

**Yulon Nissan Motor Company, Ltd. and  
Subsidiaries**

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 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 its subsidiaries (collectively referred to as the "Group") as of September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012 and the related consolidated statements of comprehensive income for the three months ended September 30, 2013 and 2012, nine months ended September 30, 2013 and 2012, and changes in equity and cash flows for the nine months ended September 30, 2013 and 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

We conducted our reviews in accordance with Statement of Auditing Standards No. 36 "Engagements to Review Financial Statements" issued by the Auditing Standards Committee of the Accounting Research and Development Foundation 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 auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated 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 consolidated financial statements referred to above for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers issued by the Financial Supervisory Commission of the Republic of China, and International Financial Reporting Standard 1 "First-time Adoption of International Financial Reporting Standards" and International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

November 8, 2013

### Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance 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 consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent 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 independent accountants' review report and consolidated financial statements shall prevail.*

**YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEETS**  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)

ASSETS	September 30, 2013		December 31, 2012		September 30, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>								
Cash and cash equivalents (Note 6)	\$ 6,674,307	21	\$ 4,828,455	18	\$ 4,231,434	17	\$ 1,655,722	7
Financial assets at fair value through profit or loss (Note 7)	261,806	1	-	-	291,595	1	2,262,001	9
Notes receivable (Note 8)	6	-	-	-	58	-	430	-
Notes receivable from related parties (Note 27)	2,382	-	1,614	-	1,053	-	27,073	-
Trade receivables (Note 8)	49,601	-	36,554	-	40,589	-	21,987	-
Trade receivables from related parties (Note 27)	622,057	2	579,338	2	597,530	3	498,670	2
Other receivables (Note 8)	2,645,733	8	3,222,291	12	1,796,195	7	4,368,193	18
Inventories (Note 9)	310,209	1	1,547	-	1,938	-	1,793	-
Prepayments	652,512	2	705,222	3	595,610	2	384,479	2
Other current assets (Note 10)	<u>6,475,061</u>	<u>20</u>	<u>5,579,693</u>	<u>20</u>	<u>4,657,596</u>	<u>18</u>	<u>4,593,495</u>	<u>18</u>
Total current assets	<u>17,693,674</u>	<u>55</u>	<u>14,954,714</u>	<u>55</u>	<u>12,213,598</u>	<u>48</u>	<u>13,813,843</u>	<u>56</u>
<b>NON-CURRENT ASSETS</b>								
Investments accounted for using equity method (Note 11)	12,654,231	39	10,379,966	38	11,749,022	46	9,310,797	37
Property, plant and equipment (Notes 12 and 27)	1,672,561	5	1,677,365	6	1,463,183	6	1,464,208	6
Other intangible assets (Note 13)	9,494	-	11,369	-	10,289	-	12,740	-
Deferred tax assets	203,057	1	221,135	1	174,824	-	186,597	1
Other non-current assets (Notes 14 and 27)	<u>110,834</u>	<u>-</u>	<u>85,830</u>	<u>-</u>	<u>80,850</u>	<u>-</u>	<u>19,898</u>	<u>-</u>
Total non-current assets	<u>14,650,177</u>	<u>45</u>	<u>12,375,665</u>	<u>45</u>	<u>13,478,168</u>	<u>52</u>	<u>10,994,240</u>	<u>44</u>
<b>TOTAL</b>	<u>\$ 32,343,851</u>	<u>100</u>	<u>\$ 27,330,379</u>	<u>100</u>	<u>\$ 25,691,766</u>	<u>100</u>	<u>\$ 24,808,083</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>								
<b>CURRENT LIABILITIES</b>								
Short-term borrowings (Note 15)	\$ 2,630,000	8	\$ 200,000	1	\$ 200,000	1	\$ -	-
Notes payable	-	-	-	-	368	-	-	-
Trade payables	69,855	-	147,796	1	22,601	-	144,530	1
Trade payables to related parties (Note 27)	1,372,737	4	1,899,807	7	1,616,953	6	1,570,472	6
Other payables (Note 16)	505,071	2	548,851	2	439,996	2	561,078	2
Current tax liabilities	427,532	1	164,607	1	171,392	1	213,240	1
Provisions (Note 18)	61,365	-	68,567	-	62,309	-	53,755	-
Deferred revenue (Note 17)	1,937	-	12,868	-	3,357	-	8,823	-
Other current liabilities	<u>115,228</u>	<u>1</u>	<u>107,593</u>	<u>-</u>	<u>118,008</u>	<u>-</u>	<u>147,693</u>	<u>1</u>
Total current liabilities	<u>5,183,725</u>	<u>16</u>	<u>3,150,089</u>	<u>12</u>	<u>2,634,984</u>	<u>10</u>	<u>2,699,591</u>	<u>11</u>
<b>NON-CURRENT LIABILITIES</b>								
Long-term borrowings (Note 15)	1,000,000	3	-	-	-	-	-	-
Provisions (Note 18)	76,441	-	80,318	-	95,980	1	87,599	-
Accrued pension liabilities (Note 19)	557,536	2	557,165	2	543,951	2	534,565	2
Deferred tax liabilities	<u>3,083,432</u>	<u>10</u>	<u>2,927,514</u>	<u>11</u>	<u>2,651,895</u>	<u>10</u>	<u>1,977,961</u>	<u>8</u>
Total non-current liabilities	<u>4,717,409</u>	<u>15</u>	<u>3,564,997</u>	<u>13</u>	<u>3,291,826</u>	<u>13</u>	<u>2,600,125</u>	<u>10</u>
Total liabilities	<u>9,901,134</u>	<u>31</u>	<u>6,715,086</u>	<u>25</u>	<u>5,926,810</u>	<u>23</u>	<u>5,299,716</u>	<u>21</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>								
Capital stock	<u>3,000,000</u>	<u>9</u>	<u>3,000,000</u>	<u>11</u>	<u>3,000,000</u>	<u>12</u>	<u>3,000,000</u>	<u>12</u>
Capital surplus	<u>6,129,405</u>	<u>19</u>	<u>6,129,405</u>	<u>22</u>	<u>6,129,405</u>	<u>24</u>	<u>5,988,968</u>	<u>24</u>
Retained earnings								
Legal reserve	2,257,887	7	1,764,839	6	1,764,839	7	1,381,683	6
Special reserve	1,228,789	4	788,877	3	788,877	3	788,877	3
Unappropriated earnings	<u>9,950,437</u>	<u>30</u>	<u>9,836,238</u>	<u>36</u>	<u>8,798,485</u>	<u>34</u>	<u>8,348,839</u>	<u>34</u>
Total retained earnings	<u>13,437,113</u>	<u>41</u>	<u>12,389,954</u>	<u>45</u>	<u>11,352,201</u>	<u>44</u>	<u>10,519,399</u>	<u>43</u>
Other equity	<u>(123,801)</u>	<u>-</u>	<u>(904,066)</u>	<u>(3)</u>	<u>(716,650)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>
Total equities	<u>22,442,717</u>	<u>69</u>	<u>20,615,293</u>	<u>75</u>	<u>19,764,956</u>	<u>77</u>	<u>19,508,367</u>	<u>79</u>
<b>TOTAL</b>	<u>\$ 32,343,851</u>	<u>100</u>	<u>\$ 27,330,379</u>	<u>100</u>	<u>\$ 25,691,766</u>	<u>100</u>	<u>\$ 24,808,083</u>	<u>100</u>

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

(With Deloitte &amp; Touche review report dated November 8, 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)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2013		2012		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
(Note 27)								
Sales	\$ 7,944,520	100	\$ 6,423,404	100	\$ 22,346,698	100	\$ 23,750,559	100
Service revenue	6,233	-	1,539	-	10,820	-	6,747	-
Other operating revenue	6,100	-	4,133	-	44,619	-	25,276	-
Total operating revenue	<u>7,956,853</u>	<u>100</u>	<u>6,429,076</u>	<u>100</u>	<u>22,402,137</u>	<u>100</u>	<u>23,782,582</u>	<u>100</u>
OPERATING COSTS								
Cost of goods sold								
(Notes 21 and 27)	<u>6,388,856</u>	<u>80</u>	<u>5,546,197</u>	<u>86</u>	<u>18,385,863</u>	<u>82</u>	<u>20,570,012</u>	<u>87</u>
GROSS PROFIT	<u>1,567,997</u>	<u>20</u>	<u>882,879</u>	<u>14</u>	<u>4,016,274</u>	<u>18</u>	<u>3,212,570</u>	<u>13</u>
OPERATING EXPENSES								
(Notes 19, 21 and 27)								
Selling and marketing expenses	603,302	8	476,588	7	1,826,775	8	1,679,284	7
General and administrative expenses	88,327	1	99,780	2	290,821	2	314,413	1
Research and development expenses	<u>160,178</u>	<u>2</u>	<u>141,737</u>	<u>2</u>	<u>449,596</u>	<u>2</u>	<u>405,972</u>	<u>2</u>
Total operating expenses	<u>851,807</u>	<u>11</u>	<u>718,105</u>	<u>11</u>	<u>2,567,192</u>	<u>12</u>	<u>2,399,669</u>	<u>10</u>
OTHER INCOME AND EXPENSES (Notes 21 and 27)	<u>(15)</u>	<u>-</u>	<u>(265)</u>	<u>-</u>	<u>(15)</u>	<u>-</u>	<u>180</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>716,175</u>	<u>9</u>	<u>164,509</u>	<u>3</u>	<u>1,449,067</u>	<u>6</u>	<u>813,081</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES								
Shares of the profit or loss of associates	1,598,009	20	1,155,003	18	4,164,259	19	3,859,384	16
Interest income	84,365	1	54,589	1	243,450	1	174,394	1
Foreign exchange gain (loss), net (Note 21)	(6,508)	-	(97,577)	(2)	237,595	1	(42,988)	-
Gain on disposal of investment (Note 21)	1,006	-	23,457	-	1,608	-	14,075	-
Gain (loss) from valuation of financial assets	889	-	(19,355)	-	1,158	-	2,087	-
Other revenue (Note 27)	295	-	13,080	-	1,663	-	25,171	-
Overseas business expenses (Note 27)	(5,636)	-	(8,115)	-	(19,785)	-	(29,545)	-
Interest expenses (Note 27)	(4,852)	-	(535)	-	(6,128)	-	(1,350)	-
Other losses (Note 27)	<u>(246)</u>	<u>-</u>	<u>(1,015)</u>	<u>-</u>	<u>(1,326)</u>	<u>-</u>	<u>(3,250)</u>	<u>-</u>
Total non-operating income and expenses	<u>1,667,322</u>	<u>21</u>	<u>1,119,532</u>	<u>17</u>	<u>4,622,494</u>	<u>21</u>	<u>3,997,978</u>	<u>17</u>
PROFIT BEFORE TAX	2,383,497	30	1,284,041	20	6,071,561	27	4,811,059	20
INCOME TAX EXPENSES (Note 22)	<u>406,092</u>	<u>5</u>	<u>217,629</u>	<u>4</u>	<u>1,034,281</u>	<u>4</u>	<u>918,152</u>	<u>4</u>
NET PROFIT FOR THE PERIOD	<u>1,977,405</u>	<u>25</u>	<u>1,066,412</u>	<u>16</u>	<u>5,037,280</u>	<u>23</u>	<u>3,892,907</u>	<u>16</u>

