

Yulon Nissan Motor Company, Ltd.

**Financial Statements for the
Three Months Ended March 31, 2011 and 2010 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, 2011 and 2010, 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 certain long-term investments accounted for by the equity method as of March 31, 2011 and 2010, which amounted to \$4,634,069 thousand and \$14,198,672 thousand, respectively, and the related investment income for the three months then ended, which amounted to \$56,739 thousand and \$743,821 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.

April 21, 2011

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, 2011 AND 2010

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

(Reviewed, Not Audited)

ASSETS	2011		2010		LIABILITIES AND STOCKHOLDERS' EQUITY	2011		2010	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 493,072	2	\$ 394,755	2	Notes and accounts payable	\$ 80,225	-	\$ 67,730	-
Financial assets at fair value through profit or loss (Notes 2 and 5)	3,557,299	16	1,971,495	10	Notes and accounts payable - related parties (Note 19)	1,774,334	8	1,191,904	6
Notes and accounts receivable (Notes 2 and 6)	27,705	-	26,270	-	Income tax payable (Notes 2 and 15)	74,891	-	72,024	1
Notes and accounts receivable - related parties (Note 19)	720,368	3	533,753	3	Accrued expenses (Note 12)	452,846	2	344,732	2
Other financial assets (Note 7)	187,886	1	60,397	1	Other current liabilities	<u>102,301</u>	<u>1</u>	<u>66,216</u>	<u>-</u>
Inventory (Notes 2 and 8)	1,511	-	977	-	Total current liabilities	<u>2,484,597</u>	<u>11</u>	<u>1,742,606</u>	<u>9</u>
Prepayments	4,800	-	6,674	-	OTHER LIABILITIES				
Deferred income tax assets, net (Notes 2 and 15)	40,055	-	188,629	1	Accrued pension liabilities (Notes 2 and 16)	452,170	2	431,309	2
Other current assets (Note 19)	<u>44,631</u>	<u>1</u>	<u>-</u>	<u>-</u>	Deferred income tax liabilities, net (Notes 2 and 15)	1,324,509	6	931,826	5
Total current assets	<u>5,077,327</u>	<u>23</u>	<u>3,182,950</u>	<u>17</u>	Warranty (Note 2)	<u>125,667</u>	<u>-</u>	<u>70,691</u>	<u>1</u>
LONG-TERM EQUITY INVESTMENTS (Notes 2 and 9)	<u>16,162,279</u>	<u>71</u>	<u>14,198,672</u>	<u>74</u>	Total other liabilities	<u>1,902,346</u>	<u>8</u>	<u>1,433,826</u>	<u>8</u>
PROPERTY, PLANT AND EQUIPMENT (Notes 2 and 10)					Total liabilities	<u>4,386,943</u>	<u>19</u>	<u>3,176,432</u>	<u>17</u>
Cost					STOCKHOLDERS' EQUITY (Notes 2 and 13)				
Machinery and equipment	21,135	-	21,863	-	Capital stock - \$10 par value; authorized - 600,000 thousand shares; issued and outstanding - 300,000 thousand shares	<u>3,000,000</u>	<u>13</u>	<u>3,000,000</u>	<u>16</u>
Transportation equipment	4,290	-	4,290	-	Capital surplus				
Tools	5,694	-	5,566	-	Excess from spin-off	5,986,507	27	5,986,507	31
Computer equipment	80,018	1	79,974	1	Gains on long-term investments	<u>2,461</u>	<u>-</u>	<u>2,461</u>	<u>-</u>
Other equipment	77,479	-	75,340	-	Total capital surplus	<u>5,988,968</u>	<u>27</u>	<u>5,988,968</u>	<u>31</u>
Leasehold improvement	<u>4,559</u>	<u>-</u>	<u>3,854</u>	<u>-</u>	Retained earnings				
Total cost	193,175	1	190,887	1	Legal reserve	1,093,293	5	1,028,005	5
Less accumulated depreciation	<u>158,267</u>	<u>1</u>	<u>147,364</u>	<u>1</u>	Special reserve	379,840	2	379,840	2
	34,908	-	43,523	-	Unappropriated earnings	<u>7,351,874</u>	<u>32</u>	<u>4,425,339</u>	<u>23</u>
Prepayments for equipment	<u>1,840</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	Total retained earnings	<u>8,825,007</u>	<u>39</u>	<u>5,833,184</u>	<u>30</u>
Property, plant and equipment, net	<u>36,748</u>	<u>-</u>	<u>45,523</u>	<u>-</u>	Cumulative translation adjustments	<u>440,220</u>	<u>2</u>	<u>1,124,277</u>	<u>6</u>
OTHER ASSETS					Total stockholders' equity	<u>18,254,195</u>	<u>81</u>	<u>15,946,429</u>	<u>83</u>
Refundable deposits	4,301	-	5,428	-					
Deferred charges (Notes 2, 11 and 19)	<u>1,360,483</u>	<u>6</u>	<u>1,690,288</u>	<u>9</u>					
Total other assets	<u>1,364,784</u>	<u>6</u>	<u>1,695,716</u>	<u>9</u>					
TOTAL	<u>\$ 22,641,138</u>	<u>100</u>	<u>\$ 19,122,861</u>	<u>100</u>	TOTAL	<u>\$ 22,641,138</u>	<u>100</u>	<u>\$ 19,122,861</u>	<u>100</u>

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

(With Deloitte & Touche review report dated April 21, 2011)

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2011 AND 2010

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

(Reviewed, Not Audited)

