

**UNION INSURANCE CO., LTD. AND SUBSIDIARIES**

**Consolidated Financial Statements**

**For the Years Ended December 31, 2015 and 2014**

**(With Independent Auditors' Report Thereon)**

**Address: 12F., No.219, Sec. 4, Zhong Xiao E. Road, Taipei, Taiwan**  
**Telephone:886-2-2776-5567**

## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Union Insurance Co., Ltd.

We have audited the accompanying consolidated balance sheets of Union Insurance Co., Ltd. and its subsidiaries (the Group) as of December 31, 2015 and 2014 (restated), and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial report presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Union Insurance Co., Ltd. and its subsidiaries as of December 31, 2015 and 2014 (restated), and the results of its consolidated financial performance and cash flows for the years then ended in conformity with the Principles of Preparing Financial Reports for Insurance Companies, and International Financial Reporting Standards, International Accounting Standards, IFRIC interpretations and SIC interpretations endorsed by the Financial Supervisory Commission.

As mentioned in Note 4 (27) in the consolidated financial reports, commencing from January 1, 2015, Union Insurance Co., Ltd. adopted the 2013 version IFRSs IAS 19 "Employee Benefits" and retrospectively restated the consolidated financial reports for the year ended December 31, 2014.

We have also audited the financial statements of Union Insurance Co., Ltd as of and for the years ended December 31, 2015 and 2014 on which we have issued a modified unqualified opinion thereon.

KPMG  
Taipei, Taiwan, R.O.C.  
March 24, 2016

### Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with IFRSs endorsed by the FSC and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

**UNION INSURANCE CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2015 AND 2014 AND JANUARY 1, 2014**  
(Expressed in Thousands of New Taiwan Dollars)

	31 December, 2015		31 December, 2014 (restated)		1 January, 2014 (restated)		LIABILITIES AND EQUITY	31 December, 2015		31 December, 2014 (restated)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%
<b>ASSETS</b>											
Cash and cash equivalents	\$ 2,131,322	15	2,855,073	21	1,281,581	9	Accounts payables	\$ 1,175,467	8	1,024,563	7
Receivables	767,890	5	909,928	7	954,305	7	Insurance liabilities	9,408,753	65	8,907,997	64
Current tax assets	14,070	-	10,232	-	10,971	-	Reserve for insurance with nature of financial instrument	44,087	-	74,156	1
Financial assets at fair value through profit or loss	463,077	3	1,037,345	8	1,303,277	9	Other liabilities	45,832	-	69,987	1
Available-for-sale financial assets	512,119	4	612,471	4	1,346,144	9	Provisions	208,763	1	181,793	1
Financial assets at cost	1,320	-	13,182	-	13,182	-	Deferred tax liabilities	64,400	1	63,920	1
Held-to-maturity financial assets	247,261	2	248,222	2	302,341	2	<b>Total LIABILITIES</b>	<u>10,947,302</u>	<u>75</u>	<u>10,322,416</u>	<u>75</u>
Other financial assets – net	3,803,870	26	1,950,807	14	2,022,244	14	Equity attributable to owners of parent	2,129,600	15	2,129,600	15
Investment property	843,212	6	859,072	6	877,265	6	Capital stock	243,991	2	127,589	1
Reinsurance assets	3,974,927	27	3,655,979	26	4,470,312	32	Legal reserve	1,050,167	7	878,518	6
Property and equipment	834,018	6	811,159	6	794,855	6	Special reserve	69,858	1	365,435	3
Intangible assets	101,242	1	130,814	1	161,846	1	Unappropriated retained earnings	(1,028)	-	-	-
Deferred tax assets	3,078	-	-	-	-	-	Exchange differences on translation of foreign financial statements	1,351	-	(1,830)	-
Other assets	773,076	5	727,444	5	644,656	5	Unrealized gains (losses) on available-for-sale financial assets	3,493,939	25	3,499,312	25
<b>TOTAL ASSETS</b>	<u>\$ 14,470,482</u>	<u>100</u>	<u>13,821,728</u>	<u>100</u>	<u>14,182,979</u>	<u>100</u>	<b>Total equity attributable to owners of parent</b>	<u>29,241</u>	<u>-</u>	<u>-</u>	<u>-</u>
							<b>Non-controlling interests</b>	<u>3,523,180</u>	<u>25</u>	<u>3,499,312</u>	<u>25</u>
							<b>Total EQUITY</b>	<u>\$ 14,470,482</u>	<u>100</u>	<u>13,821,728</u>	<u>100</u>

