,615	2
Tokio Marine Nawa Insurance Co., Ltd.	3,092	2	3,655	2
Others	<u>7,667</u>	<u>5</u>	<u>7,659</u>	<u>5</u>
	<u>\$ 21,923</u>	<u>14</u>	<u>\$ 26,647</u>	<u>15</u>

9) Operating expenses - research and development				
Hsiang Shou Enterprise Co., Ltd.	\$ 18,848	5	\$ 17,658	4
Yulon	17,695	5	15,443	3
Others	<u>724</u>	<u>-</u>	<u>3,708</u>	<u>-</u>
	<u>\$ 37,267</u>	<u>10</u>	<u>\$ 36,809</u>	<u>7</u>

The Company paid Hsiang Shou Enterprise Co., Ltd. research and development expenses for TOBE System. The Company also paid sample and trial fee to Yulon.

	Nine Months Ended September 30			
	2009		2008	
	Amount	% to Total	Amount	% to Total
10) Nonoperating income and gains - others				
Tokio Marine Nawa Insurance Co., Ltd.	\$ 3,739	30	\$ 5,274	57
Yulon	454	4	856	9
Others	<u>144</u>	<u>1</u>	<u>215</u>	<u>2</u>
	<u>\$ 4,337</u>	<u>35</u>	<u>\$ 6,345</u>	<u>68</u>
11) Nonoperating expenses and losses - overseas business expense				
Yulon	\$ 9,129	24	\$ 12,173	58
Sinjang Co., Ltd.	4,753	12	5,891	29
Others	<u>962</u>	<u>2</u>	<u>1,224</u>	<u>6</u>
	<u>\$ 14,844</u>	<u>38</u>	<u>\$ 19,288</u>	<u>93</u>
12) Nonoperating expenses and losses - others				
Yulon	\$ 1,659	8	\$ 857	3

	September 30			
	2009		2008	
	Amount	% to Total	Amount	% to Total
13) Notes and accounts receivable - related parties				
Taiwan Acceptance Corporation	\$ 377,528	59	\$ 276,235	35
NMPI	67,904	11	148,105	19
Nissan Motor Egypt S.A.E.	31,919	5	17,137	2
Chi Ho Corporation	30,748	5	54,725	7
Nissan	28,694	4	181,259	23
Jet Ford, Inc.	11,227	2	49,229	6
Others	<u>87,753</u>	<u>14</u>	<u>72,501</u>	<u>8</u>
	<u>\$ 635,773</u>	<u>100</u>	<u>\$ 799,191</u>	<u>100</u>

The notes and accounts receivable from Jet Ford, Inc. as of September 30, 2009 and 2008 arose from coursing through Jet Ford, Inc. the Company's shipment of steel and aluminum parts to manufacturers in China.

	September 30			
	2009		2008	
	Amount	% to Total	Amount	% to Total
14) Notes and accounts payable - related parties				
Yulon	\$ 561,417	68	\$ 446,097	69
Nissan	89,452	11	70,710	11
Taiwan Acceptance Corporation	56,628	7	12,169	2
Others	<u>114,511</u>	<u>14</u>	<u>115,681</u>	<u>18</u>
	<u>\$ 822,008</u>	<u>100</u>	<u>\$ 644,657</u>	<u>100</u>

15) The Company sold to Taiwan Acceptance Corporation accounts receivable amounted to \$1,401,290 thousand and \$1,625,663 thousand for the nine months ended September 30, 2009 and 2008, respectively. Based on the related contract, the amount of receivable sold is limited to the amount of pledges from the original debtor to Taiwan Acceptance Corporation. The Company's interest expenses paid to Taiwan Acceptance Corporation arising from selling accounts receivable were \$814 thousand and \$1,307 thousand for the nine months ended September 30, 2009 and 2008, respectively.

16) The Company bought tools of \$997 thousand from Nissan Taiwan, Ltd. for the nine months ended September 30, 2009. The tools were recorded under property, plant and equipment.

