Yulon Nissan Motor Company, Ltd. and Subsidiaries

Consolidated Financial Statements for the Three Months Ended March 31, 2013 and 2012 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 consolidated balance sheets of Yulon Nissan Motor Company, Ltd. (the "Company") and subsidiaries as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, changes in stockholders' equity, and cash flows for the three months then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report based on our reviews.

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.

Based on our reviews, 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, International Financial Reporting Standard No. 1, "First-time Adoption of International Financial Reporting Standards" and International Accounting Standard No. 34, "Interim Financial Reporting."

April 26, 2013

Notice to Readers

The accompanying consolidated 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 consolidated 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. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	March 31, 2013		December 31, 2012		March 31, 2012		January 1, 2012	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS								
Cash and cash equivalents (Note 6)	$ 4,517,047	15	$ 4,828,455	18	$ 1,553,912	6	$ 1,655,722	7
Financial assets at fair value through profit or loss (Notes 4 and 7)	242,146	1	-	-	2,630,149	10	2,262,001	9
Notes receivable (Notes 4 and 8)	84	-	-	-	399	-	430	-
Notes receivable - related parties (Notes 4 and 28)	2,203	-	1,614	-	21,394	-	27,073	-
Accounts receivable (Notes 4 and 8)	58,145	-	36,554	-	86,525	-	21,987	-
Accounts receivable - related parties (Notes 4 and 28)	488,982	2	579,338	2	740,193	3	498,670	2
Other receivables (Notes 4 and 8)	3,114,063	11	3,222,291	12	3,881,535	15	4,368,193	18
Inventory (Notes 4 and 9)	1,901	-	1,547	-	1,894	-	1,793	-
Prepayment	715,929	2	705,222	3	348,749	2	384,479	2
Other current assets (Note 10)	6,011,716	21	5,579,693	20	4,864,351	19	4,593,495	18
Total current assets	15,152,216	52	14,954,714	55	14,129,101	55	13,813,843	56
NON-CURRENT ASSETS								
Equity investments (Notes 4 and 11)	11,868,686	41	10,379,966	38	9,948,663	38	9,310,797	37
Property, plant and equipment (Notes 4, 5, 12 and 28)	1,666,402	6	1,677,365	6	1,485,901	6	1,464,208	6
Other intangible assets (Notes 4 and 13)	9,684	-	11,369	-	12,868	-	12,740	-
Deferred tax assets (Note 4)	208,126	1	221,135	1	181,431	1	186,597	1
Other non-current assets (Notes 14 and 28)	62,510	-	85,830	-	25,148	-	19,898	-
Total non-current assets	13,815,408	48	12,375,665	45	11,654,011	45	10,994,240	44
TOTAL	$ 28,967,624	100	$ 27,330,379	100	$ 25,783,112	100	$ 24,808,083	100

	March 31, 2013		December 31, 2012		March 31, 2012		January 1, 2012	
LIABILITIES AND STOCKHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES								
Short-term loan (Note 15)	$ 200,000	1	$ 200,000	1	$ -	-	$ -	-
Accounts payable (Note 16)	98,874	-	147,796	1	78,190	-	144,530	1
Accounts payable - related parties (Note 28)	1,495,603	5	1,899,807	7	1,893,851	7	1,570,472	6
Other payable (Note 17)	433,207	2	548,851	2	540,808	2	561,078	2
Tax liabilities (Note 4)	200,865	1	164,607	1	261,935	1	213,240	1
Provision (Notes 4 and 19)	65,634	-	68,567	-	50,590	-	53,755	-
Deferred revenue (Notes 4 and 18)	9,511	-	12,868	-	-	-	8,823	-
Other current liabilities (Note 5)	99,314	-	107,593	-	153,867	1	147,693	1
Total current liabilities	2,603,008	9	3,150,089	12	2,979,241	11	2,699,591	11
NON-CURRENT LIABILITIES								
Provision (Notes 4 and 19)	74,302	-	80,318	-	86,290	1	87,599	-
Accrued pension liabilities (Notes 4 and 20)	554,840	2	557,165	2	537,684	2	534,565	2
Deferred tax liabilities (Note 4)	3,141,970	11	2,927,514	11	2,132,852	8	1,977,961	8
Total liabilities	6,374,120	22	6,715,086	25	5,736,067	22	5,299,716	21
EQUITY ATTRIBUTABLE TO STOCKHOLDERS OF THE COMPANY (Note 21)								
Capital stock	3,000,000	11	3,000,000	11	3,000,000	12	3,000,000	12
Capital surplus	6,129,405	21	6,129,405	22	5,988,968	23	5,988,968	24
Retained earnings								
Legal reserve	1,764,839	6	1,764,839	6	1,381,683	6	1,381,683	6
Special reserve	788,877	3	788,877	3	788,877	3	788,877	3
Unappropriated earnings	11,117,054	38	9,836,238	36	9,365,171	36	8,348,839	34
Total retained earnings	13,670,770	47	12,389,954	45	11,535,731	45	10,519,399	43
Other stockholders' equity	(206,671)	(1)	(904,066)	(3)	(477,654)	(2)	-	-
Total equities	22,593,504	78	20,615,293	75	20,047,045	78	19,508,367	79
TOTAL	$ 28,967,624	100	$ 27,330,379	100	$ 25,783,112	100	$ 24,808,083	100

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

(With Deloitte & Touche review report dated April 26, 2013)

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	Three Months Ended March 31			
	2013		2012	
	Amount	%	Amount	%
OPERATING REVENUE (Note 28)				
Sale revenue	$ 7,578,691	100	$ 10,078,187	100
Service revenue	1,986	-	2,816	-
Other operating revenue	15,353	-	12,823	-
Total operating revenue	7,596,030	100	10,093,826	100
OPERATING COSTS				
Cost of goods sold (Note 28)	6,443,777	85	8,775,014	87
GROSS PROFIT	1,152,253	15	1,318,812	13
OPERATING EXPENSES (Note 28)				
Marketing and selling	639,426	8	764,159	8
General and administrative	114,336	2	125,502	1
Research and development	123,588	2	116,211	1
Total operating expenses	877,350	12	1,005,872	10
OTHER GAINS AND LOSSES (Note 28)	-	-	445	-
OPERATING INCOME	274,903	3	313,385	3
NONOPERATING INCOME AND EXPENSES				
Investment income recognized under equity method	1,157,782	15	867,078	9
Interest income	72,937	1	33,244	-
Foreign exchange gain, net	44,925	1	6,751	-
Other revenue (Note 28)	1,277	-	9,217	-
Gain (loss) on disposal of investment	244	-	(7,956)	-
Gain from valuation of financial assets	146	-	15,308	-
Overseas business expenses (Note 28)	(6,913)	-	(10,508)	-
Interest expenses (Note 28)	(453)	-	(318)	-
Other losses (Note 28)	(270)	-	(1,077)	-
Total nonoperating income and expenses	1,269,675	17	911,739	9
INCOME BEFORE TAX	1,544,578	20	1,225,124	12
INCOME TAX EXPENSE (Notes 4 and 23)	263,732	3	208,757	2
NET INCOME	1,280,846	17	1,016,367	10

(Continued)

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	Three Months Ended March 31			
	2013		2012	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Translation adjustments on foreign subsidiaries	$ 697,395	9	$ (477,654)	(5)
Defined benefit actuarial losses	(36)	-	(42)	-
Tax of other comprehensive income (Notes 4 and 23)	6	-	7	-
Total other comprehensive income	697,365	9	(477,689)	(5)
TOTAL COMPREHENSIVE INCOME	$ 1,978,211	26	$ 538,678	5
NET INCOME ATTRIBUTED TO				
Stockholders of the company	$ 1,280,846	17	$ 1,016,367	10
TOTAL COMPREHENSIVE INCOME ATTRIBUTED TO				
Stockholders of the company	$ 1,978,211	26	$ 538,678	5

	2013	2012
	After Tax	After Tax
EARNINGS PER SHARE (Note 24)		
Basic	$ 4.27	$ 3.39
Diluted	$ 4.27	$ 3.38

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

(With Deloitte & Touche review report dated April 26, 2013) (Concluded)

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Capital Stock (Note 21)	Capital Surplus (Note 21)	Retained Earnings (Note 21) Legal Reserve	Retained Earnings (Note 21) Special Reserve	Retained Earnings (Note 21) Unappropriated Earnings	Other Equity Translation Adjustments on Foreign Subsidiaries (Note 21)	Total Stockholders' Equity
BALANCE, JANUARY 1, 2012	$ 3,000,000	$ 5,988,968	$ 1,381,683	$ 788,877	$ 8,348,839	$ -	$ 19,508,367
Net income, from January 1, 2012 to March 31, 2012	-	-	-	-	1,016,367	-	1,016,367
Other comprehensive income, from January 1, 2012 to March 31, 2012	-	-	-	-	(35)	(477,654)	(477,689)
Comprehensive income, from January 1, 2012 to March 31, 2012	-	-	-	-	1,016,332	(477,654)	538,678
BALANCE, MARCH 31, 2012	$ 3,000,000	$ 5,988,968	$ 1,381,683	$ 788,877	$ 9,365,171	$ (477,654)	$ 20,047,045
BALANCE, JANUARY 1, 2013	$ 3,000,000	$ 6,129,405	$ 1,764,839	$ 788,877	$ 9,836,238	$ (904,066)	$ 20,615,293
Net income, from January 1, 2013 to March 31, 2013	-	-	-	-	1,280,846	-	1,280,846
Other comprehensive income, from January 1, 2013 to March 31, 2013	-	-	-	-	(30)	697,395	697,365
Comprehensive income, from January 1, 2013 to March 31, 2013	-	-	-	-	1,280,816	697,395	1,978,211
BALANCE, MARCH 31, 2013	$ 3,000,000	$ 6,129,405	$ 1,764,839	$ 788,877	$ 11,117,054	$ (206,671)	$ 22,593,504

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

(With Deloitte & Touche review report dated April 26, 2013)

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Three Months Ended March 31	
	2013	**2012**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,544,578	$ 1,225,124
Adjustments to reconcile income to net cash provided by operating activities:		
Depreciation	123,526	177,500
Amortization	1,685	1,765
Gain from valuation of financial assets	(146)	(15,308)
Interest expense	453	318
Interest income	(72,937)	(33,244)
Reversal of provision	(8,949)	(4,474)
Gain on disposal of property, plant and equipment, net	-	(445)
Loss (gain) on sale of investments, net	(244)	7,956
Investment income recognized under equity method, net	(1,157,782)	(867,078)
Net changes in operating assets and liabilities		
Increase in financial assets for trading purpose	(241,756)	(360,796)
Decrease (increase) in notes receivable	(84)	31
Increase in accounts receivable	(21,591)	(64,538)
Decrease (increase) in notes receivable - related parties	(589)	5,679
Decrease (increase) in accounts receivable - related parties	90,356	(241,523)
Decrease in other receivables	237,936	505,315
Increase in inventories	(354)	(101)
Decrease (increase) in prepayments	(10,707)	35,730
Decrease (increase) in other current assets	27	(557)
Decrease in accounts payable	(48,922)	(66,340)
Increase (decrease) in accounts payable - related parties	(180,238)	323,379
Decrease in other payable	(115,619)	(20,270)
Increase (decrease) in other current liabilities	(8,279)	6,174
Decrease in deferred revenue	(3,357)	(8,823)
Increase (decrease) in accrued pension liabilities	(2,361)	3,077
Cash provided by operating activities	124,646	608,551
Interest paid	(478)	(318)
Income tax paid	(3)	(39)
Net cash provided by operating activities	124,165	608,194
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of other financial assets	(432,050)	(270,299)
Acquisition of property, plant and equipment	(330,523)	(197,468)
Increase in other non-current assets	(7,465)	(4,805)
Decrease (increase) in refundable deposits	24,779	(2,225)
Interest received	21,465	20,168

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YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Three Months Ended March 31	
	2013	**2012**
Proceeds from disposal of property, plant, and equipment	$ -	$ 500
Acquisition of intangible assets	-	(1,893)
Net cash used in investing activities	(723,794)	(456,022)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	288,221	(253,982)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(311,408)	(101,810)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	4,828,455	1,655,722
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 4,517,047	$ 1,553,912

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

(With Deloitte & Touche review report dated April 26, 2013) (Concluded)

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

1. ORGANIZATION AND OPERATIONS

Yulon Nissan Motor Company, Ltd. (the "Company" the Company and its subsidiaries are collectively referred to as the "Group") is a business on research and development of vehicles and sales of vehicles. The Company started its operations in November 2003, after Yulon Motor Co., Ltd. ("Yulon") transferred its sales, research and development businesses to the Company in October 2003 through a spin-off. The Company's spin-off from 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.

2. FINANCIAL STATEMENT APPROVAL DATE AND PROCEDURE

The consolidated financial statements were approved by the board of directors on April 26, 2013.

3. APPLICATION OF NEW AND AMENDED PRINCIPLES AND INTERPRETATIONS

The Group has not applied the International Financial Reporting Standards published by the International Accounting Standards Board ("IASB") listed below.