(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)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2013		2012		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME								
Exchange differences on translating foreign operations	\$ (261,931)	(3)	\$ (400,845)	(6)	\$ 780,265	3	\$ (716,650)	(3)
Actuarial loss arising from defined benefit plans	(55)	-	(42)	-	(146)	-	(126)	-
Income tax relating to components of other comprehensive income (Note 22)	10	-	7	-	25	-	21	-
Other comprehensive income for the period, net of income tax	<u>(261,976)</u>	<u>(3)</u>	<u>(400,880)</u>	<u>(6)</u>	<u>780,144</u>	<u>3</u>	<u>(716,755)</u>	<u>(3)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 1,715,429</u>	<u>22</u>	<u>\$ 665,532</u>	<u>10</u>	<u>\$ 5,817,424</u>	<u>26</u>	<u>\$ 3,176,152</u>	<u>13</u>
NET PROFIT								
ATTRIBUTABLE TO:								
Owner of the Company	<u>\$ 1,977,405</u>	<u>25</u>	<u>\$ 1,066,412</u>	<u>17</u>	<u>\$ 5,037,280</u>	<u>22</u>	<u>\$ 3,892,907</u>	<u>16</u>
TOTAL COMPREHENSIVE INCOME								
ATTRIBUTABLE TO:								
Owners of the Company	<u>\$ 1,715,429</u>	<u>22</u>	<u>\$ 665,532</u>	<u>10</u>	<u>\$ 5,817,424</u>	<u>26</u>	<u>\$ 3,176,152</u>	<u>13</u>
EARNINGS PER SHARE (Note 23)								
Basic	<u>\$6.59</u>		<u>\$3.55</u>		<u>\$16.79</u>		<u>\$12.98</u>	
Diluted	<u>\$6.59</u>		<u>\$3.55</u>		<u>\$16.78</u>		<u>\$12.97</u>	

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

(With Deloitte & Touche review report dated November 8, 2013)

(Concluded)

# YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (In Thousands of New Taiwan Dollars, Except Cash Dividends Per Share) (Reviewed, Not Audited)

	Capital Stock (Note 20)	Capital Surplus (Note 20)	Retained Earnings (Note 20)			Other Equity Exchange Differences on Translating Foreign Operations	Total Stockholders' Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		
BALANCE, JANUARY 1, 2012	\$ 3,000,000	\$ 5,988,968	\$ 1,381,683	\$ 788,877	\$ 8,348,839	\$ -	\$ 19,508,367
Appropriation of 2011 earnings							
Legal reserve	-	-	383,156	-	(383,156)	-	-
Cash dividend distributed by the Company - \$10.2 per share	-	-	-	-	(3,060,000)	-	(3,060,000)
	-	-	383,156	-	(3,443,156)	-	(3,060,000)
Other changes in surplus							
Change in capital surplus from investments in associates accounted for by using equity method	-	140,437	-	-	-	-	140,437
Net profit for the nine months ended September 30, 2012	-	-	-	-	3,892,907	-	3,892,907
Other comprehensive income for the nine months ended September 30, 2012, net of income tax	-	-	-	-	(105)	(716,650)	(716,755)
Total comprehensive income for the nine months ended September 30, 2012	-	-	-	-	3,892,802	(716,650)	3,176,152
BALANCE, SEPTEMBER 30, 2012	\$ 3,000,000	\$ 6,129,405	\$ 1,764,839	\$ 788,877	\$ 8,798,485	\$ (716,650)	\$ 19,764,956
BALANCE, JANUARY 1, 2013	\$ 3,000,000	\$ 6,129,405	\$ 1,764,839	\$ 788,877	\$ 9,836,238	\$ (904,066)	\$ 20,615,293
Appropriation of 2012 earnings							
Legal reserve	-	-	493,048	-	(493,048)	-	-
Special reserve	-	-	-	439,912	(439,912)	-	-
Cash dividend distributed by the Company - \$13.3 per share	-	-	-	-	(3,990,000)	-	(3,990,000)
	-	-	493,048	439,912	(4,922,960)	-	(3,990,000)
Net profit for the nine months ended September 30, 2013	-	-	-	-	5,037,280	-	5,037,280
Other comprehensive income for the nine months ended September 30, 2013, net of income tax	-	-	-	-	(121)	780,265	780,144
Total comprehensive income for the nine months ended September 30, 2013	-	-	-	-	5,037,159	780,265	5,817,424
BALANCE, SEPTEMBER 30, 2013	\$ 3,000,000	\$ 6,129,405	\$ 2,257,887	\$ 1,228,789	\$ 9,950,437	\$ (123,801)	\$ 22,442,717

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

(With Deloitte & Touche review report dated November 8, 2013)

# YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 6,071,561	\$ 4,811,059
Adjustments for:		
Depreciation expenses	345,962	410,934
Amortization expenses	5,056	5,042
Gain on fair value changes of financial assets designated as at fair value through profit or loss	(1,158)	(2,087)
Interest expense	6,128	1,350
Interest income	(243,450)	(174,394)
Share of profit of associates	(4,164,259)	(3,859,384)
Net loss (gain) on disposal of property, plant and equipment	15	(180)
Net gain on disposal of investment	(1,608)	(14,075)
Net changes in operating assets and liabilities		
Financial assets held for trading	(259,040)	1,986,891
Notes receivable	(6)	372
Trade receivables	(13,047)	(18,602)
Notes receivable from related parties	(768)	26,020
Trade receivables from related parties	(42,719)	(98,860)
Other receivables	(84,333)	683,174
Inventories	(308,662)	(145)
Prepayments	343,237	(211,131)
Other current assets	-	670
Notes payables	-	368
Trade payables	(77,941)	18,579
Trade payables from related parties	124,148	46,481
Other payables	(45,072)	(121,082)
Other current liabilities	7,635	(29,685)
Deferred revenue	(10,931)	(5,466)
Provisions	(11,079)	16,935
Accrued pension liabilities	225	9,260
Cash generated from operations	1,639,894	3,482,044
Interest paid	(4,836)	(1,350)
Income tax paid	(597,336)	(274,318)
Net cash generated from operating activities	1,037,722	3,206,376
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in other financial assets	(895,368)	(64,771)
Payment for property, plant and equipment	(982,420)	(538,542)
Proceeds from disposal of property, plant, and equipment	26	500
Increase in refundable deposits	(19,948)	(58,016)
Payments for other intangible assets	(3,181)	(2,591)

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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)

	For the Nine Months Ended September 30	
	2013	2012
Increase in other non-current assets	\$ (15,053)	\$ (15,131)
Interest received	187,781	72,750
Dividends received	<u>2,836,295</u>	<u>3,348,792</u>
Net cash generated from investing activities	<u>1,108,132</u>	<u>2,742,991</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	2,430,000	200,000
Increase in long-term borrowings	1,000,000	-
Payments of dividends	<u>(3,990,000)</u>	<u>(3,060,000)</u>
Cash used in financing activities	<u>(560,000)</u>	<u>(2,860,000)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>259,998</u>	<u>(513,655)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,845,852	2,575,712
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>4,828,455</u>	<u>1,655,722</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 6,674,307</u>	<u>\$ 4,231,434</u>

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

(With Deloitte & Touche review report dated November 8, 2013)

(Concluded)



# YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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### 1. GENERAL INFORMATION

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. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on November 8, 2013.

### 3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

In addition to the disclosure in Note 3 to the consolidated financial statements as of March 31, 2013, the Group have not applied the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations (IFRIC), and Standing Interpretations (SIC) that have been issued by the IASB.

As of the date that the consolidated financial statements were approved and authorized for issue, the Financial Supervisory Commission (“FSC”) has not announced the effective dates for the following new and revised standards, amendments and interpretations:

<b>New, Revised Standards, Amendments and Interpretations</b>		<b>Effective Date Announced by IASB (Note)</b>
Amendment to IAS 36	Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets	January 1, 2014
Amendment to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014
IFRIC 21	Levies	January 1, 2014

Note: Unless otherwise noted, the above new and revised standards, amendments and interpretations are effective for annual periods beginning on or after the respective effective dates.

The initial application of the above new and revised standards, amendments and interpretations will not have material impact on the Group’s accounting policies, financial position and operating results.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

On May 14, 2009, the FSC announced the “Framework for the Adoption of IFRS by the Companies in the ROC.” In this framework, starting 2013, companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market should prepare their consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards and the Interpretations approved by the FSC. The date of transition to IFRSs was January 1, 2012. Refer to Note 32 for the impact of IFRS conversion on the consolidated financial statements.

##### a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, IFRS 1 “First-time Adoption of International Financial Reporting Standards” and IAS 34 “Interim Financial Reporting” as endorsed by the FSC. Disclosure information included in interim financial reports is less than disclosures required in a full set of annual financial reports.

##### b. Basis of consolidation

The consolidated financial statements have been prepared on the same basis as the consolidated financial statements as of March 31, 2013. Refer to the Note 4 to the consolidated financial statements as of March 31, 2013 for details.

##### Subsidiary included in consolidated financial statements

The consolidated entities as of September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012 were as follows:

Investor	Investee	Main Business	% of Ownership			
			September 30, 2013	December 31, 2012	September 30, 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

##### c. Other significant accounting policies

The same accounting policies have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the three months ended March 31, 2013. Refer to Note 4 to the consolidated financial statements as of March 31, 2013 for the details of summary of significant accounting policy.

#### 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the three months ended March 31, 2013. Please refer to the Note 5 to the consolidated financial statements as of March 31, 2013 for the details of critical accounting judgments and key sources of estimation uncertainty.

## 6. CASH AND CASH EQUIVALENTS

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Cash on hand	\$ 20	\$ 20	\$ 20	\$ 20
Checking accounts and demand deposits	2,589,188	3,816,296	3,591,096	1,156,621
Cash equivalents				
Time deposits	<u>4,085,099</u>	<u>1,012,139</u>	<u>640,318</u>	<u>499,081</u>
	<u>\$ 6,674,307</u>	<u>\$ 4,828,455</u>	<u>\$ 4,231,434</u>	<u>\$ 1,655,722</u>

Cash equivalents include time deposits that have a maturity of three months or less from the date of acquisition, are readily convertible to a known amount of cash, and are subject to an insignificant risk of change in value; these were held for the purpose of meeting short-term cash commitments.