17) Related parties' sales of property, plant and equipment are summarized as follows:

	Amount	Carrying Value	Gain (Loss) on Disposal
<u>Nine months ended September 30, 2009</u>			
Yushin Motor Co., Ltd.	<u>\$ 2,190</u>	<u>\$ 6,059</u>	<u>\$ (3,869)</u>
<u>Nine months ended September 30, 2008</u>			
Ka-Plus Automobile Leasing Co., Ltd.	<u>\$ 476</u>	<u>\$ 475</u>	<u>\$ 1</u>

18) The Company bought molds from related parties (purchases were recorded under deferred charges) as follows:

	<u>Nine Months Ended September 30</u>	
	2009	2008
Y-teks, Co.	\$ 39,745	\$ 5,240
Taiwan Calsonic Co., Ltd.	26,836	-
Yueki Industrial Co., Ltd.	18,223	98,837
China Ogihara Corporation	15,458	-
Uni Auto Parts Co., Ltd.	15,239	18,648
Others	<u>26,160</u>	<u>12,560</u>
	<u>\$ 141,661</u>	<u>\$ 135,285</u>

21. SIGNIFICANT COMMITMENTS

As of September 30, 2009, the Company had significant commitments and contingencies, as follows:

- a. The Company is under a manufacturing contract with Yulon, effective November 1, 2003. This contract, for which the first expiry date was on October 31, 2008, is automatically extended annually unless either party issues a termination notice at least three months before expiry. As of September 30, 2009, both parties had not received a notice of contract termination. The contract states that the Company authorizes Yulon to manufacture Nissan automobiles and parts, and the Company is responsible for the subsequent development of new automobile parts. The manufacturing volume of Yulon under the contract should correspond to the Company's sales projection for the year. In addition, the Company has authorized Yulon as the original equipment manufacturer ("OEM") of automobile parts and after-sales service.

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

- b. The Company leases office from Yulon Motor Co., Ltd. According to the lease contract, the rentals for the next five years and after are as follows:

Year	Rental (Thousands)
4th quarter of 2009	\$ 627
2010	2,508
2011	2,508
2012	2,508
2013 and after	11,495

- c. The Company had a commitment to buy machinery for \$1,750 thousand and molds for \$14,461 thousand.

22. FINANCIAL INSTRUMENTS

- a. Fair values of financial instruments:

	September 30			
	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Nonderivative financial instruments</u>				
Assets:				
Cash and cash equivalents	\$ 449,278	\$ 449,278	\$ 769,331	\$ 769,331
Financial assets at fair value through profit or loss	492,940	492,940	334,788	334,788
Notes and accounts receivable	39,123	39,123	32,035	32,035
Notes and accounts receivable - related parties	635,773	635,773	799,191	799,191
Other financial assets	45,745	45,745	163,304	163,304
Long-term equity investments	13,434,246	13,434,246	11,768,210	11,768,210
Refundable deposits	4,481	4,481	5,326	5,326
Liabilities:				
Short-term loans	100,000	100,000	-	-
Notes and accounts payable	23,682	23,682	33,114	33,114
Notes and accounts payable - related parties	822,008	822,008	644,657	644,657
Income tax payable	78,037	78,037	94,581	94,581
Accrued expenses	186,605	186,605	294,446	294,446
Accrued pension liabilities	417,070	417,070	392,955	392,955

- b. The Company uses the following methods and assumptions to estimate the fair values of its financial instruments:

- 1) For financial instruments, except those mentioned in (2) and (3) below, the carrying values reported in the balance sheet approximate their fair values.
- 2) The financial assets at fair value through profit or loss is estimated at market quotations.

3) Fair value of long-term investments is based on net asset value of the investments.

c. Fair value of financial instruments was as follows:

	<u>Amount Based on Quoted</u>		<u>Amount Determined Using</u>	
	<u>Market Price</u>		<u>Valuation Techniques</u>	
	<u>September 30</u>		<u>September 30</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Financial assets at fair value through profit or loss:				
Financial assets held for trading				
Mutual funds	\$ 447,874	\$ 130,967	\$ 45,066	\$ 203,821

d. Valuation gains (losses) arising from changes in fair value of financial instruments determined using valuation techniques were \$66 thousand and \$(4,375) thousand for the nine months ended September 30, 2009 and 2008, respectively.

e. Financial risks

1) Market risk

The financial instruments categorized as financial assets at fair value through profit or loss are mainly mutual funds. Therefore, the market risk is the fluctuations of market price. In order to manage this risk, the Company would assess the risk before investing. Therefore, no material market risks are anticipated.

