

Yulon Nissan Motor Company, Ltd.

**Financial Statements for the
Nine Months Ended September 30, 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 September 30, 2011 and 2010, and the related statements of income and cash flows for the nine months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report based on our reviews.

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

As stated in Note 9 to the financial statements, the carrying values of certain long-term investments accounted for by the equity method as of September 30, 2011 and 2010, which were NT\$5,317,709 thousand and NT\$15,611,656 thousand, respectively, and the related investment income for the nine months then ended, which amounted to NT\$405,562 thousand and NT\$2,195,948 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.

October 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

SEPTEMBER 30, 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)	\$ 371,740	2	\$ 409,452	2	Notes and accounts payable	\$ 66,934	-	\$ 48,090	-
Financial assets at fair value through profit or loss (Notes 2 and 5)	3,159,132	13	2,670,913	13	Notes and accounts payable - related parties (Note 19)	2,113,767	9	1,366,591	7
Notes and accounts receivable (Notes 2 and 6)	31,434	-	38,636	-	Income tax payable (Notes 2 and 15)	150,534	1	50,985	-
Notes and accounts receivable - related parties (Note 19)	571,342	2	671,053	4	Accrued expenses (Note 12)	398,782	2	452,838	2
Other financial assets (Note 7)	9,573	-	38,589	-	Other current liabilities	<u>100,364</u>	-	<u>103,115</u>	<u>1</u>
Inventories (Notes 2 and 8)	1,640	-	1,563	-	Total current liabilities	<u>2,830,381</u>	<u>12</u>	<u>2,021,619</u>	<u>10</u>
Prepayments	3,987	-	3,720	-	OTHER LIABILITIES				
Deferred income tax assets, net (Notes 2 and 15)	<u>15,591</u>	-	<u>19,217</u>	-	Accrued pension liabilities (Notes 2 and 16)	464,195	2	444,489	2
Total current assets	<u>4,164,439</u>	<u>17</u>	<u>3,853,143</u>	<u>19</u>	Deferred income tax liabilities, net (Notes 2 and 15)	1,643,726	7	1,022,468	5
LONG-TERM EQUITY INVESTMENTS (Notes 2 and 9)	<u>18,447,685</u>	<u>77</u>	<u>15,611,656</u>	<u>74</u>	Warranty (Note 2)	<u>140,487</u>	-	<u>89,892</u>	-
PROPERTY, PLANT AND EQUIPMENT (Notes 2 and 10)					Total other liabilities	<u>2,248,408</u>	<u>9</u>	<u>1,556,849</u>	<u>7</u>
Cost					Total liabilities	<u>5,078,789</u>	<u>21</u>	<u>3,578,468</u>	<u>17</u>
Machinery and equipment	21,135	-	21,863	-	STOCKHOLDERS' EQUITY (Notes 2 and 13)				
Transportation equipment	4,290	-	4,290	-	Capital stock - NT\$10.00 par value; authorized - 600,000 thousand shares; issued and outstanding - 300,000 thousand shares	<u>3,000,000</u>	<u>12</u>	<u>3,000,000</u>	<u>14</u>
Tools	5,694	-	5,694	-	Capital surplus				
Computer equipment	84,484	1	82,835	1	Excess from spin-off	5,986,507	25	5,986,507	29
Other equipment	80,455	-	75,030	-	Gains on long-term investments	<u>2,461</u>	-	<u>2,461</u>	-
Leasehold improvement	<u>5,763</u>	-	<u>4,559</u>	-	Total capital surplus	<u>5,988,968</u>	<u>25</u>	<u>5,988,968</u>	<u>29</u>
Total cost	201,821	1	194,271	1	Retained earnings				
Less: Accumulated depreciation	<u>166,415</u>	<u>1</u>	<u>155,593</u>	<u>1</u>	Legal reserve	1,381,683	6	1,093,293	5
	35,406	-	38,678	-	Special reserve	379,840	2	379,840	2
Prepayments for equipment	<u>816</u>	-	<u>2,690</u>	-	Unappropriated earnings	<u>7,229,893</u>	<u>30</u>	<u>5,886,735</u>	<u>28</u>
Property, plant and equipment, net	<u>36,222</u>	-	<u>41,368</u>	-	Total retained earnings	<u>8,991,416</u>	<u>38</u>	<u>7,359,868</u>	<u>35</u>
OTHER ASSETS					Cumulative translation adjustments	<u>891,982</u>	<u>4</u>	<u>1,085,134</u>	<u>5</u>
Refundable deposits	4,116	-	3,981	-	Total stockholders' equity	<u>18,872,366</u>	<u>79</u>	<u>17,433,970</u>	<u>83</u>
Deferred charges (Notes 2, 11 and 19)	<u>1,298,693</u>	<u>6</u>	<u>1,502,290</u>	<u>7</u>	TOTAL	<u>\$ 23,951,155</u>	<u>100</u>	<u>\$ 21,012,438</u>	<u>100</u>
Total other assets	<u>1,302,809</u>	<u>6</u>	<u>1,506,271</u>	<u>7</u>					
TOTAL	<u>\$ 23,951,155</u>	<u>100</u>	<u>\$ 21,012,438</u>	<u>100</u>					

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

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

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010

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

(Reviewed, Not Audited)

	2011		2010	
	Amount	%	Amount	%
SALES (Note 19)	\$ 25,073,453	100	\$ 20,727,879	100
LESS: SALES RETURNS	5,764	-	3,523	-
SALES ALLOWANCES	<u>2,664</u>	<u>-</u>	<u>3,962</u>	<u>-</u>
NET SALES	25,065,025	100	20,720,394	100
COST OF SALES (Note 19)	<u>21,529,172</u>	<u>86</u>	<u>17,889,891</u>	<u>86</u>
GROSS PROFIT	<u>3,535,853</u>	<u>14</u>	<u>2,830,503</u>	<u>14</u>
OPERATING EXPENSE (Notes 14 and 19)				
Marketing and selling	1,909,565	8	1,747,289	9
General and administrative	314,992	1	283,665	1
Research and development	<u>399,022</u>	<u>1</u>	<u>390,146</u>	<u>2</u>
Total operating expenses	<u>2,623,579</u>	<u>10</u>	<u>2,421,100</u>	<u>12</u>
OPERATING INCOME	<u>912,274</u>	<u>4</u>	<u>409,403</u>	<u>2</u>
NONOPERATING INCOME AND GAINS				
Equity in net income of investees	2,370,283	10	2,195,948	11
Gain from valuation of financial assets	-	-	43,491	-
Foreign exchange gain	14,307	-	6,309	-
Gain on sale of investment, net	1,899	-	-	-
Interest income	515	-	472	-
Others (Note 19)	<u>41,209</u>	<u>-</u>	<u>31,981</u>	<u>-</u>
Total nonoperating income and gains	<u>2,428,213</u>	<u>10</u>	<u>2,278,201</u>	<u>11</u>
NONOPERATING EXPENSES AND LOSSES				
Loss from valuation of financial assets	39,477	1	-	-
Overseas business expense (Note 19)	37,590	-	49,076	-
Interest expense (Note 19)	876	-	930	-
Loss on sale of investments, net	-	-	6,310	-
Others (Note 19)	<u>20,911</u>	<u>-</u>	<u>15,100</u>	<u>-</u>
Total nonoperating expenses and losses	<u>98,854</u>	<u>1</u>	<u>71,416</u>	<u>-</u>