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

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Demand deposits and time deposits	0.01%-3.25%	0.01%-2.85%	0.02%-2.85%	0.02%-0.94%

## 7. FINANCIAL INSTRUMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
<u>Financial assets held for trading</u>				
Non-derivative financial assets				
Mutual fund	<u>\$ 261,806</u>	<u>\$ -</u>	<u>\$ 291,595</u>	<u>\$ 2,262,001</u>

## 8. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
<u>Notes receivable</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 58</u>	<u>\$ 430</u>
<u>Trade receivables</u>	<u>\$ 49,601</u>	<u>\$ 36,554</u>	<u>\$ 40,589</u>	<u>\$ 21,987</u>
<u>Other receivables</u>				
Dividend receivables	\$ 2,348,611	\$ 2,774,644	\$ 1,402,010	\$ 3,631,352
Interest receivables	258,227	202,558	152,433	50,789
Disposal of investment receivables	33,567	234,398	225,882	671,387
Income tax refund receivable	-	-	4,938	2,088
Others	<u>5,328</u>	<u>10,691</u>	<u>10,932</u>	<u>12,577</u>
	<u>\$ 2,645,733</u>	<u>\$ 3,222,291</u>	<u>\$ 1,796,195</u>	<u>\$ 4,368,193</u>

a. Notes receivables

As of September 30, 2013, there were no past due notes receivable and the Group had not recognized allowance for impaired notes receivables.

b. Trade receivables

For the trade receivables balances that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss, because there was not a significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral or other credit enhancements for these balances.

The age of receivables that were past due but not impaired was as follow:

	<b>September 30, 2013</b>	<b>December 31, 2012</b>	<b>September 30, 2012</b>	<b>January 1, 2012</b>
Less than 180 days	\$ 31,084	\$ 7,585	\$ 21,091	\$ 7,855
181 days to 360 days	<u>-</u>	<u>-</u>	<u>-</u>	<u>15</u>
	<u>\$ 31,084</u>	<u>\$ 7,585</u>	<u>\$ 21,091</u>	<u>\$ 7,870</u>

c. Other receivables

As of September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012, the other receivables were mainly dividend receivables from the investees:

	<b>September 30, 2013</b>	<b>December 31, 2012</b>	<b>September 30, 2012</b>	<b>January 1, 2012</b>
Guangzhou Aeolus Automobile Co., Ltd.	\$ 1,231,626	\$ 1,165,506	\$ 311,921	\$ 1,658,222
Aeolus Automobile Co., Ltd.	1,116,985	1,609,138	207,497	1,973,130
Aeolus Xiangyang Automobile Co., Ltd.	<u>-</u>	<u>-</u>	<u>882,592</u>	<u>-</u>
	<u>\$ 2,348,611</u>	<u>\$ 2,774,644</u>	<u>\$ 1,402,010</u>	<u>\$ 3,631,352</u>

## 9. INVENTORIES

	<b>September 30, 2013</b>	<b>December 31, 2012</b>	<b>September 30, 2012</b>	<b>January 1, 2012</b>
Vehicles	\$ 308,204	\$ -	\$ -	\$ -
Parts	<u>2,005</u>	<u>1,547</u>	<u>1,938</u>	<u>1,793</u>
	<u>\$ 310,209</u>	<u>\$ 1,547</u>	<u>\$ 1,938</u>	<u>\$ 1,793</u>

The cost of inventories recognized as cost of sales for the three months ended September 30, 2013 included warranty cost of \$14,845 thousand and loss on inventory purchase commitment of \$4,669 thousand. The cost of inventories recognized as cost of sales for the nine months ended September 30, 2013 included warranty cost of \$24,259 thousand and loss on inventory purchase commitment of \$16,138 thousand. The cost of inventories recognized as cost of sales for the three months ended September 30, 2012 included warranty cost of \$5,379 thousand and loss on inventory purchase commitment of \$9,965 thousand. The cost of inventories recognized as cost of sales for the nine months ended September 30, 2012 included warranty cost of \$52,411 thousand and reversal of loss on inventory purchase commitment of \$21,712 thousand.

## 10. OTHER CURRENT ASSETS

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Other financial assets	\$ 6,475,061	\$ 5,579,666	\$ 4,657,596	\$ 4,592,825
Others	<u>-</u>	<u>27</u>	<u>-</u>	<u>670</u>
	<u>\$ 6,475,061</u>	<u>\$ 5,579,693</u>	<u>\$ 4,657,596</u>	<u>\$ 4,593,495</u>

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

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Time deposit with original maturity more than three months	2.35%-5.00%	1.95%-5.00%	1.95%-5.00%	3.10%-5.00%

## 11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
<u>Investment in associates</u>				
Guangzhou Aeolus Automobile Co., Ltd.	\$ 7,440,462	\$ 6,597,339	\$ 7,312,534	\$ 5,958,828
Aeolus Automobile Co., Ltd.	2,816,860	1,864,086	2,726,585	699,457
Aeolus Xiangyang Automobile Co., Ltd.	1,962,752	1,524,037	1,374,780	2,299,325
Shenzhen Lan You Technology Co., Ltd.	391,128	356,640	298,874	318,985
Dong Feng Yulon Used Cars Co., Ltd.	<u>43,029</u>	<u>37,864</u>	<u>36,249</u>	<u>34,202</u>
	<u>\$ 12,654,231</u>	<u>\$ 10,379,966</u>	<u>\$ 11,749,022</u>	<u>\$ 9,310,797</u>

At the end of the reporting periods, the Group's percentage of voting rights in associates were as follows:

	<b>September 30, 2013</b>	<b>December 31, 2012</b>	<b>September 30, 2012</b>	<b>January 1, 2012</b>
Guangzhou Aeolus Automobile Co., Ltd.	40.00%	40.00%	40.00%	40.00%
Aeolus Automobile Co., Ltd.	33.12%	33.12%	33.12%	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:

	<b>September 30, 2013</b>	<b>December 31, 2012</b>	<b>September 30, 2012</b>	<b>January 1, 2012</b>
Total assets	<u>\$ 112,060,883</u>	<u>\$ 115,143,697</u>	<u>\$ 129,217,615</u>	<u>\$ 120,289,677</u>
Total liabilities	<u>\$ 81,824,665</u>	<u>\$ 83,234,455</u>	<u>\$ 93,989,092</u>	<u>\$ 88,389,883</u>
	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Revenue for the period	<u>\$ 12,720,259</u>	<u>\$ 11,646,011</u>	<u>\$ 34,108,021</u>	<u>\$ 36,730,060</u>
Profit for the period	<u>\$ 4,682,608</u>	<u>\$ 3,129,482</u>	<u>\$ 12,751,109</u>	<u>\$ 11,449,905</u>

The amounts recognized as share of the profit or loss of affiliated enterprises on equity method for the three months and the nine months ended September 30, 2013 and 2012 were based on the financial statements for the same periods, which were reviewed by independent accountants.

JetFord 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. JetFord Inc. further acquired 8.12 percent of shares of Aeolus Automobile Co., Ltd. in May 2012 in the investment amount of US\$7,820 thousand. As of September 30, 2013, the accumulated investment amount was US\$18,710 thousand.

Guangzhou Aeolus Automobile Co., Ltd. announced the distribution of cash dividend of RMB256,000 thousand (NT\$1,231,626 thousand) to JetFord Inc. in May 2013. Aeolus Automobile Co., Ltd. announced the distribution of cash dividend of RMB232,171 thousand (NT\$1,116,985 thousand) to JetFord Inc. in May 2013. As of September 30, 2013, the cash dividends mentioned above were not yet received by the stockholders, and accounted as other receivables.

## 12. PROPERTY, PLANT, AND EQUIPMENT

<u>Carrying value of each classification</u>	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Molds	\$ 1,242,549	\$ 1,269,210	\$ 1,143,357	\$ 1,178,416
Dies	394,634	370,974	282,020	248,817
Computer equipment	15,017	16,033	15,673	13,370
Other equipment	12,433	15,637	16,642	15,989
Transportation equipment	4,006	190	219	307
Machinery and equipment	2,592	3,100	3,270	3,853
Leasehold improvement	850	1,462	1,135	2,197
Tools	480	759	867	1,259
	<u>\$ 1,672,561</u>	<u>\$ 1,677,365</u>	<u>\$ 1,463,183</u>	<u>\$ 1,464,208</u>

	Molds	Dies	Computer Equipment	Other Equipment	Transportation Equipment	Machinery and Equipment	Leasehold Improvement	Tools	Total
<u>Cost</u>									
Balance at January 1, 2012	\$ 4,018,714	\$ 741,778	\$ 83,468	\$ 83,639	\$ 4,290	\$ 21,135	\$ 5,763	\$ 5,694	\$ 4,964,481
Additions	283,769	114,265	7,050	5,145	-	-	-	-	410,229
Disposal	-	-	(7,499)	(7,075)	-	(2,084)	(2,889)	-	(19,547)
Balance at September 30, 2012	<u>\$ 4,302,483</u>	<u>\$ 856,043</u>	<u>\$ 83,019</u>	<u>\$ 81,709</u>	<u>\$ 4,290</u>	<u>\$ 19,051</u>	<u>\$ 2,874</u>	<u>\$ 5,694</u>	<u>\$ 5,355,163</u>
Balance at January 1, 2013	\$ 4,860,514	\$ 964,864	\$ 85,064	\$ 82,255	\$ 4,290	\$ 19,052	\$ 3,441	\$ 5,694	\$ 6,025,174
Additions	243,781	87,421	4,100	1,592	4,305	-	-	-	341,199
Disposal	(1,668,369)	(330,008)	-	(11,076)	-	(524)	(1,118)	-	(2,011,095)
Balance at September 30, 2013	<u>\$ 3,435,926</u>	<u>\$ 722,277</u>	<u>\$ 89,164</u>	<u>\$ 72,771</u>	<u>\$ 8,595</u>	<u>\$ 18,528</u>	<u>\$ 2,323</u>	<u>\$ 5,694</u>	<u>\$ 4,355,278</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2012	\$ (2,840,298)	\$ (492,961)	\$ (70,098)	\$ (67,650)	\$ (3,983)	\$ (17,282)	\$ (3,566)	\$ (4,435)	\$ (3,500,273)
Depreciation expense	(318,828)	(81,062)	(4,745)	(4,237)	(88)	(519)	(1,063)	(392)	(410,934)
Disposal	-	-	7,497	6,820	-	2,020	2,890	-	19,227
Balance at September 30, 2012	<u>\$ (3,159,126)</u>	<u>\$ (574,023)</u>	<u>\$ (67,346)</u>	<u>\$ (65,067)</u>	<u>\$ (4,071)</u>	<u>\$ (15,781)</u>	<u>\$ (1,739)</u>	<u>\$ (4,827)</u>	<u>\$ (3,891,980)</u>
Balance, January 1, 2013	\$ (3,591,304)	\$ (593,890)	\$ (69,031)	\$ (66,618)	\$ (4,100)	\$ (15,952)	\$ (1,979)	\$ (4,935)	\$ (4,347,809)
Depreciation expense	(270,442)	(63,761)	(5,116)	(4,760)	(489)	(503)	(612)	(279)	(345,962)
Disposal	1,668,369	330,008	-	11,040	-	519	1,118	-	2,011,054
Balance at September 30, 2013	<u>\$ (2,193,377)</u>	<u>\$ (327,643)</u>	<u>\$ (74,147)</u>	<u>\$ (60,338)</u>	<u>\$ (4,589)</u>	<u>\$ (15,936)</u>	<u>\$ (1,473)</u>	<u>\$ (5,214)</u>	<u>\$ (2,682,717)</u>

There were no signs of impairment of assets for the nine months ended September 30, 2013 and 2012; therefore, the Group did not assess for impairment.

