

Yulon Nissan Motor Company, Ltd.

**Financial Statements for the
Three Months Ended March 31, 2012 and 2011 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, 2012 and 2011, 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, which amounted to \$4,634,069 thousand, and the related investment income for the three months then ended, which amounted to \$56,739 thousand, 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 25, 2012

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, 2012 AND 2011

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

(Reviewed, Not Audited)

ASSETS	2012		2011		LIABILITIES AND STOCKHOLDERS' EQUITY	2012		2011	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 1,099,452	5	\$ 493,072	2	Notes and accounts payable	\$ 78,190	-	\$ 80,225	-
Financial assets at fair value through profit or loss (Notes 2 and 5)	2,630,149	10	3,557,299	16	Notes and accounts payable - related parties (Note 19)	1,893,851	8	1,774,334	8
Notes and accounts receivable (Notes 2 and 6)	31,117	-	27,705	-	Income tax payable (Notes 2 and 15)	261,935	1	74,891	-
Notes and accounts receivable - related parties (Note 19)	763,255	3	720,368	3	Accrued expenses (Note 12)	538,772	2	452,846	2
Other financial assets (Note 7)	40,584	-	187,886	1	Warranty (Note 2)	50,590	-	54,252	-
Inventory (Notes 2 and 8)	1,894	-	1,511	-	Other current liabilities	<u>153,843</u>	<u>1</u>	<u>102,301</u>	<u>1</u>
Prepayments (Note 19)	6,711	-	48,450	-	Total current liabilities	<u>2,977,181</u>	<u>12</u>	<u>2,538,849</u>	<u>11</u>
Deferred income tax assets, net (Notes 2 and 15)	35,135	-	49,278	1	OTHER LIABILITIES				
Other current assets	<u>1,287</u>	<u>-</u>	<u>981</u>	<u>-</u>	Accrued pension liabilities (Notes 2 and 16)	475,860	2	452,170	2
Total current assets	<u>4,609,584</u>	<u>18</u>	<u>5,086,550</u>	<u>23</u>	Deferred income tax liabilities, net (Notes 2 and 15)	1,997,412	8	1,333,732	6
LONG-TERM EQUITY INVESTMENTS (Notes 2 and 9)	<u>19,503,291</u>	<u>76</u>	<u>16,162,279</u>	<u>71</u>	Warranty (Note 2)	<u>86,290</u>	<u>-</u>	<u>71,415</u>	<u>-</u>
PROPERTY, PLANT AND EQUIPMENT (Notes 2 and 10)					Total other liabilities	<u>2,559,562</u>	<u>10</u>	<u>1,857,317</u>	<u>8</u>
Cost					Total liabilities	<u>5,536,743</u>	<u>22</u>	<u>4,396,166</u>	<u>19</u>
Machinery and equipment	19,660	-	21,135	-	STOCKHOLDERS' EQUITY (Notes 2 and 13)				
Transportation equipment	4,290	-	4,290	-	Capital stock - \$10 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>13</u>
Tools	5,694	-	5,694	-	Capital surplus				
Computer equipment	85,248	1	80,018	1	Excess from spin-off	5,986,507	23	5,986,507	27
Other equipment	83,639	-	77,479	-	Gains on long-term investments	<u>2,461</u>	<u>-</u>	<u>2,461</u>	<u>-</u>
Leasehold improvement	<u>5,763</u>	<u>-</u>	<u>4,559</u>	<u>-</u>	Total capital surplus	<u>5,988,968</u>	<u>23</u>	<u>5,988,968</u>	<u>27</u>
Total cost	204,294	1	193,175	1	Retained earnings				
Less accumulated depreciation	<u>169,281</u>	<u>1</u>	<u>158,267</u>	<u>1</u>	Legal reserve	1,381,683	5	1,093,293	5
	35,013	-	34,908	-	Special reserve	379,840	1	379,840	2
Prepayments for equipment	<u>3,216</u>	<u>-</u>	<u>1,840</u>	<u>-</u>	Unappropriated earnings	<u>9,363,058</u>	<u>37</u>	<u>7,351,874</u>	<u>32</u>
Property, plant and equipment, net	<u>38,229</u>	<u>-</u>	<u>36,748</u>	<u>-</u>	Total retained earnings	<u>11,124,581</u>	<u>43</u>	<u>8,825,007</u>	<u>39</u>
OTHER ASSETS					Cumulative translation adjustments	<u>(13,500)</u>	<u>-</u>	<u>440,220</u>	<u>2</u>
Refundable deposits (Note 19)	21,932	-	4,301	-	Total stockholders' equity	<u>20,100,049</u>	<u>78</u>	<u>18,254,195</u>	<u>81</u>
Deferred charges (Notes 2, 11 and 19)	<u>1,463,756</u>	<u>6</u>	<u>1,360,483</u>	<u>6</u>	TOTAL	<u>\$ 25,636,792</u>	<u>100</u>	<u>\$ 22,650,361</u>	<u>100</u>
Total other assets	<u>1,485,688</u>	<u>6</u>	<u>1,364,784</u>	<u>6</u>					
TOTAL	<u>\$ 25,636,792</u>	<u>100</u>	<u>\$ 22,650,361</u>	<u>100</u>					

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

(With Deloitte & Touche review report dated April 25, 2012)

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2012 AND 2011

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

(Reviewed, Not Audited)

