Ticker: 5530

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

Consolidated Financial Statements

For The 12 Months Ended December 31, 2015 and 2014
(Including an Independent Auditor's Audit Report)

Address: 1F., No. 166, Sec. 2, Minquan E. Rd., Taipei City
Tel. No.: (02)2712-1628

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Statement of Declaration

The Company is required to prepare consolidated financial statements 2015 (for the year ended December 31, 2015) with its subsidiaries under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”. Subsidiaries of the Company under the aforementioned legal rule are identical with the subsidiaries defined under IFRS No.10. Information on Financial Status and operation performance of such subsidiaries has been included in the disclosure of the aforementioned consolidated financial statement between parent and subsidiaries and therefore will not be prepared separately.

We hereby make said statement accordingly.

Company name: Lungyen Life Service Corp.
Chairman: Lee Shih-Tsung
Date: March 28, 2016

Independent Auditor's Audit Report

To Board of Directors of Lungyen Life Service Corp.,

We have audited the consolidated balance sheets of Lungyen Life Service Corp. as of December 31, 2015 and 2014, and the related consolidated statements of income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the period then ended. These financial statements are the responsibility of the Company'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 the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted 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 statement 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 Lungyen Life Service Corporation as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting with respect to financial accounting standards, and accounting principles generally accepted in the Republic of China.

Lungyen Life Service Corp. has prepared standalone financial statement as of 2015 and 2014 and it has been audited by our audits, for your reference.

KPMG

CPA:

Approval Document issued by the competent securities authority	：	FSC VI. Tzi No. 0940129108 FSC No. 1020000737

March 28, 2016

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

Consolidated Balance Sheets

For December 31, 2015 and December 31, 2014

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		12.31.2015		12.31.2014	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(1) & (22))	$ 212,719	-	372,338	1
1110	Financial assets at fair value through profit or loss – current (Note 6 (2) & (22))	1,136,101	2	910,703	2
1150	Notes receivable, net (Note 6 (22))	22,220	-	46,749	-
1170	Accounts receivable, net (Note 6(22) & 7)	468,688	1	418,676	1
1320	Inventories (Note 6(3) & 9)	13,563,567	29	12,762,840	31
1400	Biological assets – current (Note 6(4))	54,222	-	33,971	-
1410	Prepayments	8,447,596	18	8,201,325	20
1476	Other financial assets – current (Note 6(10), (22), 7 & 9)	2,209,109	5	2,536,037	6
1479	Other current assets (Note 7 & 9)	3,614	-	6,564	-
		26,117,836	55	25,289,203	61
	Non-current assets:				
1524	Available-for-sale financial assets – non-current (Note 6 (2) & (22))	6,309,634	13	1,866,734	4
1543	Financial assets carried at cost – non-current (Note 6(2) & (22))	23,130	-	27,435	-
1550	Investment under equity method (Note 6(5))	187,793	-	-	-
1600	Property, plant and equipment (Note 6(7))	6,516,579	14	6,222,940	15
1760	Investment property, net (Note 6(8))	6,089,328	13	6,141,719	15
1780	Intangible assets (Note 6(9))	769,496	2	773,054	2
1840	Deferred income tax assets (Note 6(15))	809,184	2	699,366	2
1980	Other financial assets – non-current (Note 6(22))	28,149	-	35,764	-
1990	Other non-current assets	657,892	1	430,886	1
		21,391,185	45	16,197,898	39
	Total assets	**$ 47,509,021**	**100**	**41,487,101**	**100**

