

UNION INSURANCE CO., LTD.
STATEMENTS OF INCOME
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>
Operating Revenue		
Premiums revenue (Notes II, V & X)	\$ 7,549,621	7,295,927
Reinsurance commission income	618,626	417,551
Claims recovered from reinsurers (Notes III & X)	2,028,216	1,664,589
Recovered premiums reserve (Note X)	2,556,079	2,848,450
Recovered special reserve	48,855	80,249
Recovered claims reserve (Note III)	567,671	846,245
Interest income	92,954	74,616
Gain on valuation of financial assets (Note IV.17)	4,147	-
Foreign exchange gain	-	4,825
Gain on real estate investment	48,006	205,616
	<u>13,514,175</u>	<u>13,438,068</u>
Operating Costs		
Reinsurance expenses (Note X)	3,133,328	2,603,286
Commission expenses	1,170,720	1,403,727
Insurance claims payments (Note X)	4,539,686	5,407,053
Provision for premium reserve (Notes III & X)	2,486,731	2,556,079
Provision for special reserve	434,462	398,760
Disbursements toward industry stability	13,262	11,675
Provision for claims reserve (Note III)	622,433	567,671
Provision for deficiency reserve (Note III)	70,780	-
Interest expenses	-	477
Loss on valuation of financial assets (Note IV.17)	-	560
Foreign exchange loss	21,613	-
Loss on disposal of investments	23,019	45,745
Loss on real estate investment	-	1,838
Other operating costs	4,628	5,572
	<u>12,520,662</u>	<u>13,002,443</u>
Gross Profit	<u>993,513</u>	<u>435,625</u>
Operating Expenses		
Operating expenses	1,065,587	937,938
Administrative expenses	312,206	348,325
Staff training expenses	28,146	43,088
	<u>1,405,939</u>	<u>1,329,351</u>
Operating Loss	<u>(412,426)</u>	<u>(893,726)</u>
Non-Operating Income		
Gain on disposal of property and equipment	95	21,637
Miscellaneous income	19,554	24,792
	<u>19,649</u>	<u>46,429</u>
Non-Operating Expenses		
Impairment loss (Note II)	-	564
Miscellaneous expenses	5,971	125,211
	<u>5,971</u>	<u>125,775</u>
Loss from continuing operations before income tax	<u>(398,748)</u>	<u>(973,072)</u>
Income Tax Expense (Notes II & IV.15)	<u>277</u>	<u>26,137</u>
Net loss	<u>\$ (399,025)</u>	<u>(999,209)</u>
	Before Tax	Before Tax
	After Tax	After Tax
Basic earnings per share (in New Taiwan dollars) (Notes II & IV.16)	<u>(\$ 1.90)</u>	<u>(1.90)</u>
	<u>(9.56)</u>	<u>(9.82)</u>

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