As of the approval date of the consolidated financial statements, the Financial Supervisory Commission has not announced the effective date of the new/amended principles and interpretation listed below:

New/Amended Principles and Interpretation		The Effective Date as IASB Announced (Note)
The Financial Supervisory Commission has approved		
IFRSs (Amendments)	Improvements to IFRSs - The Amendment to IAS 39 (2009)	January 1, 2009 or January 1, 2010
IFRS 9 (2009)	Financial Instruments	January 1, 2015
IAS 39 (Amendment)	Embedded Derivatives	Effective for annual periods ending on or after June 30, 2009
The Financial Supervisory Commission has not approved		
IFRSs (Amendments)	Improvements to IFRSs - The Amendment to IAS 39 (2010)	July 1, 2010 or January 1, 2011
IFRSs (Amendments)	Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
IFRS 1 (Amendment)	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	July 1, 2010
IFRS 1 (Amendment)	Government Loans	January 1, 2013
IFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	July 1, 2011

(Continued)

New/Amended Principles and Interpretation		The Effective Date as IASB Announced (Note)
IFRS 7 (Amendment)	Disclosures - Offsetting Financial Assets and Financial Liabilities	January 1, 2013
IFRS 9 and IFRS 7 (Amendments)	Mandatory Effective Date and Transition Disclosures	January 1, 2015
IFRS 7 (Amendment)	Disclosures - Transfers of Financial Assets	July 1, 2011
IFRS 9 (Amendment)	Financial Instruments	January 1, 2015
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint Arrangements	January 1, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013
IFRS 10, IFRS 11 and IFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	January 1, 2013
IFRS 10, IFRS 12 and IAS 27 (Amendments)	Investment Entities	January 1, 2014
IFRS 13	Fair Value Measurement	January 1, 2013
IAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income	July 1, 2012
IAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets	January 1, 2012
IAS 19 (Amendment)	Employee Benefits	January 1, 2013
IAS 27 (Amendment)	Separate Financial Statements	January 1, 2013
IAS 28 (Amendment)	Investments in Associates and Joint Ventures	January 1, 2013
IAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities	January 1, 2014
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013

(Concluded)

Note: In addition to other notes, new/amended principles and interpretation listed above are effective for annual periods beginning on or after those dates.

The first adoption of the new/amended principles or interpretation above will not result in significant changes in the Group’s accounting policies.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On May 14, 2009, the Financial Supervisory Commission (FSC) announced the “Framework for Adoption of International Financial Reporting Standards by Companies in the ROC.” In this framework, starting 2013, companies with shares listed on the TSE or traded on the Taiwan GreTai Securities Market or Emerging Stock Market should prepare their financial statements in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, Interpretations and IFRICs approved by the FSC.

This consolidated financial report is the first interim consolidated financial report under IFRSs which also presented the consolidated balance sheets as of December 31, 2012 and January 1, 2012, as retrospectively adjusted under IFRSs. The date of conversion to IFRSs of the Group was January 1, 2012. The effects of the conversion from ROC GAAP to IFRSs are summarized in Note 33.

Compliance Assertion

This consolidated financial report is prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standard No. 1, “First-time Adoption of International Financial Reporting Standards” and International Accounting Standards No. 34, “Interim Financial Reporting.”

This interim consolidated financial report did not provide all disclosure information usually required for annual financial reports under IFRSs.

Basis of Presentation

In addition to financial instruments at fair value, the consolidated financial statements are prepared using historical cost. Historical cost is usually decided by the fair value of the valuable considerations when the assets are acquired.

The Group's opening IFRSs balance sheet on conversion date is recognized and measured by International Financial Reporting Standard No. 1, "First-time Adoption of International Financial Reporting Standards." Except for certain restrictions and exemptions (exemptions were listed in Note 33), the Group followed the retrospective application of principles under IFRSs.

Current and Noncurrent Assets and Liabilities

Current assets include those assets held primarily for trading purposes or to be realized within one year from the balance sheet date and cash and cash equivalents, but exclude those assets held for exchange, settlement or other items legally restricted for use within one year after the balance sheet date. Property, plant and equipment, other intangible asset and all other assets which do not belong to current assets are classified as noncurrent. Current liabilities are obligation, incurred for trading purposes or to be settled within one year from the balance sheet date. All other liabilities are classified as noncurrent.

Basis of Consolidation

a. Rules of preparing consolidation report

   This consolidated financial report includes the Company and its subsidiaries' financial statements. Control means the Company has the power to impose the financial and operating policies of one entity and gain benefit from it.

   The subsidiaries' financial statements are properly adjusted for the purpose of compliance to the accounting policies of the parent company.

   All intercompany transactions, account balances, revenues and expenses are eliminated in the consolidated financial statements.

b. The companies in the consolidated financial statements

   The companies included in the consolidated financial statements are as follows:

			Percentage of Ownership Equity and Voting Equity			
Investor Company	**Investee Company**	**Main Business**	**March 31, 2013**	**December 31, 2012**	**March 31, 2012**	**January 1, 2012**
Yulon Nissan Motor Company, Ltd.	Yi-Jan Overseas Investment Co., Ltd.	Investment	100.00	100.00	100.00	100.00
Yi-Jan Overseas Investment Co., Ltd.	Jet Ford Inc.	Investment	100.00	100.00	100.00	100.00
Yi-Jan Overseas Investment Co., Ltd.	Yi Hsing Corporation	Vehicle parts inquiry and agency	-	-	-	100.00

Foreign-currency

Foreign-currency transactions are recorded in functional currency at the exchange rates on the transaction dates. At every balance sheet date, foreign-currency monetary assets and liabilities are translated into functional currency at the closing rates. Foreign-currency nonmonetary assets and liabilities at fair value are valued using the exchange rates when fair values were determined. Foreign currency nonmonetary assets and liabilities carried at cost, which were valued at the exchange rate on trade date, are not revalued.

The exchange differences due to trading or translating of monetary items are recognized in profit or loss.

For foreign-currency nonmonetary assets or liabilities measured at fair value (i.e. equity instruments) exchange differences due to adjustment to spot rate on balance sheet date are recorded in profit or loss, except for those equity investments for which the entity has elected to report fair value changes in other comprehensive income.

The Company's functional currency is New Taiwan dollar. Upon consolidation, the assets and liabilities of foreign subsidiaries are translated into New Taiwan dollars at the exchange rates on the balance sheet date. Revenue and expenses are translated at average exchange rates for the period. The exchange differences are recognized in other comprehensive income.

Inventory

Inventories are stated at the lower of 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. Inventory costs are calculated using weighted-average method.

Investments in Associates

An associate is an entity over which an investor has significant influence, but not the subsidiaries or joint venture entity. Significant influence means having power to participate in the financial and operating policy decisions of the investee (but not control or joint control).

Investments in associates are required to be accounted for equity method. Under equity method, an equity investment is initially recorded at cost and subsequently adjusted to the investor's share of the net assets of the associate (investee). Furthermore, changes to the associates' equity are recognized by the shareholding ratio.

When the Group subscribes for its associates' newly issued shares at a percentage different from its percentage of ownership in the investee, the Group will make adjustment to the investment and the capital surplus for the resulting changes in the interest. If the adjustment should be debited to capital surplus, but the capital surplus from long-term investments is insufficient, the shortage is debited to retained earnings.

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 tangible items held for production, service, or for managing purpose over one year. They are valued at cost when the future economic benefits associated with the assets will probably flow to the entity and the cost of the asset can be measured reliably. Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment.

The Group depreciates the costs of molds and development costs for new model and dies on the basis of production volume. Other property, plant and equipment are depreciated by using straight-line method. The production volume, useful life, residual value and depreciation method of an asset should be reviewed at least once every financial year-end. Changes in accounting estimate are generally accounted for a prospective basis.

When property, plant and equipment are retired or disposed, their costs, related accumulated depreciation and related accumulated impairment are removed from the accounts, and gains or losses are recognized in profit or loss.

Other Identifiable Intangible Assets

Separable intangible assets with finite useful life is measured at cost and subsequently valued at cost less accumulated amortization and impairment. The Group uses straight-line method to amortize intangible assets. The useful life, residual value and amortization method of assets should be reviewed at least once every financial year-end. The residual value should be zero except if the Group disposes the asset before useful life. Changes in accounting estimate are generally accounted for on a prospective basis.

When other identifiable intangible assets are retired or disposed, their costs, related accumulated amortization and related accumulated impairment are removed from the accounts, and gains or losses are recognized in profit or loss.

Impairment of Property, Plant and Equipment and Other Identifiable Intangible Assets

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.

Financial Instruments

The Group shall recognize a financial assets or a financial liability in its consolidated balance sheet when, and only when, the entity becomes party to the contractual provisions of the instrument.

At initial recognition, the Group shall measure a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. The transaction costs, in the case of a financial asset or a financial liability at fair value through profit or loss, that are directly attributable to the acquisition or issue of the financial asset or financial liability shall immediately recognized in profit or loss.

<u>Financial assets</u>

A regular way purchase or sale of financial assets is recognized or derecognized using trade date accounting method. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the timeframe established by regulations or conventions in the marketplace.

a. Classification by measurement

    1) Financial asset at fair value through profit or loss

        The financial asset at fair value through profit or loss is valued at fair value. Gain or loss attributed to remeasurement is recognized in profit or loss. The recognition does not contain the dividend or interest (including the dividend or interest received in the investment year) arise from the financial asset. For the method to determine the fair value please refer to Note 27.

2) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost less impairment loss by effective-interest method. The exception is when, and only when, the recognition of the interest of short-term receivable is insignificant.

b. Impairment of financial assets

The Group is required to assess financial assets at each balance sheet date whether there is any objective evidence of impairment, except for financial assets at fair value through profit or loss. The financial asset is impaired if there is such objective evidence shows that the subsequent event, after initial recognition, attributed to the loss of the financial asset's estimated future cash flow.

Financial assets carried at amortized cost, for example, accounts receivables and other receivables, that are individually assessed and for which no impairment exists are grouped with financial assets with similar credit risk statistics and collectively assessed for impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss relating to a financial asset carried at amortized cost decreases due to an event occurring after the impairment was originally recognized, the previously recognized impairment loss is reversed through profit or loss. The amount after the reversal cannot exceed the amortized cost that would have been determined had no impairment loss been recognized.

All impairment of financial assets is deducted directly from the carrying value; only accounts receivables and other receivables are decreased through allowance account. Uncollectable accounts receivable and other receivable are written-off through the allowance account. When receivables, which were previously written-off, are subsequently collected, the allowance account is credited. The changes in allowance carrying value are recognized in profit or loss.

c. Derecognition of a financial asset

An asset is derecognized if either the contractual rights of the Group to receive the cash flows have expired, or all the risks and rewards of ownership of the transferred financial assets are substantially transferred to other enterprise. When the financial asset is entirely derecognized, the difference between carrying value and the consideration plus or minus any profit and loss recognized in other comprehensive income is recognized in profit or loss.

Financial liabilities

a. Subsequent measurement

All the financial liabilities are measured at amortized costs using the effective interest method.

b. Derecognition of financial liabilities

A financial liability should be removed from the balance sheet when, and only when, it is extinguished, that is, when the obligation specified in the contract is either discharged or cancelled or expired. A gain or loss from extinguishment of the original financial liability is recognized in profit or loss.

Provision

A warranty obligation, which is recognized at the same time as the revenue of the related goods is recognized, is the best estimate of the expenditure required to settle the obligation of the Group by the management.

Revenue Recognition

Revenue is measured at the fair value of the considerations received or receivable.

Sale of goods

The revenue arising from selling goods should be recognized when the goods are delivered and legal right are transferred.

Rendering of services

Revenue arising from rendering of services should be recognized by reference to the stage of completion of the transaction at the balance sheet date.

Dividend and interest revenue

Dividend revenue arising from investment is recognized at the time the stockholders' rights to receive payment is established.

Interest revenue is calculated based on the time the principal is outstanding and the applicable effective rate under accrual basis.

Post-employment Benefits

For defined contribution plans, the cost to be recognized in the period is the contribution payable in exchange for service rendered by employees during the period.

For defined benefit plans, the amount recognized in the balance sheet should be the actuarial value of the defined benefit obligation using the projected unit credit method. The actuarial gain and loss of the defined benefit obligation is recognized immediately in other comprehensive income when they occurred. Past service cost should be recognized immediately to the extent that it relates to former employees or to active employees already vested. Otherwise, it should be amortized on a straight-line basis over the average period until the benefits become vested.

Accrued pension liabilities are the present value of the defined benefit obligation and the unrecognized past service cost, minus the fair value of any plan assets.

Pension cost of the interim period is using the actuarial pension cost rate determined at the end of previous financial year, calculated on the basis from the beginning of the year to the end of the period and adjusted for the significant market volatility, reduction, liquidation or other material event after the balance sheet date.

Income taxes

Tax expense is the sum of current tax and deferred tax.

a. Current tax

Current taxable income depends on current tax payable. Taxable income is different from the net income before tax on the consolidated statement of comprehensive income for the reason that partial revenue and expenses are taxable or deductible items in other period, or not the taxable or deductible items according to related Income Tax Law. The Group's current tax liabilities are calculated by the legislated tax rate on balance sheet date.

Income tax of the interim period is assessed based on one-year period. The income tax expense is calculated using income before tax of the interim period based on the applicable tax rate of the expected total earnings of the year.