		12.31.2015		12.31.2014	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term loan (Note 6(11) & (22))	$ 7,240,500	15	2,589,000	6
2170	Payable notes and accounts (Note 6(22))	433,440	1	509,398	1
2190	Constructions contract payable	-	-	36,577	-
2200	Other payable accounts (Note 6(22) & 7)	442,134	1	385,934	1
2230	Current income tax liabilities (Note 6(15))	191,764	1	91,444	-
2310	Advance receipts (Note 9)	29,550,662	62	27,784,097	67
2399	Other current liabilities (Note 9)	9,527	-	26,582	-
		37,868,027	80	31,423,032	75
	Non-current liabilities:				
2540	Long-term loan (Note 6 (12) & (22))	172,700	-	-	-
2570	Deferred income tax liabilities (Note 6(15))	49,587	-	50,224	-
2640	Accrued pension liabilities (Note 6(14))	28,561	-	24,867	-
2645	Deposit received	67,606	-	50,016	1
2670	Other non-current liabilities	2,981	-	2,981	-
		321,435	-	128,088	1
	Total liabilities	38,189,462	80	31,551,120	76
	Equity attributable to owners of parent (Note 6(16)):				
3100	Capital stock – common stock	3,990,842	9	3,990,842	10
3200	Capital surplus	1,413,044	3	1,392,072	3
	Retained earnings:				
3310	Legal reserve	888,881	2	669,595	2
3320	Special reserve	14,458	-	15,224	-
3350	Unappropriated retained earnings	2,329,600	5	2,912,259	7
3400	Other equity interest	(401,665)	(1)	(14,458)	-
	Total equity attributable to owners of parent	8,235,160	18	8,965,534	22
36xx	Non-controlling interest (Note 6(6) & (16))	1,084,399	2	970,447	2
	Total equity	9,319,559	20	9,935,981	24
	Total liabilities and equity	**$ 47,509,021**	**100**	**41,487,101**	**100**

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

Chairman： **General Manager：** **Chief Accountant：**

Lungyen Life Service Corp. and Subsidiaries

Consolidated Statements of Comprehensive Income

For The Twelve Months Ended December 31, 2015 and 2014

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2015		2014	
		Amount	%	Amount	%
4000	**Operating revenue (Note 6(13), (18) & 7)**	$ 3,529,106	100	5,451,308	100
5000	**Operating cost (Note 6(9), (13) & 7)**	1,235,213	35	1,732,157	32
5900	**Operating gross profit (loss)**	2,293,893	65	3,719,151	68
	Operating expenses (Note 6(9) & 7):				
6100	Selling expenses	658,871	19	1,160,993	21
6200	Administration expenses	429,173	12	438,595	8
6000	**Total operating expenses**	1,088,044	31	1,599,588	29
6500	**Non-operating income and expenses (Note 6(8) & (20)):**	41,109	1	49,588	2
6900	**Operating income (loss)**	1,246,958	35	2,169,151	41
	Non-operating income and expenses (Note 6(21)):				
7010	Other income	308,555	9	250,417	4
7020	Other gains and losses	(85,014)	(2)	150,362	2
7050	Financial costs (Note 6(21))	(76,083)	(2)	(17,717)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6(5))	(6,992)	-	-	-
		140,466	5	383,062	6
7900	**Operating income before tax**	1,387,424	40	2,552,213	47
7950	**Less: Income tax expense (Note 6(15))**	197,844	6	251,786	5
	Net income	1,189,580	34	2,300,427	42
8300	**Other comprehensive income:**				
8310	**Items not to be reclassified into profit or loss**				
8311	Remeasurements of defined benefit plans	(3,086)	-	(1,993)	-
8360	**Items that may be subsequently reclassified to profit or loss:**				
8361	Exchange differences on translation of foreign statements	3,395	-	7,118	-
8362	Unrealized losses on available-for-sale financial assets	(390,602)	(11)	(6,296)	-
8370	Share of other comprehensive profit (loss) of associates and joint ventures accounted for using equity method - items that may be reclassified to profit or loss	-	-	(56)	-
8300	**Other comprehensive income, net**	(390,293)	(11)	(1,227)	-
	Total comprehensive income	**$ 799,287**	**23**	**2,299,200**	**42**
	Net income, attributable to:				
8610	Owners of parent	$ 1,089,361	31	2,192,862	40
8620	Non-controlling interest	100,219	3	107,565	2
		$ 1,189,580	**34**	**2,300,427**	**42**
	Total comprehensive income, attributable to:				
8710	Owners of parent	$ 699,067	20	2,191,635	40
8720	Non-controlling interest	100,220	3	107,565	2
		$ 799,287	**23**	**2,299,200**	**42**
	Earnings per share (Note 6(15))				
9750	**Basic earnings per share (NTD)**	**$ 2.73**		**5.49**	
9850	**Diluted earnings per share (NTD)**	**$ 2.73**		**5.49**	