Except Molds and dies are depreciated on the basis of estimated production volume, other property, plant and equipment are depreciated on a straight-line method over the assets' estimated useful life of the assets. The estimated useful lives are as follows:

Computer equipment	2 to 5 years
Other equipment	
Powered equipment	15 years
Experimental equipment	3 to 8 years
Office and communication equipment	3 years
Other equipment	1 to 8 years
	(Continued)

Transportation equipment	4 to 5 years
Machinery and equipment	3 to 10 years
Leasehold improvement	3 to 5 years
Tools	2 to 5 years
	(Concluded)

### 13. OTHER INTANGIBLE ASSETS

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Carrying value of each <u>classification</u>				
Computer software	<u>\$ 9,494</u>	<u>\$ 11,369</u>	<u>\$ 10,289</u>	<u>\$ 12,740</u>

Except for amortization recognized, the Group had no significant addition, disposal, nor impairment of other intangible assets from April 1 to September 30, 2013 and 2012. Please refer to Note 13 in the consolidated financial statements for the three months ended March 31, 2013.

The cost of computer software was amortized by the straight-line method over three years.

### 14. OTHER ASSETS

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Refundable deposits	\$ 97,723	\$ 77,775	\$ 77,723	\$ 19,707
Other prepayments	<u>13,111</u>	<u>8,055</u>	<u>3,127</u>	<u>191</u>
	<u>\$ 110,834</u>	<u>\$ 85,830</u>	<u>\$ 80,850</u>	<u>\$ 19,898</u>

### 15. BORROWINGS

#### a. Short-term borrowings

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Unsecured bank loans	<u>\$ 2,630,000</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ -</u>
Ranges of interest rate	0.96%-1.05%	1.15%	1.15%	-

#### b. Long-term borrowings

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Unsecured bank loans	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Interest rate	1.35%	-	-	-

The interest payments of the long-term borrowing are made monthly. The repayment of the principal is made when the long-term borrowing reaches to its maturity, which is August 2015.



## 16. OTHER PAYABLES

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Accrued payroll and employee benefits	\$ 298,764	\$ 273,206	\$ 264,164	\$ 270,506
Advertising and promotion fees payable	116,357	110,068	109,144	165,257
Others	<u>89,950</u>	<u>165,577</u>	<u>66,688</u>	<u>125,315</u>
	<u>\$ 505,071</u>	<u>\$ 548,851</u>	<u>\$ 439,996</u>	<u>\$ 561,078</u>

## 17. DEFERRED REVENUE

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Government grants	<u>\$ 1,937</u>	<u>\$ 12,868</u>	<u>\$ 3,357</u>	<u>\$ 8,823</u>

Since 2011, the deferred revenue arose in respect of government grant for electric vehicles.

## 18. PROVISIONS

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Warranties - current	\$ 61,365	\$ 68,567	\$ 62,309	\$ 53,755
Warranties - non-current	<u>76,441</u>	<u>80,318</u>	<u>95,980</u>	<u>87,599</u>
	<u>\$ 137,806</u>	<u>\$ 148,885</u>	<u>\$ 158,289</u>	<u>\$ 141,354</u>

### Warranties

Balance at January 1, 2012	\$ 141,354
Recognized	52,411
Paid	<u>(35,476)</u>
Balance at September 30, 2012	<u>\$ 158,289</u>
Balance at January 1, 2013	\$ 148,885
Recognized	24,259
Paid	<u>(35,338)</u>
Balance at September 30, 2013	<u>\$ 137,806</u>

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.

## 19. RETIREMENT BENEFIT PLANS

### a. Defined contribution plan

Other information about defined contribution plan is provided in Note 20 of the consolidated financial statements for the three months ended March 31, 2013.

Pension expenses were included in the following line items:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Selling expenses	<u>\$ 1,010</u>	<u>\$ 962</u>	<u>\$ 3,005</u>	<u>\$ 2,817</u>
General and administrative expenses	<u>\$ 995</u>	<u>\$ 981</u>	<u>\$ 2,987</u>	<u>\$ 2,981</u>
Research and development expenses	<u>\$ 1,111</u>	<u>\$ 1,133</u>	<u>\$ 3,373</u>	<u>\$ 3,360</u>

### b. Defined benefit plan

For defined benefit plans, employee benefit expenses were calculated using the actuarially determined pension cost discount rate as of December 31, 2012 and January 1, 2012, and recognized in their respective periods. Refer to Note 20 to the consolidated financial statements as of March 31, 2013 for information on the Group's retirement benefit plans.

Employee benefit expenses were included in the following line items:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Selling expenses	<u>\$ 1,156</u>	<u>\$ 1,213</u>	<u>\$ 3,486</u>	<u>\$ 3,606</u>
General and administrative expenses	<u>\$ 2,031</u>	<u>\$ 1,997</u>	<u>\$ 6,089</u>	<u>\$ 6,046</u>
Research and development expenses	<u>\$ 1,282</u>	<u>\$ 1,391</u>	<u>\$ 3,830</u>	<u>\$ 4,152</u>

## 20. EQUITY

### a. Capital stock - ordinary shares

Shares authorized of the Company are \$6,000,000 thousand, and numbers of shares authorized are 600,000 thousand. Shares issued are \$3,000,000 thousand, and numbers of shares issued are 300,000 thousand.

### b. Capital surplus

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 stock (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. Retained 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, and appropriate special reserve. 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 nine months ended September 30, 2013 was \$23,625 thousand. The bonuses to the Company's employees for the nine months ended September 30, 2013 were calculated at 0.52% of net income net of the 10% deduction for legal reserve.

The estimated amount of accrued employee bonus for the nine months ended September 30, 2012 was \$23,625 thousand. The bonuses to the Company's employees for the nine months ended September 30, 2012 were calculated at 0.68% 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 capital surplus. 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 capital surplus, the excess may be transferred to capital or distributed in cash.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

The appropriations of earnings for 2012 and 2011 had been approved in the shareholders' meetings on June 14, 2013 and June 13, 2012, respectively. The appropriations and dividends per share were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Legal reserve	\$ 493,048	\$ 383,156		
Special reserve	439,912	-		
Cash dividend	3,990,000	3,060,000	\$ 13.3	\$ 10.2

The bonus to employees for 2012 and 2011 approved in the shareholders' meetings on June 14, 2013 and June 13, 2012, respectively, were as follows:

	<u>2012</u>	<u>2011</u>
	Cash Dividend	Cash Dividend
Bonus to employees	\$ 30,251	\$ 41,500

The appropriations of earnings for 2012 were proposed according to the Company's financial statements for the years ended December 31, 2012, which were prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, and by reference to the balance sheet for the year ended December 31, 2012, which was prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers (revised) and International Financial Reporting Standards.

The approved amount of the cash bonus to employees was not different from the accrual amount reflected in the financial statements for the years ended December 31, 2012 and 2011.

Information on the bonus to employees, directors and supervisors proposed by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

d. Special reserves appropriated following first-time adoption of IFRSs

Under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", on the first-time adoption of IFRSs, a company should appropriate and reverse a special reserve.

The Company's special reserves appropriated following first-time adoption of IFRSs were as follows:

	<b>September 30, 2013</b>	<b>December 31, 2012</b>	<b>September 30, 2012</b>	<b>January 1, 2012</b>
Special reserve	<u>\$ 409,037</u>	<u>\$ 409,037</u>	<u>\$ 409,037</u>	<u>\$ 409,037</u>

The increase in retained earnings that resulted from all IFRSs adjustments was not enough for this appropriation; therefore, the Company appropriated for special reserve an amount of \$409,037 thousand, the increase in retained earnings that resulted from all IFRSs adjustments on transitions to IFRSs.

## 21. NET PROFIT

a. Depreciation and amortization

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Depreciation				
Operating cost	\$ 106,591	\$ 96,239	\$ 334,203	\$ 399,890
Operating expenses	<u>3,618</u>	<u>3,751</u>	<u>11,759</u>	<u>11,044</u>
	<u>\$ 110,209</u>	<u>\$ 99,990</u>	<u>\$ 345,962</u>	<u>\$ 410,934</u>
Amortization				
Operating expenses	<u>\$ 1,686</u>	<u>\$ 1,597</u>	<u>\$ 5,056</u>	<u>\$ 5,042</u>

b. Technical cooperation agreement

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Operating cost	\$ <u>110,526</u>	\$ <u>95,095</u>	\$ <u>338,976</u>	\$ <u>371,682</u>

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.

c. Employee benefit expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Post-employment benefit (Note 19)				
Defined contribution plans	\$ 3,116	\$ 3,076	\$ 9,365	\$ 9,158
Defined benefit plans	<u>4,469</u>	<u>4,601</u>	<u>13,405</u>	<u>13,804</u>
	<u>7,585</u>	<u>7,677</u>	<u>22,770</u>	<u>22,962</u>
Termination benefit	975	975	2,925	2,925
Other employee benefit	<u>138,794</u>	<u>125,982</u>	<u>454,429</u>	<u>468,438</u>
	<u>139,769</u>	<u>126,957</u>	<u>457,354</u>	<u>471,363</u>
Total employee benefit expenses	\$ <u>147,354</u>	\$ <u>134,634</u>	\$ <u>480,124</u>	\$ <u>494,325</u>
An analysis of employee benefits expense				
Operating cost	\$ <u>135</u>	\$ <u>259</u>	\$ <u>736</u>	\$ <u>688</u>
Operating expenses	\$ <u>146,961</u>	\$ <u>134,118</u>	\$ <u>478,622</u>	\$ <u>492,799</u>
Non-operating expenses	\$ <u>258</u>	\$ <u>257</u>	\$ <u>766</u>	\$ <u>838</u>

d. Non-operating income and expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Net gain (loss) on disposal of property, plant and equipment	\$ <u>(15)</u>	\$ <u>(265)</u>	\$ <u>(15)</u>	\$ <u>180</u>

e. Gain (loss) on foreign currency exchange

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Foreign exchange gain	\$ 4,103	\$ 7,881	\$ 259,908	\$ 68,492
Foreign exchange loss	<u>(10,611)</u>	<u>(105,458)</u>	<u>(22,313)</u>	<u>(111,480)</u>
Net profit (loss)	\$ <u>(6,508)</u>	\$ <u>(97,577)</u>	\$ <u>237,595</u>	\$ <u>(42,988)</u>

f. Gain (loss) on sale of investment

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Total gain on sale of investment	\$ 1,291	\$ 23,696	\$ 2,853	\$ 30,379
Total loss on sale of investment	<u>(285)</u>	<u>(239)</u>	<u>(1,245)</u>	<u>(16,304)</u>
Net profit	<u>\$ 1,006</u>	<u>\$ 23,457</u>	<u>\$ 1,608</u>	<u>\$ 14,075</u>

