

Yulon Nissan Motor Company, Ltd.

**Financial Statements for the
Three Months Ended March 31, 2010 and 2009 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 March 31, 2010 and 2009, and the related statements of income and cash flows for the three 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 March 31, 2010 and 2009, which amounted to \$14,198,672 thousand and \$13,385,915 thousand, respectively, and the related investment income for the three months then ended, which amounted to \$743,821 thousand and \$619,918 thousand, 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 the related information in the notes to financial statements been based on the investees' reviewed financial statements, we are not aware of any material modifications that should be made to the financial statements referred to above for them to be in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of 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".

April 21, 2010

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

MARCH 31, 2010 AND 2009

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

(Reviewed, Not Audited)

ASSETS	2010		2009		LIABILITIES AND STOCKHOLDERS' EQUITY	2010		2009	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 394,755	2	\$ 388,105	2	Short-term loans (Note 12)	\$ -	-	\$ 300,000	2
Financial assets at fair value through profit or loss (Notes 2 and 5)	1,971,495	10	234,268	1	Notes and accounts payable	67,730	-	61,009	-
Notes and accounts receivable (Notes 2 and 6)	26,270	-	35,079	-	Notes and accounts payable - related parties (Note 20)	1,191,904	6	519,588	3
Notes and accounts receivable - related parties (Note 20)	533,753	3	578,922	3	Income tax payable (Notes 2 and 16)	72,024	1	87,262	1
Other financial assets (Note 7)	60,397	1	60,855	1	Accrued expenses (Note 13)	344,732	2	176,500	1
Inventory (Notes 2, 3 and 8)	977	-	-	-	Other current liabilities	<u>66,216</u>	-	<u>84,795</u>	-
Prepayments	6,674	-	17,605	-	Total current liabilities	<u>1,742,606</u>	<u>9</u>	<u>1,229,154</u>	<u>7</u>
Deferred income tax assets, net (Notes 2 and 16)	188,629	1	6,734	-	OTHER LIABILITIES				
Other current assets	-	-	<u>96,773</u>	<u>1</u>	Accrued pension liabilities (Notes 2 and 17)	431,309	2	407,378	2
Total current assets	<u>3,182,950</u>	<u>17</u>	<u>1,418,341</u>	<u>8</u>	Deferred income tax liabilities, net (Notes 2 and 16)	931,826	5	680,118	4
LONG-TERM EQUITY INVESTMENTS (Notes 2 and 9)	<u>14,198,672</u>	<u>74</u>	<u>13,385,915</u>	<u>74</u>	Warranty (Note 2)	<u>70,691</u>	<u>1</u>	<u>67,245</u>	-
PROPERTY, PLANT AND EQUIPMENT (Notes 2 and 10)					Total other liabilities	<u>1,433,826</u>	<u>8</u>	<u>1,154,741</u>	<u>6</u>
Cost					Total liabilities	<u>3,176,432</u>	<u>17</u>	<u>2,383,895</u>	<u>13</u>
Machinery and equipment	21,863	-	49,445	-	STOCKHOLDERS' EQUITY (Notes 2 and 14)				
Transportation equipment	4,290	-	24,224	-	Capital stock - \$10 par value; authorized - 600,000 thousand shares; issued and outstanding - 300,000 thousand shares	<u>3,000,000</u>	<u>16</u>	<u>3,000,000</u>	<u>17</u>
Tools	5,566	-	3,565	-	Capital surplus				
Other equipment	155,314	1	228,222	1	Excess from spin-off	5,986,507	31	5,986,507	33
Leasehold improvement	<u>3,854</u>	-	<u>8,836</u>	-	Gains on long-term investments	<u>2,461</u>	-	<u>2,461</u>	-
Total cost	190,887	1	314,292	1	Total capital surplus	<u>5,988,968</u>	<u>31</u>	<u>5,988,968</u>	<u>33</u>
Less accumulated depreciation	<u>147,364</u>	<u>1</u>	<u>221,400</u>	<u>1</u>	Retained earnings				
	43,523	-	92,892	-	Legal reserve	1,028,005	5	977,573	6
Prepayments for equipment	<u>2,000</u>	-	<u>1,666</u>	-	Special reserve	379,840	2	379,840	2
Property, plant and equipment, net	<u>45,523</u>	-	<u>94,558</u>	-	Unappropriated earnings	<u>4,425,339</u>	<u>23</u>	<u>3,325,682</u>	<u>18</u>
OTHER ASSETS					Total retained earnings	<u>5,833,184</u>	<u>30</u>	<u>4,683,095</u>	<u>26</u>
Refundable deposits	5,428	-	3,975	-	Cumulative translation adjustments	<u>1,124,277</u>	<u>6</u>	<u>2,073,131</u>	<u>11</u>
Deferred charges (Notes 2 and 11)	<u>1,690,288</u>	<u>9</u>	<u>3,226,300</u>	<u>18</u>	Total stockholders' equity	<u>15,946,429</u>	<u>83</u>	<u>15,745,194</u>	<u>87</u>
Total other assets	<u>1,695,716</u>	<u>9</u>	<u>3,230,275</u>	<u>18</u>	TOTAL	<u>\$ 19,122,861</u>	<u>100</u>	<u>\$ 18,129,089</u>	<u>100</u>
TOTAL	<u>\$ 19,122,861</u>	<u>100</u>	<u>\$ 18,129,089</u>	<u>100</u>					

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

(With Deloitte & Touche review report dated April 21, 2010)

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2010 AND 2009

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

(Reviewed, Not Audited)