(Continued)

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010

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

(Reviewed, Not Audited)

	2011		2010	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 3,241,633	13	\$ 2,616,188	13
INCOME TAX EXPENSES (Notes 2 and 15)	<u>529,014</u>	<u>2</u>	<u>331,219</u>	<u>2</u>
NET INCOME	<u>\$ 2,712,619</u>	<u>11</u>	<u>\$ 2,284,969</u>	<u>11</u>

	2011		2010	
	Before Tax	After Tax	Before Tax	After Tax
EARNINGS PER SHARE (Note 18)				
Basic	<u>\$ 10.81</u>	<u>\$ 9.04</u>	<u>\$ 8.72</u>	<u>\$ 7.62</u>
Diluted	<u>\$ 10.78</u>	<u>\$ 9.02</u>	<u>\$ 8.71</u>	<u>\$ 7.60</u>

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

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

(Concluded)

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 2,712,619	\$ 2,284,969
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	393,854	441,228
Loss (gain) on sale of investments, net	(1,899)	6,310
Equity in net income of investees	(2,370,283)	(2,195,948)
Loss (gain) from valuation of financial assets	39,477	(43,491)
Deferred income taxes	495,797	343,850
Provision for pension costs	14,609	20,037
Provision for loss on inventory purchase commitment	13,351	43,560
Provision for warranty liabilities	33,333	19,793
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(1,085,962)	(1,504,142)
Notes and accounts receivable	(4,975)	(9,318)
Notes and accounts receivable - related parties	(247,737)	(273,317)
Other financial assets	604,383	15,277
Inventories	(624)	(669)
Prepayments	579	(802)
Other current assets	-	36,632
Notes and accounts payable	(14,585)	45,113
Notes and accounts payable - related parties	1,038,070	532,503
Income tax payable	99,549	(22,429)
Accrued expenses	(87,681)	140,560
Other current liabilities	(8,564)	(4,007)
Net cash provided by (used in) operating activities	<u>1,623,311</u>	<u>(124,291)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(7,622)	(4,720)
Decrease (increase) in refundable deposits	(1,436)	3,379
Increase in deferred charges	<u>(239,640)</u>	<u>(155,674)</u>
Net cash used in investing activities	<u>(248,698)</u>	<u>(157,015)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividend paid	<u>(1,680,000)</u>	<u>-</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(305,387)	(281,306)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>677,127</u>	<u>690,758</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 371,740</u>	<u>\$ 409,452</u>

(Continued)

YULON NISSAN MOTOR COMPANY, LTD.

**STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)**

	2011	2010
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for:		
Interest	<u>\$ 882</u>	<u>\$ 930</u>
Income tax	<u>\$ 77,016</u>	<u>\$ 9,817</u>

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

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

(Concluded)

YULON NISSAN MOTOR COMPANY, LTD.

NOTES TO FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 2011 and 2010, the Company had 413 and 389 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”). The Company’s significant accounting policies are summarized as follows:

For readers’ convenience, the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If inconsistencies arise between the English version and the Chinese version or if differences arise in the interpretations between the two versions, the Chinese version of the financial statements shall prevail.

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.

Accounting Estimates

Under above guidelines, law and principles, certain estimates and assumptions have been used for the allowance for doubtful accounts, allowance for loss on inventories, depreciation of properties, deferred charges amortization, warranty, pension, and bonuses to employees. Actual results may differ from these estimates.

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.

Impairment of Accounts Receivable

Before January 1, 2011, an allowance for doubtful accounts is provided on the basis of a review of the collectibility of accounts receivable. The Company assesses the probability of collections of accounts receivable by examining the aging analysis of the outstanding receivable. On January 1, 2011, the Company adopted the third-time revised Statement of Financial Accounting Standards (SFAS) No. 34, "Financial Instruments: Recognition and Measurement." One of the main revisions is that the impairment of receivables originated by the Company should be covered by SFAS No. 34. 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 carrying amount of the accounts receivable is reduced through the use of an allowance account. When accounts receivable are considered uncollectible, they are written off against the 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.

Warranty

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

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.

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 shareholders approve to retain the earnings.

Revenue Recognition

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.

3. REASON AND EFFECT OF THE CHANGES OF ACCOUNTING PRINCIPLE

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 nine months ended September 30, 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 nine months ended September 30, 2011.

4. CASH AND CASH EQUIVALENTS

	<u>September 30</u>	
	<u>2011</u>	<u>2010</u>
Cash		
Cash on hand	\$ 20	\$ 20
Checking accounts and demand deposits	249,610	243,936
Time deposits, annual yield rate - 2011: 0.88%-0.94%; 2010: 0.64%	3,000	1,500
Foreign-currency demand deposits	<u>106,637</u>	<u>151,391</u>
	359,267	396,847
Cash equivalents		
Foreign commercial papers, annual yield rate - 2011: 1.50%; 2010: 1.50%	<u>12,473</u>	<u>12,605</u>
	<u>\$ 371,740</u>	<u>\$ 409,452</u>

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>September 30</u>	
	<u>2011</u>	<u>2010</u>
Financial assets held for trading		
Mutual funds	<u>\$ 3,159,132</u>	<u>\$ 2,670,913</u>

There were a net loss of \$37,578 thousand and a net gain of \$37,181 thousand on financial assets held for trading for the nine months ended September 30, 2011 and 2010, respectively.

6. NOTES AND ACCOUNTS RECEIVABLE

	<u>September 30</u>	
	<u>2011</u>	<u>2010</u>
Notes receivable	\$ 61	\$ 578
Accounts receivable	<u>31,373</u>	<u>38,058</u>
	<u>\$ 31,434</u>	<u>\$ 38,636</u>

7. OTHER FINANCIAL ASSETS

	<u>September 30</u>	
	<u>2011</u>	<u>2010</u>
Tax refund receivable	\$ 37	\$ 33,339
Interest receivable	14	10
Others	<u>9,522</u>	<u>5,240</u>
	<u>\$ 9,573</u>	<u>\$ 38,589</u>

8. INVENTORIES

	<u>September 30</u>	
	<u>2011</u>	<u>2010</u>
Parts	\$ <u>1,640</u>	\$ <u>1,563</u>

The cost of inventories recognized as cost of sales for the nine months ended September 30, 2011 was \$21,529,172 thousand, which included warranty cost of \$71,410 thousand and loss on inventory purchase commitment of \$13,351 thousand. The cost of inventories recognized as cost of sales for the nine months ended September 30, 2010 was \$17,889,891 thousand, which included warranty cost of \$74,462 thousand and loss on inventory purchase commitment of \$43,560 thousand.