2) Credit risk

The Company is exposed to credit risk in the event of non-performance of the counter parties to forward contracts on maturity. Contracts with positive fair values at the balance sheet date are evaluated for credit risk. As a result, no material losses resulting from counter party defaults are anticipated.

3) Liquidity risk

The financial instruments categorized as financial assets measured at fair value through profit or loss are publicly-traded and easily converted to cash. Therefore, no material liquidity risks are anticipated.

23. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the Securities and Futures Bureau for the Company and its investees:

a. Financing provided: None

b. Endorsement/guarantee provided: None

c. Marketable securities held: Table 1 (attached)

d. Marketable securities acquired and disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Table 2 (attached)

- e. Acquisition of individual real estates at costs of at least NT\$100 million or 20% of the paid-in capital: None
- f. Disposal of individual real estates at prices of at least NT\$100 million or 20% of the paid-in capital: None
- g. Total purchase from or sale to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3 (attached)
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached)
- i. Names, locations, and related information of investees on which the Company exercises significant influence: Table 5 (attached)
- j. Derivative financial transactions: None
- k. Investment in Mainland China
 - 1) Investee company name, description of the primary business activity and products, issued capital, nature of the relationship, capital inflow or outflow, ownership interest, gain or loss on investment, amounts received on investment, and the limitation on investment: Table 6 (attached)
 - 2) Significant direct or indirect transactions with the investee company, prices, payment terms, and unrealized gain or loss:
 - a) Amount and percentage of purchase; the balance and percentage of related accounts payables: None
 - b) Amount and percentage of sales; the balance and percentage of related accounts receivables: None
 - c) Gain (loss) on and amounts of asset: None
 - d) The balance and purpose of note endorsement/guarantee provided or collateral security pledged: None
 - e) Maximum balance for the period, ending balance, interest rate and amount of financing provision: None
 - f) Other transactions which have significant influence over current year's gain or loss or financial status: None

YULON NISSAN MOTOR COMPANY, LTD. AND INVESTEEES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2009

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

Investor	Securities Type and Name	Relationship with the Investor	Financial Statement Account	September 30, 2009				Note
				Shares (Thousands)	Carrying Value (Note 1)	Percentage of Ownership	Market Value or Net Asset Value	
Yulon Nissan Motor Company, Ltd.	<u>Commercial paper</u>							
	Polaris assets RP	-	Cash and cash equivalents	-	\$ 12,934	-	\$ 12,934	
	Yuanta assets RP	-	Cash and cash equivalents	-	9,724	-	9,724	
	<u>Beneficiary certificates</u>							
	ING Pioneer Funds	-	Financial assets at fair value through profit or loss	12	3,216	-	3,229	
	Taishin Da Long Investment Trust Fund	-	Financial assets at fair value through profit or loss	500	5,000	-	5,090	
	UPAMC JAMES BOND Fund	-	Financial assets at fair value through profit or loss	626	10,000	-	10,003	
	ING Global Bond Portfolio	-	Financial assets at fair value through profit or loss	865	10,000	-	10,182	
	TIIM Gallop Fund	-	Financial assets at fair value through profit or loss	1,000	10,000	-	9,950	
	PCA Well Pool Fund	-	Financial assets at fair value through profit or loss	1,545	20,000	-	20,049	
	ING Taiwan Income Fund	-	Financial assets at fair value through profit or loss	1,831	30,000	-	30,008	
	ING Taiwan Bond Fund	-	Financial assets at fair value through profit or loss	1,924	30,000	-	30,008	
	Gathing Man AHL Futures Trust Fund of Fund	-	Financial assets at fair value through profit or loss	2,000	20,016	-	19,960	
	Union Bond Fund	-	Financial assets at fair value through profit or loss	2,381	30,000	-	30,004	
	KGI Kai Fu Fund	-	Financial assets at fair value through profit or loss	2,603	30,000	-	30,027	
	Cathay Bond Fund	-	Financial assets at fair value through profit or loss	4,452	53,000	-	53,192	
	JF(Taiwan) Wealth Management Fund	-	Financial assets at fair value through profit or loss	4,693	50,000	-	51,031	
	JIH SUN BOND Fund	-	Financial assets at fair value through profit or loss	6,391	90,000	-	90,172	
	TIIM Bond Fund	-	Financial assets at fair value through profit or loss	6,936	99,969	-	100,035	
	<u>Stock</u>							
Yi-Jan Overseas Investment Co., Ltd.	Subsidiary		Long-term equity investments	84,987	13,434,246	100.00	13,434,246	Note 2