## 22. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Current tax				
In respect of current period	\$ 749,936	\$ 28,013	\$ 863,906	\$ 252,600
In respect of prior periods	-		(3,645)	(18,815)
Deferred tax				
In respect of current period	<u>(343,844)</u>	<u>189,616</u>	<u>174,020</u>	<u>684,367</u>
Income tax expense recognized in profit or loss	<u>\$ 406,092</u>	<u>\$ 217,629</u>	<u>\$ 1,034,281</u>	<u>\$ 918,152</u>

The reconciliation between accounting profit and current tax expense was as follows:

	2013	2012
Profit before tax	<u>\$ 6,071,561</u>	<u>\$ 4,811,059</u>
Income tax expense computed on the basis of income before income tax at statutory tax rate (17%)	1,032,165	817,879
Nondeductible expenses	4,468	8,635
Unrecognized temporary differences	1,011	(9,585)
Tax-exempt income	(470)	(2,803)
Additional tax on retained earnings	752	122,841
Prior year's current income tax expense adjustments	<u>(3,645)</u>	<u>(18,815)</u>
Income tax expense recognized in profit or loss	<u>\$ 1,034,281</u>	<u>\$ 918,152</u>

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

b. Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
<u>Deferred tax</u>				
Recognized in other comprehensive income:				
Actuarial losses on defined benefit retirement plan	<u>\$ 10</u>	<u>\$ 7</u>	<u>\$ 25</u>	<u>\$ 21</u>

c. Integrated income tax

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Unappropriated earnings				
Unappropriated earnings generated on and after January 1, 1998	<u>\$ 9,950,437</u>	<u>\$ 9,836,238</u>	<u>\$ 8,798,485</u>	<u>\$ 8,348,839</u>
Imputation credit account ("ICA")	<u>\$ 245,641</u>	<u>\$ 344,571</u>	<u>\$ 241,130</u>	<u>\$ 219,689</u>

The actual creditable ratio for distribution of earnings of 2012 and 2011 were 5.00% and 4.91%, respectively.

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident shareholders of the Company was calculated based on the creditable ratio as of the date of dividend distribution.

d. Income tax assessment

Income tax returns through 2010, have been examined by the tax authorities.

## 23. EARNINGS PER SHARE

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

Net profit for the period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 1,977,405</u>	<u>\$ 1,066,412</u>	<u>\$ 5,037,280</u>	<u>\$ 3,892,907</u>

## Shares

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Weighted-average number of ordinary shares in computation of basic earnings per share	300,000	300,000	300,000	300,000
Effect of dilutive potential ordinary shares:				
Bonus issue to employee	<u>73</u>	<u>64</u>	<u>138</u>	<u>245</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>300,073</u>	<u>300,064</u>	<u>300,138</u>	<u>300,245</u>

If the Group was able to settle the bonuses paid to employees by cash or shares, the Group presumed that the entire amount of the bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

## **24. OPERATING LEASE AGREEMENTS**

The Future minimum lease payments of non-cancellable operating lease commitments were as follows:

	<b>September 30, 2013</b>	<b>December 31, 2012</b>	<b>September 30, 2012</b>	<b>January 1, 2012</b>
No later than 1 year	\$ 2,508	\$ 2,508	\$ 2,508	\$ 2,508
Later than 1 year and not later than 5 years	7,106	8,987	9,614	10,032
Later than 5 years	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,463</u>
	<u>\$ 9,614</u>	<u>\$ 11,495</u>	<u>\$ 12,122</u>	<u>\$ 14,003</u>

## **25. CAPITAL 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.



## 26. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments

- 1) Except for the information disclosed below, the fair value information on financial instruments of consolidated financial statements of the Group have been followed in the same manner without significant change in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the three months ended March 31, 2013. Please refer to Note 27 to the consolidated financial statements as of March 31, 2013 for details.

#### September 30, 2013

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value <u>through profit or loss</u>				
Non-derivative trading financial assets	<u>\$ 261,806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 261,806</u>

#### December 31, 2012

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value <u>through profit or loss</u>				
Non-derivative trading financial assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

#### September 30, 2012

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value <u>through profit or loss</u>				
Non-derivative trading financial assets	<u>\$ 291,595</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 291,595</u>

#### January 1, 2012

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

There was no transfer between level 1 and 2 for the nine months ended September 30, 2013 and 2012.

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

September 30, 2012

	<b>Financial Assets at Fair Value through Profit or Loss</b>
	<b>Trading</b>
Balance, January 1, 2012	\$ 60,146
Total gain - through profit or loss	22
Disposal	<u>(60,168)</u>
Balance, September 30, 2012	<u>\$ -</u>

Among the total gains for the nine months ended September 30, 2012, the related gain of level 3 financial assets was \$22 thousand.

b. Categories of financial instruments

	<b>September 30, 2013</b>	<b>December 31, 2012</b>	<b>September 30, 2012</b>	<b>January 1, 2012</b>
<u>Financial assets</u>				
Financial assets at fair value through profit or loss				
Held for trading	\$ 261,806	\$ -	\$ 291,595	\$ 2,262,001
Loans and receivables (Note 1)	16,469,147	14,247,918	11,324,455	11,164,900
<u>Financial liabilities</u>				
Amortized cost (Note 2)	5,278,899	2,496,640	2,015,754	2,005,574

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

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

c. Financial risk management objectives and policies

The objectives and policies of financial risk management of consolidated financial statements of the Group have been followed in the same manner without significant change in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the three months ended March 31, 2013. Please refer to Note 27 to the consolidated financial statements as of March 31, 2013 for details.

1) Market risk

a) Currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period please refer to Note 29.

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 sensitivity analysis included only foreign currency denominated monetary items on balance sheet's date, and the effect of a 5% change in foreign currency rates at the end of the reporting period. 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.

	<b>RMB</b>		<b>U.S. Dollar</b>		<b>Japan Yen</b>	
	<b>For the Nine Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Gain (loss)	\$ (756,683)	\$ (479,208)	\$ (10,938)	\$ (20,220)	\$ (2,784)	\$ (4,335)

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:

	<b>September 30, 2013</b>	<b>December 31, 2012</b>	<b>September 30, 2012</b>	<b>January 1, 2012</b>
Fair value interest rate risk				
Financial assets	\$ 10,563,507	\$ 6,597,858	\$ 5,305,241	\$ 5,098,822
Financial liabilities	3,630,000	200,000	200,000	-
Cash flows interest rate risk				
Financial assets	2,585,841	3,810,243	3,583,769	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 nine months ended September 30, 2013 would have decreased/increased by \$4,848 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 nine months ended September 30, 2012 would have decreased/increased by \$6,720 thousand due to the exposures of demand deposits to interest.

## 2) Credit risk

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 September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012, the ratio of total receivables from the aforementioned customers were 78%, 60%, 67% and 44%.

## 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 September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012, the Group's unused short-term bank financing limits were \$370,000 thousand, \$800,000 thousand, \$800,000 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.

### September 30, 2013

	<b>Weighted- average Effective Interest Rate (%)</b>	<b>Within One Month</b>	<b>1 to 3 Months</b>	<b>4 to 12 Months</b>	<b>13 to 24 Months</b>
<u>Financial liabilities - non-derivative</u>					
Non-interest bearing	-	\$ 1,302,581	\$ 150,733	\$ 195,585	\$ -
Fixed interest rate instrument	1.08	-	<u>2,637,126</u>	<u>10,125</u>	<u>1,012,375</u>
		<u>\$ 1,302,581</u>	<u>\$ 2,787,859</u>	<u>\$ 205,710</u>	<u>\$ 1,012,375</u>

December 31, 2012

	<b>Weighted- average Effective Interest Rate (%)</b>	<b>Within One Month</b>	<b>1 to 3 Months</b>	<b>4 to 12 Months</b>	<b>13 to 24 Months</b>
<u>Financial liabilities - non-derivative</u>					
Non-interest bearing	-	\$ 1,420,270	\$ 389,424	\$ 486,946	\$ -
Fixed interest rate instrument	1.15	<u>200,192</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 1,620,462</u>	<u>\$ 389,424</u>	<u>\$ 486,946</u>	<u>\$ -</u>

September 30, 2012

	<b>Weighted- average Effective Interest Rate (%)</b>	<b>Within One Month</b>	<b>1 to 3 Months</b>	<b>4 to 12 Months</b>	<b>13 to 24 Months</b>
<u>Financial liabilities - non-derivative</u>					
Non-interest bearing	-	\$ 1,592,499	\$ 94,702	\$ 126,493	\$ -
Fixed interest rate instrument	1.15	<u>200,192</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 1,792,691</u>	<u>\$ 94,702</u>	<u>\$ 126,493</u>	<u>\$ -</u>

January 1, 2012

	<b>Weighted- average Effective Interest Rate (%)</b>	<b>Within One Month</b>	<b>1 to 3 Months</b>	<b>4 to 12 Months</b>	<b>13 to 24 Months</b>
<u>Financial liabilities - non-derivative</u>					
Non-interest bearing	-	<u>\$ 1,552,913</u>	<u>\$ 160,940</u>	<u>\$ 291,727</u>	<u>\$ -</u>

Line of credit

	<b>September 30, 2013</b>	<b>December 31, 2012</b>	<b>September 30, 2012</b>	<b>January 1, 2012</b>
<u>Unused line of credit</u>				
Used amount	\$ 3,630,000	\$ 200,000	\$ 200,000	\$ -
Unused amount	<u>370,000</u>	<u>800,000</u>	<u>800,000</u>	<u>1,000,000</u>
	<u>\$ 4,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

## 27. TRANSACTIONS WITH RELATED PARTIES

In addition to those disclosed in other notes, the Group had business transactions with the following related parties:

### a. Related parties

Related Party	Relationship with the Group
Investors that have significant influence over the Group	
Nissan Motor Corporation (“Nissan”)	Equity-method investor of the Company
Yulon Motor Co., Ltd. (“Yulon”)	Same as above
Other parties	
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 Mexicana, S.A. De C. V.	Same as above
Nissan Motor (Thailand) Co., Ltd.	Same as above
Nissan Vietnam Co., Ltd.	Equity-method investee of Nissan
Ashok Leyland Nissan Vehicles Ltd.	Same as above
Dongfeng Nissan Passenger Vehicle Co.	Same as above
Allied Engineering Co., Ltd.	Cost-method investee of Nissan
Zhengzhou Nissan Automobile Co., Ltd.	Same as above
Chien Tai Industry Co., Ltd.	Same as above
Taiwan Calsonic Co., Ltd.	Same as above
Taiwan Acceptance Corporation	Subsidiary of Yulon
Yueki Industrial Co., Ltd.	Same as above
Yu Pong Business Co., Ltd.	Same as above
Yu Ching Business Co., Ltd.	Same as above
Yushin Motor Co., Ltd.	Same as above
Yu Chang Motor Co., Ltd.	Same as above
Sin Etke Technology Co., Ltd.	Same as above
Yu Sing Motor Co., Ltd.	Same as above
Empower Motor Co., Ltd.	Same as above
Uni Auto Parts Co., Ltd.	Same as above
Chan Yun Technology Co., Ltd.	Same as above
Y-teks, Co.	Same as above
Singan Co., Ltd.	Same as above
Sinjang Co., Ltd.	Same as above
Luxgen Motor Co., Ltd.	Same as above
Nissan Motor Philippines, Inc. (NMPI)	Same as above
Singual Technology Co., Ltd.	Subsidiary of Singan Co., Ltd.
Hsiang Shou Enterprise Co., Ltd.	Same as above
Hong Shou Culture Enterprise Co., Ltd.	Same as above
Sinboun Travel Service Co., Ltd.	Same as above
Uni Calsonic Corporation	Equity-method investee of Yulon
China Ogihara Corporation	Same as above
Yuan Lon Motor Co., Ltd.	Same as above
Chen Long Co., Ltd.	Same as above
Yulon Management Co., Ltd.	Same as above
ROC Spicer Ltd.	Same as above
Chi Ho Corporation	Same as above

(Continued)

<b>Related Party</b>	<b>Relationship with the Group</b>
Yu Tang Motor Co., Ltd.	Same as above
Tokio Marine Nawa 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. Balances and transactions between the Company and its subsidiaries, which were related parties of the Company, had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and parties were disclosed below:

1) Trading transactions

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<u>Sales</u>				
Investors that have significant influence over the Group	\$ 2,330	\$ 1,326	\$ 6,923	\$ 10,936
Other parties	<u>7,798,793</u>	<u>6,101,646</u>	<u>21,908,522</u>	<u>23,128,667</u>
	<u>\$ 7,801,123</u>	<u>\$ 6,102,972</u>	<u>\$ 21,915,445</u>	<u>\$ 23,139,603</u>

Service revenue

Investors that have significant influence over the Group	\$ 6,233	\$ 1,539	\$ 10,820	\$ 6,747
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(Continued)

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<u>Other operating revenue</u>				
Investors that have significant influence over the Group	\$ 3,405	\$ 3,409	\$ 13,016	\$ 20,971
Other parties	<u>4,738</u>	<u>647</u>	<u>14,048</u>	<u>3,229</u>
	<u>\$ 8,143</u>	<u>\$ 4,056</u>	<u>\$ 27,064</u>	<u>\$ 24,200</u>
				(Concluded)

The Company designs and performs R&D of cars for investors with significant influence over the Group, and 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.

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<u>Operating cost - purchase</u>				
Investors that have significant influence over the Group	\$ 6,405,381	\$ 5,385,992	\$ 17,815,417	\$ 19,686,649
Other parties	<u>12,000</u>	<u>18,970</u>	<u>31,123</u>	<u>41,959</u>
	<u>\$ 6,417,381</u>	<u>\$ 5,404,962</u>	<u>\$ 17,846,540</u>	<u>\$ 19,728,608</u>
<u>Operating cost - TCA</u>				
Investors that have significant influence over the Group	\$ 110,526	\$ 95,095	\$ 338,976	\$ 371,682
<u>Operating cost - rental</u>				
Investors that have significant influence over the Group	\$ 2,681	\$ 5,549	\$ 8,833	\$ 15,748
Other parties	<u>3,918</u>	<u>3,885</u>	<u>11,011</u>	<u>10,010</u>
	<u>\$ 6,599</u>	<u>\$ 9,434</u>	<u>\$ 19,844</u>	<u>\$ 25,758</u>



The Company's TCA is the payment to investors with significant influence over 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.

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<u>Selling and marketing expenses</u>				
Investors that have significant influence over the Group	\$ 10,104	\$ 3,278	\$ 22,052	\$ 11,756
Other parties	<u>355,923</u>	<u>456,582</u>	<u>1,207,587</u>	<u>1,098,034</u>
	<u>\$ 366,027</u>	<u>\$ 459,860</u>	<u>\$ 1,229,639</u>	<u>\$ 1,109,790</u>
<u>General and administrative expenses</u>				
Investors that have significant influence over the Group	\$ 7,541	\$ 4,351	\$ 13,239	\$ 11,966
Other parties	<u>46,123</u>	<u>47,164</u>	<u>139,843</u>	<u>139,979</u>
	<u>\$ 53,664</u>	<u>\$ 51,515</u>	<u>\$ 153,082</u>	<u>\$ 151,945</u>
<u>Research and development expenses</u>				
Investors that have significant influence over the Group	\$ 21,190	\$ 16,338	\$ 62,823	\$ 30,650
Other parties	<u>221</u>	<u>4,931</u>	<u>19,734</u>	<u>15,650</u>
	<u>\$ 21,411</u>	<u>\$ 21,269</u>	<u>\$ 82,557</u>	<u>\$ 46,300</u>

Selling and marketing expenses are payment to other parties for advertisement and promotion.

General and administrative expenses are payment to other parties for consulting, labor dispatch and IT services.

Research and development expenses are payment to investors with significant influence over 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:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Investors that have significant influence over the Group	\$ -	\$ 4,300	\$ -	\$ 35,910
Other parties	<u>37,044</u>	<u>19,730</u>	<u>85,276</u>	<u>96,209</u>
	<u>\$ 37,044</u>	<u>\$ 24,030</u>	<u>\$ 85,276</u>	<u>\$ 132,119</u>

2) Non-operating transactions

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<u>Other revenue</u>				
Investors that have significant influence over the Group	\$ 802	\$ 1,006	\$ 1,122	\$ 1,006
Other parties	<u>105</u>	<u>3,461</u>	<u>141</u>	<u>8,436</u>
	<u>\$ 907</u>	<u>\$ 4,467</u>	<u>\$ 1,263</u>	<u>\$ 9,442</u>
<u>Overseas business expenses</u>				
Other parties	<u>\$ 3,618</u>	<u>\$ 11,112</u>	<u>\$ 12,453</u>	<u>\$ 24,637</u>
<u>Other losses</u>				
Investors that have significant influence over the Group	\$ 12	\$ 10	\$ 23	\$ 10
Other parties	<u>-</u>	<u>226</u>	<u>-</u>	<u>310</u>
	<u>\$ 12</u>	<u>\$ 236</u>	<u>\$ 23</u>	<u>\$ 320</u>

3) The following balances of the receivables from related parties were outstanding at the end of the reporting period:

	<b>September 30, 2013</b>	<b>December 31, 2012</b>	<b>September 30, 2012</b>	<b>January 1, 2012</b>
<u>Notes receivable</u>				
Other parties	<u>\$ 2,382</u>	<u>\$ 1,614</u>	<u>\$ 1,053</u>	<u>\$ 27,073</u>

(Continued)

	<b>September 30, 2013</b>	<b>December 31, 2012</b>	<b>September 30, 2012</b>	<b>January 1, 2012</b>
<u>Trade receivable</u>				
Investors that have significant influence over the Group	\$ 14,517	\$ 21,970	\$ 11,731	\$ 10,743
Other parties	<u>607,540</u>	<u>557,368</u>	<u>585,799</u>	<u>487,927</u>
	<u>\$ 622,057</u>	<u>\$ 579,338</u>	<u>\$ 597,530</u>	<u>\$ 498,670</u> (Concluded)

- 4) The following balances of the payables to related parties were outstanding at the end of the reporting period:

	<b>September 30, 2013</b>	<b>December 31, 2012</b>	<b>September 30, 2012</b>	<b>January 1, 2012</b>
<u>Trade payables</u>				
Investors that have significant influence over the Group	\$ 1,054,333	\$ 1,199,777	\$ 1,314,629	\$ 1,205,704
Other parties	<u>318,404</u>	<u>700,030</u>	<u>302,324</u>	<u>364,768</u>
	<u>\$ 1,372,737</u>	<u>\$ 1,899,807</u>	<u>\$ 1,616,953</u>	<u>\$ 1,570,472</u>

- 5) The balances of refundable deposits were as follows:

	<b>September 30, 2013</b>	<b>December 31, 2012</b>	<b>September 30, 2012</b>	<b>January 1, 2012</b>
Investors that have significant influence over the Group	\$ 50,000	\$ 17,600	\$ 17,600	\$ 17,600
Other parties	<u>46,343</u>	<u>58,560</u>	<u>58,560</u>	<u>-</u>
	<u>\$ 96,343</u>	<u>\$ 76,160</u>	<u>\$ 76,160</u>	<u>\$ 17,600</u>

- c. Compensation of key management personnel:

The remuneration of directors and other members of key management personnel were as follows:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Short-term employee benefit	\$ 11,909	\$ 9,114	\$ 30,692	\$ 29,983
Post-employment benefit	<u>414</u>	<u>460</u>	<u>1,176</u>	<u>1,432</u>
	<u>\$ 12,323</u>	<u>\$ 9,574</u>	<u>\$ 31,868</u>	<u>\$ 31,415</u>

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

d. Other transactions with related-parties

- 1) The Company sold to Taiwan Acceptance Corporation accounts receivable which amounted to \$1,488,156 thousand and \$1,530,595 thousand in the nine months ended September 30, 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 \$880 thousand and \$948 thousand for the nine months ended September 30, 2013 and 2012, respectively.
- 2) The Company bought other equipment for \$769 thousand from Singgual Technology Co., Ltd. for the nine months ended September 30, 2013. The Company bought other equipment for \$440 thousand and \$215 thousand from Singgual Technology Co., Ltd. and Yulon Motor Co., Ltd. for the nine months ended September 30, 2012, respectively. All of them were recorded under property, plant and equipment.
- 3) The Company had sold property, plant and equipment to related-party for the nine months ended September 30, 2012 are summarized as follows:

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

- 4) 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 September 2013. The Company had already paid \$610,478 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 for every ten thousand of the accumulated amounts paid for molds in prior year.

## 28. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012 were as follows:

- a. The Company is under a manufacturing contract with Yulon, effective November 1, 2003. This contract, for which the first expiry date was on October 31, 2008, is automatically extended annually unless either party issues a termination notice at least three months before expiry. As of September 30, 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. As of September 30, 2013, both sides did not receive a termination notice, so the contract automatically extended.