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

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

b. Deferred tax

Deferred tax is the temporary difference between tax law and accounting method. Deferred tax liabilities should be recognized for all taxable temporary differences. A deferred tax asset should be recognized for deductible temporary differences when it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

The taxable temporary differences arising from investments in subsidiaries and associates are recognized as deferred tax liabilities, if, and only if, the Group can control the time when the temporary difference will reverse, and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets should be reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax assets to be utilized. The carrying amount of those not recognized as deferred tax assets initially should also be reviewed at the end of each reporting period and increased to the extent that it is probable that sufficient taxable profit will be available to allow the benefit of part or all of the assets to be utilized.

Deferred tax assets and liabilities should be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled

5. SIGNIFICANT ACCOUNTING JUDGEMENT, ACCOUNTING ESTIMATE, AND ESTIMATION UNCERTAINTY

The management has to make judgment, estimation, and assumption when adopting the accounting policies mentioned in Note 4. The estimation and assumption are based on past experience and related factors. The actual results may be different from the estimation.

The estimation and assumption should be reviewed continuously. If the change of the accounting estimation only affects the current period, the effect is recognized in the current period. If the change of the estimation affects current and future period simultaneously, the effects are recognized in the current and future periods.

The following are the key assumptions and sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated Impairment of Accounts Receivables

When there is objective evidence that indicates impairment has occurred, the Group shall take into account the estimation about future cash flow. The amount of impairment loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Significant impairment loss may be incurred if the future actual cash flow is less than expected. As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the carrying values of receivables were $3,663,477 thousand, $3,839,797 thousand, $4,730,046 thousand, and $4,916,353 thousand, respectively.

Property, Plant and Equipment - Molds and Dies

The Group depreciates molds and dies using unit-of-output method. The Group examines the estimated production units of each model according to the market every 6 months and calculates the amount allocated for each mold and die, which is also the basis of depreciation of molds and dies.

Provision

The Group calculates warranty liability quarterly based on the numbers of units sold and the weighted average of actual warranty expense in the past. As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the carrying values of warranty liability were $139,936 thousand, $148,885 thousand, $136,880 thousand, and $141,354 thousand, respectively.

Provision for Loss on Inventory Purchase Commitment

The Group assesses provision for loss on inventory purchase commitment of parts and vehicles to Yulon regularly based on historical sales experience. As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the carrying value of provision for loss on inventory purchase commitment were $83,538 thousand, $81,381 thousand, $123,839 thousand, and $123,839 thousand, respectively. Provision for loss on inventory purchase commitment is recognized under other current liabilities.

6. CASH AND CASH EQUIVALENTS

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Cash on hand	$ 20	$ 20	$ 20	$ 20
Checking accounts and demand deposits	1,808,049	3,816,296	1,185,458	1,156,621
Cash equivalents				
Time deposits with original maturity less than three months	2,708,978	1,012,139	368,434	499,081
	$ 4,517,047	$ 4,828,455	$ 1,553,912	$ 1,655,722

The ranges of market interest rates of cash in bank on each balance sheet date were as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Cash in bank	0.01%-1.95%	0.01%-2.85%	0.02%-0.94%	0.02%-0.94%

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the time deposits with original maturity more than three months, which are classified as other financial assets (please refer to Notes 10 and 33) under other current assets, were $6,011,716 thousand, $5,579,666 thousand, $4,863,124 thousand, and $4,592,825 thousand, respectively.

7. FINANCIAL INSTRUMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Held for trading financial assets				
Non-derivative financial assets - fund beneficiary certificate	$ 242,146	$ -	$ 2,630,149	$ 2,262,001

8. NOTES RECEIVABLE/ACCOUNTS RECEIVABLE/OTHER RECEIVABLES

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Notes receivable	$ 84	$ -	$ 399	$ 430
Accounts receivable	$ 58,145	$ 36,554	$ 86,525	$ 21,987
Other receivables				
Dividend receivables	$ 2,852,880	$ 2,774,644	$ 3,544,055	$ 3,631,352
Interest receivables	254,030	202,558	63,865	50,789
Disposal of investment receivables	-	234,398	269,587	671,387
Income tax refund receivable	-	-	37	2,088
Others	7,153	10,691	3,991	12,577
	$ 3,114,063	$ 3,222,291	$ 3,881,535	$ 4,368,193

a. Notes receivables

The average payment term of notes receivable is 95 days after sales. When evaluating the recoverability of notes receivable, the Group takes into account the possible changes in the credit quality of the client during the period from original credit date to the balance sheet date. The notes receivable that are past due for over 360 days are considered unrecoverable according to the past experience and recognized 100% allowance for bad debt. For the notes receivable which are aged between 0 to 360 days, the Group estimates the amount that is unrecoverable based on the prior record of delayed payment and the financial position of the client.

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the clients whose notes receivable exceeded 5% of the total notes receivable were as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Notes receivable				
Ni Sang Hang Co., Ltd.	$ 84	$ -	$ 399	$ 120
Jun Guo Industrial Co., Ltd.	-	-	-	310
	$ 84	$ -	$ 399	$ 430

b. Accounts receivables

The average payment term of accounts receivable is 95 days after sales. When evaluating the recoverability of accounts receivable, the Group takes into account the possible changes in the credit quality of the client during the period from original credit date to the balance sheet date. The accounts receivable that are past due for over 360 days are considered unrecoverable according to the past experience and provided with a 100% allowance for bad debt. For the accounts receivable which are aged between 0 to 360 days, the Group estimates the amount that is unrecoverable based on the prior record of delayed payment and the financial position of the client.

Before accepting a new client, the Group assesses the credit quality and sets the credit limit of the potential client. The credit limits and ratings are reviewed once every year. The review shows that 90% of the accounts receivable is neither past due nor impaired, which is the best credit rating according to the results of the ratings made by the Group.

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the clients whose balances in accounts receivable exceeded 5% of the total accounts receivable were as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Accounts receivable				
Shi Da Trading Company	$ 36,378	$ 7,146	$ 11,018	$ 1,236
Jui Li Enterprise	5,292	3,990	-	1,757
Kuo Tong Automobile Co., Ltd.	-	5,825	-	3,902
Yu Tong Enterprise Co., Ltd.	-	2,709	-	-
Tan Chong Motor Assemblies Sdn. Bhd	-	-	-	1,763
Tong Feng South Industrial Co., Ltd.	-	-	55,807	-
Ha Tong Vehicle Glass Co., Ltd.	-	-	-	1,182
	$ 41,670	$ 19,670	$ 66,825	$ 9,840

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the accounts receivable that were past due but not yet provided with allowance on the balance sheet date were $32,144 thousand, $7,585 thousand, $5,333 thousand, and $7,870 thousand, respectively (please refer to the aging below). The management considered the amounts as recoverable due to the no significant change in the credit quality.

The amounts of accounts receivable are past due but not impaired:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Below 180 days	$ 32,144	$ 7,585	$ 5,320	$ 7,855
181 days to 360 days	-	-	13	15
	$ 32,144	$ 7,585	$ 5,333	$ 7,870

The above analysis is based on the days overdue.

c. Other receivables

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the main balance of other receivables were dividend receivables from the investees:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Guangzhou Aeolus Automobile Co., Ltd.	$ 1,198,520	$ 1,165,506	$ 1,618,359	$ 1,658,222
Aeolus Automobile Co., Ltd.	1,654,360	1,609,138	1,925,696	1,973,130
	$ 2,852,880	$ 2,774,644	$ 3,544,055	$ 3,631,352

9. INVENTORIES

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Goods	$ 1,901	$ 1,547	$ 1,894	$ 1,793

The cost of inventories recognized as cost of sales for the three months ended March 31, 2013 was $6,443,777 thousand, which included the reversal of warranty cost of $5,323 thousand and the loss on inventory purchase commitment of $2,157 thousand. The cost of inventories recognized as cost of sales for the three months ended March 31, 2012 was $8,775,014 thousand, which included warranty cost of $1,950 thousand.

10. OTHER CURRENT ASSETS

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Other financial assets	$ 6,011,716	$ 5,579,666	$ 4,863,124	$ 4,592,825
Others	-	27	1,227	670
	$ 6,011,716	$ 5,579,693	$ 4,864,351	$ 4,593,495

Other financial assets are time deposits with original maturity of more than three months. The ranges of the market interest rates of time deposits with original maturity of more than three months were as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Time deposit with original maturity of more than three months	2.35%-5.00%	1.95%-5.00%	1.00%-5.00%	3.10%-5.00%

11. EQUITY INVESTMENT

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Investment in associates				
Guangzhou Aeolus Automobile Co., Ltd.	$ 7,296,052	$ 6,597,339	$ 6,315,315	$ 5,958,828
Aeolus Automobile Co., Ltd.	2,566,042	1,864,086	972,418	699,457
Aeolus Xiangyang Automobile Co., Ltd.	1,599,564	1,524,037	2,313,407	2,299,325
Shenzhen Lan You Technology Co., Ltd.	367,306	356,640	312,343	318,985
Dong Feng Yulon Used Cars Co., Ltd.	39,722	37,864	35,180	34,202
	$ 11,868,686	$ 10,379,966	$ 9,948,663	$ 9,310,797

At the balance sheet dates, the Group's percentages of voting rights and interests in associates were as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Guangzhou Aeolus Automobile Co., Ltd.	40.00%	40.00%	40.00%	40.00%
Aeolus Automobile Co., Ltd.	33.12%	33.12%	25.00%	25.00%
Aeolus Xiangyang Automobile Co., Ltd.	16.55%	16.55%	16.55%	16.55%
Shenzhen Lan You Technology Co., Ltd.	45.00%	45.00%	45.00%	45.00%
Dong Feng Yulon Used Cars Co., Ltd.	49.00%	49.00%	49.00%	49.00%

The aggregate financial information of associates was as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Total assets	$ 128,856,092	$ 115,143,697	$ 121,211,486	$ 120,289,677
Total liabilities	$ 92,651,390	$ 83,234,455	$ 87,204,956	$ 88,389,883

	Three Month Ended March 31	
	2013	**2012**
Operating income of the period	$ 10,415,850	$ 11,972,437
Net income of the period	$ 3,285,804	$ 2,891,823

The amounts recognized as share of the profit or loss and other comprehensive income of affiliated enterprises on equity method for the three months ended March 31, 2013 and 2012 were based on the financial statements for the same periods, which were reviewed by accountants.

Jet Ford Inc., a subsidiary of Yi-Jan Overseas Investment Co., Ltd. originally acquired 25 percent of shares of Aeolus Automobile Co., Ltd. in the investment amount of US$10,890 thousand. Jet Ford Inc. further acquired another 8.12 percent of shares of Aeolus Automobile Co., Ltd. in May 2012 in the investment amount of US$7,820 thousand. As of March 31, 2013, the accumulated investment amount was US$18,710 thousand.

Guangzhou Aeolus Automobile Co., Ltd. announced the distribution of cash dividend of RMB252,800 thousand (NT$1,198,520 thousand) to Jet Ford, Inc. in November 2012; Aeolus Automobile Co., Ltd. announced the distribution of cash dividend of RMB349,085 thousand (NT$1,654,360 thousand) to Jet Ford, Inc. in November 2012. As of March 31, 2013, the cash dividends mentioned above were not yet received by the stockholders, and accounted as other receivables.

12. PROPERTY, PLANT, AND EQUIPMENT

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Carrying value of each classification				
Molds	$ 1,273,584	$ 1,269,210	$ 1,157,730	$ 1,178,416
Dies	353,582	370,974	293,158	248,817
Other equipment	15,447	15,637	14,629	15,989
Computer equipment	14,568	16,033	13,632	13,370
Transportation equipment	4,394	190	278	307
Machinery and equipment	2,929	3,100	3,625	3,853
Leasehold improvement	1,247	1,462	1,744	2,197
Tools	651	759	1,105	1,259
	$ 1,666,402	$ 1,677,365	$ 1,485,901	$ 1,464,208

	Molds	Dies	Other Equipment	Computer Equipment	Transportation Equipment	Machinery and Equipment	Leasehold Improvement	Tools	Total
Cost									
Balance, January 1, 2012	$ 4,018,714	$ 741,778	$ 83,639	$ 83,468	$ 4,290	$ 21,135	$ 5,763	$ 5,694	$ 4,964,481
Increase	121,935	75,533	-	1,780	-	-	-	-	199,248
Disposal	-	-	-	-	-	(1,475)	-	-	(1,475)
Balance, March 31, 2012	$ 4,140,649	$ 817,311	$ 83,639	$ 85,248	$ 4,290	$ 19,660	$ 5,763	$ 5,694	$ 5,162,254
Balance, January 1, 2013	$ 4,860,514	$ 964,864	$ 82,255	$ 85,064	$ 4,290	$ 19,052	$ 3,441	$ 5,694	$ 6,025,174
Increase	100,531	6,025	1,450	252	4,305	-	-	-	112,563
Disposal	(776,528)	(152,011)	-	-	-	-	(76)	-	(928,615)
Balance, March 31, 2013	$ 4,184,517	$ 818,878	$ 83,705	$ 85,316	$ 8,595	$ 19,052	$ 3.365	$ 5,694	$ 5,209,122

(Continued)

	Molds	Dies	Other Equipment	Computer Equipment	Transportation Equipment	Machinery and Equipment	Leasehold Improvement	Tools	Total
Accumulated depreciation and impairment									
Balance, January 1, 2012	$ (2,840,298)	$ (492,961)	$ (67,650)	$ (70,098)	$ (3,983)	$ (17,282)	$ (3,566)	$ (4,435)	$ (3,500,273)
Increase	(142,621)	(31,192)	(1,360)	(1,518)	(29)	(173)	(453)	(154)	(177,500)
Disposal	-	-	-	-	-	1,420	-	-	1,420
Balance, March 31, 2012	$ (2,982,919)	$ (524,153)	$ (69,010)	$ (71,616)	$ (4,012)	$ (16,035)	$ (4,019)	$ (4,589)	$ (3,676,353)
Balance, January 1, 2013	$ (3,591,304)	$ (593,890)	$ (66,618)	$ (69,031)	$ (4,100)	$ (15,952)	$ (1,979)	$ (4,935)	$ (4,347,809)
Increase	(96,157)	(23,417)	(1,640)	(1,717)	(101)	(171)	(215)	(108)	(123,526)
Disposal	776,528	152,011	-	-	-	-	76	-	928,615
Balance, March 31, 2013	$ (2,910,933)	$ (465,296)	$ (68,258)	$ (70,748)	$ (4,201)	$ (16,123)	$ (2,118)	$ (5,043)	$ (3,542,720)

(Concluded)

There were no signs of impairment of assets for the three months ended March 31, 2013 and 2012; therefore, the Group did not assess for impairment.

