

(English Translation)  
**UNION INSURANCE CO., LTD.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007**  
(Expressed in Thousands of New Taiwan Dollars)

	<u>For the year ended December 31,2008</u>	<u>For the year ended December 31,2007</u>
<b>Cash flows from operating activities</b>		
Net loss	\$ (399,025)	(999,209)
<b>Adjustments to reconcile net loss to net cash provided by (used in) operating activities:</b>		
Depreciation and amortization	45,775	55,493
Reversal of bad debts	(9,169)	(64,890)
(Gain) loss on valuation of financial assets	(4,147)	560
Impairment loss	-	564
Amortization on held-to-maturity bonds investment	3,183	2,515
Gain on disposal of property and equipment	(95)	(21,637)
Loss on disposal of idle assets	3,690	-
Gain on disposal of investment in real estate	(7,960)	(158,021)
Loss on disposal of investment in real estate	-	1,838
Increase in financial assets measured at fair value through profit or loss	(484,860)	(200,000)
Decrease in available-for-sale financial assets	12,503	498,528
Decrease in held-to-maturity financial assets	-	29,998
Decrease in financial assets carried at cost	-	170,023
Decrease in notes,premium receivable and accrued income	16,442	463,548
Decrease in claims recoverable from reinsurers	141,669	90,389
Increase in due from reinsurers and ceding companies	(3,865)	(63,768)
(Increase) decrease in reinsurance receivable	77,394	(37,313)
(Increase) decrease in other receivable	(16,227)	6,438
(Increase) decrease in prepayments and other current assets	9,783	(7,672)
Decrease in construction in progress and prepayments for equipment	-	2,753
Decrease in overdue receivable	7,980	93,654
Increase (decrease) in commission payable	7,763	(60,378)
Increase in claims payable	40,032	-
Increase (decrease) in due to reinsurers and ceding companies	152,478	(171,571)
Decrease in reinsurance premiums payable	(137,122)	(199,871)
Increase (decrease) in other payables	(52,884)	81,927
Decrease in other current liabilities	(22,931)	(106,569)
Increase (decrease) in accrued pension liabilities	17,656	(99,416)
Deferred income tax - net	422	(3,966)
Increase (decrease) in other long-term liabilities	(25,000)	75,000
Provision for reserve-net	387,038	26,139
(Increase) decrease in deferred pension costs	11,628	(10,438)
Decrease in claims reserve	(221,509)	(87,209)
<b>Net cash flows used in operating activities</b>	<u>(449,358)</u>	<u>(692,561)</u>

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<b>Cash flows from investment activities</b>		
Sale of investment in real estate	\$ 31,000	494,109
Sale of idle assets	7,468	-
Purchase of investment in real estate	(81)	-
Purchase of property and equipment	(33,612)	(4,220)
Sale of property and equipment	95	50,316
Decrease in guarantee deposits - out	8,024	10,409
Decrease(increase) in contributed reinsurance liability reserve	28,160	(465)
Increase in other assets	(6,224)	(13,832)
<b>Net cash provided by investment activities</b>	<u>34,830</u>	<u>536,317</u>
<b>Cash flows from financing activities</b>		
Decrease in guarantee deposits received	(125)	(3,006)
Issuance of common stock for cash	500,000	1,500,000
<b>Net cash provided by financing activities</b>	<u>499,875</u>	<u>1,496,994</u>
<b>Net increase in cash and cash equivalents</b>	85,347	1,340,750
<b>Cash and cash equivalents, beginning of year</b>	<u>2,998,576</u>	<u>1,657,826</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 3,083,923</u>	<u>2,998,576</u>
<b>Supplemental disclosures of cash flow information</b>		
Cash paid for interest during the year	<u>\$ -</u>	<u>477</u>
Cash paid for income tax during the year	<u>\$ -</u>	<u>11</u>

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