	2011		2010	
	Amount	%	Amount	%
SALES (Note 19)	\$ 9,666,648	100	\$ 7,163,283	100
LESS: SALES RETURNS	2,591	-	1,544	-
SALES ALLOWANCES	<u>-</u>	<u>-</u>	<u>1,270</u>	<u>-</u>
NET SALES	9,664,057	100	7,160,469	100
COST OF SALES (Note 19)	<u>8,293,868</u>	<u>86</u>	<u>6,251,525</u>	<u>87</u>
GROSS PROFIT	<u>1,370,189</u>	<u>14</u>	<u>908,944</u>	<u>13</u>
OPERATING EXPENSES (Note 19)				
Marketing and selling	755,979	8	535,675	7
General and administrative	141,560	2	121,245	2
Research and development	<u>119,521</u>	<u>1</u>	<u>130,793</u>	<u>2</u>
Total operating expenses	<u>1,017,060</u>	<u>11</u>	<u>787,713</u>	<u>11</u>
OPERATING INCOME	<u>353,129</u>	<u>3</u>	<u>121,231</u>	<u>2</u>
NONOPERATING INCOME AND GAINS				
Equity in net income of investees	536,639	6	743,821	10
Gain from valuation of financial assets	14,370	-	7,638	-
Foreign exchange gain, net	3,184	-	-	-
Interest income	117	-	93	-
Others (Note 19)	<u>6,844</u>	<u>-</u>	<u>2,064</u>	<u>-</u>
Total nonoperating income and gains	<u>561,154</u>	<u>6</u>	<u>753,616</u>	<u>10</u>
NONOPERATING EXPENSES AND LOSSES				
Overseas business expense (Note 19)	12,063	-	12,717	-
Loss on sale of investments, net	6,464	-	3,790	-
Interest expense (Note 19)	282	-	319	-
Foreign exchange loss, net	-	-	2,413	-
Others (Note 19)	<u>4,272</u>	<u>-</u>	<u>5,119</u>	<u>-</u>
Total nonoperating expenses and losses	<u>23,081</u>	<u>-</u>	<u>24,358</u>	<u>-</u>
INCOME BEFORE INCOME TAX	891,202	9	850,489	12
INCOME TAX EXPENSES (Notes 2 and 15)	<u>24,992</u>	<u>-</u>	<u>92,204</u>	<u>1</u>
NET INCOME	<u>\$ 866,210</u>	<u>9</u>	<u>\$ 758,285</u>	<u>11</u>

(Continued)

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2011 AND 2010

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

(Reviewed, Not Audited)

	2011		2010	
	Before Tax	After Tax	Before Tax	After Tax
BASIC EARNINGS PER SHARE (Note 18)				
Basic	<u>\$ 2.97</u>	<u>\$ 2.89</u>	<u>\$ 2.83</u>	<u>\$ 2.53</u>
Diluted	<u>\$ 2.97</u>	<u>\$ 2.88</u>	<u>\$ 2.83</u>	<u>\$ 2.53</u>

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

(With Deloitte & Touche review report dated April 21, 2011)

(Concluded)

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2011 AND 2010 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 866,210	\$ 758,285
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	151,650	145,276
Loss on sale of investments, net	6,464	3,790
Equity in net income of investees	(536,639)	(743,821)
Gain from valuation of financial assets	(14,370)	(7,638)
Deferred income taxes	152,116	83,796
Provision for pension costs	2,584	6,857
Provision for loss on inventory purchase commitment	5,793	-
Provision for warranty liabilities	18,513	592
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(1,438,645)	(838,057)
Notes and accounts receivable	(1,246)	3,048
Notes and accounts receivable - related parties	(396,763)	(136,017)
Other financial assets	426,070	(6,531)
Inventories	(495)	(83)
Prepayments	(234)	(3,756)
Other current assets	(44,631)	36,632
Notes and accounts payable	(1,294)	64,753
Notes and accounts payable - related parties	698,637	357,816
Income tax payable	23,906	(1,390)
Accrued expenses	(33,617)	32,454
Other current liabilities	<u>931</u>	<u>2,654</u>
Net cash used in operating activities	<u>(115,060)</u>	<u>(241,340)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	-	(646)
Decrease (increase) in refundable deposits	(1,621)	1,932
Increase in deferred charges	<u>(67,374)</u>	<u>(55,949)</u>
Net cash used in investing activities	<u>(68,995)</u>	<u>(54,663)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(184,055)	(296,003)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>677,127</u>	<u>690,758</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 493,072</u>	<u>\$ 394,755</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for		
Interest	<u>\$ 288</u>	<u>\$ 319</u>
Income tax	<u>\$ 14</u>	<u>\$ 9,797</u>

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

(With Deloitte & Touche review report dated April 21, 2011)

YULON NISSAN MOTOR COMPANY, LTD.

NOTES TO FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2011 AND 2010

(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, 2011 and 2010, the Company had 402 and 409 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 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.

Accounts receivable are assessed for impairment at the end of each reporting period and considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the accounts receivable, the estimated future cash flows of the asset have been affected.

The amount of the impairment loss recognized is the difference between the asset carrying amount and the present value of estimated future cash flows, after taking into account the related collateral and guarantees, discounted at the receivable's original effective interest rate.

The carrying amount of accounts receivable is reduced through the use of an allowance account.

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; computer equipment, 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) 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 research and development 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, an 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 are treated as cumulative translation adjustment under stockholders' equity; and
- b. Other assets and liabilities are treated as credits or charges to current income.

3. REASON AND EFFECT OF THE CHANGES IN ACCOUNTING PRINCIPLES

Accounting for Financial Instruments

On January 1, 2011, the Company adopted the newly revised Statement of Financial Accounting Standards (SFAS) No. 34, "Financial Instruments: Recognition and Measurement." The main revision is loans and receivables originated by the Company are now covered by SFAS No. 34. This accounting change had no effect on the Corporation's net income and after income tax basic earnings per share for the three months ended March 31, 2011.

Disclosure of Operating Segments

On January 1, 2011, the Company adopted the newly issued SFAS No. 41, "Operating Segments." The requirements of the statement are based on the information about the components of the Company that management uses to make decisions about operating matters. SFAS No. 41 requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Company's chief operating decision maker in order to allocate resources to the segments and assess their performance. This statement supersedes SFAS No. 20 "Segment Reporting." For this accounting change, the Company disclosed the segment information as of and for the three months ended March 31, 2011.

4. CASH AND CASH EQUIVALENTS

	<u>March 31</u>	
	2011	2010
Cash		
Cash on hand	\$ 20	\$ 20
Checking accounts and demand deposits	304,471	194,075
Time deposits, annual yield rate - 2011: 0.75%, 2010: 0.58%,	1,500	1,500
Foreign-currency demand deposits	<u>175,139</u>	<u>167,355</u>
	481,130	362,950
Cash equivalents		
Foreign commercial papers, annual yield rate - 2011: 1.50%, 2010: 1.00%-1.75%	<u>11,942</u>	<u>31,805</u>
	<u>\$ 493,072</u>	<u>\$ 394,755</u>

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>March 31</u>	
	2011	2010
Financial assets held for trading		
Mutual funds	<u>\$ 3,557,299</u>	<u>\$ 1,971,495</u>

There were a net gain of \$7,906 thousand and \$3,848 thousand on financial assets held for trading for the three months ended March 31, 2011 and 2010, respectively.