(Continued)

Investor	Securities Type and Name	Relationship with the Investor	Financial Statement Account	September 30, 2009				Note
				Shares (Thousands)	Carrying Value (Note 1)	Percentage of Ownership	Market Value or Net Asset Value	
Yi-Jan Overseas Investment Co., Ltd.	<u>Stock</u> Jet Ford, Inc.	Subsidiary of Yi-Jan Overseas Investment Co., Ltd.	Long-term equity investments	71,772	US\$ 417,397	100.00	US\$ 417,397	Note 2
	Yi Hsing Corporation	Subsidiary of Yi-Jan Overseas Investment Co., Ltd.	Long-term equity investments	1,100	US\$ 210	100.00	US\$ 210	Note 2
Jet Ford, Inc.	<u>Share certificates</u> Aeolus Xiangfan Automobile Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Long-term equity investments	-	US\$ 40,348	16.55	US\$ 37,201	Note 2
	Guangzhou Aeolus Automobile Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Long-term equity investments	-	US\$ 302,131	40.00	US\$ 298,634	Note 2
	Aeolus Automobile Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Long-term equity investments	-	US\$ 59,836	25.00	US\$ 59,836	Note 2
	Dong Feng Yulon Motors Sales Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Long-term equity investments	-	US\$ 7,340	49.00	US\$ 7,340	Note 2
	Shenzhen Lan You Technology Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Long-term equity investments	-	US\$ 6,202	45.00	US\$ 6,202	Note 2
	Dong Feng Yulon Used Cars Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Long-term equity investments	-	US\$ 803	49.00	US\$ 803	Note 2

Note 1: Financial assets at fair value through profit or loss are shown at their original carrying amounts without the adjustment of fair values.

Note 2: The carrying values and related investment income (loss) of the long-term investment were calculated based on the unreviewed financial statements.

(Concluded)

YULON NISSAN MOTOR COMPANY, LTD. AND INVESTEES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
NINE MONTHS ENDED SEPTEMBER 30, 2009

(In Thousands of New Taiwan Dollars Unless Stated Otherwise)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares (Thousands)	Amount	Shares (Thousands)	Amount	Shares (Thousands)	Amount	Carrying Value	Gain on Disposal	Shares (Thousands)	Amount (Note)
Yulon Nissan Motor Company, Ltd.	Beneficiary certificates													
	Yuanta Wan Tai Bond Fund	Financial assets at fair value through profit or loss	-	-	-	\$ -	20,771	\$ 300,000	20,771	\$ 300,107	\$ 300,000	\$ 107	-	\$ -
	IBT Ta Chong Bond Fund	Financial assets at fair value through profit or loss	-	-	-	-	11,123	150,000	11,123	150,060	150,000	60	-	-
	TIIM Bond Fund	Financial assets at fair value through profit or loss	-	-	-	-	22,488	324,000	15,552	224,180	224,031	149	6,936	99,969

Note: Financial assets at fair value through profit or loss are shown at their original carrying amounts without the adjustment of fair value.