	2010		2009	
	Amount	%	Amount	%
SALES (Note 20)	\$ 7,163,283	100	\$ 3,851,117	100
LESS: SALES RETURNS	1,544	-	1,595	-
SALES ALLOWANCES	<u>1,270</u>	<u>-</u>	<u>9,052</u>	<u>-</u>
NET SALES	7,160,469	100	3,840,470	100
COST OF SALES (Note 20)	<u>6,251,525</u>	<u>87</u>	<u>3,703,956</u>	<u>96</u>
GROSS PROFIT	<u>908,944</u>	<u>13</u>	<u>136,514</u>	<u>4</u>
OPERATING EXPENSES (Note 20)				
Marketing and selling	535,675	7	388,835	10
General and administrative	121,245	2	66,145	2
Research and development	<u>130,793</u>	<u>2</u>	<u>108,405</u>	<u>3</u>
Total operating expenses	<u>787,713</u>	<u>11</u>	<u>563,385</u>	<u>15</u>
OPERATING INCOME (LOSS)	<u>121,231</u>	<u>2</u>	<u>(426,871)</u>	<u>(11)</u>
NONOPERATING INCOME AND GAINS				
Equity in net income of investees	743,821	10	619,918	16
Gain from valuation of financial assets	7,638	-	234	-
Interest income	93	-	1,378	-
Gain on sale of investments, net	-	-	136	-
Others (Note 20)	<u>2,064</u>	<u>-</u>	<u>3,600</u>	<u>-</u>
Total nonoperating income and gains	<u>753,616</u>	<u>10</u>	<u>625,266</u>	<u>16</u>
NONOPERATING EXPENSES AND LOSSES				
Overseas business expense (Note 20)	12,717	-	6,479	-
Loss on sale of investments, net	3,790	-	-	-
Foreign exchange loss, net	2,413	-	1,814	-
Interest expense (Note 20)	319	-	430	-
Others (Note 20)	<u>5,119</u>	<u>-</u>	<u>6,222</u>	<u>-</u>
Total nonoperating expenses and losses	<u>24,358</u>	<u>-</u>	<u>14,945</u>	<u>-</u>

(Continued)

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2010 AND 2009

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

(Reviewed, Not Audited)

	2010		2009	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 850,489	12	\$ 183,450	5
INCOME TAX BENEFITS (EXPENSES) (Notes 2 and 16)	<u>(92,204)</u>	<u>(1)</u>	<u>77,624</u>	<u>2</u>
NET INCOME	<u>\$ 758,285</u>	<u>11</u>	<u>\$ 261,074</u>	<u>7</u>
	2010		2009	
	Before Tax	After Tax	Before Tax	After Tax
BASIC EARNINGS PER SHARE (Note 19)				
Basic	<u>\$ 2.83</u>	<u>\$ 2.53</u>	<u>\$ 0.61</u>	<u>\$ 0.87</u>
Diluted	<u>\$ 2.83</u>	<u>\$ 2.53</u>	<u>\$ 0.61</u>	<u>\$ 0.87</u>

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

(With Deloitte & Touche review report dated April 21, 2010)

(Concluded)

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2010 AND 2009 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 758,285	\$ 261,074
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	145,276	138,653
Loss (gain) on sale of investments, net	3,790	(136)
Equity in net income of investees	(743,821)	(619,918)
Gain from valuation of financial assets	(7,638)	(234)
Deferred income taxes	83,796	(77,624)
Provision for pension costs	6,857	7,051
Provision for loss on inventory purchase commitment	-	(848)
Provision for warranty liabilities	592	(2,707)
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(838,057)	(233,898)
Notes and accounts receivable	3,048	(6,325)
Notes and accounts receivable - related parties	(136,017)	7,824
Other financial assets	(6,531)	1,043
Inventories	(83)	-
Prepayments	(3,756)	7,909
Other current assets	36,632	(25,009)
Notes and accounts payable	64,753	16,623
Notes and accounts payable - related parties	357,816	(135,930)
Tax payable	(1,390)	-
Accrued expenses	32,454	(146,432)
Other current liabilities	<u>2,654</u>	<u>9,160</u>
Net cash used in operating activities	<u>(241,340)</u>	<u>(799,724)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(646)	(6,245)
Decrease in refundable deposits	1,932	1,890
Increase in deferred charges	<u>(55,949)</u>	<u>(161,678)</u>
Net cash used in investing activities	<u>(54,663)</u>	<u>(166,033)</u>
CASH PROVIDED BY FINANCING ACTIVITIES		
Increase in short-term loans	<u>-</u>	<u>300,000</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(296,003)	(665,757)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>690,758</u>	<u>1,053,862</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 394,755</u>	<u>\$ 388,105</u>

(Continued)

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2010 AND 2009
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2010	2009
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for		
Interest	<u>\$ 319</u>	<u>\$ 408</u>
Income tax	<u>\$ 9,797</u>	<u>\$ 163</u>

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

(With Deloitte & Touche review report dated April 21, 2010)

(Concluded)

YULON NISSAN MOTOR COMPANY, LTD.

NOTES TO FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2010 AND 2009

(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 March 31, 2010 and 2009, the Company had 409 and 477 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, deferred charges amortization, 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 Equivalent

Cash equivalents are commercial papers 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.

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

Inventories

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 10 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.

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 stock 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. REASON AND EFFECT OF THE 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.

4. CASH AND CASH EQUIVALENTS

	March 31	
	2010	2009
Cash		
Cash on hand	\$ 20	\$ 20
Checking accounts and demand deposits	194,075	162,677
Time deposits, annual yield rate - 2010: 0.58%, 2009: 0.29%-3.00%	1,500	200,000
Foreign-currency demand deposits	<u>167,355</u>	<u>18,624</u>
	362,950	381,321
Cash equivalents		
Foreign commercial papers, annual yield rate - 2010: 1.00%-1.75%, 2009: 1.30%	<u>31,805</u>	<u>6,784</u>
	<u>\$ 394,755</u>	<u>\$ 388,105</u>

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31	
	2010	2009
Financial assets held for trading		
Mutual funds	<u>\$ 1,971,495</u>	<u>\$ 234,268</u>

There were a net gain of \$3,848 thousand and \$370 thousand on financial assets held for trading for the three months ended March 31, 2010 and 2009, respectively.