9. LONG-TERM EQUITY INVESTMENTS

	<u>September 30</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>18,447,685</u>	100	\$ <u>15,611,656</u>	100

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

<u>Investee</u>	<u>Percentage of Ownership</u>	<u>Accumulated Investment Amount (In Thousands) as of September 30, 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 inquires selling prices of motor parts and engages in commission-based businesses.

As of September 30, 2011, 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.

As of September 30, 2010, the carrying values and related investment income of Yi-Jan Overseas Investment Co., Ltd. were based on the investees' unreviewed financial statements.

The carrying values of the long-term investments as of September 30, 2011 and 2010, which amounted to \$5,317,709 thousand and \$15,611,656 thousand, respectively, and the related investment income for the nine months then ended, which amounted to \$405,562 thousand and \$2,195,948 thousand, respectively, were based on the investees' unreviewed financial statements.

10. PROPERTY, PLANT AND EQUIPMENT

	<u>September 30</u>	
	<u>2011</u>	<u>2010</u>
Accumulated depreciation		
Machinery and equipment	\$ 17,102	\$ 17,022
Transportation equipment	3,953	3,721
Tools	4,277	3,643
Computer equipment	71,266	66,673
Other equipment	66,704	62,893
Leasehold improvement	<u>3,113</u>	<u>1,641</u>
	<u>\$ 166,415</u>	<u>\$ 155,593</u>

Depreciation of property, plant and equipment amounted to \$12,240 thousand and \$12,892 thousand for the nine months ended September 30, 2011 and 2010, respectively.

11. DEFERRED CHARGES

	<u>September 30</u>	
	<u>2011</u>	<u>2010</u>
Costs of molds	\$ 1,053,849	\$ 1,186,570
Dies	230,506	298,652
Computer software	<u>14,338</u>	<u>17,068</u>
	<u>\$ 1,298,693</u>	<u>\$ 1,502,290</u>

Amortization of deferred charges amounted to \$381,614 thousand and \$428,336 thousand for the nine months ended September 30, 2011 and 2010, respectively.

12. ACCRUED EXPENSES

	<u>September 30</u>	
	<u>2011</u>	<u>2010</u>
Wages and bonuses	\$ 215,891	\$ 250,852
Promotion expenses	147,598	127,877
VAT payable	12,498	5,092
Others	<u>22,795</u>	<u>69,017</u>
	<u>\$ 398,782</u>	<u>\$ 452,838</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 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 nine months ended September 30, 2011 was calculated at 1.38% of net income net of the 10% deduction for legal reserve.

Based on past experience, the bonus to the Company's employees for nine months ended September 30, 2010 was calculated at 5% of net income net of the 10% deduction for legal reserve.

If the actual amounts subsequently resolved by the stockholders differ from the proposed amounts, the differences are recorded in the year of stockholders' 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 stockholders' meeting.

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

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

The distribution of the 2010 earnings of the Company approved by the stockholders on June 23, 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 cash bonus to employees of \$64,824 thousand for 2010 was approved in stockholders' meeting on June 23, 2011. The approved amount of the cash bonus to employees was not different from the accrual amount of \$64,824 thousand reflected in the financial statements for the year ended December 31, 2010.

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.

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 \$348,228 thousand and \$299,316 thousand for the nine months ended September 30, 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:

	<u>Nine Months Ended September 30</u>	
	<u>2011</u>	<u>2010</u>
Income tax expense computed on the basis of income before income tax at statutory tax rate	\$ 551,078	\$ 444,752
Add (deduct) tax effects of:		
Permanent differences	6,544	2,630
Temporary differences	(416,957)	(398,321)
Loss carryforwards used	(40,468)	(49,061)
Additional tax on retained earnings (10%)	91,551	58,759
Investment tax credits	<u>(45,093)</u>	<u>(58,759)</u>
Income tax payable	<u>\$ 146,655</u>	<u>\$ -</u>

The balance of the income tax payable shown on the balance sheet as of September 30, 2011 was net of prepaid income tax and included the income tax payable of previous years.

The balance of the income tax payable shown on the balance sheet as of September 30, 2010 was the income tax payable of previous years.

Income tax returns through 2008 had been examined by the tax authorities.

- b. Income tax expense consisted of the following:

	<u>Nine Months Ended September 30</u>	
	2011	2010
Income tax payable	\$ 146,655	\$ -
Deferred income tax	495,797	343,850
Prior year's income tax adjustments	<u>(113,438)</u>	<u>(12,631)</u>
Income tax expense	<u>\$ 529,014</u>	<u>\$ 331,219</u>

Prior years' income tax adjustments arose from tax exemption from 2004 to 2007 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 reduced a profit-seeking enterprise's income tax rate to 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:

	<u>September 30</u>	
	2011	2010
Current		
Provision for loss on inventory purchase commitment	\$ 13,499	\$ 13,530
Unrealized foreign exchange loss	2,092	3,469
Loss carryforwards	<u>-</u>	<u>2,218</u>
Net deferred income tax assets	<u>\$ 15,591</u>	<u>\$ 19,217</u>
Noncurrent		
Provision for pension	\$ 78,870	\$ 75,542
Impairment loss difference between taxable loss and book loss	50,593	76,739
Provision for warranty	23,883	15,282
Investment tax credits	2,395	45,593
Loss carryforwards	-	48,883
Equity in net income of overseas subsidiaries	<u>(1,799,467)</u>	<u>(1,284,507)</u>
Net deferred income tax liabilities	<u>\$ (1,643,726)</u>	<u>\$ (1,022,468)</u>

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 September 30, 2011, the amount of the investment under the plans totaled \$23,950 thousand, with investment tax credits amount of \$2,395 thousand.

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

	<u>September 30</u>	
	<u>2011</u>	<u>2010</u>
Balance of imputation credit account (“ICA”)	\$ <u>219,587</u>	\$ <u>414,966</u>

The actual ICA rates for 2010 and 2009 earnings were 4.86% and 11.52%, respectively.

16. PENSION PLAN

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

Pension expenses recognized under the defined contribution plan was \$8,259 thousand and \$7,374 thousand for the nine months ended September 30, 2011 and 2010, respectively. Accrued pension liabilities under defined contribution plan amounted to \$1,909 thousand and \$1,779 thousand as of September 30, 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 \$22,226 thousand and \$24,841 thousand for the nine months ended September 30, 2011 and 2010, respectively. Pension fund amounted to \$3,884 thousand and \$852 thousand as of September 30, 2011 and 2010, respectively. Accrued pension liabilities recognized under the defined benefit plan were \$462,286 thousand and \$442,710 thousand as of September 30, 2011 and 2010, respectively.

17. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	<u>Nine Months Ended September 30, 2011</u>		
	<u>Operating Cost</u>	<u>Operating Expenses</u>	<u>Total</u>
Personnel expenses			
Salaries	\$ 749	\$ 432,793	\$ 433,542
Labor and health insurance	-	20,532	20,532
Pension	-	29,465	29,465
Other personnel expenses	<u>-</u>	<u>19,448</u>	<u>19,448</u>
	<u>\$ 749</u>	<u>\$ 502,238</u>	<u>\$ 502,987</u>
Depreciation	<u>\$ -</u>	<u>\$ 12,240</u>	<u>\$ 12,240</u>
Amortization	<u>\$ 376,945</u>	<u>\$ 4,669</u>	<u>\$ 381,614</u>

	Nine Months Ended September 30, 2010		
	Operating Cost	Operating Expenses	Total
Personnel expenses			
Salaries	\$ 704	\$ 437,775	\$ 438,479
Labor and health insurance	-	19,160	19,160
Pension	-	30,562	30,562
Other personnel expenses	-	16,897	16,897
	<u>\$ 704</u>	<u>\$ 504,394</u>	<u>\$ 505,098</u>
Depreciation	<u>\$ 1,165</u>	<u>\$ 11,727</u>	<u>\$ 12,892</u>
Amortization	<u>\$ 419,728</u>	<u>\$ 8,608</u>	<u>\$ 428,336</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>Nine months ended September 30, 2011</u>					
Basic EPS					
Income for the period attributable to common stockholders	\$ 3,241,633	\$ 2,712,619	300,000	<u>\$ 10.81</u>	<u>\$ 9.04</u>
Effect of dilutive potential common stock Bonus to employees	-	-	733		
Diluted EPS					
Income for the period attributable to common stockholders plus effect of potential dilutive common stock	<u>\$ 3,241,633</u>	<u>\$ 2,712,619</u>	<u>300,733</u>	<u>\$ 10.78</u>	<u>\$ 9.02</u>
<u>Nine months ended September 30, 2010</u>					
Basic EPS					
Income for the period attributable to common stockholders	\$ 2,616,188	\$ 2,284,969	300,000	<u>\$ 8.72</u>	<u>\$ 7.62</u>
Effect of dilutive potential common stock Bonus to employees	-	-	526		
Diluted EPS					
Income for the period attributable to common stockholders plus effect of potential dilutive common stock	<u>\$ 2,616,188</u>	<u>\$ 2,284,969</u>	<u>300,526</u>	<u>\$ 8.71</u>	<u>\$ 7.60</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 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
Nissan Motor Iberica, S.A.	Same as above
Nissan Motor Light Truck Co., Ltd.	Same as above
PT. Nissan Motor Indonesia (“NMI”)	Same as above
Nissan Asia Pacific Pte. Ltd.	Same as above
Nissan (China) Investment Co., 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
Lan You Technology Co., Ltd.	Equity-method investee of Jet Ford, Inc.
Yulon Motor Co., Ltd. (“Yulon”)	Equity-method investor of the Company
Taiwan Acceptance Corporation	Subsidiary of Yulon
Yueki Industrial Co., Ltd.	Same as above
Yue Sheng Industrial Co., Ltd.	Same as above
Nissan Taiwan Ltd.	Same as above
Yu Pong Business Co., Ltd.	Same as above
Yu Ching Business Co., Ltd.	Same as above
Yushin Motor Co., Ltd.	Same as above
Chi Long Motor Co., Ltd.	Same as above
Yu Chang Motor Co., Ltd.	Same as above
Sin Etke Technology Co., Ltd.	Same as above

(Continued)

Related Party	Relationship with the Company
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
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
Yulon Management Co., Ltd. (formerly Sin Chi Co., Ltd.)	Same as above
Yuan Lon Motor Co., Ltd.	Same as above
Chen Long Co., Ltd.	Same as above
ROC Spicer Ltd.	Same as above
China Motor Corporation	Same as above
Chi Ho Corporation	Same as above
Yu Tang Motor 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
Sinjang Co., Ltd.	Same as above
Visionary International Consulting Co., Ltd.	Subsidiary of Yulon Management Co., Ltd.
Yu Pool Co., Ltd.	Subsidiary of Yushin Motor Co., Ltd.
Chu-Miao Scupio Co., Ltd.	Same as above
Yu-Jan Co., Ltd.	Subsidiary of Yu Sing Motor Co., Ltd.
China Ogihara Corporation	Subsidiary of China Motor Corporation
Tan Wang Co., Ltd.	Subsidiary of Yu Chang 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
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 Consulting 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:

	Nine Months Ended September 30			
	2011		2010	
	Amount	% to Total	Amount	% to Total
1) Operating revenue - sales revenue				
Taiwan Acceptance Corporation	\$ 22,156,214	88	\$ 18,151,529	88
Yuan Lon Motor Co., Ltd.	256,829	1	229,324	1
Yu Chang Motor Co., Ltd.	247,972	1	246,297	1
Chi Ho Corporation	228,406	1	193,886	1
Yu Sing Motor Co., Ltd.	218,241	1	204,191	1
Chen Long Co., Ltd.	165,087	1	157,333	1
Empower Motor Co., Ltd.	164,787	1	150,732	1
Yushin Motor Co., Ltd.	163,575	1	146,824	1
Hui-Lian Motor Co.	163,332	1	146,381	1
Yu Tang Motor Co., Ltd.	160,748	-	143,232	-
Nissan Motor Egypt S.A.E.	108,786	-	122,168	-
NMPI	59,538	-	75,866	-
Others	<u>506,467</u>	<u>2</u>	<u>344,195</u>	<u>2</u>
	<u>\$ 24,599,982</u>	<u>98</u>	<u>\$ 20,311,958</u>	<u>98</u>

2) Operating revenue - service revenue

Nissan	<u>\$ 7,835</u>	<u>100</u>	<u>\$ 12,702</u>	<u>100</u>
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The Company designs and performs R&D of car for Nissan. Service revenue is recognized according to the related contracts.

	Nine Months Ended September 30			
	2011		2010	
	Amount	% to Total	Amount	% to Total
3) Operating revenue - others				
Yulon	\$ 33,590	69	\$ 18,742	43
Zhengzhou Nissan Automobile Co., Ltd	10,901	22	16,751	38
Hua-Chuang Automobile Information Technical Center Co., Ltd.	4,021	8	4,651	11
Others	<u>135</u>	<u>-</u>	<u>1,033</u>	<u>2</u>
	<u>\$ 48,647</u>	<u>99</u>	<u>\$ 41,177</u>	<u>94</u>

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

	Nine Months Ended September 30			
	2011		2010	
	Amount	% to Total	Amount	% to Total
4) Operating cost - purchase				
Yulon	\$ 20,644,917	99	\$ 16,953,462	99
Others	<u>49,771</u>	<u>-</u>	<u>53,993</u>	<u>-</u>
	<u>\$ 20,694,688</u>	<u>99</u>	<u>\$ 17,007,455</u>	<u>99</u>
5) Operating cost - Technical Cooperation Agreement (“TCA”)				
Nissan	<u>\$ 348,228</u>	<u>100</u>	<u>\$ 299,316</u>	<u>100</u>
6) Operating expenses - rental				
Yulon	\$ 11,004	24	\$ 16,733	40
Ka-Plus Automobile Leasing Co., Ltd.	6,049	13	6,279	15
Sin Etke Technology Co., Ltd.	2,187	5	2,187	5
Hsieh Kuan Manpower Service Co., Ltd.	1,717	4	664	2
Tang Li Enterprise Co., Ltd.	839	2	701	2
Others	<u>250</u>	<u>-</u>	<u>484</u>	<u>1</u>
	<u>\$ 22,046</u>	<u>48</u>	<u>\$ 27,048</u>	<u>65</u>

The Company’s rental expenses paid monthly to Yulon are primarily comprised of customer service system, building property and car testing expenses. The Company leases cars, as needed for its executives, from Ka-Plus Automobile Leasing Co., Ltd. and Tang Li Enterprise Co., Ltd., and pays the rental expenses monthly. The Company leases customer service system from Sin Etke Technology Co., Ltd., and pays the rental expenses monthly. Hsieh Kuan Manpower Service Co., Ltd. provides the Company driving services for its executives and charges monthly.