YULON NISSAN MOTOR COMPANY, LTD. AND INVESTEEES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

NINE MONTHS ENDED SEPTEMBER 30, 2009

(In Thousands of New Taiwan Dollars Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction (Note 1)		Note/Accounts Payable or Receivable (Note 2)		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Yulon Nissan Motor Company, Ltd.	Yulon Motor Co., Ltd.	Equity-method investor of the Company	Purchase	\$ 12,793,933	99	180 days after sales for parts 3 days after sales for vehicles	\$ -	-	\$ (523,144)	93	-
	Taiwan Acceptance Corporation	Subsidiary of Yulon Motor Co., Ltd.	Sale	11,928,592	82	4 days after sales for parts 3 days after sales for vehicles	-	-	365,729	56	-
	Chi Ho Corporation	Equity-method investee of Yulon Motor Co., Ltd.	Sale	300,251	2	15 days after sales for parts 90 days after sales for vehicles	-	-	30,480	5	-
	Yu Sing Motor Co., Ltd.	Subsidiary of Yulon Motor Co., Ltd.	Sale	243,909	2	15 days after sales for parts Immediate payment for vehicles	-	-	-	-	-
	Yu Chang Motor Co., Ltd.	Subsidiary of Yulon Motor Co., Ltd.	Sale	211,058	2	15 days after sales for parts	-	-	10,333	2	-
	Yuan Lon Motor Co., Ltd.	Equity-method investee of Yulon Motor Co., Ltd.	Sale	209,822	1	Same as above	-	-	3,519	1	-
	Chen Long Motor Co., Ltd.	Equity-method investee of Yulon Motor Co., Ltd.	Sale	174,818	1	15 days after sales for parts Immediate payment for vehicles	-	-	1,727	-	-
	Empower Motor Co., Ltd.	Subsidiary of Yulon Motor Co., Ltd.	Sale	152,713	1	15 days after sales for parts	-	-	3,249	-	-
	Yushin Motor Co., Ltd.	Subsidiary of Yulon Motor Co., Ltd.	Sale	147,999	1	15 days after sales for parts Immediate payment for vehicles	-	-	1,075	-	-
	Yu Tang Motor Co., Ltd.	Equity-method investee of Yulon Motor Co., Ltd.	Sale	144,889	1	Same as above	-	-	219	-	-
Hui-Lian Motor Co., Ltd.	Equity-method investee of Yulon Motor Co., Ltd.	Sale	135,944	1	Same as above	-	-	-	-	-	

Note 1: Transaction terms are based on agreements.

Note 2: Balances shown refer to notes and accounts receivable and payable resulting from sales and purchases.

YULON NISSAN MOTOR COMPANY, LTD. AND INVESTEEES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

SEPTEMBER 30, 2009

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

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yulon Nissan Motor Company, Ltd.	Taiwan Acceptance Corporation	Subsidiary of Yulon Motor Co., Ltd.	\$ 377,528	61.82	\$ -	-	\$ 377,528	\$ -

YULON NISSAN MOTOR COMPANY, LTD. AND INVESTEEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE

NINE MONTHS ENDED SEPTEMBER 30, 2009

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

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2009			Net Income (Loss) of the Investee	Investment Gain (Loss) (Notes 1 and 2)	Note
				September 30, 2009	Dec. 31, 2008	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Yulon Nissan Motor Company, Ltd.	Yi-Jan Overseas Investment Co., Ltd.	Cayman Islands	Investment	\$ 1,847,983 (US\$ 57,371)	\$ 1,847,983 (US\$ 57,371)	84,987	100.00	\$13,434,246	\$ 1,748,074	\$ 1,748,074	-
Yi-Jan Overseas Investment Co., Ltd.	Jet Ford, Inc.	British Virgin Islands	Investment	US\$ 57,171	US\$ 57,171	71,772	100.00	US\$417,397	US\$ 52,521	US\$ 52,521	-
	Yi Hsing Corporation	Philippines	Inquire of parts sales prices and commission-based business	US\$ 200	US\$ 200	1,100	100.00	US\$ 210	US\$ (4)	US\$ (4)	-
Jet Ford, Inc.	Aeolus Xiangfan Automobile Co., Ltd.	Hubei (Mainland China)	Developing and manufacturing of parts and vehicles and related services	US\$ 21,700	US\$ 21,700	-	16.55	US\$ 40,348	US\$ 52,084	US\$ 8,319	-
	Guangzhou Aeolus Automobile Co., Ltd.	Guangdong (Mainland China)	Developing and manufacturing of parts and vehicles and related services	US\$ 16,941	US\$ 16,941	-	40.00	US\$302,131	US\$103,588	US\$ 40,400	-
	Aeolus Automobile Co., Ltd.	Guangdong (Mainland China)	Developing and selling of parts and vehicles and related services	US\$ 10,890	US\$ 10,890	-	25.00	US\$ 59,836	US\$ 15,564	US\$ 3,891	-
	Dong Feng Yulon Motors Sales Co., Ltd.	Hubei (Mainland China)	Selling of parts, repair and maintenance of vehicles, and related services	US\$ 5,922	US\$ 5,922	-	49.00	US\$ 7,340	US\$ (51)	US\$ (25)	-
	Shenzhen Lan You Technology Co., Ltd.	Guangdong (Mainland China)	Developing, manufacturing and selling of computer software and hardware and computer technology consulting	US\$ 1,125	US\$ 1,125	-	45.00	US\$ 6,202	US\$ (205)	US\$ (92)	-
	Dong Feng Yulon Used Cars Co., Ltd.	Guangdong (Mainland China)	Valuation, purchase, renovation, rent and selling of used cars	US\$ 593	US\$ 593	-	49.00	US\$ 803	US\$ 81	US\$ 40	-