The costs of molds and development costs of new models and dies are depreciated on the basis of production volume, and other property, plant and equipment are depreciated over the assets' estimated useful lives by the straight-line method. The estimated useful lives are as follows:

Other equipment	2 to 15 years
Computer equipment	2 to 5 years
Transportation equipment	4 to 5 years
Machinery and equipment	3 to 10 years
Leasehold improvement	3 to 5 years
Tools	2 to 5 years

13. OTHER INTANGIBLE ASSETS

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Carrying value of each classification				
Computer software	$ 9,684	$ 11,369	$ 12,868	$ 12,740

	Computer Software
Cost	
Balance, January 1, 2012	$ 20,608
Acquired separately	1,893
Balance, March 31, 2012	$ 22,501
Balance, January 1, 2013	$ 20,210
Balance, March 31, 2013	$ 20,210

(Continued)

	Computer Software
Accumulated amortization	
Balance, January 1, 2012	$ (7,868)
Amortization	(1,765)
Balance, March 31, 2012	$ (9,633)
Balance, January 1, 2013	$ (8,841)
Amortization	(1,685)
Balance, March 31, 2013	$ (10,526)

(Concluded)

The above computer software is amortized by the straight-line method over three years.

14. OTHER ASSETS

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Refundable deposits	$ 52,996	$ 77,775	$ 21,932	$ 19,707
Other prepayments	9,514	8,055	3,216	191
	$ 62,510	$ 85,830	$ 25,148	$ 19,898

15. SHORT-TERM LOANS

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Unsecured short-term loans				
Credit loans	$ 200,000	$ 200,000	$ -	$ -

Interest rates of the loans on March 31, 2013 and December 31, 2012 were 1.00% and 1.15%, respectively.

16. ACCOUNTS PAYABLE

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Accounts payable - operating	$ 98,874	$ 147,796	$ 78,190	$ 144,530

The average credit period of purchase is one month. The Group has established financial risk management policies in order to ensure that all payables are repaid at a pre-agreed credit period.

17. OTHER PAYABLES

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Accrued payroll and employee benefits	$ 193,174	$ 273,206	$ 146,801	$ 270,506
Advertising and promotion fees payable	129,728	110,068	297,257	165,257
Vacation benefits payable	22,940	26,608	15,417	-
Others	87,365	138,969	81,333	125,315
	$ 433,207	$ 548,851	$ 540,808	$ 561,078

18. DEFERRED REVENUE

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Government grants	$ 9,511	$ 12,868	$ -	$ 8,823

The Group has received government grants for the electric vehicles in 2012 and generated the related deferred revenue.

19. PROVISION

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Warranties - current	$ 65,634	$ 68,567	$ 50,590	$ 53,755
Warranties - non-current	74,302	80,318	86,290	87,599
	$ 139,936	$ 148,885	$ 136,880	$ 141,354

	Warranties
Balance, January 1, 2012	$ 141,354
Recognized	1,950
Paid	(6,424)
Balance, March 31, 2012	$ 136,880
Balance, January 1, 2013	$ 148,885
Reversed	(5,323)
Paid	(3,626)
Balance, March 31, 2013	$ 139,936

Warranty is stipulated in the contract of sale of the goods sold. The amount is the present value of the management's best estimate of the future outflow of economic benefits due to the warranty obligations. The estimate is based on historical warranty experience.

20. POST-EMPLOYMENT BENEFIT PLANS

a. The defined contribution 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.

Accrued pension expenses, from January 1 to March 31, 2013 and 2012, under the defined contribution plan, were $3,158 thousand and $3,046 thousand, respectively. The pension expense is recognized in consolidated statement of comprehensive income.

There were no regular employees for Yi-Jan Overseas Investment Co., Ltd. and Jet Ford, Inc. as of March 31, 2013; therefore, the subsidiaries had no pension plan for employees.

b. The defined benefit plan

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 amounts 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.

The latest actuarial valuation of the present value of the assets of the defined benefit plan and the defined benefit obligations was performed by Mr. Chung-Chi, Yeh, a member of the Actuarial Institute of the Republic of China, on December 31, 2012. The present value of the defined benefit obligation and the related current and past service cost is measured by projected unit credit method. The Group recognized the pension expense from January 1 to March 31, 2013 and 2012 using the pension costs determined by the actuary on December 31, 2012 and January 1, 2012, respectively.

The main assumptions of the actuarial valuation were as follows:

	Measurement Date	
	December 31, 2012	**January 1, 2012**
Discount rate	1.625%	1.750%
The expected rate of return on plan assets	1.875%	2.000%
The expected increase rate of the wages	2.500%	2.500%

Related pension costs from January 1 to March 31, 2013 and 2012 were included in the following items:

	Three Month Ended March 31	
	2013	**2012**
General and administrative	$ 3,227	$ 3,544
Research and development	$ 1,241	$ 1,058

The amounts of the obligations under the defined benefit plan included in the consolidated balance sheet were as follows:

	December 31, 2012	January 1, 2012
Present value of the projected defined benefit obligation	$ 583,133	$ 559,935
Fair value of the plan assets	(8,561)	(5,458)
Shortage of the contribution	574,572	554,477
Unrecognized prior service cost	(17,407)	(19,912)
Accrued pension liabilities	$ 557,165	$ 534,565

The main categories and their percentage of the total fair value of the plan assets were as follows:

	December 31, 2012	January 1, 2012
Equity instrument	37.43	40.75
Cash	24.51	23.87
Debt instrument	10.45	11.45
Fixed income	16.28	16.19
Others	11.33	7.74
	100.00	100.00

The expected rate of return on the assets as a whole is based on the historical trend of returns and the actuary's forecast of the market of the assets in the duration of the related obligations. The actuary also made a forecast with due consideration of the application for pension fund made by the Labor Pension Fund Supervisory Committee. The estimation is based on the consideration of the influence of the minimum revenue at no less than the revenue from a 2-year period deposit interest rate of the local banks.

The historical information about the experience adjustments from the date of transition to IFRS were as follows (please refer to Note 33):

	December 31, 2012	January 1, 2012
Present value of the projected defined benefit obligation	$ (583,133)	$ (559,935)
Fair value of the plan assets	$ 8,561	$ 5,458
Shortage of the contribution	$ (574,572)	$ (554,477)
Experience adjustments on plan liabilities	$ (10,148)	$ -
Experience adjustments on plan assets	$ (111)	$ -

The Group expected to contribute $6,251 thousand to the define benefit plan within one year after March 31, 2013.

21. EQUITY

a. Share capital - common stock

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Registered shares (thousand)	600,000	600,000	600,000	600,000
Registered capital	$ 6,000,000	$ 6,000,000	$ 6,000,000	$ 6,000,000
Issued shares (thousand)	300,000	300,000	300,000	300,000
Issued capital	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 3,000,000

The par value of the issued common stock is NT$10. Each stock is entitled to a right to vote and to receive dividends.

b. Capital surplus

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Premium in excess of par - split premium	$ 5,986,507	$ 5,986,507	$ 5,986,507	$ 5,986,507
The adjustments to the capital surplus of associates under equity method	142,898	142,898	2,461	2,461
	$ 6,129,405	$ 6,129,405	$ 5,988,968	$ 5,988,968

The capital surplus from shares issued in excess of par (i.e., excess from spin-off) and donations could be used to offset deficits; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's paid-in capital and once a year).

The capital surplus from equity investments may not be used for any purpose.

c. Appropriation of earnings and dividend policy

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

1) 0.1% to 5% as bonus to 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 of Company's financial ratios. Thus, cash dividends should be at least 20% of total dividends to be distributed to the stockholders.

The estimated amount of accrued employee bonus for the three months ended March 31, 2013 were $7,875 thousand. The bonuses to the Company's employees for the three months ended March 31, 2013 were calculated at 0.68% of net income net of the 10% deduction for legal reserve.

The estimated amount of accrued employee bonus for the three months ended March 31, 2012 were $7,875 thousand. The bonuses to the Company's employees for the three months ended March 31, 2012 were calculated at 1% of net income net of the 10% deduction for legal reserve.

After the end of the year, if the actual amounts subsequently resolved by the board of directors have significant difference from the proposed amounts, the adjustments to expenses are recorded in the year of recognition. At the date of stockholders' resolution, if the amount differs from the amount resolved by the board of directors, 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 shareholders' meeting.

When distributing the earnings, the Company should recognize special reserve equal to the net deduction in the stockholders' equity (i.e. the translation adjustments on foreign subsidiaries,). When the deduction in the stockholders' equity is reduced, the amount of reduction can be reversed to the unattributed earnings from the special reserve.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

When appropriating the unappropriated earnings, the stockholders except for the non-ROC residents calculate the amount of the imputation credit based on the tax creditable ratios on the dividend distribution date.

The distribution of the 2012 earnings of the Company approved by the board of directors on April 26, 2013 and the distribution of the 2011 earnings of the Company approved by the stockholders on June 13, 2012 were as follows:

	Appropriation of Earnings		**Dividends Per Share**	
	2012	**2011**	**2012**	**2011**
Legal reserve	$ 493,048	$ 383,156		
Special reserve	439,912	-		
Cash dividend	3,990,000	3,060,000	$ 13.3	$ 10.2

The distribution of the 2012 earnings for cash bonus to employees was approved by the board of directors on April 26, 2013 in the amount of $30,251 thousand.

The distribution of the 2011 earnings for cash bonus to employees was approved by the stockholders on June 13, 2012 in the amount of $41,500 thousand. The approved amount of the cash bonus to employees was not different from the accrual amount reflected in the financial statements for the year ended December 31, 2011.

The earnings and the bonus to employees distributed in 2012 were based on the financial statements for the year ended December 31, 2012, which were prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, before amendment, and accounting principles generally accepted in the Republic of China; however, the balance sheet at December 31, 2012 was prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, as amended, and IFRSs. The distribution is scheduled for approval by the stockholders on June 14, 2013.

Information about the appropriations and distribution of the 2012 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.

d. Special reserve recognized upon adoption of IFRS

In 2013, the Company adopted International Financial Reporting Standards (IFRSs) and complied with the requirements under Rule No. 1010012865 issued by the Financial Supervisory Commission (FSC) on April 6, 2012 and the Q&A about the uncertainties in the recognition of special reserve when adopting IFRSs. When first-time adopting IFRS, the Company should recognize special reserve equal to the amount of unrealized revaluation increments and cumulative translation adjustment (profit) reclassified to retained earnings because of applying IFRS exemption. But if the increase in retained earnings brought by adopting IFRS is insufficient to account for special reserve, the Company can only recognize the increase from adopting IFRS. When using, disposing or reclassifying related assets, the Company can reverse special reserve to earnings proportionately. The special reserve recognized when adopting IFRS can be used for offsetting deficit in the future years. Subsequently, in the year the Company has earnings and the special reserve used to offset deficit was not yet recovered, the earnings should first be used to recover the special reserve before distributing earnings.

The Company's special reserves recognized upon adoption of IFRSs were as follows:

	March 31, 2013	**December 31, 2012**	**March 31, 2012**	**January 1, 2012**
Special reserve	$ 409,037	$ 409,037	$ 409,037	$ 409,037

Because the increase in retained earnings brought by adopting IFRS was insufficient to recognize special reserve, the Company recognized only $409,037 thousand of special reserve, which was caused by the increase of retained earnings from adoption of IFRS.