	Nine Months Ended September 30			
	2011		2010	
	Amount	% to Total	Amount	% to Total
7) Operating expenses - marketing and selling expense				
Taiwan Acceptance Corporation	\$ 210,281	11	\$ 166,827	10
Yu Sing Motor Co., Ltd.	170,548	9	162,086	9
Yu Chang Motor Co., Ltd.	168,800	9	165,370	10
Yuan Lon Motor Co., Ltd.	134,521	7	132,627	8
Yushin Motor Co., Ltd.	99,174	5	103,973	6
Hui-Lian Motor Co.	98,698	5	99,262	6
Empower Motor Co., Ltd.	95,608	5	95,800	5
Chen Long Co., Ltd.	94,552	5	83,835	5
Chi Ho Corporation	91,886	5	78,711	4
Yu Tang Motor Co., Ltd.	76,449	4	76,983	4
Others	<u>114,592</u>	<u>6</u>	<u>109,263</u>	<u>6</u>
	<u>\$ 1,355,109</u>	<u>71</u>	<u>\$ 1,274,737</u>	<u>73</u>

	Nine Months Ended September 30			
	2011		2010	
	Amount	% to Total	Amount	% to Total
8) Operating expenses - general and administrative expense				
Yulon Management Co., Ltd.	\$ 131,027	41	\$ 114,750	40
Yulon	15,596	5	2,917	1
Chen Long Co., Ltd.	1,940	1	1,233	1
Chan Yun Technology Co., Ltd.	1,345	-	1,202	-
Others	<u>4,967</u>	<u>2</u>	<u>10,571</u>	<u>4</u>
	<u>\$ 154,875</u>	<u>49</u>	<u>\$ 130,673</u>	<u>46</u>

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

	Nine Months Ended September 30			
	2011		2010	
	Amount	% to Total	Amount	% to Total
9) Operating expenses - research and development expense				
Hsiang Shou Enterprise Co., Ltd.	\$ 17,420	4	\$ 18,156	5
Yulon	11,508	3	2,185	-
Others	<u>3,392</u>	<u>1</u>	<u>748</u>	<u>-</u>
	<u>\$ 32,320</u>	<u>8</u>	<u>\$ 21,089</u>	<u>5</u>

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

	Nine Months Ended September 30			
	2011		2010	
	Amount	% to Total	Amount	% to Total
10) Nonoperating income and gains - others				
Hua-Chuang Automobile Information Technical Center Co., Ltd.	\$ 2,537	6	\$ 1,533	5
Yu Chang Motor Co., Ltd.	1,919	5	366	1
Yuan Lon Motor Co., Ltd.	1,426	3	885	3
Others	<u>6,912</u>	<u>17</u>	<u>7,025</u>	<u>22</u>
	<u>\$ 12,794</u>	<u>31</u>	<u>\$ 9,809</u>	<u>31</u>

	Nine Months Ended September 30			
	2011		2010	
	Amount	% to Total	Amount	% to Total
11) Nonoperating expenses and losses - overseas business expense				
Yulon Management Co., Ltd.	\$ 17,820	48	\$ 23,758	37
Sinjang Co., Ltd.	6,084	16	5,726	9
Visionary International Consulting Co., Ltd.	2,011	5	2,005	3
Others	<u>2,003</u>	<u>5</u>	<u>3,322</u>	<u>5</u>
	<u>\$ 27,918</u>	<u>74</u>	<u>\$ 34,811</u>	<u>54</u>
12) Nonoperating expenses and losses - others				
Yu Chang Motor Co., Ltd.	\$ 1,098	5	\$ -	-
Yu Sing Motor Co., Ltd.	891	4	-	-
Yuan Lon Motor Co., Ltd.	829	4	-	-
Others	<u>4,295</u>	<u>21</u>	<u>812</u>	<u>1</u>
	<u>\$ 7,113</u>	<u>34</u>	<u>\$ 812</u>	<u>1</u>
	September 30			
	2011		2010	
	Amount	% to Total	Amount	% to Total
13) Notes and accounts receivable - related parties				
Taiwan Acceptance Corporation	\$ 313,614	55	\$ 429,663	64
Nissan Motor Egypt S.A.E.	52,849	9	29,755	4
NMPI	43,946	8	114,090	17
Jet Ford, Inc.	42,106	7	17,542	3
Yulon	16,940	3	16,759	3
Others	<u>101,887</u>	<u>18</u>	<u>63,244</u>	<u>9</u>
	<u>\$ 571,342</u>	<u>100</u>	<u>\$ 671,053</u>	<u>100</u>

Jet Ford Inc. sells parts, steel and aluminum part for the Company. As of September 30, 2011 and 2010, the accounts receivable from Jet Ford Inc. arises from related accounts.

	September 30			
	2011		2010	
	Amount	% to Total	Amount	% to Total
14) Notes and accounts payable - related parties				
Yulon	\$ 1,640,170	78	\$ 938,896	69
Nissan	118,299	6	103,215	8
Taiwan Acceptance Corporation	72,871	3	63,320	5
Yueki Industrial Co., Ltd.	71,115	3	61,091	4
Others	<u>211,312</u>	<u>10</u>	<u>200,069</u>	<u>14</u>
	<u>\$ 2,113,767</u>	<u>100</u>	<u>\$ 1,366,591</u>	<u>100</u>

15) The Company sold to Taiwan Acceptance Corporation accounts receivable amounted to \$1,501,806 thousand and \$1,452,792 thousand for the nine months ended September 30, 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 recognized Taiwan Acceptance Corporation's interest expenses arising from selling accounts receivable of \$772 thousand and \$831 thousand for the nine months ended September 30, 2011 and 2010, respectively.

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

	Nine Months Ended September 30	
	2011	2010
Yueki Industrial Co., Ltd.	\$ 9,244	\$ 77,715
Y-teks, Co.	4,694	20,002
Chien Tai Industry Co., Ltd.	3,624	3,759
Taiwan Calsonic Co., Ltd.	3,426	-
Yue Sheng Industrial Co., Ltd.	2,906	-
Uni Auto Parts Co., Ltd.	2,199	36,602
Others	<u>3,065</u>	<u>341</u>
	<u>\$ 29,158</u>	<u>\$ 138,419</u>

20. SIGNIFICANT COMMITMENTS

As of September 30, 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 September 30, 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 September 30, 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 next five years and after are as follows:

Year	Rental (Thousands)
4th quarter of 2011	\$ 627
2012	2,508
2013	2,508
2014	2,508
2015 and after	6,479

- d. The Company had a commitment to buy computer equipment for \$4,062 thousand and molds for \$286,470 thousand.