6. NOTES AND ACCOUNTS RECEIVABLE

	<u>March 31</u>	
	2011	2010
Notes receivable	\$ 855	\$ 1,451
Accounts receivable	<u>26,850</u>	<u>24,819</u>
	<u>\$ 27,705</u>	<u>\$ 26,270</u>

7. OTHER FINANCIAL ASSETS

	<u>March 31</u>	
	2011	2010
Tax refund receivable	\$ 184,369	\$ 36,350
Lease receivable	58	2,844
Interest receivable	11	23
Receivable of sale of securities	-	18,840
Others	<u>3,448</u>	<u>2,340</u>
	<u>\$ 187,886</u>	<u>\$ 60,397</u>

8. INVENTORIES

	<u>March 31</u>	
	<u>2011</u>	<u>2010</u>
Parts	\$ <u>1,511</u>	\$ <u>977</u>

The cost of inventories recognized as cost of sales during the three months ended March 31, 2011 was \$8,293,868 thousand, which included warranty cost of \$28,645 thousand and loss on inventory purchase commitment of \$5,793 thousand. 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.

9. LONG-TERM EQUITY INVESTMENTS

	<u>March 31</u>			
	<u>2011</u>		<u>2010</u>	
	<u>Carrying Value</u>	<u>% of Ownership</u>	<u>Carrying Value</u>	<u>% of Ownership</u>
Yi-Jan Overseas Investment Co., Ltd.	\$ <u>16,162,279</u>	100	\$ <u>14,198,672</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 March 31, 2011</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	<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.

As of March 31, 2011 and 2010, the carrying values and related investment income of Yi-Jan Overseas Investment Co., Ltd., Jet Ford Inc. and Guangzhou Aeolus Automobile Co., Ltd., were based on the investees' reviewed financial statements, the rest were based on the investees' unreviewed financial statements.

The carrying values of the long-term investments accounted for by the equity method as of March 31, 2011 and 2010, which amounted to \$4,634,069 thousand and \$14,198,672 thousand, respectively, and the related investment income for the three months then ended, which amounted to \$56,739 thousand and \$743,821 thousand, respectively, were based on the investees' unreviewed financial statements.

10. PROPERTY, PLANT AND EQUIPMENT

	<u>March 31</u>	
	<u>2011</u>	<u>2010</u>
Accumulated depreciation		
Machinery and equipment	\$ 16,741	\$ 16,647
Transportation equipment	3,852	3,572
Tools	3,959	3,323
Computer equipment	66,934	60,977
Other equipment	64,434	61,824
Leasehold improvement	<u>2,347</u>	<u>1,021</u>
	<u>\$ 158,267</u>	<u>\$ 147,364</u>

Depreciation of property, plant and equipment amounted to \$4,092 thousand and \$4,663 thousand for the three months ended March 31, 2011 and 2010, respectively.

11. DEFERRED CHARGES

	<u>March 31</u>	
	<u>2011</u>	<u>2010</u>
Costs of molds	\$ 1,096,822	\$ 1,309,116
Dies	248,047	358,713
Computer software	<u>15,614</u>	<u>22,459</u>
	<u>\$ 1,360,483</u>	<u>\$ 1,690,288</u>

Amortization of deferred charges amounted to \$147,558 thousand and \$140,613 thousand for the three months ended March 31, 2011 and 2010, respectively.

12. ACCRUED EXPENSES

	<u>March 31</u>	
	<u>2011</u>	<u>2010</u>
Wages and bonuses	\$ 202,572	\$ 140,327
Promotion expenses	137,306	119,715
Others	<u>112,968</u>	<u>84,690</u>
	<u>\$ 452,846</u>	<u>\$ 344,732</u>

13. 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, capital surplus can only used 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, 2011 was calculated at 2.29% 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, 2010 was calculated at 4.18% of net income net of the 10% deduction for legal reserve.

If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the shareholders' 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 2010 earnings proposed by the board of directors on March 22, 2011 and the distribution of the 2009 earnings of the Company approved by the stockholders on June 21, 2010 were as follows:

	<u>Appropriation of Earnings</u>		<u>Earnings Per Share</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Legal reserve	\$ 288,390	\$ 65,288		
Cash dividend	1,680,000	-	\$ 5.60	\$ -

The board of directors also proposed the 2010 employee bonus (cash) distribution amounted to 64,824 thousand on March 22, 2011.

The cash bonus to employees of \$15,277 thousand for 2009 was approved in stockholders' meeting on June 21, 2010. The approved amount of the cash bonus to employees was not different from the accrual amount of \$15,277 thousand reflected in the financial statements for the year ended December 31, 2009.

As of April 21, 2011, the date of the accompanying independent accountants' review report, the appropriations and distribution of the 2010 earnings of the Company had not been approved by stockholders. Information about the appropriations and distribution of the 2010 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.

14. 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 \$136,684 thousand and \$103,512 thousand for the three months ended March 31, 2011 and 2010, respectively, were recorded under costs of sales.

15. 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	
	2011	2010
Income tax expense computed on the basis of income before income tax at statutory tax rate	\$ 151,504	\$ 170,097
Add (deduct) tax effects of:		
Permanent differences	767	1,974
Temporary differences	(94,750)	(154,098)
Loss carryforwards	(38,758)	-
Investment tax credits	<u>(18,763)</u>	<u>(9,565)</u>
Income tax payable	<u>\$ -</u>	<u>\$ 8,408</u>

The balance of income tax payable shown on the balance sheets as of March 31, 2011 was income tax payable of previous years.

The balance of the income tax payable shown on the balance sheet as of March 31, 2010 was net of prepaid income tax and added to income tax payable of previous years.

Income tax returns through 2008 had been examined by the tax authorities. But the Company disagreed with the tax authorities' assessment of its 2006 through 2007 tax returns and had applied for a re-examination.

b. Income tax expenses consisted of the following:

	Three Months Ended March 31	
	2011	2010
Income tax payable	\$ -	\$ 8,408
Deferred income tax	152,116	83,796
Prior years' income tax adjustments	<u>(127,124)</u>	<u>-</u>
Income tax expenses	<u>\$ 24,992</u>	<u>\$ 92,204</u>

Prior years' income tax adjustments arose from tax exemption from 2004 to 2005 re-examined by tax authorities.

In May 2010, 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 17%, effective 2010. The Company recalculated its deferred tax assets and liabilities in accordance with the amended Article and recorded the resulting difference as an income tax benefit or expense.