	2012		2011	
	Amount	%	Amount	%
SALES (Note 19)	\$ 10,095,808	100	\$ 9,666,648	100
LESS: SALES RETURNS	522	-	2,591	-
SALES ALLOWANCES	<u>1,460</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET SALES	10,093,826	100	9,664,057	100
COST OF SALES (Note 19)	<u>8,775,014</u>	<u>87</u>	<u>8,293,868</u>	<u>86</u>
GROSS PROFIT	<u>1,318,812</u>	<u>13</u>	<u>1,370,189</u>	<u>14</u>
OPERATING EXPENSES (Note 19)				
Marketing and selling	764,159	8	755,979	8
General and administrative	127,484	1	141,560	2
Research and development	<u>116,211</u>	<u>1</u>	<u>119,521</u>	<u>1</u>
Total operating expenses	<u>1,007,854</u>	<u>10</u>	<u>1,017,060</u>	<u>11</u>
OPERATING INCOME	<u>310,958</u>	<u>3</u>	<u>353,129</u>	<u>3</u>
NONOPERATING INCOME AND GAINS				
Equity in net income of investees	911,123	9	536,639	6
Gain from valuation of financial assets	15,308	-	14,370	-
Gain on sale of plant asset, net (Note 19)	445	-	-	-
Interest income	439	-	117	-
Foreign exchange gain, net	-	-	3,184	-
Others (Note 19)	<u>9,154</u>	<u>-</u>	<u>6,844</u>	<u>-</u>
Total nonoperating income and gains	<u>936,469</u>	<u>9</u>	<u>561,154</u>	<u>6</u>
NONOPERATING EXPENSES AND LOSSES				
Overseas business expense (Note 19)	10,508	-	12,063	-
Loss on sale of investments, net	7,956	-	6,464	-
Foreign exchange loss, net	5,039	-	-	-
Interest expense (Note 19)	318	-	282	-
Others (Note 19)	<u>1,077</u>	<u>-</u>	<u>4,272</u>	<u>-</u>
Total nonoperating expenses and losses	<u>24,898</u>	<u>-</u>	<u>23,081</u>	<u>-</u>

(Continued)

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2012 AND 2011

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

(Reviewed, Not Audited)

	2012		2011	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 1,222,529	12	\$ 891,202	9
INCOME TAX EXPENSES (Notes 2 and 15)	<u>208,310</u>	<u>2</u>	<u>24,992</u>	<u>-</u>
NET INCOME	<u>\$ 1,014,219</u>	<u>10</u>	<u>\$ 866,210</u>	<u>9</u>
	2012		2011	
	Before Tax	After Tax	Before Tax	After Tax
BASIC EARNINGS PER SHARE (Note 18)				
Basic	<u>\$ 4.08</u>	<u>\$ 3.38</u>	<u>\$ 2.97</u>	<u>\$ 2.89</u>
Diluted	<u>\$ 4.07</u>	<u>\$ 3.38</u>	<u>\$ 2.97</u>	<u>\$ 2.88</u>

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

(With Deloitte & Touche review report dated April 25, 2012)

(Concluded)

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2012 AND 2011 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2012	2011
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Net income	\$ 1,014,219	\$ 866,210
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	179,265	151,650
Loss on sale of investments, net	7,956	6,464
Equity in net income of investees	(911,123)	(536,639)
Gain from valuation of financial assets	(15,308)	(14,370)
Gain from disposal of fixed assets	(445)	-
Deferred income taxes	159,576	152,116
Provision for pension costs	6,680	2,584
Provision for loss on inventory purchase commitment	-	5,793
Provision for warranty liabilities	(4,474)	18,513
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(360,796)	(1,438,645)
Notes and accounts receivable	(8,700)	(1,246)
Notes and accounts receivable - related parties	(225,148)	(396,763)
Other financial assets	412,061	426,070
Inventories	(101)	(495)
Prepayments	26,924	(43,884)
Other current assets	(872)	(981)
Notes and accounts payable	(66,340)	(1,294)
Notes and accounts payable - related parties	323,238	698,637
Income tax payable	48,697	23,906
Accrued expenses	(21,156)	(33,617)
Other current liabilities	(2,665)	931
Net cash provided by (used in) operating activities	<u>561,488</u>	<u>(115,060)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(4,805)	-
Disposal of fixed assets	500	-
Increase in refundable deposits	(2,282)	(1,621)
Increase in deferred charges	(199,361)	(67,374)
Net cash used in investing activities	<u>(205,948)</u>	<u>(68,995)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	355,540	(184,055)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>743,912</u>	<u>677,127</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 1,099,452</u>	<u>\$ 493,072</u>

(Continued)

YULON NISSAN MOTOR COMPANY, LTD.

STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2012	2011
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for		
Interest	<u>\$ 318</u>	<u>\$ 288</u>
Income tax	<u>\$ 37</u>	<u>\$ 14</u>

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

(With Deloitte & Touche review report dated April 25, 2012)

(Concluded)

YULON NISSAN MOTOR COMPANY, LTD.

NOTES TO FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2012 AND 2011

(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, 2012 and 2011, the Company had 418 and 402 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, to be 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 a contractual party 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

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 is objective evidence 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, related accumulated depreciation and related accumulated impairment 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 by 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 a defined benefit plan are recognized according to 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 IN 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.

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."

4. CASH AND CASH EQUIVALENTS

	<u>March 31</u>	
	<u>2012</u>	<u>2011</u>
Cash		
Cash on hand	\$ 20	\$ 20
Checking accounts and demand deposits	644,984	304,471
Time deposits, annual yield rate - 2012: 0.87%-1.09%, 2011: 0.75%	212,600	1,500
Foreign-currency demand deposits	<u>241,848</u>	<u>175,139</u>
	1,099,452	481,130
Cash equivalents		
Foreign commercial papers, annual yield rate - 2011: 1.50%	<u>-</u>	<u>11,942</u>
	<u>\$ 1,099,452</u>	<u>\$ 493,072</u>

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>March 31</u>	
	<u>2012</u>	<u>2011</u>
Financial assets held for trading		
Mutual funds	<u>\$ 2,630,149</u>	<u>\$ 3,557,299</u>

Net gain on financial assets held for trading during the three months ended March 31, 2012 and 2011 were \$7,352 thousand and \$7,906 thousand, respectively.