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

Chairman： **General Manager：** **Chief Accountant：**

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

Consolidated Statements of Changes in Equity

For The Twelve Months Ended December 31, 2015 and 2014

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	Equity attributable to owners of parent											
			Retained earnings				Other equity interest					
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on foreign translation	Unrealized gains (losses) on available-for-sale financial assets	Total	Total equity attributable to owners of parent	Non-controlling interest	Total equity
Balance – January 1, 2014	$ 3,990,842	1,395,659	467,987	19,835	2,517,500	3,005,322	(15,280)	56	(15,224)	8,376,599	959,005	9,335,604
Net profit	-	-	-	-	2,192,862	2,192,862	-	-	-	2,192,862	107,565	2,300,427
Other comprehensive income	-	-	-	-	(1,993)	(1,993)	7,118	(6,352)	766	(1,227)	-	(1,227)
Total comprehensive income	-	-	-	-	2,190,869	2,190,869	7,118	(6,352)	766	2,191,635	107,565	2,299,200
Legal reserve	-	-	201,608	-	(201,608)	-	-	-	-	-	-	-
Special reserve	-	-	-	(4,611)	4,611	-	-	-	-	-	-	-
Shareholders' bonus – cash, NT$4 per share	-	-	-	-	(1,596,337)	(1,596,337)	-	-	-	(1,596,337)	-	(1,596,337)
Acquisition or disposal of shares in subsidiaries difference between the price and the book value	-	(3,587)	-	-	(2,776)	(2,776)	-	-	-	(6,363)	6,363	-
Increase/decrease in non-controlling interest	-	-	-	-	-	-	-	-	-	-	(102,486)	(102,486)
Balance – December 31, 2014	3,990,842	1,392,072	669,595	15,224	2,912,259	3,597,078	(8,162)	(6,296)	(14,458)	8,965,534	970,447	9,935,981
Net profit	-	-	-	-	1,089,361	1,089,361	-	-	-	1,089,361	100,219	1,189,580
Other comprehensive income	-	-	-	-	(3,086)	(3,086)	3,395	(390,602)	(387,207)	(390,293)	-	(390,293)
Total comprehensive income	-	-	-	-	1,086,275	1,086,275	3,395	(390,602)	(387,207)	699,068	100,219	799,287
Legal reserve	-	-	219,286	-	(219,286)	-	-	-	-	-	-	-
Special reserve	-	-	-	(766)	766	-	-	-	-	-	-	-
Shareholders' bonus – cash, NT$3.6 per share	-	-	-	-	(1,436,703)	(1,436,703)	-	-	-	(1,436,703)	-	(1,436,703)
Acquisition or disposal of shares in subsidiaries difference between the price and the book value	-	20,972	-	-	(13,711)	(13,711)	-	-	-	7,261	(7,261)	-
Increase/decrease in non-controlling interest	-	-	-	-	-	-	-	-	-	-	20,994	20,994
Balance – December 31, 2015	**$ 3,990,842**	**1,413,044**	**888,881**	**14,458**	**2,329,600**	**3,232,939**	**(4,767)**	**(396,898)**	**(401,665)**	**8,235,160**	**1,084,399**	**9,319,559**