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

	March 31	
	2011	2010
Current		
Investment tax credits	\$ 26,329	\$ 121,042
Loss on inventory purchase commitment	12,214	7,205
Unrealized foreign exchange loss	1,512	1,424
Loss carryforwards	<u>-</u>	<u>58,958</u>
Net deferred income tax assets	<u>\$ 40,055</u>	<u>\$ 188,629</u>
Noncurrent		
Provision for pension	\$ 76,845	\$ 86,282
Impairment loss difference between taxable loss and book loss	63,874	104,926
Provision for warranty	21,363	14,138
Investment tax credits	1,157	207
Loss carryforwards	-	83,380
Equity in net income of overseas subsidiaries	<u>(1,487,748)</u>	<u>(1,220,759)</u>
Net deferred income tax liabilities	<u>\$ (1,324,509)</u>	<u>\$ (931,826)</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	\$ 126,211	\$ 26,329	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. As of March 31, 2011, the amount of the investment under the plans totaled \$11,567 thousand, with investment tax credit amount of \$1,157 thousand.

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

	March 31	
	2011	2010
Balance of imputation credit account (“ICA”)	<u>\$ 415,003</u>	<u>\$ 422,487</u>

The estimated ICA rate for the 2010 earnings and the actual ICA rate for the 2009 earnings were 6.40% and 11.52%, 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 2010 earnings may differ from the actual rate depending on the ICA balance on the dividend distribution date.

16. 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 \$2,701 thousand and \$2,328 thousand for the three months ended March 31, 2011 and 2010, respectively. Accrued pension liabilities under defined contribution plan amounted to \$1,797 thousand and \$1,555 thousand as of March 31, 2011 and 2010, 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 \$7,409 thousand and \$8,280 thousand for the three months ended March 31, 2011 and 2010, respectively. Pension fund amounted to \$3,784 thousand and \$9,021 thousand as of March 31, 2011 and 2010, respectively. Accrued pension liabilities recognized under the defined benefit plan were \$450,373 thousand and \$429,754 thousand as of March 31, 2011 and 2010, respectively.

17. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	Three Months Ended March 31, 2011		
	Operating Cost	Operating Expenses	Total
Personnel expenses			
Salaries	\$ 305	\$ 175,225	\$ 175,530
Labor and health insurance	-	6,779	6,779
Pension	-	9,707	9,707
Other personnel expenses	<u>-</u>	<u>7,094</u>	<u>7,094</u>
	<u>\$ 305</u>	<u>\$ 198,805</u>	<u>\$ 199,110</u>
Depreciation	<u>\$ -</u>	<u>\$ 4,092</u>	<u>\$ 4,092</u>
Amortization	<u>\$ 146,354</u>	<u>\$ 1,204</u>	<u>\$ 147,558</u>

	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>

18. EARNINGS PER SHARE

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

	<u>Amounts (Numerator)</u>		Shares (Denominator) (Thousands)	<u>EPS (Dollars)</u>	
	<u>Income Before Income Tax</u>	<u>Net Income</u>		<u>Income Before Income Tax</u>	<u>Net Income</u>
<u>Three months ended March 31, 2011</u>					
Basic EPS					
Income for the period attributable to common stockholders	\$ 891,202	\$ 866,210	300,000	<u>\$ 2.97</u>	<u>\$ 2.89</u>
Effect of dilutive potential common stock					
Bonus to employees	<u>-</u>	<u>-</u>	<u>378</u>		
Diluted EPS					
Income for the period attributable to common stockholders plus effect of potential dilutive common stock	<u>\$ 891,202</u>	<u>\$ 866,210</u>	<u>300,378</u>	<u>\$ 2.97</u>	<u>\$ 2.88</u>
<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	<u>-</u>	<u>-</u>	<u>292</u>		
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>

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 should 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.

19. 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 S.A. (Pty) Ltd.	Same as above
Nissan Motor Egypt S.A.E.	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
Yu Pong Business Co., Ltd.	Same as above
Yu Ching Business Co., Ltd.	Same as above
Yushin 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 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

(Continued)

<u>Related Party</u>	<u>Relationship with the Company</u>
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
Visionary International Consulting Co., Ltd.	Subsidiary of Yulon Management Co., Ltd.
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
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
Hsieh Kuan Manpower Service Co., Ltd.	Equity-method investee of Ka-Plus Automobile Leasing Co., Ltd.

(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>Three Months Ended March 31</u>			
	<u>2011</u>		<u>2010</u>	
	<u>Amount</u>	<u>% to Total</u>	<u>Amount</u>	<u>% to Total</u>
1) Operating revenue - sales revenue				
Taiwan Acceptance Corporation	\$ 8,669,471	90	\$ 6,318,736	88
Yuan Lon Motor Co., Ltd.	101,022	1	77,019	1
Yu Chang Motor Co., Ltd.	89,776	1	84,855	1
Yu Sing Motor Co., Ltd.	75,061	1	67,996	1
Yushin Motor Co., Ltd.	64,880	1	48,740	1
Empower Motor Co., Ltd.	60,307	1	53,337	1
Chen Long Co., Ltd.	60,136	1	57,318	1
Hui-Lian Motor Co.	58,398	1	51,089	1
Chi Ho Corporation	58,246	-	68,193	1
Yu Tang Motor Co., Ltd.	57,949	-	49,427	1
Nissan Motor Egypt S.A.E.	54,697	-	35,097	-
Sin Etke Technology Co., Ltd.	31,262	-	16,121	-
NMPI	19,546	-	36,683	-
Others	<u>130,064</u>	<u>2</u>	<u>92,218</u>	<u>2</u>
	<u>\$ 9,530,815</u>	<u>99</u>	<u>\$ 7,056,829</u>	<u>99</u>

	Three Months Ended March 31			
	2011		2010	
	Amount	% to Total	Amount	% to Total
2) Operating revenue - service revenue				
Nissan	\$ 2,981	100	\$ 1,110	100

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			
	2011		2010	
	Amount	% to Total	Amount	% to Total
3) Operating revenue - other				
Yulon	\$ 11,096	85	\$ 1,357	16
Zhengzhou Nissan Automobile Co., Ltd.	1,855	14	6,635	77
Others	-	-	562	7
	<u>\$ 12,951</u>	<u>99</u>	<u>\$ 8,554</u>	<u>100</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			
	2011		2010	
	Amount	% to Total	Amount	% to Total
4) Operating cost - purchase				
Yulon	\$ 7,817,275	97	\$ 5,944,281	99
Others	<u>18,823</u>	-	<u>20,240</u>	-
	<u>\$ 7,836,098</u>	<u>97</u>	<u>\$ 5,964,521</u>	<u>99</u>