6. NOTES AND ACCOUNTS RECEIVABLE

	<u>March 31</u>	
	<u>2012</u>	<u>2011</u>
Notes receivable	\$ 399	\$ 855
Accounts receivable	<u>30,718</u>	<u>26,850</u>
	<u>\$ 31,117</u>	<u>\$ 27,705</u>

7. OTHER FINANCIAL ASSETS

	<u>March 31</u>	
	<u>2012</u>	<u>2011</u>
Receivable of sale of securities	\$ 36,466	\$ -
Interest receivable	90	11
Tax refund receivable	37	184,369
Others	<u>3,991</u>	<u>3,506</u>
	<u>\$ 40,584</u>	<u>\$ 187,886</u>

8. INVENTORIES

	<u>March 31</u>	
	<u>2012</u>	<u>2011</u>
Parts	\$ <u>1,894</u>	\$ <u>1,511</u>

The cost of inventories recognized as cost of sales during the three months ended March 31, 2012 was \$8,775,014 thousand, which included warranty cost of \$1,950 thousand. 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.

9. LONG-TERM EQUITY INVESTMENTS

	<u>March 31</u>			
	<u>2012</u>		<u>2011</u>	
	<u>Carrying Value</u>	<u>% of Ownership</u>	<u>Carrying Value</u>	<u>% of Ownership</u>
Yi-Jan Overseas Investment Co., Ltd.	\$ <u>19,503,291</u>	100	\$ <u>16,162,279</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, 2012</u>
Aeolus Xiangyang Automobile Co., Ltd.	16.55	US\$ 21,700
Guangzhou Aeolus Automobile Co., Ltd.	40.00	16,941
Aeolus Automobile Co., Ltd.	25.00	10,890
Shenzhen Lan You Technology Co., Ltd.	45.00	1,125
Dong Feng Yulon Used Cars Co., Ltd.	49.00	<u>593</u>
		<u>US\$ 51,249</u>

The Company invested US\$200 thousand in Yi Hsing Corporation through Yi-Jan Overseas Investment Co., Ltd. Yi Hsing Corporation engages in making inquiries selling prices of motor parts and engages in commission-based businesses. The operating activities of Yi Hsing Corporation had been terminated in February 2011; its liquidation had been completed on February 8, 2012.

As of March 31, 2011, the carrying values and related investment income (loss) of long-term equity investments, were based on the investees' reviewed financial statements.

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

All accounts of the Company's subsidiaries were included in the consolidated financial statements.

10. PROPERTY, PLANT AND EQUIPMENT

	March 31	
	2012	2011
Accumulated depreciation		
Machinery and equipment	\$ 16,035	\$ 16,741
Transportation equipment	4,012	3,852
Tools	4,589	3,959
Computer equipment	71,616	66,934
Other equipment	69,010	64,434
Leasehold improvement	<u>4,019</u>	<u>2,347</u>
	<u>\$ 169,281</u>	<u>\$ 158,267</u>

Depreciation of property, plant and equipment amounted to \$3,687 thousand and \$4,092 thousand for the three months ended March 31, 2012 and 2011, respectively.

11. DEFERRED CHARGES

	March 31	
	2012	2011
Molds	\$ 1,157,730	\$ 1,096,822
Dies	293,158	248,047
Computer software	<u>12,868</u>	<u>15,614</u>
	<u>\$ 1,463,756</u>	<u>\$ 1,360,483</u>

Amortization of deferred charges amounted to \$175,578 thousand and \$147,558 thousand for the three months ended March 31, 2012 and 2011, respectively.

12. ACCRUED EXPENSES

	March 31	
	2012	2011
Promotion expenses	\$ 297,257	\$ 137,306
Wages and bonuses	162,218	202,572
Others	<u>79,297</u>	<u>112,968</u>
	<u>\$ 538,772</u>	<u>\$ 452,846</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. Under the revised Company Law issued on January 4, 2012, the aforementioned capital surplus also may be distributed in cash. 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, 2012 was calculated at 1% 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, 2011 was calculated at 2.29% 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. Under the revised Company Law issued on January 4, 2012, when the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

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 of the Company approved by the stockholders on June 23, 2011 were as follows:

	Appropriation of Earnings	Earnings Per Share
Legal reserve	\$ 288,390	
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.

As of April 25, 2012, the date of the accompanying independent auditors' report, the appropriations and distribution of the 2011 earnings of the Company had not been approved by the board of directors and stockholders. Information about the appropriations and distribution of the 2011 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 \$162,899 thousand and \$136,684 thousand for the three months ended March 31, 2012 and 2011, 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	
	2012	2011
Income tax expense computed on the basis of income before income tax at statutory tax rate	\$ 207,830	\$ 151,504
Add (deduct) tax effects of:		
Permanent differences	693	767
Temporary differences	(159,789)	(94,750)
Loss carryforwards used	-	(38,758)
Investment tax credits	-	(18,763)
Income tax payable	<u>\$ 48,734</u>	<u>\$ -</u>

The balance of the income tax payable shown on the balance sheet as of March 31, 2012 was net of prepaid income tax and added to income tax payable of previous years. The balance of income tax payable shown on the balance sheets as of March 31, 2011 was income tax payable of previous years.

Income tax returns through 2009 had been examined by the tax authorities.

- b. Income tax expenses consisted of the following:

	Three Months Ended March 31	
	2012	2011
Income tax payable	\$ 48,734	\$ -
Deferred income tax	159,576	152,116
Prior years' income tax adjustments	-	(127,124)
Income tax expenses	<u>\$ 208,310</u>	<u>\$ 24,992</u>

Prior years' income tax adjustments arose from tax exemption from 2004 and 2005 re-examined by tax authorities in March 2011.

