

**YASHENG GROUP**  
**Consolidated Balance Sheets**  
(In US Dollars)

	As of	
	June 30, 2009 (unaudited)	December 31, 2008 (audited)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	8,009,371	7,880,338
Accounts receivable, net	70,584,129	64,616,646
Inventories	74,500,206	70,357,148
Prepaid and other current assets	4,615,998	4,762,327
<b>Total current assets</b>	<b>157,709,704</b>	<b>147,616,459</b>
Equity and other investments	190,577	190,509
Property, plant and equipment, net	397,547,642	403,954,071
Construction in progress	5,531,400	5,823,620
Intangible assets, net	940,184,536	945,931,378
Other long term assets	231,599,203	224,002,445
<b>Total assets</b>	<b>1,732,763,062</b>	<b>1,727,518,481</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued expenses	55,737,437	65,925,273
Short term loans	21,505,116	25,761,947
VAT Tax payable	1,178,242	1,205,555
Current portion of long term debt	13,915,559	25,228,661
Other current liabilities	1,321,667	1,365,609
<b>Total current liabilities</b>	<b>93,658,020</b>	<b>119,487,044</b>
Long term debt	3,484,206	3,579,453
Long term payable	70,927,571	77,168,451
<b>Total liabilities</b>	<b>168,069,796</b>	<b>200,234,948</b>
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
Accumulated other comprehensive income	239,785,147	238,919,350
Retained earnings	1,169,810,765	1,133,266,828
<b>Total stockholders' equity</b>	<b>1,564,693,266</b>	<b>1,527,283,533</b>
<b>Total liabilities &amp; stockholders' equity</b>	<b>1,732,763,062</b>	<b>1,727,518,481</b>

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

**YASHENG GROUP**  
**Consolidated Statements of Operations (unaudited)**  
(In US Dollars)

	For The Three Months Ended June 30,		For The Six Months Ended June 30,	
	2009	2008	2009	2008
Net sales	190,121,081	191,171,949	358,199,169	352,981,681
	-	-	-	-
Cost of goods sold	169,131,460	171,380,335	318,796,963	314,210,257
	-	-	-	-
Gross profit	20,989,622	19,791,614	39,402,205	38,771,425
	-	-	-	-
Operating expenses:	-	-	-	-
Sales and marketing	322,755	204,108	647,517	634,987
General and administrative	791,792	763,803	1,564,207	1,516,866
Total operating expenses	1,114,547	967,911	2,211,723	2,151,853
	-	-	-	-
Operating profit	19,875,075	18,823,702	37,190,482	36,619,571
	-	-	-	-
Interest expense	613,205	585,157	1,235,499	1,215,105
	-	-	-	-
Other income (expense)	425,240	19,896	841,143	813,298
	-	-	-	-
Income before income tax expense	19,687,110	18,258,441	36,796,126	36,217,763
Income tax expense	-	-	-	-
Net income	19,687,110	18,258,441	36,796,126	36,217,763
	-	-	-	-
Basic earnings per share	0.13	0.12	0.24	0.23
Weighted average number of shares	155,097,355	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 (unaudited)**  
(In US Dollars)

For The Six Months Ended June 30,  
2009                      2008

**Operating activities:**

Net income	36,796,126	36,217,763
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	10,658,442	2,706,785
Allowance for doubtful accounts	312,076	(276,419)
Others	(6,271,378)	(19,998)
Changes in assets and liabilities:		
Accounts receivable	(6,254,023)	5,539,460
Inventories	(4,115,253)	8,976,835
Prepaid and other current assets	148,212	66,584
Accounts payable	(10,210,920)	(11,299,188)
Accrued liabilities to suppliers and agents	(2,970)	(463)
Receipts in advance and deferred revenue	(4,834)	(4,886)
Tax payables	(27,789)	(22,504)
Note payable	(30,738)	
Accrued compensation	(8,910)	(11,385)
<b>Net cash provided by operating activities</b>	20,988,041	41,872,583

**Investing activities:**

Purchase of fixed assets	(3,797,840)	1,597,582
Purchase of intangible and other assets	(1,387,554)	(28,219,111)
Investments		9,622
<b>Net cash used in investing activities</b>	(5,185,393)	(26,611,906)

**Financing activities:**

Issuance of common stock		
Dividends paid		
Increase (decrease) in debt	(15,686,746)	(22,541,886)
<b>Net cash provided by financing activities</b>	(15,686,746)	(22,541,886)

Effect of exchange rate change on cash and cash equivalents	13,131	1,875,028
<b>Net increase (decrease) in cash and cash equivalents</b>	129,032	(5,406,182)
Cash and cash equivalents at beginning of period	7,880,338	22,422,687
Cash and cash equivalents at end of period	8,009,370	17,016,506

**Supplemental Disclosures:**

Cash paid for interest	1,235,499	1,215,105
Cash paid for income taxes		

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