6. NOTES AND ACCOUNTS RECEIVABLE

	March 31	
	2010	2009
Notes receivable	\$ 1,451	\$ 279
Accounts receivable	<u>24,819</u>	<u>34,800</u>
	<u>\$ 26,270</u>	<u>\$ 35,079</u>

7. OTHER FINANCIAL ASSETS

	March 31	
	2010	2009
Tax refund receivable	\$ 36,350	\$ 33,339
Receivable of sale of securities	18,840	15,193
Lease receivable	2,844	8,786
Interest receivable	23	713
Others	<u>2,340</u>	<u>2,824</u>
	<u>\$ 60,397</u>	<u>\$ 60,855</u>

8. INVENTORIES

	March 31	
	2010	2009
Parts	<u>\$ 977</u>	<u>\$ -</u>

The cost of inventories recognized as cost of sales during the three months ended March 31, 2010 was \$6,251,525 thousand, which included warranty cost of \$17,452 thousand. The cost of inventories recognized as cost of sales during the three months ended March 31, 2009 was \$3,703,956 thousand, which included warranty cost of \$20,768 thousand and loss on inventory purchase commitment of \$848 thousand.

9. LONG-TERM EQUITY INVESTMENTS

	March 31			
	2010		2009	
	Carrying Value	% of Owner-ship	Carrying Value	% of Owner-ship
Yi-Jan Overseas Investment Co., Ltd.	<u>\$ 14,198,672</u>	100	<u>\$ 13,385,915</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:

Investee	Percentage of Ownership	Accumulated Investment Amount (In Thousands) as of March 31, 2010
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	<u>US\$ 593</u>
		<u>US\$ 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 inquiring selling prices of motor parts and engages in commission-based businesses.

The carrying values of the long-term investments accounted for by the equity method as of March 31, 2010 and 2009, which amounted to \$14,198,672 thousand and \$13,385,915 thousand, respectively, and the related investment income for the three months then ended, which amounted to \$743,821 thousand and \$619,918 thousand, respectively, were based on the investees' unreviewed financial statements.

10. PROPERTY, PLANT AND EQUIPMENT

	March 31	
	2010	2009
Accumulated depreciation		
Machinery and equipment	\$ 16,647	\$ 42,510
Transportation equipment	3,572	14,523
Tools	3,323	2,716
Other equipment	122,801	159,002
Leasehold improvement	<u>1,021</u>	<u>2,649</u>
	<u>\$ 147,364</u>	<u>\$ 221,400</u>

Depreciation of property, plant and equipment amounted to \$4,663 thousand and \$8,620 thousand for the three months ended March 31, 2010 and 2009, respectively.

11. DEFERRED CHARGES

	March 31	
	2010	2009
Costs of molds	\$ 1,309,116	\$ 2,673,244
Dies	358,713	509,337
Computer software	<u>22,459</u>	<u>43,719</u>
	<u>\$ 1,690,288</u>	<u>\$ 3,226,300</u>

Amortization of deferred charges amounted to \$140,613 thousand and \$130,033 thousand for the three months ended March 31, 2010 and 2009, respectively.

12. SHORT-TERM LOANS

The short-term loans were credit loans from Hua Nan Bank with annual interest rate of 1.3% as of March 31, 2009.

13. ACCRUED EXPENSES

	March 31	
	2010	2009
Promotion expenses	\$ 119,715	\$ 62,664
Wages and bonuses	140,327	52,335
Others	<u>84,690</u>	<u>61,501</u>
	<u>\$ 344,732</u>	<u>\$ 176,500</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 the Company's employees for three months ended March 31, 2010 was calculated at 4.18% of net income net of the 10% deduction for legal reserve.

Based on past experience, the bonus to the Company's employees for three months ended March 31, 2009 was calculated at 1% of net income net of the 10% deduction for legal reserve.

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 shareholders' 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 distribution of the 2009 earnings proposed by the board of directors on March 26, 2010 and the distribution of the 2008 earnings of the Company approved by the stockholders on June 22, 2009 were as follows:

	<u>Appropriation of Earnings</u>	
	<u>2009</u>	<u>2008</u>
Legal reserve	\$ 65,288	\$ 50,432

The board of directors also proposed the 2010 employee bonus (cash) distribution amounted to 15,277 thousand on March 26, 2010.

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.

As of April 21, 2010, the date of the accompanying independent accountants' review report, the appropriations and distribution of the 2009 earnings of the company had not been approved by stockholders. Information about the appropriations and distribution of the 2009 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 \$103,512 thousand and \$65,349 thousand for the three months ended March 31, 2010 and 2009, 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 to income before income tax and income tax payable was as follows:

	Three Months Ended March 31	
	2010	2009
Income tax expense computed on the basis of income before income tax at statutory tax rate	\$ 170,097	\$ 45,863
Add (deduct) tax effects of:		
Permanent differences	1,974	(137,954)
Temporary differences	(154,098)	(10,266)
Investment tax credits	(9,565)	-
Loss carryforwards	<u>-</u>	<u>102,357</u>
Income tax payable	<u>\$ 8,408</u>	<u>\$ -</u>

The balance of income tax payable shown on the balance sheets as of March 31, 2010 was the net amount after adding above income tax payable and income tax payable of previous years and deducting related prepaid tax. The balance of income tax payable shown on the balance sheets as of March 31, 2009 was income tax payable of previous years.

Income tax returns through 2007 had been examined by the tax authorities. But the Company disagreed with the tax authorities' assessment of its 2005 through 2007 tax returns and had applied for a re-examination.