5) Operating cost - Technical Cooperation Agreement (TCA)

Nissan	\$ 136,684	100	\$ 103,512	100
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6) Operating expenses - rental

Yulon	\$ 4,118	45	\$ 5,640	64
Ka-Plus Automobile Leasing Co., Ltd.	1,961	21	1,031	12
Sin Etke Technology Co., Ltd.	729	8	-	-
Hsieh Kuan Manpower Service Co., Ltd.	416	5	229	2
Tang Li Enterprise Co., Ltd.	203	2	88	1
Others	<u>96</u>	-	-	-
	<u>\$ 7,523</u>	<u>81</u>	<u>\$ 6,988</u>	<u>79</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 Tang Li Enterprise Co., Ltd., and pay the rental expenses monthly. The Company leases customers center systems from Sin Etke Technology Co., Ltd., 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			
	2011		2010	
	Amount	% to Total	Amount	% to Total
7) Operating expenses - marketing and selling expense				
Taiwan Acceptance Corporation	\$ 89,690	12	\$ 50,010	9
Yu Chang Motor Co., Ltd.	77,628	10	50,227	9
Yu Sing Motor Co., Ltd.	65,616	9	44,863	8
Yuan Lon Motor Co., Ltd.	54,295	7	44,243	8
Hui-Lian Motor Co.	38,246	6	29,363	5
Chi Ho Corporation	37,055	5	24,038	5
Yushin Motor Co., Ltd.	36,146	5	30,480	6
Empower Motor Co., Ltd.	36,035	5	30,196	6
Chen Long Co., Ltd.	32,910	4	24,972	5
Yu Tang Motor Co., Ltd.	32,701	4	23,548	4
Others	<u>37,682</u>	<u>5</u>	<u>35,994</u>	<u>7</u>
	<u>\$ 538,004</u>	<u>72</u>	<u>\$ 387,934</u>	<u>72</u>

	Three Months Ended March 31			
	2011		2010	
	Amount	% to Total	Amount	% to Total
8) Operating expenses - general and administrative expense				
Yulon Management Co., Ltd.	\$ 43,727	31	\$ 42,000	35
Yulon	5,414	4	207	-
Others	<u>8,323</u>	<u>6</u>	<u>2,903</u>	<u>2</u>
	<u>\$ 57,464</u>	<u>41</u>	<u>\$ 45,110</u>	<u>37</u>

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

	Three Months Ended March 31			
	2011		2010	
	Amount	% to Total	Amount	% to Total
9) Operating expenses - research and development expense				
Hsiang Shou Enterprise Co., Ltd.	\$ 5,762	5	\$ 6,167	5
Yulon	613	1	770	1
Others	<u>110</u>	<u>-</u>	<u>292</u>	<u>-</u>
	<u>\$ 6,485</u>	<u>6</u>	<u>\$ 7,229</u>	<u>6</u>

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

	Three Months Ended March 31			
	2011		2010	
	Amount	% to Total	Amount	% to Total
10) Nonoperating income - others				
Yu Chang Motor Co., Ltd.	\$ 884	13	\$ 37	2
Yu Sing Motor Co., Ltd.	594	9	-	-
Yuan Lon Motor Co., Ltd.	554	8	184	9
Others	<u>2,701</u>	<u>39</u>	<u>1,409</u>	<u>68</u>
	<u>\$ 4,733</u>	<u>69</u>	<u>\$ 1,630</u>	<u>79</u>

	Three Months Ended March 31			
	2011		2010	
	Amount	% to Total	Amount	% to Total
11) Nonoperating expenses and losses - overseas business expense				
Yulon Management Co., Ltd.	\$ 3,425	28	\$ 2,925	23
Sinjang Co., Ltd.	2,477	21	1,704	13
Others	<u>1,230</u>	<u>10</u>	<u>1,098</u>	<u>9</u>
	<u>\$ 7,132</u>	<u>59</u>	<u>\$ 5,727</u>	<u>45</u>

	Three Months Ended March 31			
	2011		2010	
	Amount	% to Total	Amount	% to Total
12) Nonoperating expenses - others				
Yulon	<u>\$ 4</u>	<u>-</u>	<u>\$ 709</u>	<u>14</u>

	March 31			
	2011		2010	
	Amount	% to Total	Amount	% to Total
13) Notes and accounts receivable - related parties				
Taiwan Acceptance Corporation	\$ 519,175	72	\$ 330,780	62
NMPI	56,379	8	84,305	16
Sin Etke Technology Co., Ltd.	32,825	5	16,927	3
Nissan Motor Egypt S.A.E.	26,923	4	15,588	3
Yulon Motor Co., Ltd.	14,852	2	6,876	1
Jet Ford, Inc.	12,216	1	18,935	4
Others	<u>57,998</u>	<u>8</u>	<u>60,342</u>	<u>11</u>
	<u>\$ 720,368</u>	<u>100</u>	<u>\$ 533,753</u>	<u>100</u>

Jet Ford Inc. sells parts, steel and aluminum part for the Company. As of March 31, 2011 and 2010, the accounts receivable from Jet Ford Inc. arises from related accounts.

	March 31			
	2011		2010	
	Amount	% to Total	Amount	% to Total
14) Other current assets				
Yulon Management Co., Ltd.	<u>\$ 43,650</u>	<u>98</u>	<u>\$ -</u>	<u>-</u>

The Company prepaid consulting, labor dispatch and IT services fees to Yulon Management Co., Ltd.

	March 31			
	2011		2010	
	Amount	% to Total	Amount	% to Total
15) Notes and accounts payable - related parties				
Yulon	\$ 1,354,756	76	\$ 873,685	73
Nissan	138,179	8	104,980	9
Yueki Industrial Co., Ltd.	60,363	4	3,502	-
Taiwan Acceptance Corporation	58,113	3	54,507	5
Yulon Management Co., Ltd.	7,203	-	44,925	4
Others	<u>155,720</u>	<u>9</u>	<u>110,305</u>	<u>9</u>
	<u>\$ 1,774,334</u>	<u>100</u>	<u>\$ 1,191,904</u>	<u>100</u>

16) The Company sold to Taiwan Acceptance Corporation accounts receivable amounting to \$472,071 thousand and \$492,272 thousand for the three months ended March 31, 2011 and 2010, 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 \$282 thousand and \$279 thousand for the three months ended March 31, 2011 and 2010, respectively.