**UNION INSURANCE CO., LTD. AND SUBSIDIARIES**  
**STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME**  
**DECEMBER 31, 2015 AND 2014**  
**(Expressed in Thousands of New Taiwan Dollars)**

	For the year ended December 31, 2015		For the year ended December 31, 2014 (restated)		Variance %
	Amount	%	Amount	%	
<b>Operating Revenues</b>					
Written premiums	\$ 8,191,230	140	7,691,245	133	7
Reinsurance premiums	554,471	9	288,773	5	92
Premiums revenues	8,745,701	149	7,980,018	138	
Less : Reinsurance expenses	3,424,010	58	3,056,570	53	12
Net changes in unearned premiums reserve	210,188	4	215,366	4	(2)
Retained earned premiums	5,111,503	87	4,708,082	81	
Reinsurance commission received	771,022	13	719,835	12	7
Net income(loss) from investments					
Interest income	59,914	1	53,311	1	12
Gains on financial assets at fair value through profit or loss	(39,372)	(1)	(853)	-	(4,516)
Realized gains (losses) on available-for-sale financial assets	(30,532)	(1)	272,617	5	(111)
Realized gains on financial assets or liabilities at cost	840	-	-	-	-
Foreign exchange gains (losses) -- investments	(18,002)	-	11,988	-	(250)
Gains (losses) on investment property	32,558	1	29,654	1	10
(Reversal of) impairment loss on investments	(20,029)	-	(23,832)	-	16
<b>Total Operating Revenues</b>	<b>5,867,902</b>	<b>100</b>	<b>5,770,802</b>	<b>100</b>	
<b>Operating Costs</b>					
Insurance claim payments	4,462,265	76	5,034,098	87	(11)
Less: Claims recovered from reinsurers	1,805,622	31	2,422,589	42	(25)
Retained claim payments	2,656,643	45	2,611,509	45	
Net changes in other insurance liabilities					
Net changes in claim reserve	55,974	1	348,646	6	(84)
Net changes in special claim reserve	(89,057)	(1)	(422,813)	(7)	79
Net changes in premium deficiency reserve	15,018	-	(1,995)	-	853
Commission expenses	1,360,112	23	1,202,458	21	13
Finance costs	152	-	316	-	(52)
Other operating costs	7,077	-	13,612	-	(48)
<b>Total Operating Costs</b>	<b>4,005,919</b>	<b>68</b>	<b>3,751,733</b>	<b>65</b>	
<b>Operating Expenses</b>					
General expenses	1,305,990	23	1,191,388	21	10
Administrative expenses	320,607	5	291,879	5	10
Staff training expenses	1,717	-	1,237	-	39
<b>Total Operating Expenses</b>	<b>1,628,314</b>	<b>28</b>	<b>1,484,504</b>	<b>26</b>	
<b>Net Operating Income</b>	<b>233,669</b>	<b>4</b>	<b>534,565</b>	<b>9</b>	<b>(56)</b>
<b>Non-Operating Income and Expenses</b>					
Gains (losses) on disposals of property and equipment	46	-	-	-	-
Asset retirement losses	(1)	-	-	-	-
Other non-operating income and expenses	28,500	-	28,169	1	1
<b>Total Non-Operating Income and Expenses</b>	<b>28,545</b>	<b>-</b>	<b>28,169</b>	<b>1</b>	
<b>Net Income Before Income Tax</b>	<b>262,214</b>	<b>4</b>	<b>562,734</b>	<b>10</b>	<b>(53)</b>
<b>Income Tax Expense (Gain)</b>	<b>1,772</b>	<b>-</b>	<b>(22,379)</b>	<b>-</b>	<b>108</b>
<b>Net Income</b>	<b>260,442</b>	<b>4</b>	<b>585,113</b>	<b>10</b>	<b>(55)</b>
<b>Other comprehensive income:</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
Gains (losses) on remeasurements of defined benefit plans	(21,212)	-	(2,622)	-	(709)
Total components of other comprehensive income that will not be reclassified to profit or loss	(21,212)	-	(2,622)	-	(709)
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
Foreign exchange difference from translating financial reports of foreign operations	(1,648)	-	-	-	-
Unrealised gains (losses) on valuation of available-for-sale financial assets	2,382	-	(169,174)	(3)	101
Total components of other comprehensive income that will be reclassified to profit or loss	734	-	(169,174)	(3)	100
<b>Other Comprehensive Income (net amount after tax)</b>	<b>(20,478)</b>	<b>-</b>	<b>(171,796)</b>	<b>(3)</b>	<b>88</b>
<b>Total Comprehensive Income</b>	<b>\$ 239,964</b>	<b>4</b>	<b>413,317</b>	<b>7</b>	
<b>Net income attributed to</b>					
Parent company	\$ 261,785	4	585,113	10	
Non-controlling interest	(1,343)	-	-	-	
<b>Total comprehensive income attributed to</b>	<b>\$ 260,442</b>	<b>4</b>	<b>585,113</b>	<b>10</b>	
Parent company	\$ 242,726	4	413,317	7	
Non-controlling interest	(2,762)	-	-	-	
<b>Basic Earnings Per Share (Dollars)</b>	<b>\$ 1.23</b>		<b>2.75</b>		
<b>Diluted Earnings Per Share (Dollars)</b>	<b>\$ 1.22</b>		<b>2.74</b>		