- b. Income tax expenses (benefits) consisted of the following:

	Three Months Ended March 31	
	2010	2009
Income tax payable	\$ 8,408	\$ -
Deferred income tax	<u>83,796</u>	<u>(77,624)</u>
Income tax expenses (benefits)	<u>\$ 92,204</u>	<u>\$ (77,624)</u>

In May 2009, the Legislative Yuan of the Republic of China 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:

	March 31	
	2010	2009
Current		
Investment tax credits	\$ 121,042	\$ -
Loss carryforwards	58,958	-
Loss on inventory purchase commitment	7,205	8,430
Unrealized foreign exchange loss (gain)	<u>1,424</u>	<u>(1,696)</u>
Net deferred income tax assets	<u>\$ 188,629</u>	<u>\$ 6,734</u>
Noncurrent		
Impairment loss difference between taxable loss and book loss	\$ 104,926	\$ -
Provision for pension	86,282	101,831
Loss carryforwards	83,380	179,965
Provision for warranty	14,138	16,811
Investment tax credits	207	196,597
Equity in net income of overseas subsidiaries	<u>(1,220,759)</u>	<u>(1,175,322)</u>
Net deferred income tax liabilities	<u>\$ (931,826)</u>	<u>\$ (680,118)</u>

As of March 31, 2010, investment tax credits comprised of:

Tax Credit Item	Total Creditable Amount	Unused Creditable Amount	Expiry Year
Investments in areas with scanty natural resources	\$ 130,538	\$ 121,042	2013

The Company has investment plans, which focus on investments in areas with scanty natural resources and slow development defined under the Statute for Upgrading Industries. Upon completion of the plans, the Company will obtain completion certificates from the government. As of March 31, 2010, the amount of the investment under the plans totaled \$2,070 thousand, with investment tax credit amount of \$207 thousand.

As of March 31, 2010, loss carryforwards comprised of:

Tax Credit Item	Total Amount	Unused Amount	Expiry Year
Loss carryforwards	\$ 60,495	\$ 60,495	2018
Loss carryforwards	81,843	81,843	2019

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

	March 31	
	2010	2009
Balance of imputation credit account ("ICA")	<u>\$ 422,487</u>	<u>\$ 385,898</u>

The estimated ICA rate for the 2009 earnings and the actual ICA rate for the 2008 earnings were 11.87% and 13.68%, respectively.

The credit available for allocation to the stockholders is calculated on the basis of the balance of ICA on the date of dividend distribution. Thus, the estimated rate for the 2009 earnings may differ from the actual rate depending on the ICA balance on the dividend distribution date.

17. PENSION PLAN

The pension calculation under the Labor Pension Act is considered as 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 \$2,328 thousand and \$2,571 thousand for the three months ended March 31, 2010 and 2009, respectively. Accrued pension liabilities under defined contribution plan amounted to \$1,555 thousand and \$1,707 thousand as of March 31, 2010 and 2009, 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 \$8,280 thousand and \$8,809 thousand for the three months ended March 31, 2010 and 2009, respectively. Pension fund amounted to \$9,021 thousand and \$9,842 thousand as of March 31, 2010 and 2009, respectively. Accrued pension liabilities recognized under the defined benefit plan were \$429,754 thousand and \$405,671 thousand as of March 31, 2010 and 2009, respectively.

18. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	Three Months Ended March 31, 2010		
	Operating Cost	Operating Expenses	Total
Personnel expenses			
Salaries	\$ 1,351	\$ 163,416	\$ 164,767
Labor and health insurance	63	6,226	6,289
Pension	126	10,006	10,132
Other personnel expenses	<u>56</u>	<u>5,684</u>	<u>5,740</u>
	<u>\$ 1,596</u>	<u>\$ 185,332</u>	<u>\$ 186,928</u>
Depreciation	<u>\$ 379</u>	<u>\$ 4,284</u>	<u>\$ 4,663</u>
Amortization	<u>\$ 137,397</u>	<u>\$ 3,216</u>	<u>\$ 140,613</u>

Three Months Ended March 31, 2009

	Operating Cost	Operating Expenses	Total
Personnel expenses			
Salaries	\$ -	\$ 86,225	\$ 86,225
Labor and health insurance	-	7,412	7,412
Pension	-	11,380	11,380
Other personnel expenses	-	4,721	4,721
	<u>\$ -</u>	<u>\$ 109,738</u>	<u>\$ 109,738</u>
Depreciation	<u>\$ -</u>	<u>\$ 8,620</u>	<u>\$ 8,620</u>
Amortization	<u>\$ 122,569</u>	<u>\$ 7,464</u>	<u>\$ 130,033</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
<u>Three months ended March 31, 2010</u>					
Basic EPS					
Income for the period attributable to common stockholders	\$ 850,489	\$ 758,285	300,000	<u>\$ 2.83</u>	<u>\$ 2.53</u>
Effect of dilutive potential common stock Bonus to employees	-	-	292		
Diluted EPS					
Income for the period attributable to common stockholders plus effect of potential dilutive common stock	<u>\$ 850,489</u>	<u>\$ 758,285</u>	<u>300,292</u>	<u>\$ 2.83</u>	<u>\$ 2.53</u>
<u>Three months ended March 31, 2009</u>					
Basic EPS					
Income for the period attributable to common stockholders	\$ 183,450	\$ 261,074	300,000	<u>\$ 0.61</u>	<u>\$ 0.87</u>
Effect of dilutive potential common stock Bonus to employees	-	-	253		
Diluted EPS					
Income for the period attributable to common stockholders plus effect of potential dilutive common stock	<u>\$ 183,450</u>	<u>\$ 261,074</u>	<u>300,253</u>	<u>\$ 0.61</u>	<u>\$ 0.87</u>