22. NET INCOME

a. Depreciation, and amortization expenses

	Three Months Ended March 31, 2013		
	Operating Cost	**Operating Expenses**	**Total**
Depreciation	$ 119,574	$ 3,952	$ 123,526
Amortization	$ -	$ 1,685	$ 1,685

	Three Months Ended March 31, 2012		
	Operating Cost	**Operating Expenses**	**Total**
Depreciation	$ 173,813	$ 3,687	$ 177,500
Amortization	$ -	$ 1,765	$ 1,765

b. Technical cooperation agreement

The Company has a technical cooperation agreement (the "TCA") with Nissan. The TCA requires the Company to pay Nissan technical service fees mostly based on purchase costs less commodity tax. TCA fees, which amounted to $124,369 thousand for the three months ended March 31, 2013 and $162,899 thousand for the three months ended March 31, 2012, were recorded under operating cost.

c. Employee benefit expenses

	Three Months Ended March 31	
	2013	2012
Post-employment benefit (Note 20)		
Defined contribution plans	$ 3,158	$ 3,046
Defined benefit plans	4,468	4,602
	7,626	7,648
Termination benefit	975	975
Other employee benefit	171,113	161,116
	172,088	162,091
Total employee benefit expenses	$ 179,714	$ 169,739
Summary by function		
Operating cost	$ 256	$ 171
Operating expenses	$ 179,458	$ 169,568

d. Other gains and losses

	Three Months Ended March 31	
	2013	2012
Gain on disposal of property, plant and equipment	$ -	$ 445

e. Gain/loss on foreign currency exchange

	Three Months Ended March 31	
	2013	2012
Total gain on foreign-currency exchange	$ 46,979	$ 11,808
Total loss on foreign-currency exchange	(2,054)	(5,057)
Net profit	$ 44,925	$ 6,751

f. Gain/loss on sale of investment

	Three Months Ended March 31	
	2013	2012
Total gain on sale of investment	$ 447	$ 6,048
Total loss on sale of investment	(203)	(14,004)
Net profit (loss)	$ 244	$ (7,956)

23. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense are as follows:

	Three Months Ended March 31	
	2013	2012
Current tax		
Currently generated	$ 36,261	$ 48,734
Deferred tax		
Currently generated	227,471	159,583
Others	-	440
	227,471	160,023
Income tax expense in profit or loss	$ 263,732	$ 208,757

Under the laws of the Cayman Islands and the British Virgin Islands, Yi-Jan Overseas Investment Co., Ltd. and Jet Ford Inc., respectively, are tax-exempt.

b. Income tax recognized in other comprehensive income

	Three Months Ended March 31	
	2013	2012
Deferred tax		
Income tax benefit recognized in other comprehensive income - Actuarial loss on defined benefit plan	$ 6	$ 7

c. Information on the Imputation Tax System was as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Unappropriated earnings				
Unappropriated earnings after 1998	$ 11,117,054	$ 9,836,238	$ 9,365,171	$ 8,348,839
Balance of imputation credit account (“ICA”)	$ 344,571	$ 344,571	$ 219,689	$ 219,689

The Company’s estimated ICA rate for the 2012 earnings as of December 31, 2012 and actual ICA rate for the 2011 earnings were 5.18% and 4.91%, respectively.

The credit available for allocation to the Company’s 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, 2012 may differ from the actual rate depending on the ICA balance on the dividend distribution date.

d. Examination of income tax

Income tax returns through 2010 had been examined by the tax authorities.

24. EARNINGS PER SHARE

The earnings and the weighted-average shares of common stock to calculate earnings per share were as follows:

Net income

	Three Months Ended March 31	
	2013	2012
Earnings to calculate basic and diluted earnings per share	$ 1,280,846	$ 1,016,367

Shares (in thousand)

	Three Months Ended March 31	
	2013	2012
Weighted-average shares to calculate the basic earnings per share	300,000	300,000
Dilutive potential ordinary shares:		
Employee profit-sharing	155	354
Weighted-average shares to calculate diluted earnings per share	300,155	300,354

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. 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.

25. OPERATING LEASE AGREEMENT

The Group is the lessee

The operating lease agreement is renting the customer service system, building property, car testing, cars and driving service for its executives. The lease term is 1 to 18 years. By the end of the operating lease agreement, the Group does not have preemptive right to purchase.

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the refundable deposit for the operating lease agreement was $100 thousand.

Lease expenses were as follows:

	Three Months Ended March 31	
	2013	2012
Lease payment	$ 8,075	$ 8,941

Future minimum lease payments on the non-cancellable operating lease were as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Within 1 year	$ 2,508	$ 2,508	$ 2,508	$ 2,508
1 to 5 years	8,360	8,987	10,032	10,032
Over 5 years	-		836	1,463
	$ 10,868	$ 11,495	$ 13,376	$ 14,003

26. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that each enterprise within the Group, under going concern assumption, is able to maximize the return to stockholders by optimization of the debt and equity balance.

27. FINANCIAL INSTRUMENTS

a. Fair value

1) Financial instruments not measured at fair value

The management believes the carrying value of the financial instruments is approximately equal to the fair value.

2) Fair value measurement recognized in consolidated balance sheet

The following tables provide the analysis about the measurement of the financial instruments at fair value through profit or loss after initial recognition. The measurement is classified from levels 1 to 3 based on the extent the fair value is observed.

a) Measurement of level 1 is based on public offer price of the same assets or liabilities in the active market (unadjusted).

b) Measurement of level 2 is to derive the fair value, excluding the public offer price in level 1, from the observable input value, which is direct (i.e. price) or indirect (i.e. derived from the price) to the asset or liability.

c) Measurement of level 3 refers to the evaluation technology to derive the fair value from the unobservable inputs.

March 31, 2013

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Non-derivative trading financial assets	$ 242,146	$ -	$ -	$ 242,146

December 31, 2012

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Non-derivative trading financial assets	$ -	$ -	$ -	$ -

March 31, 2012

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Non-derivative trading financial assets	$ 2,570,064	$ -	$ 60,085	$ 2,630,149

January 1, 2012

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Non-derivative trading financial assets	$ 2,201,855	$ -	$ 60,146	$ 2,262,001

There was no transfer between level 1 and 2 for the three months ended March 31, 2013 and 2012.

3) Financial assets at fair value through profit or loss - level 3

March 31, 2012

	Financial Assets at Fair Value through Profit or Loss Trading
Balance, January 1, 2012	$ 60,146
Total loss - through profit or loss	(61)
Balance, March 31, 2012	$ 60,085

March 31, 2013

	Financial Assets at Fair Value through Profit or Loss
	Trading
Balance, January 1, 2013	$ -
Balance, March 31, 2013	$ -

Among the total gains or losses for the three months ended March 31, 2012, the related loss of level 3 financial assets was $61 thousand.

4) Valuation techniques and assumption of fair value

The fair value of fund beneficiary certificate traded on active market is the net asset value on balance sheet date. If there is no market price, the fair value is determined by the redemption value. The estimation and assumptions of the evaluation method the Group uses is consistent to the market participants' estimation and assumptions when deciding the price of the financial instruments.

b. Categories of financial instruments

	March 31, 2013	**December 31, 2012**	**March 31, 2012**	**January 1, 2012**
Financial assets				
Financial assets at fair value through profit or loss				
Trading	$ 242,146	$ -	$ 2,630,149	$ 2,262,001
Loans and receivables (Note 1)	14,192,240	14,247,918	11,147,082	11,164,900
Financial liabilities				
Measured by the amortized cost (Note 2)	2,011,570	2,496,640	2,350,631	2,005,574

Note 1: The balance includes cash and cash equivalent, notes receivable, accounts receivable, other receivable and other financial assets, which are loans and receivables measured at amortized cost.

Note 2: The balance includes short-term loans, notes payable, accounts payable and part of other payable, which are financial liabilities measured at amortized cost.

c. Purpose and policies of financial risk management

The main financial instruments are accounts receivable, accounts payable, and short-term loans. The financial management department of the Group coordinates operations in the domestic and international financial markets and supervises operation-related financial risks and prepares internal risk report on the analysis of exposure to and extent of the risks. The risks involve market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The main financial risks from the Group's operating activities are currency risk and interest rate risk.

The Group's exposures to the financial instrument market risk and management as well as measurement of the exposure have not changed.

Sensitivity analysis is an assessment of the effect of the reasonably possible changes of interest rate and currency rate in a year. Details of the sensitivity analysis about currency and interest rates are listed below:

a) Currency risk

The carrying values of the monetary assets and liabilities (including the eliminated items upon consolidation) not denominated in the functional currency were as follows:

(In Thousands of New Taiwan Dollars)

	March 31, 2013	**December 31, 2012**	**March 31, 2012**	**January 1, 2012**
Assets				
RMB	$ 12,877,127	$ 12,244,500	$ 8,828,022	$ 9,084,037
U.S. dollar	102,121	126,382	234,723	68,664
Japan Yen	45,264	65,059	39,358	93,346
Liabilities				
Japan Yen	789	704	978	11,389
U.S. dollar	-	-	24	817

Sensitivity analysis

The Group is mainly affected by the fluctuations of the RMB, U.S. dollars, and Japanese yen.

The table below is the analysis of the sensitivity of the Group's functional currency to a 5% increase or decrease in the relevant currency rate on the balance sheet date. The 5% sensitivity rate is the currency risk factor used in the internal report to management; it is the rate the management believes represents the reasonably possible range of the currency fluctuation. The table below shows the amount of change in income before tax when the Group's functional currency increases by 5% against the other relevant currency. When the Group's functional currency falls 5% against other relevant currency, the impact to income before tax is the negative number of the same amount.

	RMB		**U.S. dollar**		**Japan Yen**	
	Three Month Ended March 31		**Three Month Ended March 31**		**Three Month Ended March 31**	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Gain/(loss)	$ (643,856)	$ (441,401)	$ (5,106)	$ (11,735)	$ (2,224)	$ (1,919)

The above are the outstanding cash in bank, receivables and payables, which were not for cash flows hedge, of the Group valued in RMB, U.S. dollars and Japanese Yen on balance sheet date.

b) Interest rate risk

The carrying values of the financial instruments exposed to interest rate risk at balance sheet date were as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Fair value interest rate risk				
Financial assets	$ 8,725,988	$ 6,597,858	$ 5,239,227	$ 5,098,822
Financial liabilities	200,000	200,000	-	-
Cash flows interest rate risk				
Financial assets	1,802,755	3,810,243	1,177,789	1,149,705

Sensitivity analysis

The following sensitivity analysis is based on the exposures of non-derivative instruments to interest rate at the balance sheet date. The rate of change to the interest used in the internal report to the management is 25 basis points increase or decrease; it is the rate the management believes represents the reasonably possible range of the interest rate change.

Assuming all other variables remain the same, if the interest increased/decreased by 25 basis points, income before tax for the three months ended March 31, 2013 would have decreased/increased by $1,127 thousand due to the exposures of demand deposits to interest.

Assuming all other variables remain the same, if the interest increased/decreased by 25 basis points, income before tax for the three months ended March 31, 2012 would have decreased/increased by $736 thousand due to the exposures of demand deposits to interest.

2) Credit risk

Credit risk is the risk of loss of a financial reward stemming from counterparty's failure to meet a contractual obligation. As of the balance sheet date, the maximum exposure to credit risk on the unfulfilled obligations is the carrying value of financial assets on the consolidated balance sheet.

The Group rates its major customers using available financial information and mutual transaction records. The Group keeps monitoring credit exposure and the credit ratings of counterparties.

The Group's credit risk mainly focuses on the largest customer of the vehicle department and the top five customers of the parts department. As of March 31, 2013 and December 31, March 31, January 1, 2012, the ratio of total receivables from the aforementioned customers were 65%, 60%, 68% and 44% of total receivables.

3) Liquidity risk

The Group copes with the operation and alleviates the effect of fluctuations in cash flows by managing and maintaining sufficient cash and cash equivalents. The management monitors the usage of bank's financing limit and ensures that the terms of loan agreements are followed.

Bank loans are sources of liquidity of the Group. As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the Group's unused short-term bank financing limits were $800,000 thousand, $800,000 thousand, $1,000,000 thousand, and $1,000,000 thousand, respectively.

The following tables, which were prepared based on the earliest repayment date and the undiscounted cash flows of financial liabilities, are details about the analysis of the maturities of the non-derivative financial liabilities during the agreed repayment period.