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 September 30, 2013, no buy-back of vehicles has occurred.
- c. Unrecognized commitments

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Acquisition of property, plant, and equipment	\$ 466,705	\$ 407,866	\$ 894,951	\$ 408,645
Acquisition of other intangible assets	<u>2,214</u>	<u>-</u>	<u>-</u>	<u>580</u>
	<u>\$ 468,919</u>	<u>\$ 407,866</u>	<u>\$ 894,951</u>	<u>\$ 409,225</u>

## 29. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

**(In Thousands of New Taiwan Dollars and Foreign Currency)**

September 30, 2013

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
RMB	\$ 2,475,273	0.1627 (RMB:USD)	\$ 11,905,320
RMB	671,313	4.809 (RMB:NTD)	3,228,345
USD	7,398	29.57 (USD:NTD)	218,758
JPY	185,491	0.3021 (JPY:NTD)	56,037
<u>Financial liabilities</u>			
Monetary items			
JPY	1,202	0.3021 (JPY:NTD)	363

December 31, 2012

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
RMB	\$ 2,651,840	0.1590 (RMB:USD)	\$ 12,244,500
USD	4,352	29.04 (USD:NTD)	126,382
JPY	193,397	0.3364 (JPY:NTD)	65,059

Financial liabilities

Monetary item			
JPY	2,092	0.3364 (JPY:NTD)	704

September 30, 2012

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
RMB	\$ 2,074,575	0.1577 (RMB:USD)	\$ 9,584,166
USD	13,977	29.295 (USD:NTD)	409,458
JPY	231,824	0.3777 (JPY:NTD)	87,560

Financial liabilities

Monetary item			
USD	173	29.295 (USD:NTD)	5,068
JPY	2,298	0.3777 (JPY:NTD)	868

January 1, 2012

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
RMB	\$ 1,890,679	0.1587 (RMB:USD)	\$ 9,084,037
USD	2,268	30.275 (USD:NTD)	68,664
JPY	238,980	0.3906 (JPY:NTD)	93,346

Financial liabilities

Monetary items			
USD	27	30.275 (USD:NTD)	817
JPY	29,158	0.3906 (JPY:NTD)	11,389

### 30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Lending funds to others: None
- 2) Providing endorsements or guarantees for others: None
- 3) Holding of securities at the end of the period: Table 1 (attached)
- 4) Aggregate purchases or sales of the same securities reaching NT\$100 million or 20 percent of paid-in capital or more: Table 2 (attached)
- 5) Acquisition of real estate reaching NT\$100 million or 20 percent of paid-in capital or more: None
- 6) Disposal of real estate reaching NT\$100 million or 20 percent of paid-in capital or more: None
- 7) Purchases or sales of goods from or to related parties reaching NT\$100 million or 20 percent of paid-in capital or more: Table 3 (attached)
- 8) Trade receivables from related parties reaching NT\$100 million or 20 percent of paid-in capital or more: Table 4 (attached)
- 9) Trading in derivative instruments: None
- 10) Information on investees: Table 5 (attached)
- 11) The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them: Table 6 (attached)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the mainland China area: Table 7 (attached)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: None
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
  - c) The amount of property transactions and the amount of the resultant gains or losses.
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
  - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

- f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

### 31. SEGMENTS INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

Vehicle segment: Vehicle sales

Part segment: Parts sales

Investment segment: Overseas business activities

Other segment: Other operating activities other than the above segments

- a. The following was an analysis of the Group's revenue and results from operations by reportable segment

	Revenue		Profit Before Tax	
	For the Nine Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Vehicle segment	\$ 19,818,026	\$ 21,131,197	\$ 1,056,558	\$ 787,012
Part segment	2,528,672	2,619,361	471,280	485,429
Investment segment	-	-	4,144,474	3,829,839
Other segment	55,439	32,024	(67,119)	(425,919)
	\$ 22,402,137	\$ 23,782,582	5,605,193	4,676,361
Gain (loss) on disposal of property, plant, and equipment			(15)	180
Interest income			243,450	174,394
Foreign exchange gain (loss), net			237,595	(42,988)
Gain on disposal of investment			1,608	14,075
Gain from valuation of financial assets			1,158	2,087
Interest expense			(6,128)	(1,350)
Central administration cost and directors' compensation			(11,300)	(11,700)
Profit before tax			\$ 6,071,561	\$ 4,811,059

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the nine months ended September 30, 2013 and 2012.

Segment profit represents the profit earned by each segment, excluding the allocation of gain (loss) on disposal of property, plant, and equipment, interest income, foreign exchange gain (loss), net, gain on disposal of investment, gain from valuation of financial assets, interest expense and central administration cost and directors' compensation. The amount is provided to the chief operating decision maker for allocating resources and assessing the performance.



b. Segment total assets

	<b>September 30, 2013</b>	<b>December 31, 2012</b>	<b>September 30, 2012</b>	<b>January 1, 2012</b>
Vehicle segment	\$ 1,639,028	\$ 1,580,201	\$ 1,421,859	\$ 1,429,851
Part segment	2,661	2,678	2,662	2,727
Investment segment	12,654,231	10,379,966	11,749,022	9,310,797
Other segment	<u>30,872</u>	<u>32,022</u>	<u>32,889</u>	<u>31,630</u>
	14,326,792	11,994,867	13,206,432	10,775,005
Unallocated assets	<u>18,017,059</u>	<u>15,335,512</u>	<u>12,485,334</u>	<u>14,033,078</u>
Consolidated total assets	<u>\$ 32,343,851</u>	<u>\$ 27,330,379</u>	<u>\$ 25,691,766</u>	<u>\$ 24,808,083</u>

### 32. FIRST-TIME ADOPTION OF IFRSs

a. Basis of the preparation for financial information under IFRSs

The Group's consolidated financial statements for the nine months ended September 30, 2013 not only follows the significant accounting policies stated in Note 4 but also applies the requirements under IFRS 1 "First-time Adoption of IFRS" as the basis for the preparation.

b. Exemptions from IFRS 1

The exemptions adopted by the Group on January 1, 2012 were the same as those indicated in the consolidated financial statements as of March 31, 2013. Refer to the Note 33 to the consolidated financial statements as of March 31, 2013 for detail information.

c. Deemed cost of property, plant, equipment and other intangible assets

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

d. Impact on the transition to IFRSs

Except for the following additional information on the impact on the transition to IFRSs, refer to Note 33 to the consolidated financial statements as of March 31, 2013 for the impact on the Group's consolidated balance sheets and consolidated statements of comprehensive income after transition to IFRSs.

1) Reconciliation of consolidated balance sheet items at September 30, 2012

	<b>ROC GAAP</b>	<b>Difference</b>	<b>IFRSs</b>	<b>Note</b>
Current assets	\$ 12,245,810	\$ (32,212)	\$ 12,213,598	a), f)
Long-term investments	11,749,022	-	11,749,022	
Property, plant and equipment	40,933	1,422,250	1,463,183	e), g)
Intangible assets	-	10,289	10,289	e)
Other assets	1,513,389	(1,257,715)	255,674	a), b), c), e), g)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	
Total assets	<u>\$ 25,549,154</u>	<u>\$ 142,612</u>	<u>\$ 25,691,766</u>	

(Continued)

	<b>ROC GAAP</b>	<b>Difference</b>	<b>IFRSs</b>	<b>Note</b>
Current liabilities	\$ 2,634,984	\$ -	\$ 2,634,984	
Other liabilities	<u>3,100,437</u>	<u>191,389</u>	<u>3,291,826</u>	b), c)
Total liabilities	<u>\$ 5,735,421</u>	<u>\$ 191,389</u>	<u>\$ 5,926,810</u>	
Capital stock	\$ 3,000,000	\$ -	\$ 3,000,000	
Capital surplus	6,129,405	-	6,129,405	
Retained earnings	10,936,824	415,377	11,352,201	c), d)
Cumulative translation adjustments	<u>(252,496)</u>	<u>(464,154)</u>	<u>(716,650)</u>	d)
Stockholders' equity	<u>\$ 19,813,733</u>	<u>\$ (48,777)</u>	<u>\$ 19,764,956</u>	(Concluded)

- a) Deferred tax assets - current with the amount of \$32,212 thousand was reclassified to deferred tax assets - noncurrent after converting to IFRSs.
- b) After converting to IFRSs, 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 \$132,622 thousand at the same time.
- c) i. Retirement benefit obligation under IFRSs increased by \$58,767 thousand compared to the accrued pension liabilities under ROC GAAP. Therefore, the Company recognized retirement benefit obligation of \$58,767 thousand and decreased retained earnings by \$58,767 thousand, of which \$126 thousand of actuarial losses for the nine months ended September 30, 2012 and related income tax of \$21 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 \$9,990 thousand and retained earnings increased by \$9,990 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 IFRSs. For nine months end September 30, 2012, the exchange differences on translating foreign operations of \$(716,650) thousand was recognized under other comprehensive income.
- e) Molds and dies of \$1,425,377 thousand listed in deferred charges under other assets were reclassified as property, plant and equipment based on their nature. Computer software of \$10,289 thousand was reclassified as intangible assets.
- f) As of September 30, 2012, to comply with the presentation of financial statements under IFRSs, the Group's time deposits of \$4,657,596 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 IFRSs, prepayment for equipment is usually classified as prepayment under noncurrent assets. The amount reclassified from property, plant and equipment to other noncurrent assets was \$3,127 thousand.

2) Reconciliation of comprehensive income statement items for the nine months ended September 30, 2012

	ROC GAAP	Difference	IFRSs	Note
Operating revenues	\$ 23,782,582	\$ -	\$ 23,782,582	
Operating cost	<u>(20,570,012)</u>	<u>-</u>	<u>(20,570,012)</u>	
Gross profit	3,212,570	-	3,212,570	
Operating expenses	(2,407,434)	7,765	(2,399,669)	a)
Other income and expenses	<u>-</u>	<u>180</u>	<u>180</u>	e)
Operating income	805,136	7,945	813,081	
Nonoperating gains and losses	<u>3,998,158</u>	<u>(180)</u>	<u>3,997,978</u>	e)
Income before income tax	4,803,294	7,765	4,811,059	
Income tax expense	<u>(916,832)</u>	<u>(1,320)</u>	<u>(918,152)</u>	b)
Net income	<u>\$ 3,886,462</u>	<u>\$ 6,445</u>	<u>3,892,907</u>	

Other comprehensive income

Exchange differences on translating foreign operations	(716,650)	d)
Actuarial losses arising from defined benefit plan	(126)	c)
Income tax relating to components of other comprehensive income	21	c)
Comprehensive income	<u>\$ 3,176,152</u>	

- a) Retirement benefit obligation of \$7,765 thousand recognized according to IFRSs decreased employee benefit expenses by the same amount.
- b) Decrease of employee benefit expenses resulted in increase of related tax expense of \$1,320 thousand.
- c) Retirement benefit obligation under IFRSs increased by \$58,767 thousand compared to the accrued pension liabilities under ROC GAAP. Therefore, the Company recognized retirement benefit obligation of \$58,767 thousand and decreased retained earnings by \$58,767 thousand, of which \$126 thousand of actuarial losses for the nine months ended September 30, 2012 and related income tax of \$21 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 IFRSs. For nine months ended September 30, 2012, the exchange differences on translating foreign operations of \$(716,650) thousand was recognized under other comprehensive income.
- e) After converting to IFRSs, net gain on disposal of property, plant and equipment of \$180 thousand was reclassified from non-operating income and expenses to other gains and losses.