The Accounting Research and Development Foundation of Republic of China 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 (after considering the effect of cash and stock dividends) 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 shareholders 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

<u>Related Party</u>	<u>Relationship with the Company</u>
Nissan Motor Corporation (“Nissan”)	Parent company
Nissan Trading Co., Ltd.	Subsidiary of Nissan
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
PT. Nissan Motor Indonesia (“NMI”)	Same as above
Nissan Motor Light Truck Co., Ltd.	Same as above
Nissan Asia Pacific Pte. Ltd.	Same as above
Nissan Vietnam Co., Ltd.	Equity-method investee of Nissan
Nissan Motors Co., Ltd. Honmoku Plant	Same as above
Nissan Motor (Thailand) Co., Ltd.	Cost-method investee of Nissan
Allied Engineering Co., Ltd.	Same as above
Zhengzhou Nissan Automobile Co., 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
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
Yueki 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

(Continued)

Related Party	Relationship with the Company
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
Yulon Management Co., Ltd. (formerly Sin Chi Co., Ltd.)	Same as above
Luxgen Motor 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
Uni Calsonic Corporation	Equity-method investee of Yulon
China Ogihara Corporation	Same as above
Yuan Lon Motor Co., Ltd.	Same as above
Chen Long Co., Ltd.	Same as above
ROC Spicer 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
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.
Yu-Jan Co., Ltd.	Subsidiary of Yu Sing Motor Co., Ltd.
Tang Li Enterprise Co., Ltd.	Subsidiary of Yu Tang Motor Co., Ltd.
Nissan Motor Philippines, Inc. (NMPI)	Equity-method investee of Yulon
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
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:

	Three Months Ended March 31			
	2010		2009	
	Amount	% to Total	Amount	% to Total
1) Operating revenue - sales revenue				
Taiwan Acceptance Corporation	\$ 6,318,736	88	\$ 3,065,754	81
Yu Chang Motor Co., Ltd.	84,855	1	52,236	1
Yuan Lon Motor Co., Ltd.	77,019	1	70,009	2
Chi Ho Corporation	68,193	1	55,715	2
Yu Sing Motor Co., Ltd.	67,996	1	69,640	2
Chen Long Co., Ltd.	57,318	1	59,093	2
Empower Motor Co., Ltd.	53,337	1	54,315	2
Hui-Lian Motor Co.	51,089	1	45,181	1
Yu Tang Motor Co., Ltd.	49,427	1	48,673	1
Yushin Motor Co., Ltd.	48,740	1	48,713	1
NMPI	36,683	-	15,857	-
Others	<u>143,436</u>	<u>2</u>	<u>114,388</u>	<u>3</u>
	<u>\$ 7,056,829</u>	<u>99</u>	<u>\$ 3,699,574</u>	<u>98</u>

2) Operating revenue - service revenue

Nissan	<u>\$ 1,110</u>	<u>100</u>	<u>\$ 62,047</u>	<u>100</u>
--------	-----------------	------------	------------------	------------

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

	Three Months Ended March 31			
	2010		2009	
	Amount	% to Total	Amount	% to Total
3) Operating revenue - other				
Zhengzhou Nissan Automobile Co., Ltd.	\$ 6,635	77	\$ 1,126	18
Yulon	1,357	16	4,577	72
Others	<u>562</u>	<u>7</u>	<u>233</u>	<u>3</u>
	<u>\$ 8,554</u>	<u>100</u>	<u>\$ 5,936</u>	<u>93</u>

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

	Three Months Ended March 31			
	2010		2009	
	Amount	% to Total	Amount	% to Total
4) Operating cost - purchase				
Yulon	\$ 5,944,281	99	\$ 3,493,284	99
Others	<u>20,240</u>	<u>-</u>	<u>14</u>	<u>-</u>
	<u>\$ 5,964,521</u>	<u>99</u>	<u>\$ 3,493,298</u>	<u>99</u>
5) Operating cost - Technical Cooperation Agreement (TCA)				
Nissan	<u>\$ 103,512</u>	<u>100</u>	<u>\$ 65,349</u>	<u>100</u>
6) Operating expenses - rental				
Yulon	\$ 5,640	64	\$ 9,211	54
Ka-Plus Automobile Leasing Co., Ltd.	1,031	12	1,648	10
Hsieh Kuan Manpower Service Co., Ltd.	229	2	822	5
Taiwan Acceptance Corporation	-	-	1,492	9
Others	<u>88</u>	<u>1</u>	<u>19</u>	<u>-</u>
	<u>\$ 6,988</u>	<u>79</u>	<u>\$ 13,192</u>	<u>78</u>

The Company's rental expenses to Yulon are primarily comprised of customer service system, building property and car testing expenses, and pay the rental expenses monthly. The Company leases cars, as needed for its executives, from Ka-Plus Automobile Leasing Co., Ltd. and Taiwan Acceptance Corporation, and pay the rental expenses monthly. Hsieh Kuan Manpower Service Co., Ltd. provides the Company driving service for its executives and charges the payment monthly.