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

	Three Months Ended March 31	
	2011	2010
Yueki Industrial Co., Ltd.	\$ 155	\$ 3,562
Others	<u>2</u>	<u>6,818</u>
	<u>\$ 157</u>	<u>\$ 10,380</u>

20. SIGNIFICANT COMMITMENTS

As of March 31, 2011, 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, 2011, 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 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, 2011, 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 2011	\$ 1,881
2012	2,508
2013	2,508
2014	2,508
2015 and after	6,479

- d. The Company had commitment to buy computer equipment, other equipment, and molds for \$5,142 thousand, \$2,300 thousand and \$310,519 thousand, respectively.

21. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments:

	March 31			
	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Nonderivative financial instruments</u>				
Assets:				
Cash and cash equivalents	\$ 493,072	\$ 493,072	\$ 394,755	\$ 394,755
Financial assets at fair value through profit or loss	3,557,299	3,557,299	1,971,495	1,971,495
Notes and accounts receivable	27,705	27,705	26,270	26,270
Notes and accounts receivable - related parties	720,368	720,368	533,753	533,753
Other financial assets	187,886	187,886	60,397	60,397
Long-term equity investments	16,162,279	16,162,279	14,198,672	14,198,672
Refundable deposits	4,301	4,301	5,428	5,428
Liabilities:				
Notes and accounts payable	80,225	80,225	67,730	67,730
Notes and accounts payable - related parties	1,774,334	1,774,334	1,191,904	1,191,904
Income tax payable	74,891	74,891	72,024	72,024
Accrued expenses	452,846	452,846	344,732	344,732
Accrued pension liabilities	452,170	452,170	431,309	431,309

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	
	2011	2010	2011	2010
Financial assets at fair value through profit or loss:				
Financial assets held for trading				
Mutual funds	\$ 3,455,663	\$ 1,926,966	\$ 101,636	\$ 44,529

d. Valuation gains arising from changes in fair value of financial instruments determined using valuation techniques was \$613 thousand and \$923 thousand for the three months ended March 31, 2011 and 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.

22. OTHERS

Significant financial assets and liabilities in foreign currency are summarized as follows

(In Thousands of New Taiwan Dollars and Foreign Currencies)

	March 31					
	2011			2010		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary item						
U.S. dollars	\$ 6,938	29.4	\$ 203,964	\$ 6,315	31.8	\$ 200,822
Japan Yen	241,218	0.3550	85,633	345,572	0.3410	117,840
Long-term equity investments						
U.S. dollars	549,737	29.4	16,162,279	446,499	31.8	14,198,668
<u>Financial liabilities</u>						
Monetary item						
Japan Yen	2,040	0.3550	724	3,376	0.3410	1,151
Philippine pesos	435	0.6944	302	3,026	0.7213	2,183

23. ADDITIONAL DISCLOSURES

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

- Financing provided: None
- Endorsement/guarantee provided: None
- 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

24. OPERATING SEGMENTS INFORMATION

According to SFAS No. 41, "Operating Segments", the reportable segments of the Company are vehicle segment, parts segment and investment segment.

Vehicle segment: Vehicle sales

Part segment: Parts sales

Investment segment: Oversea business activities

Other segment: Other operating activities other than the above segments

Item	Three Months Ended March 31, 2011						Total
	Vehicle Segment	Parts Segment	Investment Segment	Other Segment	Adjustment	Unappropriated Amounts	
Revenue from external customers	<u>\$ 8,712,628</u>	<u>\$ 935,347</u>	<u>\$ 536,639</u>	<u>\$ 16,082</u>	<u>\$ (536,639)</u>	<u>\$ -</u>	<u>\$ 9,664,057</u>
Segment income (loss)	<u>\$ 246,251</u>	<u>\$ 183,471</u>	<u>\$ 524,855</u>	<u>\$ (63,375)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 891,202</u>
Segment assets	<u>\$ 1,348,018</u>	<u>\$ 1,330</u>	<u>\$ 16,162,279</u>	<u>\$ 30,429</u>	<u>\$ -</u>	<u>\$ 5,099,082</u>	<u>\$ 22,641,138</u>

Item	Three Months Ended March 31, 2010						Total
	Vehicle Segment	Parts Segment	Investment Segment	Other Segment	Adjustment	Unappropriated Amounts	
Revenue from external customers	<u>\$ 6,350,802</u>	<u>\$ 800,003</u>	<u>\$ 743,821</u>	<u>\$ 9,664</u>	<u>\$ (743,821)</u>	<u>\$ -</u>	<u>\$ 7,160,469</u>
Segment income (loss)	<u>\$ 61,097</u>	<u>\$ 155,236</u>	<u>\$ 731,512</u>	<u>\$ (97,356)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 850,489</u>
Segment assets	<u>\$ 1,671,560</u>	<u>\$ 893</u>	<u>\$ 14,198,672</u>	<u>\$ 38,899</u>	<u>\$ -</u>	<u>\$ 3,212,837</u>	<u>\$ 19,122,861</u>