3) Reconciliation of comprehensive income statement items for the three months ended September 30, 2012

	ROC GAAP	Difference	IFRSs	Note
Operating revenues	\$ 6,429,076	\$ -	\$ 6,429,076	
Operating cost	<u>(5,546,197)</u>	<u>-</u>	<u>(5,546,197)</u>	
Gross profit	882,879	-	882,879	
Operating expenses	(720,693)	2,588	(718,105)	a)
Other income and expenses	<u>-</u>	<u>(265)</u>	<u>(265)</u>	e)
Operating income	162,186	2,323	164,509	
Nonoperating gains and losses	<u>1,119,267</u>	<u>265</u>	<u>1,119,532</u>	e)
Income before income tax	1,281,453	2,588	1,284,041	
Income tax expense	<u>(217,189)</u>	<u>(440)</u>	<u>(217,629)</u>	b)
Net income	<u>\$ 1,064,264</u>	<u>\$ 2,148</u>	1,066,412	
<u>Other comprehensive income</u>				
Exchange differences on translating foreign operations			(400,845)	d)
Actuarial losses arising from defined benefit plan			(42)	c)
Income tax relating to components of other comprehensive income			7	c)
Comprehensive income			<u>\$ 665,532</u>	

- a) Retirement benefit obligation of \$2,588 thousand recognized according to IFRSs 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 IFRSs increased by \$58,767 thousand compared to the accrued pension liabilities under ROC GAAP. Therefore, the Company recognized retirement benefit obligation of \$58,767 thousand and decreased retained earnings by \$58,767 thousand, of which \$42 thousand of actuarial losses for the three months ended September 30, 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 IFRSs. For the three months ended September 30, 2012, the exchange differences on translating foreign operations of \$(400,845) thousand was recognized under other comprehensive income.
- e) After converting to IFRSs, net loss on disposal of property, plant and equipment of \$265 thousand was reclassified from non-operating income and expenses to other gain and losses.

**TABLE 1**

**YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES**

**HOLDING OF SECURITIES AT THE END OF THE PERIOD  
SEPTEMBER 30, 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	September 30, 2013				Note
				Shares (Thousands)	Carrying Value (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 2)	
Yulon Nissan Motor Company, Ltd.	<u>Beneficiary certificates</u> Ynanta Global ETFs Growth Fund of Fund	-	Financial assets at fair value through profit or loss	571	\$ 5,000	-	\$ 5,046	
	Ynanta Global REITs Fund	-	Financial assets at fair value through profit or loss	191	2,000	-	2,038	
	Jih Sun Global Emerging Bond	-	Financial assets at fair value through profit or loss	1,485	15,000	-	14,968	
	Franklin Templeton Sinoam Fund	-	Financial assets at fair value through profit or loss	431	5,000	-	5,099	
	Franklin Templeton Sinoam Money Market Fund	-	Financial assets at fair value through profit or loss	7,964	80,000	-	80,146	
	Fuh Hwa DMNI	-	Financial assets at fair value through profit or loss	137	2,000	-	2,021	
	Paradigm Pion Money Market Fund	-	Financial assets at fair value through profit or loss	8,870	100,000	-	100,020	
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss	2,546	40,000	-	40,069	
	Allianz Gbl Inv Gbl Biotech Fund	-	Financial assets at fair value through profit or loss	366	8,648	-	9,470	
	JP Morgan (Taiwan) Taiwan Best Selection	-	Financial assets at fair value through profit or loss	222	3,000	-	2,929	
Yulon Nissan Motor Company, Ltd.	<u>Stock</u> Yi-Jan Overseas Investment Co., Ltd.	Subsidiary	Equity investment	84,987	25,589,225	100.00	25,589,225	Notes 3 and 4
Yi-Jan Overseas Investment Co., Ltd.	<u>Stock</u> Jet Ford, Inc.	Subsidiary of Yi-Jan Overseas Investment Co., Ltd.	Equity investment	71,772	US\$ 865,156	100.00	US\$ 865,156	Notes 3 and 4
Jet Ford, Inc.	<u>Share certificates</u> Aeolus Xiangyang Automobile Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Equity investment	-	US\$ 66,376	16.55	US\$ 64,667	Note 3
	Aeolus Automobile Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Equity investment	-	US\$ 95,261	33.12	US\$ 95,261	Note 3

(Continued)

Investor	Securities Type and Name	Relationship with the Investor	Financial Statement Account	September 30, 2013				Note
				Shares (Thousands)	Carrying Value (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 2)	
	Guangzhou Aeolus Automobile Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Equity investment	-	US\$ 251,622	40.00	US\$ 251,622	Note 3
	Shenzhen Lan You Technology Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Equity investment	-	US\$ 13,227	45.00	US\$ 13,227	Note 3
	Dong Feng Yulon Used Cars Co., Ltd.	Equity-method investee of Jet Ford, Inc.	Equity investment	-	US\$ 1,455	49.00	US\$ 1,455	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 September 30, 2013.

Note 3: The carrying values and related investment income of the equity investment were calculated based on the reviewed financial statements and percentage of ownership.

Note 4: Eliminated.

(Concluded)

## YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

AGGREGATE PURCHASES OR SALES OF THE SAME SECURITIES REACHING NT\$100 MILLION OR 20 PERCENT OF PAID-IN CAPITAL OR MORE  
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares (Thousands)	Amount	Shares (Thousands)	Amount	Shares (Thousands)	Amount	Carrying Value	Gain on Disposal	Shares (Thousands)	Amount (Note)
Yulon Nissan Motor Company, Ltd.	Beneficiary certificates													
	Yuanta Wan Tai Money Market	Financial assets at fair value through profit or loss	-	-	-	\$ -	8,806	\$ 130,000	8,806	\$ 130,027	\$ 130,000	\$ 27	-	\$ -
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	-	12,518	180,000	12,518	180,438	180,000	438	-	-
	Paradigm Pion Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	-	23,968	270,000	15,098	170,065	170,000	65	8,870	100,000

Note: Shown at their original investment amounts.

## YULON NISSAN MOTOR COMPANY LTD. AND SUBSIDIARIES

PURCHASES OR SALES OF GOODS FROM OR TO RELATED PARTIES REACHING NT\$100 MILLION OR 20 PERCENT OF PAID-IN CAPITAL OR MORE  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 (Note 3)	
Yulon Nissan Motor Company, Ltd.	Yulon	Equity-method investor of the Company	Purchase	\$ 17,835,388	99	180 days after sales for parts 3 days after sales for vehicles	\$ -	-	\$ (842,181)	(79)	-
	Taiwan Acceptance Corporation	Subsidiary of Yulon	Sale	19,719,969	88	4 days after sales for parts 3 days after sales for vehicles	-	-	464,109	76	-
	Yu Chang Motor Co., Ltd.	Subsidiary of Yulon	Sale	254,284	1	15 days after sales for parts	-	-	3,561	1	-
	Yuan Lon Motor Co., Ltd.	Equity-method investee of Yulon	Sale	249,795	1	Same as above	-	-	2,939	-	-
	Yu Sing Motor Co., Ltd.	Subsidiary of Yulon	Sale	228,040	1	15 days after sales for parts Immediate payment for vehicles	-	-	-	-	-
	Hui-Lian Motor Co., Ltd.	Equity-method investee of Yulon	Sale	189,075	1	15 days after sales for parts	-	-	-	-	-
	Yu Tang Motor Co., Ltd.	Equity-method investee of Yulon	Sale	178,302	1	Same as above	-	-	13	-	-
	Empower Motor Co., Ltd.	Subsidiary of Yulon	Sale	177,118	1	15 days after sales for parts Immediate payment for vehicles	-	-	728	-	-
	Yushin Motor Co., Ltd.	Subsidiary of Yulon	Sale	170,404	1	Same as above	-	-	618	-	-
	Chen Long Co., Ltd.	Equity-method investee of Yulon	Sale	158,156	1	15 days after sales for parts	-	-	-	-	-
	Chi Ho Corporation	Equity-method investee of Yulon	Sale	140,818	1	15 days after sales for parts Immediate payment for vehicles	-	-	1,442	-	-

Note 1: Transaction terms are based on agreements.

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

Note 3: Balances shown here are based on the carrying amount of the Company.



**YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES**

**TRADE RECEIVABLES FROM RELATED PARTIES REACHING NT\$100 MILLION OR 20 PERCENT OF PAID-IN CAPITAL OR MORE**

**SEPTEMBER 30, 2013**

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

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate (Note)	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yulon Nissan Motor Company, Ltd.	Taiwan Acceptance Corporation	Subsidiary of Yulon	\$ 517,630	58.52	\$ -	-	\$ 517,630	\$ -

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

## YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES

## INFORMATION ON INVESTEEES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 2013			Net Income of the Investee	Investment Gain (Note 1)	Note
				September 30, 2013	December 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	\$ 25,589,225	\$ 4,640,818	\$ 4,640,818	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\$ 865,156	US\$ 156,078	US\$ 156,078	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\$ 66,376	US\$ 77,781	US\$ 12,542	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\$ 95,261	US\$ 201,050	US\$ 66,588	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\$ 251,622	US\$ 148,307	US\$ 60,145	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\$ 13,227	US\$ 1,457	US\$ 656	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\$ 1,455	US\$ 245	US\$ 120	Note 2

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

Note 2: The carrying values and related investment income of the equity investment were calculated based on the reviewed financial statements and percentage of ownership.

Note 3: Eliminated.

**YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES**

**THE BUSINESS RELATIONSHIP BETWEEN THE PARENT AND THE SUBSIDIARIES AND BETWEEN EACH SUBSIDIARY, AND THE CIRCUMSTANCES AND AMOUNTS OF ANY SIGNIFICANT TRANSACTIONS BETWEEN THEM  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013  
(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 trade receivable - related parties	\$ 6,282	-	-
	1	Jet Ford Inc.	Yulon Nissan Motor Company, Ltd.	2	Notes and trade payable - related parties	6,282	-	-

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.

**TABLE 7**

**YULON NISSAN MOTOR COMPANY, LTD. AND SUBSIDIARIES**

**INVESTMENT IN MAINLAND CHINA  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 2013	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of September 30, 2013	Accumulated Inward Remittance of Earnings as of September 30, 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	\$ 372,926 (US\$ 12,542)	\$ 1,962,752 (US\$ 66,376)	\$ -
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	1,979,921 (US\$ 66,588)	2,816,860 (US\$ 95,261)	-
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	1,788,349 (US\$ 60,145)	7,440,462 (US\$ 251,622)	4,993,230 (US\$ 163,077)
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	19,498 (US\$ 656)	391,128 (US\$ 13,227)	-
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	3,565 (US\$ 120)	43,024 (US\$ 1,455)	-

Accumulated Investment in Mainland China as of September 30, 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)	\$13,465,630

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 of the equity 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.