21. FINANCIAL INSTRUMENTS

- a. Fair values of financial instruments:

	September 30			
	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Nonderivative financial instruments</u>				
Assets:				
Cash and cash equivalents	\$ 371,740	\$ 371,740	\$ 409,452	\$ 409,452
Financial assets at fair value through profit or loss	3,159,132	3,159,132	2,670,913	2,670,913
Notes and accounts receivable	31,434	31,434	38,636	38,636
Notes and accounts receivable - related parties	571,342	571,342	671,053	671,053
Other financial assets	9,573	9,573	38,589	38,589
Long-term equity investments	18,447,685	18,447,685	15,611,656	15,611,656
Refundable deposits	4,116	4,116	3,981	3,981

(Continued)

	September 30			
	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Liabilities:				
Notes and accounts payable	\$ 66,934	\$ 66,934	\$ 48,090	\$ 48,090
Notes and accounts payable - related parties	2,113,767	2,113,767	1,366,591	1,366,591
Income tax payable	150,534	150,534	50,985	50,985
Accrued expenses	398,782	398,782	452,838	452,838
Accrued pension liabilities	464,195	464,195	444,489	444,489
				(Concluded)

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	
	September 30		September 30	
	2011	2010	2011	2010
Financial assets at fair value through profit or loss:				
Financial assets held for trading				
Mutual funds	\$ 2,925,616	\$ 2,590,565	\$ 233,516	\$ 80,348

d. Valuation gains (losses) arising from changes in fair value of financial instruments determined using valuation techniques were \$(7,507) thousand and \$617 thousand for the nine months ended September 30, 2011 and 2010, respectively.

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)

	September 30					
	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	\$ 5,082	30.48	\$ 154,899	\$ 4,778	31.26	\$ 149,360
Japan Yen	291,491	0.3975	115,868	512,956	0.3752	192,461
Long-term equity investments						
U.S. dollars	605,239	30.48	18,447,685	499,413	31.26	15,611,656
<u>Financial liabilities</u>						
Monetary item						
Japan Yen	2,876	0.3975	1,143	3,099	0.3752	1,163
Philippine pesos	442	0.7144	316	322	0.73	235

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)
- 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)
- Acquisition of individual real estate at costs of at least NT\$100 million or 20% of the paid-in capital: None
- 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 purchase; the balance and percentage of related accounts payables: None
 - b) Amount and percentage of sales; the balance and percentage of related accounts receivables: None
 - c) Gain (loss) on and amounts of asset: None
 - d) The balance and purpose of note endorsement/guarantee provided or collateral security pledged: None
 - e) Maximum balance for the period, ending balance, interest rate and amount of financing provision: None
 - f) Other transactions which have significant influence over current year's gain or loss or financial status: None

24. OPERATING SEGMENTS INFORMATION

According to SFAS No. 41, "Operating Segments", the reportable segments of the Company are vehicle segment, parts segment, investment segment and other 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	Nine Months Ended September 30, 2011					Unappropriate d Amounts	Total
	Vehicle Segment	Parts Segment	Investment Segment	Other Segment	Adjustment		
Revenue from external customers	\$ 22,393,122	\$ 2,615,273	\$ 2,370,283	\$ 56,630	\$ (2,370,283)	\$ -	\$ 25,065,025
Segment income (loss)	\$ 638,801	\$ 494,727	\$ 2,332,693	\$ (224,588)	\$ -	\$ -	\$ 3,241,633
Segment assets	\$ 1,287,149	\$ 1,636	\$ 18,447,685	\$ 30,976	\$ -	\$ 4,183,709	\$ 23,951,155

Nine Months Ended September 30, 2010

Item	Vehicle Segment	Parts Segment	Investment Segment	Other Segment	Adjustment	Unappropriate Amounts	Total
Revenue from external customers	\$ 18,313,298	\$ 2,350,489	\$ 2,195,948	\$ 56,607	\$ (2,195,948)	\$ -	\$ 20,720,394
Segment income (loss)	\$ 161,000	\$ 478,000	\$ 2,146,872	\$ (169,684)	\$ -	\$ -	\$ 2,616,188
Segment assets	\$ 1,488,726	\$ 943	\$ 15,611,656	\$ 34,231	\$ -	\$ 3,876,882	\$ 21,012,438

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the nine months ended September 30, 2011 and 2010.

YULON NISSAN MOTOR COMPANY, LTD. AND INVESTEEES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 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	September 30, 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	-	\$ 12,473	-	\$ 12,473	
	<u>Beneficiary certificates</u> Yuanta Greater China Small and Medium Cap Fund	-	Financial assets at fair value through profit or loss	800	8,000	-	5,968	
	Yuanta Emerging Bond Fund of Funds	-	Financial assets at fair value through profit or loss	2,000	20,000	-	19,695	
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss	13,745	199,978	-	200,380	
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss	21,211	300,000	-	301,892	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss	18,546	240,000	-	241,192	
	Taishin Tycoon Fund	-	Financial assets at fair value through profit or loss	927	10,000	-	9,870	
	Taishin Ta Chong Money Market Fund	-	Financial assets at fair value through profit or loss	13,952	190,000	-	190,647	
	Taishin North America Income Trust Fund	-	Financial assets at fair value through profit or loss	495	6,000	-	5,915	
	Taishin Emerging Europe Fund	-	Financial assets at fair value through profit or loss	500	5,000	-	3,855	
	SinoPac Global Investment Grade Bond Fund	-	Financial assets at fair value through profit or loss	2,000	20,000	-	19,776	
	SinoPac Asia Consumer Fund	-	Financial assets at fair value through profit or loss	578	8,000	-	5,300	
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	5,867	70,000	-	70,651	
	ING Greater Russia Fund	-	Financial assets at fair value through profit or loss	841	9,000	-	6,664	
	ING China Opportunities Fund	-	Financial assets at fair value through profit or loss	450	5,000	-	3,728	
	ING Investment Grade USD Credit Fund	-	Financial assets at fair value through profit or loss	1,920	20,000	-	19,956	
	ING India Star Fund	-	Financial assets at fair value through profit or loss	500	5,000	-	4,225	
	ING Thailand Fund	-	Financial assets at fair value through profit or loss	67	2,000	-	1,672	

(Continued)