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

	<u>March 31</u>	
	<u>2012</u>	<u>2011</u>
Current		
Provision for loss on inventory purchase commitment	\$ 21,053	\$ 12,214
Provision for warranty	8,600	9,223
Unrealized foreign exchange loss	5,482	1,512
Investment tax credits	<u>-</u>	<u>26,329</u>
Deferred income tax assets	<u>\$ 35,135</u>	<u>\$ 49,278</u>
Noncurrent		
Provision for pension	\$ 80,831	\$ 76,845
Impairment loss difference between financial accounting and taxation	37,300	63,874
Provision for warranty	14,670	12,140
Investment tax credits	2,639	1,157
Equity in net income of overseas subsidiaries	<u>(2,132,852)</u>	<u>(1,487,748)</u>
Net deferred income tax liabilities	<u>\$ (1,997,412)</u>	<u>\$ (1,333,732)</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 March 31, 2012, the amount of the investment under the plans totaled \$26,394 thousand, with investment tax credit amount of \$2,639 thousand.

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

	<u>March 31</u>	
	<u>2012</u>	<u>2011</u>
Balance of imputation credit account ("ICA")	<u>\$ 219,689</u>	<u>\$ 415,003</u>

The estimated ICA rate for the 2011 earnings and the actual ICA rate for the 2010 earnings were 5.77% and 4.86%, 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 as of December 31, 2011 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 since July 1, 2005.

Pension expenses recognized under the defined contribution plan were \$3,046 thousand and \$2,701 thousand for the three months ended March 31, 2012 and 2011, respectively. Accrued pension liabilities under defined contribution plan amounted to \$2,036 thousand and \$1,797 thousand as of March 31, 2012 and 2011, respectively.

Following the provisions of the Labor Standards Law, which was promulgated earlier than the Labor Pension Act, the Company has 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 \$7,190 thousand and \$7,409 thousand for the three months ended March 31, 2012 and 2011, respectively. Pension fund amounted to \$3,964 thousand and \$3,784 thousand as of March 31, 2012 and 2011, respectively. Accrued pension liabilities recognized under the defined benefit plan were \$473,824 thousand and \$450,373 thousand as of March 31, 2012 and 2011, respectively.

17. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	Three Months Ended March 31, 2012		
	Operating Cost	Operating Expenses	Total
Personnel expenses			
Salaries	\$ 171	\$ 147,112	\$ 147,283
Labor and health insurance	-	7,365	7,365
Pension	-	9,909	9,909
Other personnel expenses	-	7,443	7,443
	<u>\$ 171</u>	<u>\$ 171,829</u>	<u>\$ 172,000</u>
Depreciation	<u>\$ -</u>	<u>\$ 3,687</u>	<u>\$ 3,687</u>
Amortization	<u>\$ 173,813</u>	<u>\$ 1,765</u>	<u>\$ 175,578</u>
	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	-	7,094	7,094
	<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>

18. EARNINGS PER SHARE

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

	<u>Amounts (Numerator)</u>		<u>Shares (Denominator) (Thousands)</u>	<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, 2012</u>					
Basic EPS					
Income for the period attributable to common stockholders	\$ 1,222,529	\$ 1,014,219	300,000	<u>\$ 4.08</u>	<u>\$ 3.38</u>
Effect of dilutive potential common stock Bonus to employees	<u>-</u>	<u>-</u>	<u>354</u>		
Diluted EPS					
Income for the period attributable to common stockholders plus effect of potential dilutive common stock	<u>\$ 1,222,529</u>	<u>\$ 1,014,219</u>	<u>300,354</u>	<u>\$ 4.07</u>	<u>\$ 3.38</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>

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

(Continued)

Related Party	Relationship with the Company
PT. Nissan Motor Indonesia (“NMI”)	Same as above
Nissan Motor India Private Limited	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
Ashok Leyland Nissan Vehicles Ltd.	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
Sinjang 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 (merged with Andes Travel Service Ltd. in September 2011)
Uni Calsonic Corporation	Equity-method investee of Yulon
China Ogihara Corporation	Same as above
Yuan Lon Motor Co., Ltd.	Same as above
Chen Long Co., Ltd.	Same as above
ROC Spicer Ltd.	Same as above
Chi Ho Corporation	Same as above
Yu Tang Motor Co., Ltd.	Same as above
Yulon Management Co., Ltd. (formerly Sin Chi 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

(Continued)

Related Party	Relationship with the Company
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.
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
Diamond Leasing Service Co., Ltd.	Subsidiary of Ka-Plus Automobile Leasing Co., Ltd.
Hsieh Kuan Manpower Service Co., Ltd.	Subsidiary of Diamond Leasing Service Co., Ltd.

(Concluded)

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

	Three Months Ended March 31			
	2012		2011	
	Amount	% to Total	Amount	% to Total
1) Operating revenue - sales revenue				
Taiwan Acceptance Corporation	\$ 9,050,182	90	\$ 8,669,471	90
Yuan Lon Motor Co., Ltd.	93,442	1	101,022	1
Yu Chang Motor Co., Ltd.	88,198	1	89,776	1
Yu Sing Motor Co., Ltd.	82,033	1	75,061	1
Chi Ho Corporation	78,180	1	58,246	-
Hui-Lian Motor Co.	66,121	1	58,398	1
Yushin Motor Co., Ltd.	64,959	1	64,880	1
Yu Tang Motor Co., Ltd.	64,842	1	57,949	-
Empower Motor Co., Ltd.	63,490	-	60,307	1
Chen Long Co., Ltd.	61,102	-	60,136	1
Nissan Motor Egypt S.A.E.	29,114	-	54,697	-
PT. Nissan Motor Indonesia	22,488	-	2,832	-
Yu Pool Co., Ltd.	18,173	-	16,340	-
Sin Etke Technology Co., Ltd.	17,538	-	31,262	-
Others	<u>133,317</u>	<u>2</u>	<u>130,438</u>	<u>2</u>
	<u>\$ 9,933,179</u>	<u>99</u>	<u>\$ 9,530,815</u>	<u>99</u>