**UNION INSURANCE CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**DECEMBER 31, 2015 AND 2014**  
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent								
	Capital	Retained Earnings			Other equity				
	Capital Stock	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Difference of foreign exchange in translating financial statements of foreign operating units	Unrealized Gains (Loss) on Available-For-Sale Financial Assets	Equity attributable to owners of parent	Non-controlling interest	Total equity
<b>Balance, January 1, 2014 (restated)</b>	\$ 2,000,000	19,315	662,080	237,256	-	167,344	3,085,995	-	3,085,995
Net income for the year ended December 31, 2014 (restated)	-	-	-	585,113	-	-	585,113	-	585,113
Other comprehensive income (loss)	-	-	-	(2,622)	-	(169,174)	(171,796)	-	(171,796)
Total comprehensive income (loss)	-	-	-	582,491	-	(169,174)	413,317	-	413,317
Appropriation of earnings:									
Legal reserve appropriated	-	108,274	-	(108,274)	-	-	-	-	-
Special reserve appropriated	-	-	216,438	(216,438)	-	-	-	-	-
Stock dividends of ordinary share	129,600	-	-	(129,600)	-	-	-	-	-
<b>Balance, December 31, 2014 (restated)</b>	2,129,600	127,589	878,518	365,435	-	(1,830)	3,499,312	-	3,499,312
Net income for the year ended December 31, 2015	-	-	-	261,785	-	-	261,785	(1,343)	260,442
Other comprehensive income (loss)	-	-	-	(21,212)	(1,028)	3,181	(19,059)	(1,419)	(20,478)
Total comprehensive income (loss)	-	-	-	240,573	(1,028)	3,181	242,726	(2,762)	239,964
Appropriation of earnings:									
Legal reserve appropriated	-	116,402	-	(116,402)	-	-	-	-	-
Special reserve appropriated	-	-	169,819	(169,819)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(248,099)	-	-	(248,099)	-	(248,099)
Special reserve for deduction of stockholders' equity	-	-	1,830	(1,830)	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	32,003	32,003
<b>Balance, December 31, 2015</b>	\$ 2,129,600	243,991	1,050,167	69,858	(1,028)	1,351	3,493,939	29,241	3,523,180