Investor	Securities Type and Name	Relationship with the Investor	Financial Statement Account	September 30, 2011				Note
				Shares (Thousands)	Carrying Value (Note 1)	Percentage of Ownership	Market Value or Net Asset Value	
	ING Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	3,185	\$ 50,000	-	\$ 50,029	
	Manulife Asia Pacific Bond Fund	-	Financial assets at fair value through profit or loss	1,873	20,000	-	19,607	
	Manulife Emerging Market High Yield Bond Fund	-	Financial assets at fair value through profit or loss	5,929	60,000	-	54,283	
	PCA Global High Yield Bond Fund	-	Financial assets at fair value through profit or loss	2,927	30,000	-	28,233	
	PCA India Equity Fund	-	Financial assets at fair value through profit or loss	300	6,000	-	5,206	
	PCA Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss	3,822	50,000	-	50,001	
	PCA Global Bond Fund of Fund	-	Financial assets at fair value through profit or loss	1,728	20,000	-	19,409	
	Prudential Financial Great China Fund	-	Financial assets at fair value through profit or loss	202	5,000	-	3,785	
	Prudential Financial China Brands Fund	-	Financial assets at fair value through profit or loss	800	8,000	-	6,000	
	Prudential Financial Return Fund	-	Financial assets at fair value through profit or loss	2,690	40,000	-	40,190	
	PineBridge Chindia Equity Fund	-	Financial assets at fair value through profit or loss	200	2,000	-	1,682	
	PineBridge Global Multi-Strat Hi Yield Fund	-	Financial assets at fair value through profit or loss	1,835	20,000	-	18,479	
	Cathay Oriental Bond Fund of Funds	-	Financial assets at fair value through profit or loss	2,000	20,000	-	19,784	
	Cathay Emerging Market High Yield Fund	-	Financial assets at fair value through profit or loss	1,000	10,000	-	9,792	
	FSITC Money Market Fund	-	Financial assets at fair value through profit or loss	994	170,000	-	170,701	
	FSITC Global Brands Fund	-	Financial assets at fair value through profit or loss	500	5,000	-	4,995	
	FSITC Global High Yield Bond Fund	-	Financial assets at fair value through profit or loss	1,632	20,000	-	19,476	
	FSITC Leading Emerging Market Bond Fund	-	Financial assets at fair value through profit or loss	2,000	20,000	-	19,019	
	KGI Victory Fund	-	Financial assets at fair value through profit or loss	4,493	50,000	-	50,182	
	KGI Tumbler Fund	-	Financial assets at fair value through profit or loss	12,884	130,000	-	131,814	
	Fuh Hwa Yu Li Money Market Fund	-	Financial assets at fair value through profit or loss	3,000	30,000	-	25,740	
	Fuh Hwa Global Commodity Fund	-	Financial assets at fair value through profit or loss	908	10,000	-	7,544	
	Fuh Hwa Global Short-Term Income Fund	-	Financial assets at fair value through profit or loss	933	10,000	-	9,735	
	Fuh Hwa Total Return	-	Financial assets at fair value through profit or loss	1,853	20,000	-	19,808	

(Continued)

Investor	Securities Type and Name	Relationship with the Investor	Financial Statement Account	September 30, 2011				Note
				Shares (Thousands)	Carrying Value (Note 1)	Percentage of Ownership	Market Value or Net Asset Value	
	Fuh Hwa Strategic High Income Fund of Funds	-	Financial assets at fair value through profit or loss	867	\$ 10,000	-	\$ 9,307	
	Fuh Hwa Emerging Market High Yield Bond Fund	-	Financial assets at fair value through profit or loss	2,000	20,000	-	18,580	
	Fuh Hwa Emerging Market Short-term Income Fund	-	Financial assets at fair value through profit or loss	2,000	20,000	-	19,620	
	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss	3,823	60,000	-	60,000	
	Paradigm Pion Money Market Fund	-	Financial assets at fair value through profit or loss	3,597	40,000	-	40,000	
	TIIM Money Market Fund	-	Financial assets at fair value through profit or loss	15,941	229,969	-	231,942	
	HSBC Asian High Yield Bond Fund	-	Financial assets at fair value through profit or loss	1,000	10,000	-	9,334	
	HSBC Resources Rich Countries Bond Fund	-	Financial assets at fair value through profit or loss	972	9,855	-	9,866	
	Capital India and Brazil Equity Fund	-	Financial assets at fair value through profit or loss	202	2,000	-	1,740	
	Capital Strategic Income Fund	-	Financial assets at fair value through profit or loss	3,976	40,000	-	38,968	
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss	2,576	40,000	-	40,001	
	Capital Asian Fund	-	Financial assets at fair value through profit or loss	500	5,000	-	4,335	
	Capital Chinese Golden Age Equity Fund	-	Financial assets at fair value through profit or loss	752	8,000	-	6,123	
	Capital Chinese Best Choice Equity Fund - Number 1	-	Financial assets at fair value through profit or loss	4,977	50,000	-	46,284	
	Capital Emerging-Markets Fund	-	Financial assets at fair value through profit or loss	97	1,000	-	877	
	Capital Strategic Growth Fund	-	Financial assets at fair value through profit or loss	282	4,000	-	3,246	
	Reliance Wealth Bond Fund	-	Financial assets at fair value through profit or loss	7,930	80,000	-	80,468	
	Allianz Global Investors Global Bond Fund	-	Financial assets at fair value through profit or loss	2,752	30,000	-	30,631	
	JPM (Taiwan) Global Bond Fund	-	Financial assets at fair value through profit or loss	8,658	90,000	-	89,494	
	JPM (Taiwan) Asian High Yield Total Return Bond Fund	-	Financial assets at fair value through profit or loss	1,000	10,000	-	9,998	
	JPM (Taiwan) BRICS5 Fund	-	Financial assets at fair value through profit or loss	198	2,000	-	1,670	
	JPM (Taiwan) Emerging Markets Debt Fund	-	Financial assets at fair value through profit or loss	2,000	20,000	-	19,583	
	JPM (Taiwan) Global Natural Resources Leaders Fund	-	Financial assets at fair value through profit or loss	1,000	10,000	-	7,520	
	JPM (Taiwan) Global Fund of Bond Funds	-	Financial assets at fair value through profit or loss	1,959	20,000	-	19,091	

(Continued)