	Three Months Ended March 31			
	2012		2011	
	Amount	% to Total	Amount	% to Total
2) Operating revenue - service revenue				
Nissan	<u>\$ 2,816</u>	<u>100</u>	<u>\$ 2,981</u>	<u>100</u>

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

	Three Months Ended March 31			
	2012		2011	
	Amount	% to Total	Amount	% to Total
3) Operating revenue - other				
Yulon	\$ 11,161	87	\$ 11,096	85
Hua-Chuang Automobile Information Technical Center Co., Ltd.	1,663	13	-	-
Zhengzhou Nissan Automobile Co., Ltd.	<u>-</u>	<u>-</u>	<u>1,855</u>	<u>14</u>
	<u>\$ 12,824</u>	<u>100</u>	<u>\$ 12,951</u>	<u>99</u>

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

	Three Months Ended March 31			
	2012		2011	
	Amount	% to Total	Amount	% to Total
4) Operating cost - purchase				
Yulon	\$ 8,329,079	99	\$ 7,817,275	97
Others	<u>14,953</u>	<u>-</u>	<u>18,823</u>	<u>-</u>
	<u>\$ 8,344,032</u>	<u>99</u>	<u>\$ 7,836,098</u>	<u>97</u>
5) Operating cost - Technical Cooperation Agreement (TCA)				
Nissan	<u>\$ 162,899</u>	<u>100</u>	<u>\$ 136,684</u>	<u>100</u>
6) Operating expenses - rental				
Yulon	\$ 4,714	53	\$ 4,118	45
Ka-Plus Automobile Leasing Co., Ltd.	2,043	23	1,961	21
Sin Etke Technology Co., Ltd.	657	7	729	8
Tang Li Enterprise Co., Ltd.	253	3	203	2
Hsieh Kuan Manpower Service Co., Ltd.	148	1	416	5
Others	<u>1</u>	<u>-</u>	<u>96</u>	<u>-</u>
	<u>\$ 7,816</u>	<u>87</u>	<u>\$ 7,523</u>	<u>81</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 pay the rental expenses monthly. The Company leases customer service 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 monthly.

	Three Months Ended March 31			
	2012		2011	
	Amount	% to Total	Amount	% to Total
7) Operating expenses - marketing and selling expense				
Taiwan Acceptance Corporation	\$ 116,951	15	\$ 89,690	12
Yu Chang Motor Co., Ltd.	55,859	7	77,628	10
Yu Sing Motor Co., Ltd.	44,524	6	65,616	9
Yuan Lon Motor Co., Ltd.	39,003	5	54,295	7
Hui-Lian Motor Co.	32,945	4	38,246	6
Empower Motor Co., Ltd.	32,222	4	36,035	5
Yushin Motor Co., Ltd.	30,628	4	36,146	5
Chen Long Co., Ltd.	28,229	4	32,910	4
Chi Ho Corporation	24,354	3	37,055	5
Yu Tang Motor Co., Ltd.	19,593	3	32,701	4
Others	<u>26,777</u>	<u>4</u>	<u>37,682</u>	<u>5</u>
	<u>\$ 451,085</u>	<u>59</u>	<u>\$ 538,004</u>	<u>72</u>

8) Operating expenses - general and administrative expense

Yulon Management Co., Ltd.	\$ 43,650	34	\$ 43,727	31
Yulon	5,443	4	5,414	4
Others	<u>2,647</u>	<u>2</u>	<u>8,323</u>	<u>6</u>
	<u>\$ 51,740</u>	<u>40</u>	<u>\$ 57,464</u>	<u>41</u>

The Company paid fee for consulting, labor dispatch and IT services to Yulon Management Co., Ltd.

	Three Months Ended March 31			
	2012		2011	
	Amount	% to Total	Amount	% to Total
9) Operating expenses - research and development expense				
Yulon	\$ 5,257	5	\$ 613	1
Hsiang Shou Enterprise Co., Ltd.	5,191	4	5,762	5
Others	<u>299</u>	<u>-</u>	<u>110</u>	<u>-</u>
	<u>\$ 10,747</u>	<u>9</u>	<u>\$ 6,485</u>	<u>6</u>

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

	Three Months Ended March 31			
	2012		2011	
	Amount	% to Total	Amount	% to Total
10) Nonoperating income - others				
Yu Chang Motor Co., Ltd.	\$ 763	9	\$ 884	13
Yuan Lon Motor Co., Ltd.	568	6	554	8
Yu Sing Motor Co., Ltd.	475	5	594	9
Others	<u>2,590</u>	<u>28</u>	<u>2,701</u>	<u>39</u>
	<u>\$ 4,396</u>	<u>48</u>	<u>\$ 4,733</u>	<u>69</u>
11) Nonoperating expenses and losses - overseas business expense				
Yulon Management Co., Ltd.	\$ 2,925	28	\$ 3,425	28
Sinjang Co., Ltd.	1,768	17	2,477	21
Others	<u>2,084</u>	<u>20</u>	<u>1,230</u>	<u>10</u>
	<u>\$ 6,777</u>	<u>65</u>	<u>\$ 7,132</u>	<u>59</u>
12) Nonoperating expenses - others				
Yulon	<u>\$ -</u>	<u>-</u>	<u>\$ 4</u>	<u>-</u>
March 31				
	2012		2011	
	Amount	% to Total	Amount	% to Total
13) Notes and accounts receivable - related parties				
Taiwan Acceptance Corporation	\$ 583,707	76	\$ 519,175	72
NMPI	30,065	4	56,379	8
Chi Ho Corporation	20,433	3	2,055	-
Sin Etke Technology Co., Ltd.	18,415	2	32,825	5
Nissan Motor Egypt S.A.E.	16,433	2	26,923	4
Yulon Motor Co., Ltd.	14,445	2	14,852	2
Jet Ford, Inc.	12,276	2	12,216	1
Others	<u>67,481</u>	<u>9</u>	<u>55,943</u>	<u>8</u>
	<u>\$ 763,255</u>	<u>100</u>	<u>\$ 720,368</u>	<u>100</u>