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

Chairman： **General Manager：** **Chief Accountant：**

Lungyen Life Service Corp. and Subsidiaries

Consolidated Statements of Cash Flows

For The Twelve Months Ended December 31, 2015 and 2014

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2015	2014
Cash flows from operating activities:			
Profit (loss) before tax	$	1,387,424	2,552,213
Adjustments:			
Adjustments to reconcile profit (loss)			
Depreciation expense		136,717	105,666
Amortization expense		10,910	11,379
Provision (reversal of provision) for bad debt expense		(721)	6,935
Net loss (gain) on financial assets or liabilities at fair value through profit or loss		112,187	(75,646)
Interest expense		76,083	17,717
Interest income		(113,054)	(90,198)
Dividend income		(83,458)	(15,158)
Share of loss (gain) of associates and joint ventures accounted for using equity method		6,992	-
Loss (gain) on disposal of property, plan and equipment		2,845	3,144
Loss (gain) on disposal of investment properties		-	(15,731)
Loss (gain) on disposal of intangible assets		573	3,745
Loss (gain) on disposal of investment		(2,254)	(207)
Exchange loss (gain) on disposal of financial assets		3,000	7,000
Loss (gain) on disposal of available-for-sale financial assets		13,931	(80,648)
Total adjustments to reconcile profit (loss)		163,751	(122,002)
Changes in operating assets and liabilities:			
Changes in operating assets:			
Financial assets held for trading		(337,585)	24,470
Decrease (Increase) in notes receivable		24,529	(19,969)
Decrease (Increase) in accounts receivable		(49,291)	(89,556)
Decrease (Increase) in construction contract receivable		-	8,492
Decrease (Increase) in inventories		(800,727)	(436,389)
Decrease (Increase) in biological assets		(20,555)	(22,706)
Decrease (Increase) in prepayments		(246,271)	69,139
Decrease (Increase) in other financial assets - current		572,775	(289,676)
Decrease (Increase) in other current assets		3,072	(1,140)
Total changes in operating assets		(854,053)	(757,335)
Changes in operating liabilities:			
Increase (Decrease) in accounts payable		(75,958)	47,372
Increase (Decrease) in construction contract receivable		(36,577)	21,675
Increase (Decrease) in other payable		56,846	(106,586)
Increase (Decrease) in advance receipts		1,811,822	188,285
Increase (Decrease) in other current liabilities		(17,032)	11,183
Accrued pension liabilities		608	568
Total changes in operating liabilities		1,739,709	162,497
Total changes in operating assets and liabilities		885,656	(594,838)
Total adjustments		1,049,407	(716,840)
Cash inflow (outflow) generated from operations		2,436,831	1,835,373
Interest received		117,213	72,418
Dividend received		83,458	15,158
Interest paid		(72,696)	(14,819)
Income taxes refund		-	38,197
Income taxes (paid)		(207,958)	(338,460)
Net cash flows from (used in) operating activities		2,356,848	1,607,867

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

Consolidated Statements of Cash Flows (continued)

For The Twelve Months Ended December 31, 2015 and 2014

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	2015	2014
Cash flows from (used in) investing activities:		
Acquisition of available-for-sale financial assets	(6,037,833)	(1,794,639)
Proceeds from disposal of available-for-sale financial assets	1,190,886	-
Acquisition of financial assets carried at cost	(4,500)	-
Proceeds from disposal of financial assets carried at cost	-	3,013
Proceeds from capital reduction of financial assets carried at cost	5,805	21,586
Acquisition of investment using equity method	(196,723)	-
Acquisition of property, plant and equipment	(434,176)	(970,997)
Proceeds from disposal of property, plant and equipment	8,493	2,675
Acquisition of intangible assets	(7,967)	(3,040)
Proceeds from disposal of intangible assets	239	188
Acquisition of investment properties	(277)	(1,019)
Proceeds from disposal of investment properties	-	32,393
Decrease in other financial assets	(244,109)	197,004
Increase in other non-current assets	(227,006)	84
Net cash flows from (used in) investing activities	(5,947,168)	(2,512,752)
Cash flow from (used in) financing activities:		
Increase in short-term loans	12,930,400	5,114,500
Decrease in short-term loans	(8,278,900)	(3,527,500)
Increase in long-term loans	172,700	-
Increase (decrease) in guarantee deposits received	17,590	(404)
Cash dividends	(1,436,703)	(1,596,337)
Change in non-controlling interests	20,994	(102,486)
Net cash flows from (used in) financing activities	3,426,081	(112,227)
Effects of foreign exchange rates changes on cash and cash equivalents	4,620	7,111
Net increase (decrease) in cash and cash equivalents	(159,619)	(1,010,001)
Cash and cash equivalents at beginning of period	372,338	1,382,339
Cash and cash equivalents at end of period	$ 212,719	372,338

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

Chairman： **General Manager：** **Chief Accountant：**

Lungyen Life Service Corp. and Subsidiaries
Notes to Consolidated Financial Statements
For The Twelve Months Ended December 31, 2015 and 2014

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

I. Company profile

Lungyen Life Service Corp. (formerly known as Dahan Development Corp.) (hereinafter referred to as the "Company") was incorporated in March 1987. The Company is primarily engaged in funeral service, development and lease of interment premises, and development and lease of residential areas and buildings. Please refer to Note 14.

In order to respond to the merger and acquisition policy encouraged by the Government, and to enhance the effect of future resources integration and utilization, and development of strategic businesses, upon resolution of the temporary shareholders' meeting on October 12, 2010, Lungyen Life Service Co., Ltd. should be consolidated with the Company pursuant to Merger and Acquisition Act and other related laws. The consolidation was approved by the Financial Supervisory Commission of Executive Yuan via its approval letter under Ching-Kuan-Chen-Fa-Tze No. 1000001274 dated January 26, 2011. On the same day, the Board of Directors of the Company also approved that the base date of consolidation should be February 1, 2011. The Company held the surviving company upon the consolidation and renamed Lungyen Life Service Corp. The alteration registration was completed on March 18, 2011.