Investor	Securities Type and Name	Relationship with the Investor	Financial Statement Account	September 30, 2011				Note
				Shares (Thousands)	Carrying Value (Note 1)	Percentage of Ownership	Market Value or Net Asset Value	
	Union Money Market Fund	-	Financial assets at fair value through profit or loss	26,102	\$ 330,000	-	\$ 331,852	
	Polaris/P-shares Russell Greater China Large Cap Value Index Fund	-	Financial assets at fair value through profit or loss	244	3,000	-	2,490	
	Polaris/P-shares MSCI Brazil Index Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss	218	2,000	-	1,512	
	Polaris Global Wealthy Countries Bond Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss	974	9,807	-	9,813	
	Polaris/P-shares S&P GSCI Reduced Energy Index Futures Trust Fund	-	Financial assets at fair value through profit or loss	729	8,000	-	7,107	
	Polaris De-Bao Money Market Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss	6,951	80,000	-	80,401	
	Polaris Gold Futures Trust Fund	-	Financial assets at fair value through profit or loss	430	5,000	-	4,931	
	Polaris Emerg Mkts ESG Strat Secs Inv Tr	-	Financial assets at fair value through profit or loss	800	8,000	-	7,928	
	MF Global Multi-Strategy Futures Trust Fund	-	Financial assets at fair value through profit or loss	1,558	17,000	-	17,540	
	<u>Stock</u> Yi-Jan Overseas Investment Co., Ltd.	Subsidiary	Long-term equity investments	84,987	18,447,685	100.00	18,447,685	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\$ 605,239	100.00	US\$ 605,239	Note 2
	Yi Hsing Corporation	Subsidiary of Yi-Jan Overseas Investment Co., Ltd.	Long-term equity investments	1,100	US\$ 203	100.00	US\$ 203	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\$ 72,862	16.55	US\$ 70,345	Note 3
	Guangzhou Aeolus Automobile Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Long-term equity investments	-	US\$ 239,214	40.00	US\$ 237,818	Note 2
	Aeolus Automobile Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Long-term equity investments	-	US\$ 84,025	25.00	US\$ 84,025	Note 3
	Dong Feng Yulon Motors Sales Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Long-term equity investments	-	US\$ 7,744	49.00	US\$ 7,744	Note 3
	Shenzhen Lan You Technology Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Long-term equity investments	-	US\$ 8,951	45.00	US\$ 8,951	Note 3
	Dong Feng Yulon Used Cars Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Long-term equity investments	-	US\$ 1,079	49.00	US\$ 1,079	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
NINE MONTHS ENDED SEPTEMBER 30, 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	-	-	-	\$ -	31,645	\$ 460,000	17,900	\$ 260,084	\$ 260,022	\$ 62	13,745	\$ 199,978
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss	-	-	13,467	190,000	7,744	110,000	-	-	-	-	21,211	300,000
	Taishin Lucky Money Market Fund	Financial assets at fair value through profit or loss	-	-	27,204	290,000	9,369	100,000	36,573	391,535	390,000	1,535	-	-
	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss	-	-	7,758	100,000	10,788	140,000	-	-	-	-	18,546	240,000
	Taishin Ta Chong Money Market Fund	Financial assets at fair value through profit or loss	-	-	2,948	40,000	11,004	150,000	-	-	-	-	13,952	190,000
	ING Taiwan Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	-	12,748	200,000	9,563	150,099	150,000	99	3,185	50,000
	FSITC Money Market Fund	Financial assets at fair value through profit or loss	-	-	234	40,000	760	130,000	-	-	-	-	994	170,000
	FSITC Global High Yield Bond Fund	Financial assets at fair value through profit or loss	-	-	4,432	50,038	5,783	70,000	8,583	104,436	100,038	4,398	1,632	20,000
	Fuh Hwa Money Market Fund	Financial assets at fair value through profit or loss	-	-	24,593	340,000	-	-	24,593	342,200	340,000	2,200	-	-
	Hua Nan Phoenix Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	-	39,005	610,000	35,182	551,076	550,000	1,076	3,823	60,000
	Hua Nan Kirin Money Market Fund	Financial assets at fair value through profit or loss	-	-	6,956	80,017	5,210	60,000	12,166	140,500	140,017	483	-	-
	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

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
NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 20,644,917	99	180 days after sales for parts 3 days after sales for vehicles	\$ -	-	\$ (1,620,645)	90	-
	Taiwan Acceptance Corporation	Subsidiary of Yulon Motor Co., Ltd.	Sale	22,156,214	88	4 days after sales for parts 3 days after sales for vehicles	-	-	313,614	55	-
	Yuan Lon Motor Co., Ltd.	Equity-method investee of Yulon Motor Co., Ltd.	Sale	256,829	1	15 days after sales for parts Immediate payment for vehicles	-	-	4,988	1	-
	Yu Chang Motor Co., Ltd.	Subsidiary of Yulon Motor Co., Ltd.	Sale	247,972	1	15 days after sales for parts	-	-	2,613	-	-
	Chi Ho Corporation	Equity-method investee of Yulon Motor Co., Ltd.	Sale	228,406	1	15 days after sales for parts 90 days after sales for vehicles	-	-	14,656	3	-
	Yu Sing Motor Co., Ltd.	Subsidiary of Yulon Motor Co., Ltd.	Sale	218,241	1	15 days after sales for parts Immediate payment for vehicles	-	-	-	-	-
	Chen Long Motor Co., Ltd.	Equity-method investee of Yulon Motor Co., Ltd.	Sale	165,087	1	15 days after sales for parts	-	-	-	-	-
	Empower Motor Co., Ltd.	Subsidiary of Yulon Motor Co., Ltd.	Sale	164,787	1	Same as above	-	-	2,863	1	-
	Yushin Motor Co., Ltd.	Subsidiary of Yulon Motor Co., Ltd.	Sale	163,575	1	15 days after sales for parts Immediate payment for vehicles	-	-	92	-	-
	Hui-Lian Motor Co., Ltd.	Equity-method investee of Yulon Motor Co., Ltd.	Sale	163,332	1	15 days after sales for parts	-	-	-	-	-
	Yu Tang Motor Co., Ltd.	Equity-method investee of Yulon Motor Co., Ltd.	Sale	160,748	-	Same as above	-	-	-	-	-
Nissan Motor Egypt S.A.E.	Subsidiary of Nissan	Sale	108,786	-	30 days after sales for parts	-	-	52,849	9	-	

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 INVESTEES

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

SEPTEMBER 30, 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	\$ 313,614	144.46	\$ -	-	\$ 313,614	\$ -

YULON NISSAN MOTOR COMPANY, LTD. AND INVESTEEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 2011			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note 1)	Note
				September 30, 2011	December 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	100.00	\$ 18,447,685	\$ 2,370,283	\$ 2,370,283	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	100.00	US\$ 605,239	US\$ 81,443	US\$ 81,443	Note 2
				US\$ 200	US\$ 200	1,100	100.00	US\$ 203	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\$ 72,862	US\$ 31,771	US\$ 4,942	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	-	40.00	US\$ 239,214	US\$ 105,181	US\$ 41,710	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	-	25.00	US\$ 84,025	US\$ 36,914	US\$ 9,228	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	-	49.00	US\$ 7,744	US\$ (665)	US\$ (326)	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	-	45.00	US\$ 8,951	US\$ (3)	US\$ (1)	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	-	49.00	US\$ 1,079	US\$ 187	US\$ 92	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

NINE MONTHS ENDED SEPTEMBER 30, 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, 2011	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2011	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of September 30, 2011	Accumulated Inward Remittance of Earnings as of September 30, 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%	\$ 143,830 (US\$ 4,942)	\$ 2,220,838 (US\$ 72,862)	\$ -
Guangzhou Aeolus Automobile Co., Ltd.	Developing and manufacturing of parts and vehicles and related services	8,969,950 (RMB2,200,000)	Note 1	537,199 (US\$ 16,941)	-	-	537,199 (US\$ 16,941)	40%	1,213,964 (US\$ 41,710)	7,291,251 (US\$ 239,214)	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%	268,595 (US\$ 9,228)	2,561,095 (US\$ 84,025)	-
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%	(9,490) (US\$ -326)	236,028 (US\$ 7,744)	-
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%	(41) (US\$ -1)	272,839 (US\$ 8,951)	-
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%	2,668 (US\$ 92)	32,875 (US\$ 1,079)	-

Accumulated Investment in Mainland China as of September 30, 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)	\$11,323,420

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 investees' 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.