**UNION INSURANCE CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**DECEMBER 31, 2015 AND 2014**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the year ended December 31, 2015</b>	<b>For the year ended December 31, 2014 (restated)</b>
<b>Cash Flows from Operating Activities</b>		
Net Income Before Income Tax	\$ 262,214	562,734
<b>Adjustments to Reconcile Net Income to Net Cash Used in Operating Activities:</b>		
Depreciation expenses	26,596	21,700
Amortization expenses	5,228	8,641
Provision (reversal of provision) for bad debt expense	(2,804)	969
Net gain on Financial assets carried at cost	(840)	-
Interest income	(59,914)	(53,311)
Net changes in insurance liabilities	502,751	(716,040)
Net changes in reserve for insurance with nature of financial instrument	(30,069)	(42,183)
Net changes in reserve for liabilities	(863)	3,690
Losses (gains) on disposal of property and equipment	(45)	-
Losses (gains) on disposal of investment properties	(5,725)	5,582
(Gain on reversal of) impairment loss of investments	20,029	23,832
<b>Subtotal of Income And Expenses Items With No Effect on Cash Flows</b>	<b>454,344</b>	<b>(747,120)</b>
<b>Net Changes in Operating Assets:</b>		
Decrease (increase) in notes receivable	(32,709)	1,181
Decrease (increase) in premium receivable	179,479	(39,658)
Decrease (increase) in other receivables	3,209	87,560
Decrease (increase) in financial assets measured at fair value through profit or loss	574,268	265,932
Decrease (increase) in other financial assets	(1,792,555)	71,437
Decrease (increase) in reinsurance assets	(291,834)	814,921
Decrease (increase) in current income tax assets	(3,838)	(1,091)
Decrease (increase) in available-for-sale financial assets	114,531	540,667
Decrease (increase) in held-to-maturity financial assets	961	36,020
Decrease (increase) in other assets	(44,316)	(64,689)
<b>Total Net Changes in Operating Assets</b>	<b>(1,292,804)</b>	<b>1,712,280</b>
<b>Net Changes in Operating Liabilities:</b>		
Increase (decrease) in payables	126,486	48,035
Increase (decrease) in other liabilities	(24,783)	(25,454)
<b>Total Net Changes in Operating Liabilities</b>	<b>101,703</b>	<b>22,581</b>
<b>Cash Flows Used in Operating Activities</b>	<b>(474,543)</b>	<b>1,550,475</b>
Interest received	56,397	50,696
<b>Net Cash Flows Used in Operating Activities</b>	<b>(418,146)</b>	<b>1,601,171</b>
<b>Cash Flows from Investing Activities:</b>		
Net cash flow from acquisition of subsidiaries	(37,228)	-
Acquisition of investment properties	-	(608)
Acquisition of property and equipment	(35,952)	(34,667)
Proceeds from disposal of property and equipment	54	-
Acquisition of intangible assets	(114)	(2,286)
Proceeds from disposal of investment properties	16,880	9,882
<b>Net Cash Flows from (Used in) Investing Activities</b>	<b>(56,360)</b>	<b>(27,679)</b>
<b>Cash Flows from Financing Activities:</b>		
Cash dividends paid	(248,099)	-
<b>Net Cash Flows from (Used in) Financing Activities</b>	<b>(248,099)</b>	<b>-</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(1,146)</b>	
<b>Increase (decrease) in Cash and Cash Equivalents</b>	<b>(723,751)</b>	<b>1,573,492</b>
<b>Cash and Cash Equivalents, Beginning of The Period</b>	<b>2,855,073</b>	<b>1,281,581</b>
<b>Cash and Cash Equivalents, End of The Period</b>	<b>\$ 2,131,322</b>	<b>2,855,073</b>

**UNION INSURANCE CO., LTD.**

**Financial Statements**

**For the Years Ended December 31, 2015 and 2014**

**(With Independent Auditors' Report Thereon)**

**Address: 12F., No.219, Sec. 4, Zhong Xiao E. Road, Taipei, Taiwan**  
**Telephone:886-2-2776-5567**

## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Union Insurance Co., Ltd.