	Three Months Ended March 31			
	2010		2009	
	Amount	% to Total	Amount	% to Total
7) Operating expenses - marketing and selling expense				
Yu Chang Motor Co., Ltd.	\$ 50,227	9	\$ 23,143	6
Taiwan Acceptance Corporation	50,010	9	57,427	15
Yu Sing Motor Co., Ltd.	44,863	8	47,617	12
Yuan Lon Motor Co., Ltd.	44,243	8	36,464	9
Yushin Motor Co., Ltd.	30,480	6	20,017	5
Empower Motor Co., Ltd.	30,196	6	26,655	7
Hui-Lian Motor Co.	29,363	5	21,576	6
Chen Long Co., Ltd.	24,972	5	22,851	6
Chi Ho Corporation	24,038	5	18,945	5
Yu Tang Motor Co., Ltd.	23,548	4	21,532	6
Others	<u>35,994</u>	<u>7</u>	<u>44,542</u>	<u>11</u>
	<u>\$ 387,934</u>	<u>72</u>	<u>\$ 340,769</u>	<u>88</u>

	Three Months Ended March 31			
	2010		2009	
	Amount	% to Total	Amount	% to Total
8) Operating expenses - general and administrative expense				
Yulon Management Co., Ltd.	\$ 42,000	35	\$ -	-
Sinboun Travel Service Co., Ltd.	616	-	1,257	2
Yulon	207	-	2,407	4
Others	<u>2,287</u>	<u>2</u>	<u>3,690</u>	<u>5</u>
	<u>\$ 45,110</u>	<u>37</u>	<u>\$ 7,354</u>	<u>11</u>

The Company paid consulting, labor dispatch and IT service fees to Yulon Management Co., Ltd.

	Three Months Ended March 31			
	2010		2009	
	Amount	% to Total	Amount	% to Total
9) Operating expenses - research and development expense				
Hsiang Shou Enterprise Co., Ltd.	\$ 6,167	5	\$ 6,334	6
Yulon	770	1	4,572	4
Others	<u>292</u>	<u>-</u>	<u>51</u>	<u>-</u>
	<u>\$ 7,229</u>	<u>6</u>	<u>\$ 10,957</u>	<u>10</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.

	Three Months Ended March 31			
	2010		2009	
	Amount	% to Total	Amount	% to Total
10) Nonoperating income - others				
Tokio Marine Nawa Insurance Co., Ltd.	\$ 864	42	\$ 1,260	35
Others	<u>766</u>	<u>37</u>	<u>45</u>	<u>1</u>
	<u>\$ 1,630</u>	<u>79</u>	<u>\$ 1,305</u>	<u>36</u>
11) Nonoperating expenses and losses - overseas business expense				
Yulon Management Co., Ltd.	\$ 2,925	23	\$ -	-
Sinjang Co., Ltd.	1,704	13	1,991	31
Yulon	-	-	3,525	54
Others	<u>1,098</u>	<u>9</u>	<u>963</u>	<u>15</u>
	<u>\$ 5,727</u>	<u>45</u>	<u>\$ 6,479</u>	<u>100</u>

	Three Months Ended March 31			
	2010		2009	
	Amount	% to Total	Amount	% to Total
12) Nonoperating expenses - others				
Yulon	\$ 709	14	\$ 1,658	27
Others	<u>-</u>	<u>-</u>	<u>175</u>	<u>2</u>
	<u>\$ 709</u>	<u>14</u>	<u>\$ 1,833</u>	<u>29</u>

	March 31			
	2010		2009	
	Amount	% to Total	Amount	% to Total
13) Notes and accounts receivable - related parties				
Taiwan Acceptance Corporation	\$ 330,780	62	\$ 332,495	57
NMPI	84,305	16	85,398	15
Jet Ford, Inc.	18,935	4	8,417	1
Nissan	1,555	-	74,856	13
Others	<u>98,178</u>	<u>18</u>	<u>77,756</u>	<u>14</u>
	<u>\$ 533,753</u>	<u>100</u>	<u>\$ 578,922</u>	<u>100</u>

Jet Ford Inc. sells parts, steel and aluminum part for the Company. As of March 31, 2009 and 2010, the accounts receivable from Jet Ford Inc. arises from related accounts.

	March 31			
	2010		2009	
	Amount	% to Total	Amount	% to Total
14) Notes and accounts payable - related parties				
Yulon	\$ 873,685	73	\$ 317,433	61
Nissan	104,980	9	66,819	13
Taiwan Acceptance Corporation	54,507	5	55,467	11
Yulon Management Co., Ltd.	44,925	4	-	-
Others	<u>113,807</u>	<u>9</u>	<u>79,869</u>	<u>15</u>
	<u>\$ 1,191,904</u>	<u>100</u>	<u>\$ 519,588</u>	<u>100</u>

15) The Company sold to Taiwan Acceptance Corporation accounts receivable amounting to \$492,272 thousand and \$397,723 thousand for the three months ended March 31, 2010 and 2009, 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 \$279 thousand and \$260 thousand for the three months ended March 31, 2010 and 2009, respectively.

21. SIGNIFICANT COMMITMENTS

As of March 31, 2010, significant commitments and contingencies of the Company were 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 March 31, 2010, 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 has a sale and purchase contract of vehicles with Taiwan Acceptance Corporation. Besides, Taiwan Acceptance Corporation individually signed a display contract of vehicles with the Company's dealers. If any dealer violates the display contract, resulting in the need for Taiwan Acceptance Corporation to recover the display vehicles, the Company must assist in the settlement or buy-back the vehicles at the original price. From the sale and purchase contract-signing date to March 31, 2010, no buy-back of vehicles has occurred.
- c. The Company leases office from Yulon Motor Co., Ltd. According to the lease contract, the rentals for the 5 succeeding years and after are as follows:

Year	Rental (Thousands)
2nd to 4th of 2010	\$ 1,881
2011	2,508
2012	2,508
2013	2,508
2014 and after	8,987

- d. The Company had commitment to buy machinery and equipment for \$3,170 thousand.

22. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments:

	March 31			
	2010		2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Nonderivative financial instruments</u>				
Assets:				
Cash and cash equivalents	\$ 394,755	\$ 394,755	\$ 388,105	\$ 388,105
Financial assets at fair value through profit or loss	1,971,495	1,971,495	234,268	234,268
Notes and accounts receivable	26,270	26,270	35,079	35,079
Notes and accounts receivable - related parties	533,753	533,753	578,922	578,922
Other financial assets	60,397	60,397	60,855	60,855
Long-term equity investments	14,198,672	14,198,672	13,385,915	13,385,915
Refundable deposits	5,428	5,428	3,975	3,975
Liabilities:				
Short-term loans	-	-	300,000	300,000
Notes and accounts payable	67,730	67,730	61,009	61,009
Notes and accounts payable - related parties	1,191,904	1,191,904	519,588	519,588
Income tax payable	72,024	72,024	87,262	87,262
Accrued expenses	344,732	344,732	176,500	176,500
Accrued pension liabilities	431,309	431,309	407,378	407,378

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 equity investments is based on net asset value of the investments.

c. Fair value of financial instruments was as follows:

	Amount Based on Quoted Market Price		Amount Determined Using Valuation Techniques	
	March 31		March 31	
	2010	2009	2010	2009
Financial assets at fair value through profit or loss:				
Financial assets held for trading				
Mutual funds	\$ 1,926,966	\$ 234,268	\$ 44,529	\$ -

d. Valuation gains arising from changes in fair value of financial instruments determined using valuation techniques was \$923 thousand for the three months ended March 31, 2010.

e. Information about 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 estate at costs of at least NT\$100 million or 20% of the paid-in capital: None
- f. Disposal of individual real estate 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 sales; the balance and percentage of related accounts payable: None
 - b) Amount and percentage of purchase; the balance and percentage of related accounts receivable: 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

MARCH 31, 2010

(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	March 31, 2010				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>							
	Yuanta assets RP	-	Cash and cash equivalents	-	\$ 19,080	-	\$ 19,080	
	Polaris assets RP	-	Cash and cash equivalents	-	12,725	-	12,725	
	<u>Beneficiary certificates</u>							
	Yuanta Wan Tai Bond Fund	-	Financial assets at fair value through profit or loss	8,984	130,000	-	130,060	
	Yuanta Advantage Private Fund	-	Financial assets at fair value through profit or loss	1,586	20,000	-	20,571	
	Jih Sun Bond Fund	-	Financial assets at fair value through profit or loss	7,807	110,000	-	110,287	
	Hua Nan Phoenix Bond Fund	-	Financial assets at fair value through profit or loss	12,838	200,000	-	200,067	
	ING Global Bond Portfolio	-	Financial assets at fair value through profit or loss	1,643	20,000	-	20,198	
	ING Taiwan Select Bond Fund	-	Financial assets at fair value through profit or loss	4,262	50,003	-	50,014	
	ING Taiwan Bond Fund	-	Financial assets at fair value through profit or loss	7,694	120,000	-	120,073	
	ING Taiwan Income Fund	-	Financial assets at fair value through profit or loss	1,831	30,000	-	30,033	
	ING Brazil Fund	-	Financial assets at fair value through profit or loss	1,000	10,000	-	10,000	
	ING Investment Grade USD Credit Fund	-	Financial assets at fair value through profit or loss	1,997	20,000	-	20,010	
	PCA Well Pool Fund	-	Financial assets at fair value through profit or loss	1,545	20,000	-	20,066	
	JF (Taiwan) Wealth Management Fund	-	Financial assets at fair value through profit or loss	6,529	70,000	-	71,516	
	TIIM Bond Fund	-	Financial assets at fair value through profit or loss	12,480	179,969	-	180,221	
	FSITC Global High Yield Bond Fund	-	Financial assets at fair value through profit or loss	4,499	50,000	-	50,765	
	UPAMC James Bond Fund	-	Financial assets at fair value through profit or loss	3,753	60,000	-	60,029	
	UPAMC Chindia FUND	-	Financial assets at fair value through profit or loss	500	5,000	-	5,150	
Fubon Chi-hsiang Fund	-	Financial assets at fair value through profit or loss	2,000	30,000	-	30,020		

(Continued)

Investor	Securities Type and Name	Relationship with the Investor	Financial Statement Account	March 31, 2010				Note
				Shares (Thousands)	Carrying Value (Note 1)	Percentage of Ownership	Market Value or Net Asset Value	
	Truswell Global Fixed Income Fund of Fund	-	Financial assets at fair value through profit or loss	1,604	\$ 20,000	-	\$ 20,143	
	Fuh Hwa Global Fixed Income Fund of Funds	-	Financial assets at fair value through profit or loss	1,592	20,000	-	19,634	
	Fuh-Hwa Bond Fund	-	Financial assets at fair value through profit or loss	12,306	170,000	-	170,122	
	Fuh Hwa Strategic High Income Fund of Funds	-	Financial assets at fair value through profit or loss	4,319	45,000	-	45,611	
	Capital Income Fund	-	Financial assets at fair value through profit or loss	1,946	30,000	-	30,005	
	UNION Bond Fund	-	Financial assets at fair value through profit or loss	4,762	60,000	-	60,073	
	Polar/P-shares S&P GSCI Reduced Energy Index Futures Trust Fund	-	Financial assets at fair value through profit or loss	961	10,000	-	9,678	
	Polaris Global Active Allocation Fund of Bond Fund	-	Financial assets at fair value through profit or loss	2,000	20,000	-	20,100	
	IBT 1699 Bond Fund	-	Financial assets at fair value through profit or loss	7,758	100,000	-	100,115	
	Cathay Global Ecology Fund	-	Financial assets at fair value through profit or loss	1,054	10,000	-	9,463	
	Cathay Bond Fund	-	Financial assets at fair value through profit or loss	4,452	53,000	-	53,243	
	Cathay Mandarin Fund	-	Financial assets at fair value through profit or loss	1,000	10,000	-	9,830	
	AIG Global Multi-Strategy High Yield Bond Fund	-	Financial assets at fair value through profit or loss	15,936	157,000	-	160,852	
	Allianz Global Investors Global Bond Fund	-	Financial assets at fair value through profit or loss	2,752	30,000	-	30,038	
	Allianz Global Investors Global Resources Trends Fund	-	Financial assets at fair value through profit or loss	913	10,010	-	9,498	
	Mega Diamond Bond Fund	-	Financial assets at fair value through profit or loss	5,867	70,000	-	70,051	
	KGI Kai Fu Fund	-	Financial assets at fair value through profit or loss	1,670	20,000	-	20,108	
	Taishin Da Long Investment Trust Fund	-	Financial assets at fair value through profit or loss	373	3,875	-	3,851	
	<u>Stock</u> Yi-Jan Overseas Investment Co., Ltd.	Subsidiary	Long-term equity investments	84,987	14,198,672	100.00	14,198,672	Note 2
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\$ 446,234	100.00	US\$ 446,234	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