March 31, 2013

	Weighted-average Effective Rate (%)	Within One Month	1 to 3 Months	3 to 12 Months
Financial liabilities - non-derivative				
Non-interest bearing liabilities	-	$ 1,447,789	$ 111,578	$ 252,203
Short-term loans	1.00	200,000	-	-
		$ 1,647,789	$ 111,578	$ 252,203

December 31, 2012

	Weighted-average Effective Rate (%)	Within One Month	1 to 3 Months	3 to 12 Months
Financial liabilities - non-derivative				
Non-interest bearing liabilities	-	$ 1,420,270	$ 389,424	$ 486,946
Short-term loans	1.15	200,000	-	-
		$ 1,620,270	$ 389,424	$ 486,946

March 31, 2012

	Weighted-average Effective Rate (%)	Within One Month	1 to 3 Months	3 to 12 Months
Financial liabilities - non-derivative				
Non-interest bearing liabilities	-	$ 1,942,430	$ 145,300	$ 262,901

January 1, 2012

	Weighted-average Effective Rate (%)	Within One Month	1 to 3 Months	3 to 12 Months
Financial liabilities - non-derivative				
Non-interest bearing liabilities	-	$ 1,552,913	$ 160,940	$ 291,727

Line of credit

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Unused line of credit				
Used amount	$ 200,000	$ 200,000	$ -	$ -
Unused amount	800,000	800,000	1,000,000	1,000,000
	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 1,000,000

28. RELATED-PARTY TRANSACTIONS

The Group had business transactions with the following related parties:

a. Related parties

Related Party	Relationship with the Group
Nissan Motor Corporation (“Nissan”)	Parent company
Nissan Trading Co., Ltd.	Subsidiary of Nissan
Nissan Motor Egypt S.A.E.	Same as above
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 Mexicana, S.A. De C. V.	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.	Same as above
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 Nissan Passenger Vehicle Co.	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

(Continued)

Related Party	Relationship with the Group
Yu Ching Business Co., Ltd.	Same as above
Yushin Motor Co., Ltd.	Same as above
Yu Chang Motor Co., Ltd.	Same as above
Sin Etke Technology Co., Ltd.	Same as above
Yu Sing Motor Co., Ltd.	Same as above
Empower Motor Co., Ltd.	Same as above
Uni Auto Parts Co., Ltd.	Same as above
Chan Yun Technology Co., Ltd.	Same as above
Y-teks, Co.	Same as above
Singan Co., Ltd.	Same as above
Yulon Management Co., Ltd.	Same as above
Sinjang Co., Ltd.	Same as above
Luxgen Motor Co., Ltd.	Same as above
Nissan Motor Philippines, Inc. (NMPI)	Same as above
Singgual 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
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
Yu Chia Motor Co., Ltd.	Subsidiary of Yulon Management Co., Ltd.
Visionary International Consulting Co., Ltd.	Same as above
Ka-Plus Automobile Leasing Co., Ltd.	Subsidiary of Taiwan Acceptance Corporation
Yu Pool Co., Ltd.	Subsidiary of Yushin Motor Co., Ltd.
Yu-Jan Co., Ltd.	Subsidiary of Yu Sing Motor Co., Ltd.
Tang Li Enterprise Co., Ltd.	Subsidiary of Yu Tang Motor Co., Ltd.
Taiway, Ltd.	Equity-method investee of Yulon
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 transactions, accounts balances, income and expenses between the Company and subsidiaries (related-party), which are not disclosed, are eliminated upon consolidation. The prices and payment terms for related-party transactions were based on agreements. The transactions between the Group and other related parties were as follows:

1) Operating transactions

	Sale		**Purchase**	
	Three Months Ended March 31		**Three Months Ended March 31**	
	2013	**2012**	**2013**	**2012**
Investors with significant influence on the Group	$ 2,609	$ 5,096	$ 6,148,976	$ 8,332,958
Fellow subsidiaries	$ 7,428,387	$ 9,928,083	$ 6,275	$ 11,074

	Service Revenue		**Other Operating Revenue**	
	Three Months Ended March 31		**Three Months Ended March 31**	
	2013	**2012**	**2013**	**2012**
Investors with significant influence on the Group	$ 1,986	$ 2,816	$ 6,154	$ 11,161
Fellow subsidiaries	$ -	$ -	$ 5,341	$ 1,663

The Company designs and performs R&D of car for investors with significant influence on the Group, service revenue is recognized according to the related contracts.

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

	Operating Cost - TCA		**Operating Cost - Rental**	
	Three Months Ended March 31		**Three Months Ended March 31**	
	2013	**2012**	**2013**	**2012**
Investors with significant influence on the Group	$ 124,369	$ 162,899	$ 3,115	$ 4,714
Fellow subsidiaries	$ -	$ -	$ 3,450	$ 3,102

The Company's TCA is the payment to investors with significant influence on the Group, with whom the Company has technical cooperation agreements.

The Company's rental expenses paid monthly are primarily comprised of customer service system, building property, car testing expenses, cars and driving service for its executives.

	Marketing and Selling		**General and Administrative**		**Research and Development**	
	Three Months Ended March 31		**Three Months Ended March 31**		**Three Months Ended March 31**	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Investors with significant influence on the Group	$ 2,301	$ 2,509	$ 2,303	$ 5,443	$ 11,167	$ 5,257
Fellow subsidiaries	$ 455,669	$ 448,576	$ 50,754	$ 46,297	$ 10,682	$ 5,490

Marketing and selling expenses are payment to fellow subsidiaries for advertisement and promotion.

General and administrative expenses are payment to fellow subsidiaries for consulting, labor dispatch and IT services.

Research and development expenses are payment to investors with significant influence on the Group for sample products, trial fee, and TOBE System.

The Company bought molds from related parties (molds purchased were recorded under property, plant and equipment) as follows:

	Three Months Ended March 31	
	2013	**2012**
Investors with significant influence on the Group	$ -	$ 89,880
Fellow subsidiaries	$ -	$ 52,012

2) Non-operating transactions

	Other Revenue		**Overseas Business Expenses**		**Other Losses**	
	Three Months Ended March 31		**Three Months Ended March 31**		**Three Months Ended March 31**	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Investors with significant influence on the Group	$ 175	$ -	$ -	$ -	$ 5	$ -
Fellow subsidiaries	$ -	$ 4,396	$ 6,746	$ 6,777	$ -	$ -

3) The balances of the receivables from related parties were as follows:

	March 31, 2013	**December 31, 2012**	**March 31, 2012**	**January 1, 2012**
Investors with significant influence on the Group	$ 14,812	$ 21,970	$ 15,960	$ 10,743
Fellow subsidiaries	476,373	558,982	745,627	515,000
	$ 491,185	$ 580,952	$ 761,587	$ 525,743

4) The balances of the payables to related parties were as follows:

	March 31, 2013	**December 31, 2012**	**March 31, 2012**	**January 1, 2012**
Investors with significant influence on the Group	$ 1,180,782	$ 1,199,777	$ 1,631,261	$ 1,205,704
Fellow subsidiaries	314,821	700,030	262,590	364,768
	$ 1,495,603	$ 1,899,807	$ 1,893,851	$ 1,570,472

5) The balances of refundable deposits were as follows:

	March 31, 2013	**December 31, 2012**	**March 31, 2012**	**January 1, 2012**
Investors with significant influence on the Group	$ 100	$ 17,600	$ 17,600	$ 17,600
Fellow subsidiaries	$ 52,185	$ 58,560	$ -	$ -

c. Compensation of directors, supervisors and management personnel:

	Three Months Ended March 31	
	2013	2012
Short-term employee benefit	$ 9,244	$ 11,164
Post-employment benefit	391	506
	$ 9,635	$ 11,670

The amounts of compensation for directors, supervisors, and management personnel are based on the individual performance and market trend evaluated by the remuneration committee.

d. Other related-party transactions

1) The Company sold to Taiwan Acceptance Corporation accounts receivable which amounted to $435,268 thousand and $469,854 thousand in the three months ended March 31, 2013 and 2012, 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 $252 thousand and $302 thousand in the three months ended March 31, 2013 and 2012, respectively.

2) 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

3) The Company signed molds contracts with Diamond Leasing Service Co., Ltd.

The molds contracts are valid from the date of the contract to the end of production of the car model. The contract amount is $686,694 thousand and the installment payments will be disbursed according to the progress under the contract schedule. The types of car parts have not been produced until the end of March 2013. The Company had already paid $559,668 thousand (recognized as property, plant, and equipment). Besides, within the contract period, the Company should pay to Diamond Leasing Service Co., Ltd. before the end of January every year with the amount of $2.6 dollars for every ten thousand of the accumulated amounts paid for molds in prior year.

29. SIGNIFICANT CONTINGENCIES AND COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company and subsidiaries as of March 31, 2013 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, 2013, 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 sale 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, 2013, no buy-back of vehicles has occurred.

c. Unrecognized commitments

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Acquisition of property, plant, and equipment	$ 468,284	$ 407,866	$ 497,154	$ 408,645
Acquisition of other intangible assets	$ 1,056	$ -	$ -	$ 580

30. 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, 2013

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary item			
RMB	$ 2,706,636	0.1595 (RMB:USD)	$ 12,877,127
U.S. dollars	3,424	29.825 (USD:NTD)	102,121
Japan Yen	142,698	0.3172 (JPY:USD)	45,264
Financial liabilities			
Monetary item			
Japan Yen	2,487	0.3172 (JPY:NTD)	789

December 31, 2012

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary item			
RMB	$ 2,651,840	0.1590 (RMB:USD)	$ 12,244,500
U.S. dollars	4,352	29.04 (USD:NTD)	126,382
Japan Yen	193,397	0.3364 (JPY:NTD)	65,059
Financial liabilities			
Monetary item			
Japan Yen	2,092	0.3364 (JPY:NTD)	704

March 31, 2012

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary item			
RMB	$ 1,882,653	0.1589 (RMB:USD)	$ 8,828,022
U.S. dollars	7,954	29.51 (USD:NTD)	234,723
Japan Yen	109,571	0.3592 (JPY:NTD)	39,358
Financial liabilities			
Monetary item			
Japan Yen	2,723	0.3592 (JPY:NTD)	978
U.S. dollars	1	29.51 (USD:NTD)	24

January 1, 2012

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary item			
RMB	$ 1,890,679	0.1587 (RMB:USD)	$ 9,084,037
U.S. dollars	2,268	30.275 (USD:NTD)	68,664
Japan Yen	238,980	0.3906 (JPY:NTD)	93,346
Financial liabilities			
Monetary item			
Japan Yen	29,158	0.3906 (JPY:NTD)	11,389
U.S. dollars	27	30.275 (USD:NTD)	817

31. 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: None

e. Acquisition of individual real estates at costs of at least NT$100 million or 20% of the paid-in capital: None

f. Disposal of individual real estates at prices of at least NT$100 million or 20% of the paid-in capital: None

g. Total purchase from or sale to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 2 (attached)

h. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3 (attached)

i. Derivative financial transactions: None

j. Names, locations, and related information of investees on which the Company exercises significant influence: Table 4 (attached)

k. Intercompany relationships and significant transactions: Table 5 (attached)

l. 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: None

      a) Amount and percentage of purchase; the balance and percentage of related accounts payable.

      b) Amount and percentage of sales; the balance and percentage of related accounts receivable.

      c) Gain (loss) on and amounts of asset.

      d) The balance and purpose of note endorsement/guarantee provided or collateral security pledged.

      e) Maximum balance for the period, ending balance, interest rate and amount of financing provision.

      f) Other transactions which have significant influence over current period’s gain or loss or financial status.

32. OPERATING SEGMENTS INFORMATION

Information about allocation of resources and assessment of performance of departments provided to the chief operating decision maker focuses on the type of each product or service delivered or provided. The reportable segments of the Group are as follow:

Vehicle segment: Vehicle sales
Part segment: Parts sales
Investment segment: Overseas business activities
Other segment: Other operating activities other than the above segments

a. Segment revenues and operating results

	Revenue		Profit or Loss	
	Three Months Ended March 31		Three Months Ended March 31	
	2013	2012	2013	2012
Vehicle segment	$ 6,677,512	$ 9,106,193	$ 178,434	$ 214,306
Part segment	901,180	971,993	163,426	166,371
Investment segment	-	-	1,157,782	867,078
Other segment	17,338	15,640	(68,963)	(66,205)
Total	$ 7,596,030	$10,093,826	1,430,679	1,181,550
Interest revenue			72,937	33,244
Foreign exchange gain, net			44,925	6,751
Gain (loss) on sale of investment			244	(7,956)
Gain from valuation of financial instrument			146	15,308
Gain on disposal of property, plant, and equipment			-	445
Interest expense			(453)	(318)
Management cost for the headquarters and directors' compensation			(3,900)	(3,900)
Income before tax			$ 1,544,578	$ 1,225,124

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the three months ended March 31, 2013 and 2012.

Segment profit represents the profit earned by each segment, excluding the allocation of interest revenue, gain/loss from foreign exchange, gain/loss on sale of investment, gain/loss from valuation of financial instrument, gain/loss on disposal of property, plant, and equipment, financial cost, management cost for the headquarters and directors' compensation and income tax expense. The amount is provided to the chief operating decision maker for allocating resources and assessing the performance.

b. Segments' total assets

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Segments' assets				
Continuing operating segments				
Vehicle segment	$ 1,629,251	$ 1,580,201	$ 1,453,333	$ 1,429,851
Part segment	3,194	2,678	2,525	2,727
Investment segment	11,868,686	10,379,966	9,948,663	9,310,797
Other segment	24,443	32,022	30,043	31,630
Total	13,525,574	11,994,867	11,434,564	10,775,005
Unallocated assets	15,442,050	15,335,512	14,348,548	14,033,078
Total assets	$ 28,967,624	$ 27,330,379	$ 25,783,112	$ 24,808,083

33. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

a. Preparation basis of financial statements under IFRSs

The consolidated financial statements as of and for the three months ended March 31, 2013 and 2012 comprise the first interim financial report under IFRSs. The consolidated financial statements were prepared under the requirements of IFRS No. 1 "First-time Adoption of International Financial Reporting Standards" as well as the accounting policies described in Note 4.

b. Effects of conversion from ROC GAAP to IFRS

1) Exemptions under IFRS No. 1 "First-time Adoption of International Financial Reporting Standards"

IFRS No. 1 "First-time Adoption of International Financial Reporting Standards" provides the procedures that should be followed when an entity adopts IFRS for the first time in preparing consolidated financial statements. According to IFRS 1, the Group should establish accounting policies under IFRS and retrospectively apply them in preparing the opening balance sheet at the date of transition to IFRS (January 1, 2012). IFRS 1 provides some exemptions in the implementation of other IFRSs. The major exemptions the Group adopted were as follows:

Employee benefits

The Group elected to recognize all unrecognized accumulated actuarial gains and losses on employee benefit plans in retained earnings on the date of transition to IFRS. In addition, the Group elected to roll forward the amount in the following accounting periods after the date of transition to IFRSs, disclosing the historical information about the experience adjustments.