We have audited the accompanying balance sheets of Union Insurance Co., Ltd. (the Company) as of December 31, 2015 and 2014 (restated), and the related statements of comprehensive income, changes in equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial report presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Union Insurance Co., Ltd. as of December 31, 2015 and 2014 (restated), and the results of its financial performance and cash flows for the years then ended in conformity with the Principles of Preparing Financial Reports for Insurance Companies, and International Financial Reporting Standards, International Accounting Standards, IFRIC interpretations and SIC interpretations endorsed by the Financial Supervisory Commission.

As mentioned in Note 4 (27) in the financial reports, commencing from January 1, 2015, Union Insurance Co., Ltd. adopted the 2013 version IFRSs IAS 19 "Employee Benefits" and retrospectively restated the financial reports for the year ended December 31, 2014.

KPMG  
Taipei, Taiwan, R.O.C.  
March 24, 2016

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**UNION INSURANCE CO., LTD.**  
**BALANCE SHEETS**  
**DECEMBER 31, 2015 AND 2014 AND JANUARY 1, 2014**  
**(Expressed in Thousands of New Taiwan Dollars)**

	31 December, 2015		31 December, 2014 (restated)		1 January, 2014 (restated)		31 December, 2014 (restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>								
Cash and cash equivalents	\$ 2,126,963	15	2,855,073	21	1,281,581	9	1,024,563	7
Receivables	760,509	5	909,928	7	954,305	7	8,907,997	64
Current tax assets	14,070	-	10,232	-	10,971	-	74,156	1
Financial assets at fair value through profit or loss	463,077	3	1,037,345	8	1,303,277	9	201,966	1
Available-for-sale financial assets	488,639	3	612,471	4	1,346,144	9	63,970	1
Financial assets at cost	1,260	-	13,182	-	13,182	-	45,697	1
Investments accounted for using equity method - net	48,500	-	-	-	-	-	-	-
Held-to-maturity financial assets	247,261	2	248,222	2	302,341	2	10,322,416	75
Other financial assets - net	3,758,830	26	1,950,807	14	2,022,244	14	-	-
Investment property	843,212	6	859,072	6	877,265	6	2,129,600	15
Reinsurance assets	3,958,955	28	3,655,979	26	4,470,312	32	243,991	2
Property and equipment	827,331	6	811,159	6	794,855	6	1,050,167	7
Intangible assets	101,128	1	130,814	1	161,846	1	69,858	-
Other assets	753,691	5	727,444	5	644,656	5	(1,028)	-
<b>TOTAL ASSETS</b>	<u>\$ 14,393,426</u>	<u>100</u>	<u>13,821,728</u>	<u>100</u>	<u>14,182,979</u>	<u>100</u>	<u>13,821,728</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>								
Accounts payables	1,156,895	8	2,855,073	21	1,281,581	9	1,024,563	7
Insurance liabilities	9,386,922	65	909,928	7	954,305	7	8,907,997	64
Reserve for insurance with nature of financial instrument	44,087	-	10,232	-	10,971	-	74,156	1
Provisions	201,966	1	1,037,345	8	1,303,277	9	201,966	1
Deferred tax liabilities	63,970	1	612,471	4	1,346,144	9	63,970	1
Other liabilities	45,697	1	13,182	-	13,182	-	45,697	1
<b>Total LIABILITIES</b>	<u>10,899,487</u>	<u>76</u>	<u>13,821,728</u>	<u>100</u>	<u>14,182,979</u>	<u>100</u>	<u>10,899,487</u>	<u>78</u>
<b>EQUITY</b>								
Capital stock	2,129,600	15	1,950,807	14	2,022,244	14	2,129,600	15
Legal reserve	243,991	2	859,072	6	877,265	6	243,991	2
Special reserve	1,050,167	7	3,655,979	26	4,470,312	32	1,050,167	7
Unappropriated retained earnings	69,858	-	811,159	6	794,855	6	69,858	-
Exchange differences on translation of foreign financial statements	(1,028)	-	130,814	1	161,846	1	(1,028)	-
Unrealized gains (losses) on available-for-sale financial assets	1,351	-	727,444	5	644,656	5	1,351	-
<b>Total EQUITY</b>	<u>3,493,939</u>	<u>24</u>	<u>13,821,728</u>	<u>100</u>	<u>14,182,979</u>	<u>100</u>	<u>3,493,939</u>	<u>25</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 14,393,426</u>	<u>100</u>	<u>13,821,728</u>	<u>100</u>	<u>14,182,979</u>	<u>100</u>	<u>13,821,728</u>	<u>100</u>