II. Approval and procedures of the consolidated financial statements

The quarterly consolidated financial statements were accepted and published by the Board of Directors on March 28, 2016.

III. Application of new and revised standards and interpretations

1. Impact from adopting new version of IFRS approved by Financial Supervisory Commission

Commencing 2015, the Consolidated Company fully adopts 2013 version of IFRS (not including IFRS No. 9 'Financial instruments') as endorsed by FSC in preparing the consolidated financial statements. The related new, amended and revised standards as well as interpretations are listed as below:

New／Amended／Revised Standards and Interpretations	Effective date per IASB
Amendments to IFRS No. 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"	7.1.2010
Amendments to IFRS No. 1 "Severe hyper-inflation and removal of fixed dates for first-time adopters"	7.1.2011
Amendments to IFRS No. 1 "Government Loans"	1.1.2013
Amendments to IFRS No. 7 "Disclosures – Transfers of Financial Assets"	7.1.2011
Amendments to IFRS No. 7 " Disclosures – Offsetting Financial Assets and Financial Liabilities "	1.1.2013
IFRS No. 10 "Consolidated Financial Statements"	1.1.2013

New／Amended／Revised Standards and Interpretations	Effective date per IASB
	(Investment entities were effective on January 1, 2014)
IFRS No. 11 "Joint Arrangements"	1.1.2013
IFRS No. 12 "Disclosure of Other Vehicle's Equity"	1.1.2013
IFRS No. 13 "Fair Value Measurement"	1.1.2013
Amendments to IAS No. 1 "Presentation of items of other comprehensive income"	7.1.2012
Amendments to IAS No. 12 "Deferred Tax: Recovery of Underlying Assets"	1.1.2012
Amendments to IAS No. 19 "Employee Benefits"	1.1.2013
Amendments to IAS No. 27 "Separate financial statements"	1.1.2013
Amendments to IAS No. 32 "Offsetting Financial Assets and Financial Liabilities"	1.1.2014
Interpretations of IFRS No. 20 "Stripping Costs in the Production Phase of a Surface Mine"	1.1.2013

Assessing the impact, the consolidated company believes that the adoption of 2013 version of IFRS did not result in significant changes to the consolidated financial statements. The exceptions are as follow:

(1) IAS No. 1 "Presentation of Financial Statements"

This standard revised the presentation of other comprehensive income and divided the items listed at other comprehensive income into two categories accordingly to their characteristics: "items that will not be reclassified to profit or loss in subsequent periods", and "items that might be reclassified to profit or loss in subsequent periods". Simultaneously, this amendment formulated that if the items of other comprehensive income are presented as before tax, then the related tax amount shall be shown individually in accordance with previous-mentioned two categories. The Consolidated Company has adjusted the presentation of comprehensive income statements in accordance with this standard.

(2) IFRS No. 12 "Disclosure of Other Vehicle's Equity"

In accordance with the standard, the Consolidated Company increased information disclosure of subsidiaries and affiliate enterprise (Note 6(5)).

(3) IFRS No. 13 "Fair Value Measurement"

The standard changed definition of fair value, established measurement structure of fair value, and regulated relevant disclosure of fair value measurement. The Consolidated Company has disclosed relevant information of fair value measurement (Note 6(21)) and postponed the fair value measurement of new standard, while it is not necessary to provide comparable period information of new disclosure. The application of new measurement has been postponed in 2015, but it did not cause significant impact on fair value measurement under the Consolidated Company' assets and liabilities items.

2. Impact from IFRS issued by the IAS Board but not yet approved by the FSC

The following table depicts the new, amended, revised standards and interpretations issued by the IAS Board but not yet approved by the FSC:

New／Amended／Revised Standards and Interpretations	Effective date per IASB
IFRS No. 9 "Financial Instruments"	1.1.2018
Amendments to IFRS No. 10 & IAS No. 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by Council
Amendments to IFRS No. 10, IFRS No. 12 and IAS No. 28 "Investment Entities: Applying the Consolidation Exception"	1.1.2016
Amendments to IFRS No. 11 "Accounting for Acquisitions of Interests in Joint Operations"	1.1.2016
IFRS No. 14 "Regulatory Deferral Accounts"	1.1.2016
IAS No. 15 "Revenue from Contracts with Customers"	1.1.2018
IFRS No. 16 "Leases"	1.1.2019
Amendments to IAS No. 1 "Disclosure Initiative"	1.1.2016
Amendments to IAS No. 7 "Disclosure Initiative"	1.1.2017
Amendments to IAS No. 12 "Recognition of Deferred Tax Assets for Unrealised Losses"	1.1.2017
Amendments to IAS No. 16 & 38 "Clarification of Acceptable Methods of Depreciation and Amortisation"	1.1.2016
Amendments to IAS No. 16 & 41 "Agriculture: Bearer Plants"	1.1.2016
Amendments to IAS No. 19 "Defined Benefit Plans: Employee Contributions"	7.1.2014
Amendments to IAS No. 27 "Equity Method in Separate Financial Statements"	1.1.2016
Amendments to IAS No. 36 "Recoverable Amount Disclosures for Non-Financial Assets"	1.1.2014
Amendments to IAS No. 39 "Novation of Derivatives and Continuation of Hedge Accounting"	1.1.2014
Annual Improvements cycle 2010-2012 & 2011-2013	7.1.2014
Annual Improvements cycle 2012-2014	1.1.2016
IFRIC No. 21 "Levies"	1.1.2014

The Consolidated Company is in the process of assessing the impact of the above-mentioned standards and interpretations on the financial condition and operating results of the Consolidated Company. Relevant impact will be disclosed when completing the assessment.

IV. Summary of significant accounting policies

The consolidated financial report utilizes significant accounting policies summary as below. Despite other explanations, the following accounting policies are all applied to the period presented in this consolidated financial report.

(I) Compliance Statement

The consolidated financial report is prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (referred to as "the Regulations" hereinafter) and the international financial reporting standard, international accounting standards, interpretation, and bulletin (referred to as "the IFRS approved by the

FSC" hereinafter) approved by the FSC.

(II) Basis of consolidation

1. Basis of measurement

Except for the important items in the balance sheet as below, the consolidated financial report has been prepared in accordance with the historical cost:

(1) Financial instruments measured at fair value through profit or loss (including derivatives);
(2) Available-for-sale financial assets valued at fair value;
(3) Biological assets valued at fair value net of selling cost; and
(4) Defined benefit liabilities (or assets) are recognized in accordance with the fair value of pension fund assets deducted by net present value of defined benefit obligation and maximum effects in Note 4(14).

2. Functional currency and presentation currency

Each vehicle of the Consolidated Company makes the currency of the primary economic environment its functional currency. The consolidated financial report is prepared in the Company's functional currency, NT Dollar. All financial information expressed in New Taiwan Dollar is with the monetary unit of NT$ Thousand.

(III) Basis of consolidation

1. Principle for preparation of consolidated financial statements

The Company and its subsidiaries are the business entity of the consolidated financial report prepared. The Company controls the investee when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiaries are integrated into the consolidated financial statements from the day acquired control over the subsidiaries until the day loss control over the subsidiaries. The inter-company transaction, balance amount, and unrealized income and expense of the Consolidated Company are eliminated from the quarterly consolidated financial statements prepared. The consolidated profit or loss of the subsidiaries should be attributable to owners of the parent and non-controlling equity even if the non-controlling equity is with a deficit balance.

Financial statements of subsidiaries have already been adjusted properly, so that of which accounting policy consists with that used by the Consolidated Company.

If the Consolidated Company's equity ownership change in a subsidiary does not result in loss of control, it is treated as equity transaction with the shareholders. The adjusted amount of non-controlling interests, which resulted in the difference between the fair value and consideration paid or received, is recognized directly in equity and attributed to owners of the Company.

2. The subsidiaries included in the quarterly consolidated financial statements

The subsidiaries included in the quarterly consolidated financial statements include:

Name of investment company	Name of subsidiary	Nature of business	Shareholding ratio 12.31.2015	Shareholding ratio 12.31.2014	Remarks
The Company	Jin Huang Construction Co., Ltd.	Architecture and Civil Engineering business operations	98.20%	98.20%	Note 4(3).4(2)
The Company	Yuji Development Corp.	Funeral services business operations	54.42%	56.25%	Note 4(3).4(1)