Jet Ford Inc. sells parts, steel and aluminum parts for the Company. As of March 31, 2012 and 2011, the accounts receivable from Jet Ford Inc. results from such sales.

	March 31			
	2012		2011	
	Amount	% to Total	Amount	% to Total
14) Prepayments				
Yulon Management Co., Ltd.	\$ <u>-</u>	<u>-</u>	\$ <u>43,650</u>	<u>98</u>

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

	December 31			
	2011		2010	
	Amount	% to Total	Amount	% to Total
15) Refundable deposits				
Yulon	\$ <u>17,600</u>	<u>80</u>	\$ <u>100</u>	<u>2</u>

The Company paid refundable deposits to Yulon mainly for production of new car models.

	March 31			
	2012		2011	
	Amount	% to Total	Amount	% to Total
16) Notes and accounts payable - related parties				
Yulon	\$ 1,466,893	77	\$ 1,354,756	76
Nissan	164,368	9	138,179	8
Taiwan Acceptance Corporation	69,647	4	58,113	3
China Ogihara Corporation	45,090	2	-	-
Yulon Management Co., Ltd.	24,553	1	7,203	-
Yueki Industrial Co., Ltd.	11,856	1	60,363	4
Others	<u>111,444</u>	<u>6</u>	<u>155,720</u>	<u>9</u>
	<u>\$ 1,893,851</u>	<u>100</u>	<u>\$ 1,774,334</u>	<u>100</u>

The accounts payable to China Ogihara Corporation results from the remaining payment of molds contract signed in prior year.

- 17) The Company sold to Taiwan Acceptance Corporation accounts receivable which amounted to \$469,854 thousand and \$472,071 thousand for the three months ended March 31, 2012 and 2011, 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 recognized on the accounts receivable sold to Taiwan Acceptance Corporation were \$302 thousand and \$282 thousand for the three months ended March 31, 2012 and 2011, respectively.

18) Related-party sales of property, plant and equipment for the three months ended March 31, 2012 are summarized as follows:

	Amount	Carrying Value	Gain on Disposal
Hua-Chuang Automobile Information Technical Center Co., Ltd.	\$ 500	\$ 55	\$ 445

19) The Company signed a molds contract with Diamond Leasing Service Co., Ltd. The contract is valid from December 2011 to the end of production of the car model. The contract amounted to \$432,642 thousand payable in four installments with the last installment payable six months after the car model started mass production. As of March 31, 2012, the Company had already paid \$86,528 thousand (recognized as deferred charges). Besides, within the contract period, the Company should pay to Diamond Leasing Service Co., Ltd. before the end of January every year the amount of \$2.6 per ten thousand dollars based on the accumulated amount of molds paid in prior year.

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

	<u>Three Months Ended March 31</u>	
	2012	2011
Yulon Motor Co., Ltd.	\$ 89,880	\$ -
Yueki Industrial Co., Ltd.	18,131	155
Uni Auto Parts Co., Ltd.	7,176	-
Chien Tai Industry Co., Ltd.	7,102	-
Y-teks, Co.	6,365	2
Uni Calsonic Corporation	5,710	-
Others	<u>7,528</u>	<u>-</u>
	<u>\$ 141,892</u>	<u>\$ 157</u>

20. SIGNIFICANT COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of March 31, 2012 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, 2012, 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 contract with Taiwan Acceptance Corporation for sales and purchase of vehicles. Besides, Taiwan Acceptance Corporation separately signed with dealers contracts for display of vehicles. 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 date of signing the sale and purchase contract to March 31, 2012, 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 five years and after are as follows:

Year	Rental (Thousands)
2nd to 4th of 2012	\$ 1,881
2013	2,508
2014	2,508
2015	2,508
2016 and after	3,971

- d. The Company had commitment to buy computer equipment for \$2,160 thousand, other equipment for \$4,641 thousand, and molds for \$490,353 thousand.

21. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments:

	March 31			
	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Nonderivative financial instruments</u>				
Assets:				
Cash and cash equivalents	\$ 1,099,452	\$ 1,099,452	\$ 493,072	\$ 493,072
Financial assets at fair value through profit or loss	2,630,149	2,630,149	3,557,299	3,557,299
Notes and accounts receivable	31,117	31,117	27,705	27,705
Notes and accounts receivable - related parties	763,255	763,255	720,368	720,368
Other financial assets	40,584	40,584	187,886	187,886
Long-term equity investments	19,503,291	19,503,291	16,162,279	16,162,279
Refundable deposits	21,932	21,932	4,301	4,301
Liabilities:				
Notes and accounts payable	78,190	78,190	80,225	80,225
Notes and accounts payable - related parties	1,893,851	1,893,851	1,774,334	1,774,334
Income tax payable	261,935	261,935	74,891	74,891
Accrued expenses	538,772	538,772	452,846	452,846
Accrued pension liabilities	475,860	475,860	452,170	452,170

- 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), 3) and 4) below, the carrying values reported in the balance sheet approximate their fair values.
 - 2) The financial assets at fair value through profit or loss are estimated at market quotations.
 - 3) Fair value of long-term equity investments is based on net asset value of the investments.
 - 4) For refundable deposits, the variance between the amounts to be actually paid and the carrying values is very minimal; thus, the carrying values are used as the basis for fair value estimation.
- c. Fair value of financial instruments was as follows:

	Amount Based on Quoted Market Price		Amount Determined Using Valuation Techniques	
	March 31		March 31	
	2012	2011	2012	2011
Financial assets at fair value through profit or loss:				
Financial assets held for trading				
Mutual funds	\$ 2,570,064	\$ 3,455,663	\$ 60,085	\$ 101,636

- d. Valuation gains (losses) arising from changes in fair value of financial instruments determined using valuation techniques were \$(61) thousand and \$613 thousand for the three months ended March 31, 2012 and 2011.