**UNION INSURANCE CO., LTD.**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**DECEMBER 31, 2015 AND 2014**  
(Expressed in Thousands of New Taiwan Dollars)

	For the year ended December 31, 2015		For the year ended December 31, 2014 (restated)		Variance %
	Amount	%	Amount	%	
<b>Operating Revenues</b>					
Written premiums	\$ 8,170,748	140	7,691,245	133	6
Reinsurance premiums	550,788	9	288,773	5	91
Premiums revenues	8,721,536	149	7,980,018	138	
Less: Reinsurance expenses	3,407,221	58	3,056,570	53	11
Net changes in unearned premiums reserve	210,309	4	215,366	4	(2)
Retained earned premiums	5,104,006	87	4,708,082	81	
Reinsurance commission received	762,656	13	719,835	12	6
Net income(loss) from investments					
Interest income	58,764	1	53,311	1	10
Gains on financial assets at fair value through profit or loss	(39,372)	(1)	(853)	-	(4,516)
Realized gains (losses) on available-for-sale financial assets	(30,660)	(1)	272,617	5	(111)
Realized gains on financial assets or liabilities at cost	840	-	-	-	-
Share of losses of associates and joint ventures accounted for using equity method	(2,229)	-	-	-	-
Foreign exchange gains (losses) — investments	(18,002)	-	11,988	-	(250)
Gains (losses) on investment property	32,557	1	29,654	1	10
(Reversal of) impairment loss on investments	(20,029)	-	(23,832)	-	16
<b>Total Operating Revenues</b>	<b>5,848,531</b>	<b>100</b>	<b>5,770,802</b>	<b>100</b>	
<b>Operating Costs</b>					
Insurance claim payments	4,456,280	76	5,034,098	87	(11)
Less: Claims recovered from reinsurers	1,800,388	31	2,422,589	42	(26)
Retained claim payments	2,655,892	45	2,611,509	45	
Net changes in other insurance liabilities					
Net changes in claim reserve	56,437	1	348,646	6	(84)
Net changes in special claim reserve	(89,057)	(1)	(422,813)	(7)	79
Net changes in premium deficiency reserve	15,018	-	(1,995)	-	853
Commission expenses	1,353,407	23	1,202,458	21	13
Finance costs	140	-	316	-	(56)
Other operating costs	7,026	-	13,612	-	(48)
<b>Total Operating Costs</b>	<b>3,998,863</b>	<b>68</b>	<b>3,751,733</b>	<b>65</b>	
<b>Operating Expenses</b>					
General expenses	1,306,209	23	1,191,388	21	10
Administrative expenses	308,418	5	291,879	5	6
Staff training expenses	1,717	-	1,237	-	39
<b>Total Operating Expenses</b>	<b>1,616,344</b>	<b>28</b>	<b>1,484,504</b>	<b>26</b>	
<b>Net Operating Income</b>	<b>233,324</b>	<b>4</b>	<b>534,565</b>	<b>9</b>	<b>(56)</b>
<b>Non-Operating Income and Expenses</b>					
Gains (losses) on disposals of property and equipment	46	-	-	-	-
Asset retirement losses	(1)	-	-	-	-
Other non-operating income and expenses	28,422	-	28,169	1	1
<b>Total Non-Operating Income and Expenses</b>	<b>28,467</b>	<b>-</b>	<b>28,169</b>	<b>1</b>	
<b>Net Income Before Income Tax</b>	<b>261,791</b>	<b>4</b>	<b>562,734</b>	<b>10</b>	<b>(53)</b>
<b>Income Tax Expense (Gain)</b>	<b>6</b>	<b>-</b>	<b>(22,379)</b>	<b>-</b>	<b>100</b>
<b>Net Income</b>	<b>261,785</b>	<b>4</b>	<b>585,113</b>	<b>10</b>	<b>(55)</b>
<b>Other comprehensive income:</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
Gains (losses) on remeasurements of defined benefit plans	(21,212)	-	(2,622)	-	(709)
Total components of other comprehensive income that will not be reclassified to profit or loss	(21,212)	-	(2,622)	-	(709)
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
Foreign exchange difference from translating financial reports of foreign operations	(1,028)	-	-	-	-
Unrealised gains (losses) on valuation of available-for-sale financial assets	4,505	-	(169,174)	(3)	103
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method — components of other comprehensive income that will be reclassified to profit or loss	(1,324)	-	-	-	-
Total components of other comprehensive income that will be reclassified to profit or loss	2,153	-	(169,174)	(3)	101
<b>Other Comprehensive Income (net amount after tax)</b>	<b>(19,059)</b>	<b>-</b>	<b>(171,796)</b>	<b>(3)</b>	<b>89</b>
<b>Total Comprehensive Income</b>	<b>\$ 242,726</b>	<b>4</b>	<b>413,317</b>	<b>7</b>	
<b>Basic Earnings Per Share (Dollars)</b>	<b>\$ 1.23</b>		<b>2.75</b>		
<b>Diluted Earnings Per Share (Dollars)</b>	<b>\$ 1.22</b>		<b>2.74</b>		