YULON NISSAN MOTOR COMPANY, LTD. AND INVESTEEES

MARKETABLE SECURITIES HELD

MARCH 31, 2011

(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, 2011				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	-	\$ 11,942	-	\$ 11,942	
	<u>Beneficiary certificates</u> Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss	10,293	140,000	-	140,171	
	Taishin North American Income Trust Fund	-	Financial assets at fair value through profit or loss	495	6,000	-	6,395	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss	10,848	140,000	-	140,592	
	Taishin Lucky Money Market Fund	-	Financial assets at fair value through profit or loss	36,573	390,000	-	390,624	
	Taishin Emerging Europe Fund	-	Financial assets at fair value through profit or loss	500	5,000	-	5,000	
	HSBC Asia High Yield Bond Fund	-	Financial assets at fair value through profit or loss	1,000	10,000	-	9,996	
	Yuanta Wan-Tai Money Market Fund	-	Financial assets at fair value through profit or loss	6,881	100,000	-	100,000	
	Yuanta Greater China Small and Medium Cap Fund	-	Financial assets at fair value through profit or loss	800	8,000	-	7,848	
	Yuanta Emerging Bond Fund	-	Financial assets at fair value through profit or loss	2,000	20,000	-	20,227	
	Prudential Financial Return Fund	-	Financial assets at fair value through profit or loss	2,690	40,000	-	40,082	
	Prudential Financial Great China Fund	-	Financial assets at fair value through profit or loss	202	5,000	-	5,028	
	Prudential Financial China Brands Fund	-	Financial assets at fair value through profit or loss	800	8,000	-	7,960	
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss	16,995	240,000	-	241,109	
	Hua Nan Global Short Term Fixed Income Fund	-	Financial assets at fair value through profit or loss	1,746	20,000	-	20,041	
	Hua Nan Global Luxury Goods Fund	-	Financial assets at fair value through profit or loss	198	2,000	-	1,963	
	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss	22,386	349,982	-	350,226	
	Hua Nan Kirin Money Market Fund	-	Financial assets at fair value through profit or loss	12,166	140,018	-	140,183	
	ING India Star Fund	-	Financial assets at fair value through profit or loss	500	5,000	-	5,105	

(Continued)

Investor	Securities Type and Name	Relationship with the Investor	Financial Statement Account	March 31, 2011				Note
				Shares (Thousands)	Carrying Value (Note 1)	Percentage of Ownership	Market Value or Net Asset Value	
	ING Thailand Fund	-	Financial assets at fair value through profit or loss	71	\$ 2,000	-	\$ 2,063	
	ING Greater Russia Fund	-	Financial assets at fair value through profit or loss	371	4,000	-	4,239	
	PCA India Equity Fund	-	Financial assets at fair value through profit or loss	300	6,000	-	6,153	
	PCA Global High Yield Bond Fund	-	Financial assets at fair value through profit or loss	1,954	20,000	-	20,000	
	JPM (Taiwan) Global Focus Fund	-	Financial assets at fair value through profit or loss	235	2,000	-	1,986	
	JF (Taiwan) Wealth Management Fund	-	Financial assets at fair value through profit or loss	6,529	70,000	-	71,998	
	JPM (Taiwan) BRICS 5 Fund	-	Financial assets at fair value through profit or loss	198	2,000	-	2,134	
	Manulife Emerging Market High Yield Bond Fund	-	Financial assets at fair value through profit or loss	3,978	40,000	-	40,111	
	Manulife Asia Pacific Mid and Small Cap Fund	-	Financial assets at fair value through profit or loss	609	7,000	-	7,081	
	TIIM Money Market Fund	-	Financial assets at fair value through profit or loss	15,941	229,969	-	231,182	
	FSITC Money Market Fund	-	Financial assets at fair value through profit or loss	994	170,000	-	170,161	
	FSITC Leading Emerging Market Bond Fund	-	Financial assets at fair value through profit or loss	2,000	20,000	-	20,025	
	FSITC Fuyuan Fund	-	Financial assets at fair value through profit or loss	631	5,000	-	4,949	
	Fubon Global Investment Grade Bond Fund	-	Financial assets at fair value through profit or loss	1,961	20,000	-	19,839	
	Fubon Elite Fund	-	Financial assets at fair value through profit or loss	812	8,000	-	7,920	
	Fubon Value Fund	-	Financial assets at fair value through profit or loss	113	2,000	-	1,918	
	Fuh Hwa Money Market Fund	-	Financial assets at fair value through profit or loss	24,593	340,000	-	341,421	
	Fuh Hwa Yu Li Money Market Fund	-	Financial assets at fair value through profit or loss	6,191	79,980	-	80,185	
	Fuh Hwa Global Commodity Fund	-	Financial assets at fair value through profit or loss	908	10,000	-	10,086	
	Fuh Hwa Global Short-Term Income Fund	-	Financial assets at fair value through profit or loss	933	10,000	-	10,017	
	Reliance Wealth Bond Fund	-	Financial assets at fair value through profit or loss	3,999	40,000	-	40,047	
	Capital Asean Fund	-	Financial assets at fair value through profit or loss	500	5,000	-	5,000	
	Capital Hi-Tech Fund	-	Financial assets at fair value through profit or loss	84	2,000	-	1,977	
	Capital Emerging-Markets Fund	-	Financial assets at fair value through profit or loss	97	1,000	-	1,086	
	Capital India and Brazil Equity Fund	-	Financial assets at fair value through profit or loss	202	2,000	-	2,048	

(Continued)

Investor	Securities Type and Name	Relationship with the Investor	Financial Statement Account	March 31, 2011				Note
				Shares (Thousands)	Carrying Value (Note 1)	Percentage of Ownership	Market Value or Net Asset Value	
	Capital Chinese Golden Age Equity Fund	-	Financial assets at fair value through profit or loss	293	\$ 3,000	-	\$ 3,105	
	Chinese Best Choice Equity Fund Number 1	-	Financial assets at fair value through profit or loss	2,000	20,000	-	20,240	
	Capital Strategic Income Fund	-	Financial assets at fair value through profit or loss	3,976	40,000	-	40,399	
	Capital Asia Pacific Medium and Small Cap Equity Fund	-	Financial assets at fair value through profit or loss	194	2,000	-	2,099	
	Capital Strategin Growth Fund	-	Financial assets at fair value through profit or loss	282	4,000	-	3,944	
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss	1,942	29,980	-	30,066	
	Union Money Market Fund	-	Financial assets at fair value through profit or loss	26,102	330,000	-	330,790	
	Polaris De- Bao Money Market Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss	6,951	80,000	-	80,146	
	Polaris/P-shares Russell Greater China Large Cap Value Index Securities Investment	-	Financial assets at fair value through profit or loss	244	3,000	-	3,034	
	Polaris/P-shares MSCI Brazil Index Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss	218	2,000	-	2,091	
	Polaris Global Active Wealthy Countries Bond Fund	-	Financial assets at fair value through profit or loss	3,000	30,000	-	30,049	
	Polaris Gold Futures Trust Fund	-	Financial assets at fair value through profit or loss	300	3,000	-	3,057	
	SinoPac Asia Consumer Fund	-	Financial assets at fair value through profit or loss	578	8,000	-	7,889	
	Sinopac Global Investment Grade Bond Fund	-	Financial assets at fair value through profit or loss	2,000	20,000	-	20,002	
	Franklin Templeton SinoAm China Fund	-	Financial assets at fair value through profit or loss	300	3,000	-	3,690	
	PineBridge Chindia Equity Fund	-	Financial assets at fair value through profit or loss	200	2,000	-	2,048	
	Allianz Global Investors Global Bond Fund	-	Financial assets at fair value through profit or loss	2,752	30,000	-	30,597	
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	5,867	70,000	-	70,407	
	KGI Tumbler Fund	-	Financial assets at fair value through profit or loss	7,989	80,000	-	81,396	
	KGI Victory Money Market Fund	-	Financial assets at fair value through profit or loss	4,493	50,000	-	50,021	
	KGI Big Five Taiwan Fund	-	Financial assets at fair value through profit or loss	71	1,000	-	1,009	
	MF Global Multi-Strategy Futures Trust Fund	-	Financial assets at fair value through profit or loss	479	5,000	-	5,044	
	<u>Stock</u> Yi-Jan Overseas Investment Co., Ltd.	Subsidiary	Long-term equity investments	84,987	16,162,235	100	16,162,196	Note 2