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

Note 2: Investment gains (losses) recognized were calculated from the unreviewed financial statements.

YULON NISSAN MOTOR COMPANY, LTD. AND INVESTEEES

INVESTMENT IN MAINLAND CHINA

NINE MONTHS ENDED SEPTEMBER 30, 2009

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

Investee	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2009	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2009	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of September 30, 2009	Accumulated Inward Remittance of Earnings as of September 30, 2009
					Outflow	Inflow					
Aeolus Xiangfan Automobile Co., Ltd.	Developing and manufacturing of parts and vehicles and related services	\$ 3,581,037 (RMB 826,000)	Note 1	\$ 716,856 (US\$ 21,700)	\$ -	\$ -	\$ 716,856 (US\$ 21,700)	16.55%	\$ 276,917 (US\$ 8,319)	\$ 1,297,780 (US\$ 40,348)	\$ -
Guangzhou Aeolus Automobile Co., Ltd.	Developing and manufacturing of parts and vehicles and related services	1,991,600 (RMB 520,000)	Note 1	537,199 (US\$ 16,941)	-	-	537,199 (US\$ 16,941)	40.00%	1,344,822 (US\$ 40,400)	9,718,039 (US\$ 302,131)	869,349 (US\$ 27,367)
Aeolus Automobile Co., Ltd.	Developing and selling of parts and vehicles and related services	663,931 (RMB 173,350)	Note 1	345,322 (US\$ 10,890)	-	-	345,322 (US\$ 10,890)	25.00%	129,523 (US\$ 3,891)	1,924,629 (US\$ 59,836)	-
Dong Feng Yulon Motors Sales Co., Ltd.	Selling of parts, repair and maintenance of vehicles, and related services	383,000 (RMB 100,000)	Note 1	187,787 (US\$ 5,922)	-	-	187,787 (US\$ 5,922)	49.00%	(836) (US\$ -25)	236,090 (US\$ 7,340)	-
Shenzhen Lan You Technology Co., Ltd.	Developing, manufacturing and selling of computer software and hardware and computer technology consulting	57,450 (RMB 15,000)	Note 1	35,674 (US\$ 1,125)	-	-	35,674 (US\$ 1,125)	45.00%	(3,066) (US\$ -92)	199,481 (US\$ 6,202)	-
Dong Feng Yulon Used Cars Co., Ltd.	Valuation, purchase, renovation, rent and selling of used cars	38,300 (RMB 10,000)	Note 1	18,804 (US\$ 593)	-	-	18,804 (US\$ 593)	49.00%	1,320 (US\$ 40)	25,826 (US\$ 803)	-

Accumulated Investment in Mainland China as of September 30, 2009	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Stipulated by Investment Commission, MOEA (Note 3)
\$1,841,642 (US\$57,171)	\$1,917,100 (US\$59,660)	\$9,452,468

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

Note 2: Investment gains (losses) recognized were calculated from unreviewed financial statements.

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