**UNION INSURANCE CO., LTD.**  
**STATEMENTS OF CHANGES IN EQUITY**  
**DECEMBER 31, 2015 AND 2014**  
(Expressed in Thousands of New Taiwan Dollars)

	Capital		Retained Earnings		Other equity		Total equity
	Capital Stock	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Difference of foreign exchange in translating financial statements of foreign operating units	Unrealized Gains (Loss) on Available-For-Sale Financial Assets	
<b>Balance, January 1, 2014 (restated)</b>	\$ 2,000,000	19,315	662,080	237,256	-	167,344	3,085,995
Net income for the year ended December 31, 2014 (restated)	-	-	-	585,113	-	-	585,113
Other comprehensive income (loss)	-	-	-	(2,622)	-	(169,174)	(171,796)
Total comprehensive income (loss)	-	-	-	582,491	-	(169,174)	413,317
Appropriation of earnings (Note):							
Legal reserve appropriated	-	108,274	-	(108,274)	-	-	-
Special reserve appropriated	-	-	216,438	(216,438)	-	-	-
Stock dividends of ordinary share	129,600	-	-	(129,600)	-	-	-
<b>Balance, December 31, 2014 (restated)</b>	2,129,600	127,589	878,518	365,435	-	(1,830)	3,499,312
Net income for the year ended December 31, 2015	-	-	-	261,785	-	-	261,785
Other comprehensive income (loss)	-	-	-	(21,212)	(1,028)	3,181	(19,059)
Total comprehensive income (loss)	-	-	-	240,573	(1,028)	3,181	242,726
Appropriation of earnings:							
Legal reserve appropriated	-	116,402	-	(116,402)	-	-	-
Special reserve appropriated	-	-	169,819	(169,819)	-	-	-
Cash dividends of ordinary share	-	-	-	(248,099)	-	-	(248,099)
Special reserve for deduction of stockholders' equity	-	-	1,830	(1,830)	-	-	-
<b>Balance, December 31, 2015</b>	\$ 2,129,600	243,991	1,050,167	69,858	(1,028)	1,351	3,493,939

Note: The remuneration to directors and supervisors and the employees' bonuses were \$4,093 and \$2,728 which were deducted from the statements of comprehensive income, respectively.

