

Yasheng Group 2010 Financial Results

YASHENG GROUP			
CONSOLIDATED BALANCE SHEETS			
<i>Year Ended December 31,</i>			
	2010	2009	2008
ASSETS	849,454,265	739,630,043	736,213,299
Current assets:			
Cash and cash equivalents	10,116,750	8,010,017	7,880,338
Accounts receivable, net	76,240,589	71,216,566	64,616,646
Inventories	103,588,885	75,332,668	70,357,148
Prepaid and other current assets	4,538,059	4,673,279	4,762,327
Total current assets	194,484,282	159,232,530	147,616,459
Equity and other investments	193,974	190,402	190,509
Property, plant and equipment, net	404,385,526	393,776,831	403,954,071
Construction in progress	6,664,773	5,446,595	5,823,620
Intangible assets, net	985,004,893	958,065,063	945,931,378
Other long term assets	276,361,639	232,711,379	224,002,445
Total assets	1,867,095,086	1,749,422,800	1,727,518,481
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued expenses	44,593,435	55,031,294	65,925,273
Short term loans	15,099,582	19,606,983	25,761,947
VAT Tax payable	988,429	1,142,638	1,205,555
Current portion of long term debt	7,518,868	9,796,158	25,228,661
Other current liabilities	801,140	1,170,455	1,365,609
Total current liabilities	69,001,454	86,747,529	119,487,044
Long term debt	2,441,364	3,220,335	3,579,453
Long term payable	37,359,986	51,643,382	77,168,451

Total liabilities	108,802,804	141,611,245	200,234,948
	9,960,232	13,016,493	28,808,113
Stockholders' equity:			
Common stock, US\$1.00 par value			
800,000,000 shares authorized			
155,097,355 shares issued and outstanding	155,097,355	155,097,355	155,097,355
Accumulated other comprehensive income	291,678,383	240,383,631	238,919,350
Retained earnings	1,311,516,545	1,212,330,569	1,133,266,828
Total stockholders' equity	1,758,292,283	1,607,811,555	1,527,283,533
Total liabilities & stockholders' equity	1,867,095,086	1,749,422,800	1,727,518,481

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

YASHENG GROUP**CONSOLIDATED STATEMENTS OF OPERATIONS**

	<i>Year Ended December 31,</i>		
	2010	2009	2008
Net sales	849,454,265	739,630,043	736,213,299
Cost of goods sold	743,600,855	655,376,444	655,007,437
Gross profit	105,853,410	84,253,599	81,205,861
Operating expenses:			
Sales and marketing	1,490,933	1,298,979	1,298,127
General and administrative	3,548,949	3,091,676	3,087,467
Total operating expenses	5,039,882	4,390,655	4,385,594
Operating profit	100,813,528	79,862,944	76,820,267
Interest expense	2,354,175	2,465,698	2,487,221
Other income (expense)	726,623	1,666,495	1,662,433
Income before income tax expense	99,185,975	79,063,741	75,995,479
Income tax expense			
Net income	99,185,975	79,063,741	75,995,479
Basic earnings per share	0.64	0.51	0.49
Weighted average number of shares	155,097,355	155,097,355	155,097,355

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

YASHENG GROUP

CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Year Ended December 31,</i>		
	2,010	2,009	2,008
Operating activities:			
Net income	99,185,975	79,063,741	75,995,479
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	9,035,968	8,753,216	8,699,320
Others	(15,885,871)	(25,597,399)	(5,058,787)
Changes in assets and liabilities:			
Accounts receivable	(2,814,198)	(6,539,356)	(3,611,194)
Inventories	(25,918,671)	(4,909,575)	9,357,306
Prepaid and other current assets	280,230	93,512	(203,685)
Accounts payable	(12,128,737)	(10,945,564)	(15,302,753)
Tax payables	(189,664)	(64,047)	(1,442)
Accrued expenses and other current liabilities	(422,357)	(206,640)	67,878
Net cash provided by operating activities	51,142,675	39,647,889	69,942,124
Investing activities:			
Purchase of assets	(42,115,807)	(17,560,924)	(141,958,706)
Investments	2,336	286	8,903
Net cash used in investing activities	(42,113,471)	(17,560,638)	(141,949,803)
Cash flows from financing activities:			
Issuance of common stock			
Dividends paid			
Increase (decrease) in debt	(8,575,957)	(21,997,732)	(30,572,953)
Net cash provided by financing activities	(8,575,957)	(21,997,732)	(30,572,953)
Effect of exchange rate change on cash and cash equivalents	1,653,486	40,160	87,986,470
Net increase (decrease) in cash and cash equivalents	2,106,733	129,679	(14,594,162)

Cash and cash equivalents at beginning of period	8,010,017	7,880,338	22,474,500
Cash and cash equivalents at end of period	10,116,750	8,010,017	7,880,338
Supplemental disclosures:			
Cash paid for interest	2,742,518	3,808,767	3,805,201
Cash paid for income taxes			

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

YASHENG GROUP

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	<i>Year Ended December 31,</i>		
	2010	2009	2008
Net income	99,185,975	79,063,741	75,995,479
Other comprehensive income:			
Foreign currency translation adjustment	51,294,752	1,464,281	87,986,470
Total other comprehensive income	51,294,752	1,464,281	87,986,470
Total comprehensive income	150,480,727	80,528,022	163,981,949

The accompanying notes are an integral part of these statements.

YASHENG GROUP**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance as of January 1, 2008	155,097,355	1,057,271,349	150,932,880	1,363,301,584
Net income		75,995,479		75,995,479
Foreign currency translation			87,986,470	87,986,470
Balance as of December 31, 2008	155,097,355	1,133,266,828	238,919,350	1,527,283,533
Net income		79,063,741		79,063,741
Foreign currency translation			1,464,281	1,464,281
Balance as of December 31, 2009	155,097,355	1,212,330,569	240,383,631	1,607,811,555
Net income		99,185,975		99,185,975
Foreign currency translation			51,294,752	51,294,752
Balance as of December 31, 2010	155,097,355	1,311,516,545	291,678,383	1,758,292,283

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