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 counterparties 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 counterparty 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 can be easily converted to cash. Therefore, no material liquidity risks are anticipated.

22. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

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

(In Thousands of New Taiwan Dollars and Foreign Currency)

	March 31					
	2012			2011		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary item						
U.S. dollars	\$ 7,954	29.51	\$ 234,723	\$ 6,938	29.4	\$ 203,964
Japan yen	109,571	0.3592	39,358	241,218	0.3550	85,633
Long-term equity investments						
U.S. dollars	660,905	29.51	19,503,291	549,737	29.4	16,162,279
<u>Financial liabilities</u>						
Monetary item						
Japan yen	2,723	0.3592	978	2,040	0.3550	724
Philippine pesos	-	-	-	435	0.6944	302

23. ADDITIONAL DISCLOSURES

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

- a. Financing provided: None
- b. Endorsement/guarantee provided: None
- c. Marketable securities held: Table 1 (attached)
- d. Marketable securities acquired and disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Table 2 (attached)
- e. Acquisition of individual real estate at costs of at least NT\$100 million or 20% of the paid-in capital: None
- f. Disposal of individual real estate at prices of at least NT\$100 million or 20% of the paid-in capital: None
- g. Total purchase from or sale to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3 (attached)
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached)
- i. Names, locations, and related information of investees on which the Company exercises significant influence: Table 5 (attached)
- j. Derivative financial transactions: None

k. Investment in Mainland China

- 1) Investee company name, description of the primary business activity and products, issued capital, nature of the relationship, capital inflow or outflow, ownership interest, gain or loss on investment, amounts received on investment, and the limitation on investment: Table 6 (attached)
- 2) Significant direct or indirect transactions with the investee company, prices, payment terms, and unrealized gain or loss:
 - a) Amount and percentage of purchase; the balance and percentage of related accounts payable: None
 - b) Amount and percentage of sales; 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

The Company's reportable segments under SFAS No. 41 are disclosed in the consolidated financial statements.

25. PRE-DISCLOSURE FOR ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

Under Rule No. 0990004943 issued by the Financial Supervisory Commission (FSC) on February 2, 2010, the Company's pre-disclosure of information on the adoption of International Financial Reporting Standards (IFRSs), and assessment of material differences as well as influences between the existing accounting policies, the summary of reconciliation converting to IFRSs, and the prospective accounting policies under IFRSs are presented in the consolidated financial statements.

YULON NISSAN MOTOR COMPANY, LTD. AND INVESTEEES

MARKETABLE SECURITIES HELD

MARCH 31, 2012

(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, 2012				Note
				Shares (Thousands)	Carrying Value (Note 1)	Percentage of Ownership	Market Value or Net Asset Value	
Yulon Nissan Motor Company, Ltd.	<u>Beneficiary certificates</u>							
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss	19,224	\$ 279,978	-	\$ 281,327	
	Jih Sun Small Cap	-	Financial assets at fair value through profit or loss	147	2,000	-	1,956	
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss	20,348	289,625	-	290,698	
	Taishin North American Income Trust	-	Financial assets at fair value through profit or loss	426	6,000	-	6,030	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss	18,546	240,000	-	242,151	
	Taishin Ta Chong Money Market Fund	-	Financial assets at fair value through profit or loss	13,952	190,000	-	191,370	
	Mirae Asset Solomon Money Market Fund	-	Financial assets at fair value through profit or loss	12,314	149,980	-	150,175	
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	5,867	70,000	-	70,921	
	ING Taiwan Hong-Yang Money Market Fund	-	Financial assets at fair value through profit or loss	2,422	40,000	-	40,091	
	ING Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	3,185	50,000	-	50,206	
	ING Emerg Eqs Umbrella Fd-Greater Russia	-	Financial assets at fair value through profit or loss	223	2,000	-	2,000	
	ING EMD & High Yield Bond Port Acc	-	Financial assets at fair value through profit or loss	2,016	20,000	-	19,949	
	TIIM Money Market Fund	-	Financial assets at fair value through profit or loss	15,941	229,969	-	232,825	
	PCA Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss	19,846	260,000	-	260,625	
	Eastspring Inv Umbrella Fund Gbl Bd FoF	-	Financial assets at fair value through profit or loss	1,672	20,000	-	20,000	
	Prudential Financial Return Fund	-	Financial assets at fair value through profit or loss	2,690	40,000	-	40,321	
	FSITC Money Market Fund	-	Financial assets at fair value through profit or loss	1,865	320,000	-	321,573	
Fuh Hwa Emerging Market High Yield Bd	-	Financial assets at fair value through profit or loss	1,944	20,000	-	19,942		
Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss	6,360	100,000	-	100,165		

(Continued)