Cumulative translation adjustments

The Group elected the exemption under IFRS 1 and brought the cumulative translation adjustments to zero by reclassifying the amount to retained earnings at the date of transition to IFRS. The gain or loss on the subsequent disposal of foreign operations should exclude the translation adjustments that occurred before the date of transition to IFRSs, but include the translation adjustments that occurred after the transition date.

2) Deemed cost of property, plant, equipment and other intangible assets

The Group measured property, plant and equipment and other intangible assets on translation date under cost model according to IFRSs, and retroactively applied the relevant regulations.

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3) Differences in accounting policies

The material differences between the existing accounting policies and the accounting policies to be adopted under IFRSs and their effects were as follows:

Accounting Issues	**Description of Differences**
Classification of deferred tax assets/liabilities	Under ROC GAAP, classification as current and noncurrent is based on the classification of the underlying asset or liability. However, if a deferred tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or noncurrent on the basis of expected length of time before it is realized or settled.
	After converting to IFRS, the classification of deferred income tax is always noncurrent. If an enterprise does not have a legally recognized right to offset the tax assets and tax liabilities, the amounts recognized in deferred tax assets should not offset with deferred tax liabilities under IFRS.
Reclassification of deferred charges	Under ROC GAAP, deferred charges are listed under other assets.
	After converting to IFRS, an enterprise should reclassify deferred charges to property, plant and equipment and intangible assets based on their nature.
Actuarial gains and losses of defined benefit plans	Under ROC GAAP, an entity’s actuarial gains and losses are amortized over the employees’ average remaining service period to the income statement under the corridor approach.
	After converting to IFRSs, actuarial gains and losses should be recognized immediately in other comprehensive income and retained earnings in the statement of changes in equity.
Unrecognized net transition obligation	Under ROC GAAP, unrecognized net transition obligation that resulted from the adoption of Statement of Financial Accounting Standards (SFAS) No. 18 “Accounting for Pensions” should be amortized using the straight-line method over the average remaining service years of employees, and be accounted for as pension costs.

(Continued)

Accounting Issues	Description of Differences
	After converting to IFRS, due to non-adoption of the transitional arrangements under IAS 19 “Employee Benefits,” the unrecognized net transition obligation is accounted and adjusted in retained earnings.
Time deposits with periods of over three months	Under ROC GAAP, time deposits that can be readily terminated and withdrawn without adverse effect on the principal are accounted for as cash and cash equivalents.
	After converting to IFRS, time deposits with periods of over three months are not usually recognized as cash and cash equivalents. Those deposits with fixed or determinable payments that are not quoted in an active market and with deposit period of over three months should be classified as other financial assets.
Impairment of assets	Under ROC GAAP, impairment loss of assets is usually recognized as part of non-operating expenditure.
	After converting to IFRS, an entity presents expenses and losses by function. Recognized impairment loss of assets based on IAS 36 should be attributed to related functional expense.
Prepayment for equipment	Under ROC GAAP, prepayment for equipment is usually recognized as part of property, plant and equipment.
	After converting to IFRS, prepayment for equipment is usually classified as prepayment under noncurrent assets.
Gain/loss on disposal of property, plant and equipment	Under ROC GAAP, gain/loss on disposal of property, plant and equipment is usually recognized as part of non-operating expenses.
	After converting to IFRS, an entity presents expenses and losses by function. Gain/Loss on disposal of property, plant and equipment should be attributed to related functional expense.

(Concluded)

b. The effects on the consolidated balance sheet and consolidated statement of comprehensive income of the conversion to IFRSs were as follows::

1) Reconciliation of January 1, 2012 balance sheet items

	ROC GAAP	Difference	IFRSs	Note
Current assets	$ 13,848,011	$ (34,168)	$ 13,813,843	a), f)
Long-term investments	9,310,797	-	9,310,797	
Property, plant and equipment	37,166	1,427,042	1,464,208	e), g)
Intangible assets	-	12,740	12,740	e)
Other assets	1,459,680	(1,253,185)	206,495	a), b), c), e), g)
Total assets	$ 24,655,654	$ 152,429	$ 24,808,083	
Current liabilities	$ 2,699,591	$ -	$ 2,699,591	
Other liabilities	2,392,579	207,546	2,600,125	b), c)
Total liabilities	$ 5,092,170	$ 207,546	$ 5,299,716	
Capital stock	$ 3,000,000	$ -	$ 3,000,000	
Capital surplus	5,988,968	-	5,988,968	
Retained earnings	10,110,362	409,037	10,519,399	c), d)
Cumulative translation adjustments	464,154	(464,154)	-	d)
Stockholders' equity	$ 19,563,484	$ (55,117)	$ 19,508,367	

a) Deferred tax assets - current of $34,168 thousand were reclassified to deferred tax assets - noncurrent after converting to IFRS.

b) After converting to IFRS, if an entity does not have a legally recognized right to offset tax assets and tax liabilities, the amounts recognized in deferred tax assets should not be offset with deferred tax liabilities under IFRS. Deferred tax liabilities and deferred tax assets which have been offset with each other under ROC GAAP were reversed; thus, deferred tax liabilities - noncurrent and deferred tax assets - noncurrent both increased by $141,140 thousand at the same time.

c) i. Retirement benefit obligation under IFRS increased by $66,406 thousand compared to the accrued pension liabilities under ROC GAAP. Therefore, the Company recognized retirement benefit obligation of $66,406 thousand and decreased retained earnings by $66,406 thousand.

ii. Deferred tax assets - noncurrent recognized on the above retirement benefit obligation increased by $11,289 thousand and retained earnings increased by $11,289 thousand, accordingly.

d) The Company elected the exemption under IFRS 1 and recognized cumulative translation adjustments as zero; thus, cumulative translation adjustments decreased by $464,154 thousand and retained earnings increased by $464,154 thousand on the date of transition to IFRS.

e) Molds and dies of $1,427,233 thousand listed in deferred charges under other assets were reclassified as property, plant and equipment based on their nature. Computer software of $12,740 thousand was reclassified as intangible assets.

f) As of January 1, 2012, to comply with the presentation of financial statements under IFRS, the Group's time deposits of $4,592,825 thousand with periods of over three months were reclassified from bank deposits under current assets to other financial assets under current assets because there is fixed or determinable payments that are not quoted in an active market.

g) After converting to IFRS, prepayment for equipment is usually classified as prepayment under noncurrent assets. The amount reclassified from property, plant and equipment to other noncurrent assets was $191 thousand.

2) Reconciliation of the March 31, 2012 balance sheet items

	ROC GAAP	Difference	IFRSs	Note
Current assets	$ 14,164,236	$ (35,135)	$ 14,129,101	a), f)
Long-term investments	9,948,663	-	9,948,663	-
Property, plant and equipment	38,229	1,447,672	1,485,901	e), g)
Intangible assets	-	12,868	12,868	e)
Other assets	1,485,688	(1,279,109)	206,579	a), b), c), e), g)
Total assets	$ 25,636,816	$ 146,296	$ 25,783,112	
Current liabilities	$ 2,979,241	$ -	$ 2,979,241	
Other liabilities	2,557,526	199,300	2,756,826	b), c)
Total liabilities	$ 5,536,767	$ 199,300	$ 5,736,067	
Capital stock	$ 3,000,000	$ -	$ 3,000,000	
Capital surplus	5,988,968	-	5,988,968	
Retained earnings	11,124,581	411,150	11,535,731	c), d)
Cumulative translation adjustments	(13,500)	(464,154)	(477,654)	d)
Stockholders' equity	$ 20,100,049	$ (53,004)	$ 20,047,045	

a) Deferred tax assets - current of $35,135 thousand were reclassified to deferred tax assets - noncurrent after converting to IFRS.

b) After converting to IFRS, if an entity does not have a legally recognized right to offset tax assets and tax liabilities, the amounts recognized in deferred tax assets should not be offset with deferred tax liabilities under IFRS. Deferred tax liabilities and deferred tax assets which have been offset with each other under ROC GAAP were reversed; thus, deferred tax liabilities - noncurrent and deferred tax assets - noncurrent both increased by $135,440 thousand at the same time.

c) i. Retirement benefit obligation under IFRS increased by $63,860 thousand compared to the accrued pension liabilities under ROC GAAP. Therefore, the Company recognized retirement benefit obligation of $63,860 thousand and decreased retained earnings by $63,860 thousand, of which $42 thousand of actuarial losses and related income tax of $35 thousand were immediately recognized in other comprehensive income and retained earnings in the statement of changes in equity.

ii. Deferred tax assets - noncurrent recognized on the above retirement benefit obligation increased by $10,856 thousand and retained earnings increased by $10,856 thousand, accordingly.

d) The Company elected the exemption under IFRS 1 and recognized cumulative translation adjustments as zero; thus, cumulative translation adjustments decreased by $464,154 thousand and retained earnings increased by $464,154 thousand on the date of transition to IFRS. As of March 31, 2012, the difference from conversion of financial statements of all business abroad of $(477,654) thousand was recognized under other comprehensive income.

e) Molds and dies of $1,450,888 thousand listed in deferred charges under other assets were reclassified as property, plant and equipment based on their nature. Computer software of $12,868 thousand was reclassified as intangible assets.

f) As of March 31, 2012, to comply with the presentation of financial statements under IFRS, the Group's time deposits of $4,863,124 thousand with periods of over three months were reclassified from bank deposits under current assets to other financial assets under current assets because there is fixed or determinable payments that are not quoted in an active market.

g) After converting to IFRS, prepayment for equipment is usually classified as prepayment under noncurrent assets. The amount reclassified from property, plant and equipment to other noncurrent assets was $3,216 thousand.

3) Reconciliation of December 31, 2012 balance sheet items

	ROC GAAP	Difference	IFRSs	Note
Current assets	$ 14,989,003	$ (34,289)	$ 14,954,714	a), f)
Long-term investments	10,379,966	-	10,379,966	
Property, plant and equipment	45,236	1,632,129	1,677,365	e), g)
Intangible assets	-	11,369	11,369	e)
Other assets	1,729,328	(1,422,363)	306,965	a), b), c), e), g)
Total assets	$ 27,143,533	$ 186,846	$ 27,330,379	
Current liabilities	$ 3,150,089	$ -	$ 3,150,089	
Other liabilities	3,323,112	241,885	3,564,997	b), c)
Total liabilities	$ 6,473,201	$ 241,885	$ 6,715,086	
Capital stock	$ 3,000,000	$ -	$ 3,000,000	
Capital surplus	6,129,405	-	6,129,405	
Retained earnings	11,980,839	409,115	12,389,954	c), d)
Cumulative translation adjustments	(439,912)	(464,154)	(904,066)	d)
Stockholders' equity	$ 20,670,332	$ (55,039)	$ 20,615,293	

a) Deferred tax assets - current of $34,289 thousand were reclassified to deferred tax assets - noncurrent after converting to IFRS.

b) After converting to IFRS, if an entity does not have a legally recognized right to offset tax assets and tax liabilities, the amounts recognized in deferred tax assets should not be offset with deferred tax liabilities under IFRS. Deferred tax liabilities and deferred tax assets which have been offset with each other under ROC GAAP were reversed; thus, deferred tax liabilities - noncurrent and deferred tax assets - noncurrent both increased by $175,573 thousand at the same time

c) i. Retirement benefit obligation under IFRS increased by $66,312 thousand compared to the accrued pension liabilities under ROC GAAP. Therefore, the Company recognized retirement benefit obligation of $66,312 thousand and decreased retained earnings by $66,312 thousand, of which $10,259 thousand of actuarial losses in 2012 and related income tax of $1,744 thousand were immediately recognized in other comprehensive income and retained earnings in the statement of changes in equity.

ii. Deferred tax assets - noncurrent recognized on the above retirement benefit obligation increased by $11,273 thousand and retained earnings increased by $11,273 thousand, accordingly.

d) The Company elected the exemption under IFRS 1 and recognized cumulative translation adjustments as zero; thus, cumulative translation adjustments decreased by $464,154 thousand, and retained earnings increased by $464,154 thousand on the date of transition to IFRS. As of December 31, 2012, the difference from conversion of financial statements of all business abroad of $(904,066) thousand was recognized under other comprehensive income.

e) Molds and dies of $1,640,184 thousand listed in deferred charges under other assets were reclassified as property, plant and equipment based on their nature. Computer software of $11,369 thousand was reclassified as intangible assets.

f) As of December 31, 2012, to comply with the presentation of financial statements under IFRS, the Group's time deposits of $5,579,666 thousand with periods of over three months were reclassified from bank deposits under current assets to other financial assets under current assets because there is fixed or determinable payments that are not quoted in an active market.

g) After converting to IFRS, prepayment for equipment is usually classified as prepayment under noncurrent assets. The amount reclassified from property, plant and equipment to other noncurrent assets was $8,055 thousand.