(Continued)

Investor	Securities Type and Name	Relationship with the Investor	Financial Statement Account	March 31, 2010				Note
				Shares (Thousands)	Carrying Value (Note 1)	Percentage of Ownership	Market Value or Net Asset Value	
Jet Ford, Inc.	<u>Share certificates</u> Aeolus Xiangfan Automobile Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Long-term equity investments	-	US\$ 48,851	16.55	US\$ 45,906	Note 2
	Guangzhou Aeolus Automobile Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Long-term equity investments	-	US\$ 317,577	40.00	US\$ 314,771	Note 2
	Aeolus Automobile Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Long-term equity investments	-	US\$ 63,315	25.00	US\$ 63,315	Note 2
	Dong Feng Yulon Motors Sales Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Long-term equity investments	-	US\$ 7,505	49.00	US\$ 7,505	Note 2
	Shenzhen Lan You Technology Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Long-term equity investments	-	US\$ 7,169	45.00	US\$ 7,169	Note 2
	Dong Feng Yulon Used Cars Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Long-term equity investments	-	US\$ 808	49.00	US\$ 808	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: Recognition of investment gains (losses) was calculated based on the unreviewed financial statements.

(Concluded)

YULON NISSAN MOTOR COMPANY LTD. AND INVESTEEES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

THREE MONTHS ENDED MARCH 31, 2010

(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.	<u>Beneficiary certificates</u>													
	Hun Nan Phoenix Bond Fund	Financial assets at fair value through profit or loss	-	-	-	\$ -	12,838	\$ 200,000	-	\$ -	\$ -	\$ -	12,838	\$ 200,000
	AIG Global Muti-Strategy High Yield Bond Fund	Financial assets at fair value through profit or loss	-	-	4,225	40,000	11,711	117,000	-	-	-	-	15,936	157,000
	ING Taiwan Select Bond Fund	Financial assets at fair value through profit or loss	-	-	-	-	21,308	250,000	17,046	200,007	199,997	10	4,262	50,003

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

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
THREE MONTHS ENDED MARCH 31, 2010
(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	\$ 5,944,281	99	180 days after sales for parts 3 days after sales for vehicles	\$ -	-	\$ (853,848)	92	
	Taiwan Acceptance Corporation	Subsidiary of Yulon Motor Co., Ltd.	Sale	6,318,736	88	4 days after sales for parts 3 days after sales for vehicles	-	-	319,068	60	

Note 1: Transaction terms are based on agreements.

Note 2: Balances shown here are notes, 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

MARCH 31, 2010

(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.	\$ 330,780	102	\$ -	-	\$ 330,567	\$ -

YULON NISSAN MOTOR COMPANY LTD. AND INVESTEEES

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

THREE MONTHS ENDED MARCH 31, 2010

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

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2010			Net Income (Loss) of the Investee	Investment Gain (Loss) (Notes 1 and 2)	Note
				Mar. 31, 2010	Dec. 31, 2009	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	\$14,198,672	\$ 743,821	\$ 743,821	
Yi-Jan Overseas Investment Co., Ltd.	Jet Ford, Inc. Yi Hsing Corporation	British Virgin Islands Philippines	Investment Inquire of parts sales prices and commission-based business	US\$ 57,171 US\$ 200	US\$ 57,171 US\$ 200	71,772 1,100	100.00 100.00	US\$446,234 US\$ 210	US\$ 23,300 US\$ (4)	US\$ 23,300 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\$ 48,851	US\$ 29,099	US\$ 4,716	
	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\$317,577	US\$ 42,461	US\$ 16,639	
	Aeolus Automobile Co., Ltd.	Guangdong (Mainland China)	Developing and manufacturing of parts and vehicles and related services	US\$ 10,890	US\$ 10,890	-	25.00	US\$ 63,315	US\$ 8,113	US\$ 2,028	
	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\$ 7,505	US\$ 13	US\$ 6	
	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\$ 7,169	US\$ (172)	US\$ (77)	
	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\$ 808	US\$ (23)	US\$ (11)	

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
THREE MONTHS ENDED MARCH 31, 2010

(In Thousands of New Taiwan Dollars, US 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, 2010	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2010	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of March 31, 2010	Accumulated Inward Remittance of Earnings as of March 31, 2010
					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	\$ 150,591 (US\$ 4,716)	\$ 1,553,461 (US\$ 48,851)	\$ -
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	531,359 (US\$ 16,639)	10,098,958 (US\$ 317,577)	1,269,572 (US\$ 39,777)
Aeolus Automobile Co., Ltd.	Developing and manufacturing 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	64,768 (US\$ 2,028)	2,013,426 (US\$ 63,315)	-
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	198 (US\$ 6)	238,666 (US\$ 7,505)	-
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	(2,474) (US\$ -77)	227,973 (US\$ 7,169)	-
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	(352) (US\$ -11)	25,690 (US\$ 808)	-

Accumulated Investment in Mainland China as of March 31, 2010	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)	\$9,567,857

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 the 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.