Investor	Securities Type and Name	Relationship with the Investor	Financial Statement Account	March 31, 2012				Note
				Shares (Thousands)	Carrying Value (Note 1)	Percentage of Ownership	Market Value or Net Asset Value	
	Paradigm Pion Money Market	-	Financial assets at fair value through profit or loss	3,597	\$ 40,000	-	\$ 40,151	
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss	3,215	50,000	-	50,087	
	Polaris De-Bao Money Market Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss	6,951	80,000	-	80,701	
	Polaris Gold Futures Trust Fund	-	Financial assets at fair value through profit or loss	556	6,571	-	6,436	
	KGI Victory Money Market Fund	-	Financial assets at fair value through profit or loss	4,493	50,000	-	50,364	
	KGI Tumbler Fund	-	Financial assets at fair value through profit or loss	5,819	58,718	-	60,085	
Yulon Nissan Motor Company, Ltd	<u>Stock</u> Yi-Jan Overseas Investment Co., Ltd.	Subsidiary	Long-term equity investments	84,987	19,503,291	100.00	19,503,291	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\$ 660,668	100.00	US\$ 660,668	Note 2
Jet Ford, Inc.	<u>Share certificates</u> Aeolus Xiangyang Automobile Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Long-term equity investments	-	US\$ 78,394	16.55	US\$ 76,071	Note 2
	Guangzhou Aeolus Automobile Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Long-term equity investments	-	US\$ 214,006	40.00	US\$ 213,988	Note 2
	Aeolus Automobile Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Long-term equity investments	-	US\$ 32,952	25.00	US\$ 32,952	Note 2
	Shenzhen Lan You Technology Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Long-term equity investments	-	US\$ 10,584	45.00	US\$ 10,584	Note 2
	Dong Feng Yulon Used Cars Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Long-term equity investments	-	US\$ 1,192	49.00	US\$ 1,192	Note 2

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

Note 2: The carrying value and related investment income of the long term investment were calculated based on the reviewed 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, 2012
(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> Mirae Asset Solomon Money Market Fund	Financial assets at fair value through profit or loss	-	-	8,212	\$ 100,000	12,314	\$ 150,000	8,212	\$ 100,067	\$ 100,020	\$ 47	12,314	\$ 149,980
	PCA Well Pool Money Market Fund	Financial assets at fair value through profit or loss	-	-	12,220	160,000	7,626	100,000	-	-	-	-	19,846	260,000
	PineBridge Global Emerging Market High Yield Bond Fund	Financial assets at fair value through profit or loss	-	-	-	-	5,369	60,000	5,369	61,285	60,000	1,285	-	-
	Cathay Taiwan Money Market	Financial assets at fair value through profit or loss	-	-	-	-	8,295	100,000	8,295	100,042	100,000	42	-	-
	FSITC Money Market Fund	Financial assets at fair value through profit or loss	-	-	1,285	220,000	580	100,000	-	-	-	-	1,865	320,000
	Hua Nan Phoenix Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	-	6,360	100,000	-	-	-	-	6,360	100,000

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, 2012
(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	\$ 8,329,079	99	180 days after sales for parts 3 days after sales for vehicles	\$ -	-	\$ (1,428,235)	90	-
	Taiwan Acceptance Corporation	Subsidiary of Yulon	Sale	9,050,182	90	4 days after sales for parts 3 days after sales for vehicles	-	-	570,596	76	-

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, 2012

(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	\$ 583,707	96.20	\$ -	-	\$ 583,707	\$ -

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, 2012

(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, 2012			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note 1)	Note
				March 31, 2012	March 31, 2011	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	\$ 19,503,291	\$ 911,123	\$ 911,123	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 US\$ 200	71,772 -	100.00 -	US\$ 660,668 -	US\$ 30,639 (US\$ 20)	US\$ 30,639 (US\$ 20)	Note 2 Note 2
Jet Ford, Inc.	Aeolus Xiangyang 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\$ 78,394	US\$ 14,918	US\$ 2,360	Note 2
	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\$ 214,006	US\$ 43,040	US\$ 16,936	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\$ 32,952	US\$ 39,205	US\$ 9,801	Note 2
	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\$ 10,584	US\$ 82	US\$ 37	Note 2
	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\$ 1,192	US\$ 125	US\$ 61	Note 2

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

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

YULON NISSAN MOTOR COMPANY, LTD. AND INVESTEEES

INVESTMENT IN MAINLAND CHINA

THREE MONTHS ENDED MARCH 31, 2012

(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 March 31, 2012	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Value as of March 31, 2012 (Note 3)	Accumulated Inward Remittance of Earnings as of March 31, 2012
					Outflow	Inflow					
Aeolus Xiangyang 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%	\$ 70,099 (US\$ 2,360)	\$ 2,313,407 (US\$ 78,394)	\$ -
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)	40.00%	502,978 (US\$ 16,936)	6,315,315 (US\$ 214,006)	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)	25.00%	291,090 (US\$ 9,801)	972,418 (US\$ 32,952)	-
Shenzhen Lan You Technology Co., Ltd.	Developing, manufacturing and selling of computer software and hardware and computer technology consulting	57,450 (RMB 15,000)	Note 1	35,674 (US\$ 1,125)	-	-	35,674 (US\$ 1,125)	45.00%	1,096 (US\$ 37)	312,343 (US\$ 10,584)	-
Dong Feng Yulon Used Cars Co., Ltd.	Valuation, purchase, renovation, rent and selling of used cars.	38,300 (RMB 10,000)	Note 1	18,804 (US\$ 593)	-	-	18,804 (US\$ 593)	49.00%	1,815 (US\$ 61)	35,180 (US\$ 1,192)	-

Accumulated Investment in Mainland China as of March 31, 2012	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Stipulated by Investment Commission, MOEA (Note 2)
\$1,841,642 (US\$57,171)	\$1,917,100 (US\$59,600)	\$12,060,029

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

Note 2: 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.

Note 3: The carrying value and related investment income of the long term investment were calculated based on the reviewed financial statements.