4) Reconciliation of three months ended March 31, 2012 comprehensive income statement items

	ROC GAAP	Difference	IFRSs	Note
Operating revenues	$ 10,093,826	$ -	$ 10,093,826	
Operating cost	(8,775,014)	-	(8,775,014)	
Gross profit	1,318,812	-	1,318,812	
Operating expenses	(1,008,460)	2,588	(1,005,872)	a)
Other gains and losses	-	445	445	e)
Operating income	310,352	3,033	313,385	
Non-operating gains and losses	912,184	(445)	911,739	e)
Income before income tax	1,222,536	2,588	1,225,124	
Income tax expense	(208,317)	(440)	(208,757)	b)
Net income	$ 1,014,219	$ 2,148	1,016,367	
Difference from translation of financial statements of foreign business			(477,654)	d)
Actuarial losses of defined benefit plan			(42)	c)
Income tax gains to other comprehensive income			7	c)
Comprehensive income			$ 538,678	

a) Retirement benefit obligation of $2,588 thousand recognized according to IFRS decreased employee benefit expenses by the same amount.

b) Decrease of employee benefit expenses resulted in increase of related tax expense of $440 thousand.

c) Retirement benefit obligation under IFRS increased by $63,860 thousand compared to the accrued pension liabilities under ROC GAAP. Therefore, the Company recognized retirement benefit obligation of $63,860 thousand and decreased retained earnings by $63,860 thousand, of which $42 thousand of actuarial losses in the three months ended March 31, 2012 and related income tax of $7 thousand were immediately recognized in other comprehensive income and retained earnings in the statement of changes in equity.

d) The Company elected the exemption under IFRS 1 and recognized cumulative translation adjustments as zero; thus, cumulative translation adjustments decreased by $464,154 thousand, and retained earnings increased by $464,154 thousand on the date of transition to IFRS. As of March 31, 2012, the difference from conversion of financial statements of all business abroad of $(477,654) thousand was recognized under other comprehensive income.

e) After converting to IFRSs, gain on disposal of property, plant and equipment of $445 thousand was reclassified from non-operating income and expenses to other gains and losses.

5) Reconciliation for the year ended December 31, 2012 comprehensive income statement items

	ROC GAAP	**Difference**	**IFRSs**	**Note**
Operating revenues	$ 29,134,530	$ -	$ 29,134,530	
Operating cost	(25,105,630)	(357,963)	(25,463,593)	d)
Gross profit	4,028,900	(357,963)	3,670,937	
Operating expenses	(3,169,082)	10,353	(3,158,729)	a)
Other gains and losses	-	445	445	f)
Operating income	859,818	(347,165)	512,653	
Non-operating gains and losses	5,230,963	357,518	5,588,481	d), f)
Income before income tax	6,090,781	10,353	6,101,134	
Income tax expense	(1,160,304)	(1,760)	(1,162,064)	b)
Net income	$ 4,930,477	$ 8,593	4,939,070	
Other comprehensive income				
Difference from translation of financial statements of foreign business			(904,066)	e)
Actuarial losses of defined benefit plan			(10,259)	c)
Income tax gains to other comprehensive income			1,744	c)
Comprehensive income			$ 4,026,489	

a) Retirement benefit obligation of $10,353 thousand recognized according to IFRS decreased employee benefit expenses by the same amount.

b) Decrease of employee benefit expenses resulted in increase of related tax expense of $1,760 thousand.

c) Retirement benefit obligation under IFRS increased by $66,312 thousand compared to the accrued pension liabilities under ROC GAAP. Therefore, the Company recognized retirement benefit obligation of $66,312 thousand and decreased retained earnings by $66,312 thousand, of which $10,259 thousand of actuarial losses in 2012 and related income tax of $1,744 thousand were immediately recognized in other comprehensive income and retained earnings in the statement of changes in equity.

d) According to IFRS, an entity should present expenses and losses by function. Recognized impairment losses of assets based on IAS 36 should be attributed to related functional expense. Therefore, the Company reclassified impairment losses of $357,963 thousand to cost of sales.

e) The Company elected the exemption under IFRS 1 and recognized cumulative translation adjustments as zero; thus, cumulative translation adjustments decreased by $464,154 thousand, and retained earnings increased by $464,154 thousand on the date of transition to IFRS. As of December 31, 2012, the difference from conversion of financial statements of all business abroad of $(904,066) thousand was recognized under other comprehensive income.

f) After converting to IFRSs, gain on disposal of property, plant and equipment of $445 thousand was reclassified from non-operating income and expenses to other gains and losses.

6) Adjustments to the statement of cash flows under IFRSs

Under ROC GAAP, time deposits that may be withdrawn at any time and negotiable certificate of deposit that may be sold at any time without any loss to the principal are classified as cash. Under IAS 7 "Statement of Cash Flows," the purpose of holding cash equivalents is for meeting short-term cash commitments, rather than for investment or other purposes. Besides, only those short-term investments (i.e. due within three months) are regarded as cash equivalent. As of December 31, March 31, and January 1, 2012, the deposits were $5,579,666 thousand, $4,863,124 thousand, and $4,592,825 thousand, respectively. The deposits were for investment purpose; thus, they are not qualified as cash and cash equivalent under IFRSs.

Under ROC GAAP, interest and dividend received are classified as operating activities, while dividend paid is classified as financing activities. ROC GAAP requires entity to prepare statement of cash flows using indirect method and disclose the amount of interest expense paid. Under IAS 7 "Statement of Cash Flows," the cash flows of interest and dividend received and paid should be disclosed separately and should be consistently classified as operating, investing, or financing activities each period. The interest received by the Group was $20,168 thousand for the three months ended March 31, 2012.

Except for the exceptions mentioned above, there are no other significant differences between the consolidated statement of cash flows under IFRSs and the consolidated statement of cash flows under ROC GAAP.

TABLE 1

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2013
(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, 2013				Note
				Shares (Thousands)	Carrying Value (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 2)	
Yulon Nissan Motor Company, Ltd.	Beneficiary certificates							
	Yuanta Global REITs Fund	-	Financial assets at fair value through profit or loss	671	$ 7,000		$ 7,180	
	Yuanta Global ETFs Growth Fund of Funds	-	Financial assets at fair value through profit or loss	234	2,000		2,009	
	Yuanta/P-shares MSCI India Index Fund	-	Financial assets at fair value through profit or loss	642	5,000		4,805	
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss	4,869	70,000		70,051	
	Taishin North American Income Trust	-	Financial assets at fair value through profit or loss	131	2,000		2,041	
	ING Thailand	-	Financial assets at fair value through profit or loss	41	2,000		2,013	
	Manulife Emerging Market High Yield Bd	-	Financial assets at fair value through profit or loss	1,092	12,000		11,930	
	Eastspring Inv Global High Yield Bond	-	Financial assets at fair value through profit or loss	830	10,000		10,000	
	Eastspring Inv Well Pool Money Market	-	Financial assets at fair value through profit or loss	5,298	70,000		70,081	
	Cathay China Emerging Industries	-	Financial assets at fair value through profit or loss	165	2,000		2,015	
	UPAMC James Bond Money Market	-	Financial assets at fair value through profit or loss	2,460	40,000		40,000	
	Reliance Wealth Bond	-	Financial assets at fair value through profit or loss	1,807	20,000		20,021	
Yulon Nissan Motor Company, Ltd.	Stock							
	Yi-Jan Overseas Investment Co., Ltd.	Subsidiary	Equity investment	84,987	25,850,704	100.00	25,850,704	Notes 3 and 4
Yi-Jan Overseas Investment Co., Ltd.	Stock							
	Jet Ford, Inc.	Subsidiary of Yi-Jan Overseas Investment Co., Ltd.	Equity investment	71,772	US$ 866,524	100.00	US$ 866,524	Notes 3 and 4
Jet Ford, Inc.	Share certificates							
	Aeolus Xiangyang Automobile Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Equity investment	-	US$ 53,632	16.55	US$ 51,737	Note 3
	Aeolus Automobile Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Equity investment	-	US$ 86,037	33.12	US$ 86,037	Note 3

(Continued)

Investor	Securities Type and Name	Relationship with the Investor	Financial Statement Account	March 31, 2013 Shares (Thousands)	Carrying Value (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 2)	Note
	Guangzhou Aeolus Automobile Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Equity investment	-	US$ 244,629	40.00	US$ 244,629	Note 3
	Shenzhen Lan You Technology Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Equity investment	-	US$ 12,315	45.00	US$ 12,315	Note 3
	Dong Feng Yulon Used Cars Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Equity investment	-	US$ 1,332	49.00	US$ 1,332	Note 3

Note 1: Shown at their original investment amounts.

Note 2: The fair value of the financial asset at fair value through profit or loss is calculated based on the asset's net value and the redemption price as of March 31, 2013.

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

Note 4: Eliminated.

(Concluded)

TABLE 2

YULON NISSAN MOTOR COMPANY LTD. AND SUBSIDIARIES

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, 2013
(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	Equity-method investor of the Company	Purchase	$ 6,117,819	98	180 days after sales for parts 3 days after sales for vehicles	$ -	-	$ (1,015,053)	84	-
	Taiwan Acceptance Corporation	Subsidiary of Yulon	Sale	6,658,805	88	4 days after sales for parts 3 days after sales for vehicles	-	-	329,736	62	-

Note 1: Transaction terms are based on agreements.

Note 2: Balances shown here are notes and accounts receivable from sales and notes and accounts payable for purchases.

TABLE 3

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2013
(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	$ 341,363	73.75	$ -	-	$ 341,363	$ -

Note: The turnover rate was based on the carrying amount of the Company.

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
THREE MONTHS ENDED MARCH 31, 2013
(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, 2013			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note 1)	Note
				March 31, 2013	March 31, 2012	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	$ 25,850,704	$ 1,261,507	$ 1,261,507	Notes 2 and 3
Yi-Jan Overseas Investment Co., Ltd.	Jet Ford, Inc.	British Virgin Islands	Investment	US$ 57,171	US$ 57,171	71,772	100.00	US$ 866,524	US$ 42,791	US$ 42,791	Notes 2 and 3
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$ 53,632	US$ 6,561	US$ 977	Note 2
	Aeolus Automobile Co., Ltd.	Guangdong (Mainland China)	Developing and selling of parts and vehicles and related services	US$ 18,710	US$ 18,710	-	33.12	US$ 86,037	US$ 65,232	US$ 21,605	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$ 244,629	US$ 39,627	US$ 16,673	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$ 12,315	(US$ 14)	(US$ 6)	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$ 1,332	US$ 48	US$ 24	Note 2

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 and percentage of ownership.

Note 3: Eliminated.

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
THREE MONTHS ENDED MARCH 31, 2013 AND 2012
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Year	Number (Note 1)	Company Name	Related Party	Nature of Relationship (Note 2)	Transaction Details			
					Financial Statement Account	Amount (Note 3)	Payment Terms (Note 4)	% to Consolidated Total Sales or Assets (Note 5)
2013	0	Yulon Nissan Motor Company, Ltd.	Jet Ford Inc.	1	Notes and accounts receivable - related parties	$ 9,471	-	-
	1	Jet Ford Inc.	Yulon Nissan Motor Company, Ltd.	2	Notes and accounts payable - related parties	9,471	-	-
2012	0	Yulon Nissan Motor Company, Ltd.	Jet Ford Inc.	1	Notes and accounts receivable - related parties	4,815	-	-
	1	Jet Ford Inc.	Yulon Nissan Motor Company, Ltd.	2	Notes and accounts payable - related parties	4,815	-	-

Note 1: Intercompany relationships are numbered as follows:

1. The Company is numbered as 0.
2. Subsidiaries are numbered from number 1.

Note 2: Nature of relationships is numbered as follows:

1. The Company to subsidiaries is numbered as 1.
2. Subsidiaries to the Company is numbered as 2.
3. Subsidiaries to subsidiaries is numbered as 3.

Note 3: Eliminated.

Note 4: The prices and payment terms for related-party transactions were based on agreements.

Note 5: If the transaction amounts are related to the balance sheet accounts, the percentages are those of the year-end balances to the consolidated total assets. If the transaction amounts are related to the income statement accounts, the percentages are the total amounts of the year to the consolidated total sales.

YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
THREE MONTHS ENDED MARCH 31, 2013
(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, 2013	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2013	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of March 31, 2013	Accumulated Inward Remittance of Earnings as of March 31, 2013
					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	$ 28,794 (US$ 977)	$ 1,599,564 (US$ 53,632)	$ -
Aeolus Automobile Co., Ltd.	Developing and selling of parts and vehicles and related services	761,964 (RMB 194,400)	Note 1	533,109 (US$ 16,812)	-	-	533,109 (US$ 16,812)	33.12	636,933 (US$ 21,605)	2,566,042 (US$ 86,037)	-
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	491,540 (US$ 16,676)	7,296,052 (US$ 244,629)	1,269,572 (US$ 39,777)
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	(182) (US$ -6)	367,306 (US$ 12,315)	-
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	697 (US$ 24)	39,722 (US$ 1,332)	-

Accumulated Investment in Mainland China as of March 31, 2013	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)	$13,556,102

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 the long-term investment were calculated based on the reviewed financial statements and percentage of ownership.

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.