(Continued)

Investor	Securities Type and Name	Relationship with the Investor	Financial Statement Account	March 31, 2011				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\$ 549,481	100	US\$ 549,481	Note 2
	Yi Hsing Corporation	Subsidiary of Yi-Jan Overseas Investment Co., Ltd.	Long-term equity investments	1,100	US\$ 204	100	US\$ 204	Note 3
Jet Ford, Inc.	<u>Share certificates</u> Aeolus Xiangfan Automobile Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Long-term equity investments	-	US\$ 67,415	16.55	US\$ 64,767	Note 3
	Guangzhou Aeolus Automobile Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Long-term equity investments	-	US\$ 374,034	40	US\$ 372,634	Note 2
	Aeolus Automobile Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Long-term equity investments	-	US\$ 75,036	25	US\$ 75,036	Note 3
	Dong Feng Yulon Motors Sales Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Long-term equity investments	-	US\$ 5,633	49	US\$ 5,633	Note 3
	Shenzhen Lan You Technology Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Long-term equity investments	-	US\$ 8,395	45	US\$ 8,395	Note 3
	Dong Feng Yulon Used Cars Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Long-term equity investments	-	US\$ 937	49	US\$ 937	Note 3

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 reviewed financial statements.

Note 3: 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 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, 2011

(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> Yuanta Wan-Tai Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	\$ -	17,900	\$ 260,000	11,019	\$ 160,030	\$ 160,000	\$ 30	6,881	\$ 100,000
	Hua Nan Phoenix Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	-	35,182	550,000	12,796	200,060	200,018	42	22,386	349,982
	FSITC Money Market Fund	Financial assets at fair value through profit or loss	-	-	234	40,000	760	130,000	-	-	-	-	994	170,000
	Union Money Market Fund	Financial assets at fair value through profit or loss	-	-	10,306	130,000	15,796	200,000	-	-	-	-	26,102	330,000
	Taishin Lucky Money Market Fund	Financial assets at fair value through profit or loss	-	-	27,204	290,000	9,369	100,000	-	-	-	-	36,573	390,000

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, 2011**

(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	\$ 7,817,275	97	180 days after sales for parts 3 days after sales for vehicles	\$ -	-	\$ (1,344,565)	88	-
	Taiwan Acceptance Corporation	Subsidiary of Yulon	Sale	8,669,471	90	4 days after sales for parts 3 days after sales for vehicles	-	-	509,872	71	-
	Yuan Lon Motor Co., Ltd.	Equity-method investee of Yulon	Sale	101,022	1	15 days after sales for parts Immediate payment for vehicles	-	-	8,510	1	-

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, 2011

(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	\$ 519,175	107.54	\$ -	-	\$ 519,175	\$ -

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, 2011
(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 March 31, 2011			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note 1)	Note
				March 31, 2011	March 31, 2010	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	\$ 16,162,279	\$ 536,638	\$ 536,639	Note 2
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\$ 57,171	71,772	100	US\$ 549,481	US\$ 18,313	US\$ 18,313	Note 2
				US\$ 200	US\$ 200	1,100	100	US\$ 204	US\$ -	US\$ -	Note 3
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\$ 67,415	US\$ 10,823	US\$ 1,687	Note 3
	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	US\$ 374,034	US\$ 41,305	US\$ 16,164	Note 2
	Aeolus Automobile Co., Ltd.	Guangdong (Mainland China)	Developing and selling of parts and vehicles and related services	US\$ 10,890	US\$ 10,890	-	25	US\$ 75,036	US\$ 10,935	US\$ 2,734	Note 3
	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	US\$ 5,633	US\$ (4,463)	US\$ (2,187)	Note 3
	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	US\$ 8,395	US\$ (624)	US\$ (281)	Note 3
	Dong Feng Yulon Used Cars Co., Ltd.	Guangdong (Mainland China)	Valuation, purchase, renovation, rent and selling of used cars.	US\$ 593	US\$ 593	-	49	US\$ 937	US\$ (36)	US\$ (18)	Note 3

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

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

Note 3: The carrying values and related investment income (loss) of the long-term investment were calculated based on the unreviewed financial statements.

YULON NISSAN MOTOR COMPANY, LTD. AND INVESTEEES

INVESTMENT IN MAINLAND CHINA

THREE MONTHS ENDED MARCH 31, 2011

(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, 2010	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2011	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of March 31, 2011	Accumulated Inward Remittance of Earnings as of March 31, 2011
					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%	\$ 49,448 (US\$ 1,687)	\$ 1,982,003 (US\$ 67,415)	\$ -
Guangzhou Aeolus Automobile Co., Ltd.	Developing and manufacturing of parts and vehicles and related services	8,969,950 (RMB 2,200,000)	Note 1	537,199 (US\$ 16,941)	-	-	537,199 (US\$ 16,941)	40%	473,760 (US\$ 16,164)	10,996,606 (US\$ 374,034)	1,269,572 (US\$ 39,777)
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%	80,126 (US\$ 2,734)	2,206,063 (US\$ 75,036)	-
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%	(64,098) (US\$ -2,187)	165,617 (US\$ 5,633)	-
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%	(8,224) (US\$ -281)	246,841 (US\$ 8,395)	-
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%	(513) (US\$ -18)	27,547 (US\$ 937)	-

Accumulated Investment in Mainland China as of March 31, 2011	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)	\$10,952,517

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

Note 2: The carrying values and related investment income (loss) of Guangzhou Aeolus Automobile Co., Ltd. were based on the investee's reviewed financial statements, the rest were based on the investee's 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.