**UNION INSURANCE CO., LTD.**  
**STATEMENTS OF CASH FLOWS**  
**DECEMBER 31 , 2015 AND 2014**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the year ended December 31, 2015</b>	<b>For the year ended December 31, 2014 (restated)</b>
<b>Cash Flows from Operating Activities</b>		
Net Income Before Income Tax	\$ 261,791	562,734
<b>Adjustments to Reconcile Net Income to Net Cash Used in Operating Activities:</b>		
Depreciation expenses	23,826	21,700
Amortization expenses	5,228	8,641
Provision (reversal of provision) for bad debt expense	(2,566)	969
Net gain on Financial assets carried at cost	(840)	-
Interest income	(58,764)	(53,311)
Net changes in insurance liabilities	503,383	(716,040)
Net changes in reserve for insurance with nature of financial instrument	(30,069)	(42,183)
Net changes in reserve for liabilities	(1,039)	3,690
Share of losses of associates and joint ventures accounted for using equity method	2,229	-
Losses (gains) on disposal of property and equipment	(45)	-
Losses (gains) on disposal of investment properties	(5,725)	5,582
(Gain on reversal of) impairment loss of investments	20,029	23,832
<b>Subtotal of Income And Expenses Items With No Effect on Cash Flows</b>	<u>455,647</u>	<u>(747,120)</u>
<b>Net Changes in Operating Assets:</b>		
Decrease (increase) in notes receivable	(32,680)	1,181
Decrease (increase) in premium receivable	179,123	(39,658)
Decrease (increase) in other receivables	3,425	87,560
Decrease (increase) in financial assets measured at fair value through profit or loss	574,268	265,932
Decrease (increase) in other financial assets	(1,808,023)	71,437
Decrease (increase) in reinsurance assets	(297,715)	814,921
Decrease (increase) in current income tax assets	(3,838)	(1,091)
Decrease (increase) in available-for-sale financial assets	108,731	540,667
Decrease (increase) in held-to-maturity financial assets	961	36,020
Decrease (increase) in other assets	(26,247)	(64,689)
<b>Total Net Changes in Operating Assets</b>	<u>(1,301,995)</u>	<u>1,712,280</u>
<b>Net Changes in Operating Liabilities:</b>		
Increase (decrease) in payables	132,326	48,035
Increase (decrease) in other liabilities	(24,290)	(25,454)
<b>Total Net Changes in Operating Liabilities</b>	<u>108,036</u>	<u>22,581</u>
<b>Cash Flows Used in Operating Activities</b>	<u>(476,521)</u>	<u>1,550,475</u>
Interest received	55,620	50,696
<b>Net Cash Flows Used in Operating Activities</b>	<u>(420,901)</u>	<u>1,601,171</u>
<b>Cash Flows from Investing Activities:</b>		
Acquisition of investments accounted for using equity method	(40,319)	-
Acquisition of investment properties	-	(608)
Acquisition of property and equipment	(35,725)	(34,667)
Proceeds from disposal of property and equipment	54	-
Acquisition of intangible assets	-	(2,286)
Proceeds from disposal of investment properties	16,880	9,882
<b>Net Cash Flows from (Used in) Investing Activities</b>	<u>(59,110)</u>	<u>(27,679)</u>
<b>Cash Flows from Financing Activities:</b>		
Cash dividends paid	(248,099)	-
<b>Net Cash Flows from (Used in) Financing Activities</b>	<u>(248,099)</u>	<u>-</u>
<b>Increase (decrease) in Cash and Cash Equivalents</b>	<u>(728,110)</u>	<u>1,573,492</u>
<b>Cash and Cash Equivalents, Beginning of The Period</b>	<u>2,855,073</u>	<u>1,281,581</u>
<b>Cash and Cash Equivalents, End of The Period</b>	<u>\$ 2,126,963</u>	<u>2,855,073</u>