Name of investment company	Name of subsidiary	Nature of business	Shareholding ratio 12.31.2015	Shareholding ratio 12.31.2014	Remarks
The Company	Longding Life Sciences Inc.	Flowers growing, wholesale, and retail business operations	84.29%	60.71%	Note 4(3).4(4)
The Company	Dahan Property Management Co., Ltd.	Housing and building development and rental business operations, etc.	80.00%	80.00%	-
The Company	Sea Dragon Traders Ltd. (BVI)	Investment business	100.00%	100.00%	Note 4(3).4(5)
The Company	Singapore Lungyen Life Service Pte. Ltd.	Funeral services business operations	100.00%	100.00%	-
The Company	Zekaen Co. Ltd.	Flowers growing, wholesale, and retail business operations	100.00%	100.00%	Note 4(3).4(3)
Yuji Development Corp.	Lung Fu Company Limited	Funeral services business operations	77.75%	77.75%	-
Zekaen Co. Ltd.	Longding Life Sciences Inc.	Flowers growing, wholesale, and retail business operations	- %	31.75%	Note 4(3).4(4)

3. The subsidiaries that are not included in the consolidated financial statements: None.
4. Changes in subsidiary:
(1) Yuji Development Corp. increased cash capital for NT$79,410 thousand and NT$9,545 thousand, issued at premium in February and September, 2015. The Company did not take up new shares as proportion previously held, and this has caused the Company's ownership to decrease from 56.25% to 54.61% and then from 54.61% to 54.42%.
(2) In August 2014, upon the resolution by the Annual Meeting of Shareholders, the subsidiary company Jin Huang Construction Co. Ltd. reduced cash capital in order to adjust capital structure and to improve the return on equity (ROE). The total amount was NT$177,500 thousand and was returned based on the ordinary shareholding ratio of each shareholder. The capital reduction ratio was 88.75%. After the capital reduction, the paid-in capital of Jin Huang was NT$22,500 thousand, and the reduction effective date was August 5, 2014.
(3) In May 2014, the Company purchased shares of Zekaen Co. Ltd. from Japanese companies which are Fuji Kogyo Co., Ltd. and You Ka En Inc., and its stake from 73.85% to 100%. Additionally, in December 2015, Zekaen Co. Ltd. conducted capital reduction to offset company losses for NT$39,392 thousand, share par value NT$10, totaling 3,939 thousand shares. Zekaen Co. Ltd. also conducted capital injection in December 2015 for NT$443,391 thousand, issued at par, totaling 44,339 thousand shares. Furthermore, on January 13, 2016, Board of Directors resolved to revise Memorandum of Association, changed the company name to “Lung An Company Limited”, and changed the business address to Kaohsiung City. Funeral service business, housing and building development, rental business, ritual supply retail business, building material retail business and agency services are added to the nature of business.
(4) In March 2014, the subsidiary company Longding Life Sciences Inc. increased cash capital to 45,000 thousand, issued at par, the Company did not take up new shares as proportion previously held, this has caused the Company's ownership to increase from 42.11% to 60.71%, Zekaen Co. Ltd. to decrease to 31.75%. Additionally, Longding Life Sciences increased cash capital for NT$210,000 thousand in September 2015,

issued at par. The Company took up all the shares, so this has caused the Company's ownership to increase from 60.71% to 84.29%, and Zekaen Co. Ltd's to decrease from 31.75% to 12.70%. Furthermore, Zekaen Co. Ltd sold its total shares of Longding Life Sciences Inc. to unrelated natural person. This has caused its ownership to decrease from 12.7% to 0%.

(5) The Company invested in Sea Dragon Traders Ltd. in January, 2015. Investment amount is US$4,700 thousand, with 100% ownership.

(IV) Foreign currency

1. Transactions in foreign currencies

Foreign currency transactions are translated in accordance with the exchange rate on the transactions date as the functional currency. Foreign currency monetary items are translated in accordance with the prevailing exchange rates into the functional currency on the end of reporting period. The exchange gain or loss is the difference between the amortized cost valued in functional currency at the beginning less the adjusted current effective interest and payment and the amortized cost value in foreign currency translated in accordance with the exchange rate on the reporting date.

The foreign currency non-monetary item measured at fair value is translated into functional currency in accordance with the exchange rate on the valuation date. The foreign currency non-monetary item valued at historical cost is translated in accordance with the exchange rates on the transaction date.

Except for non-monetary available-for-sale equity instrument, financial liabilities designated as hedges of foreign institution's net investment or qualified cash flow hedge, the foreign currency exchange difference arising from translation is recognized in "Other comprehensive profit or loss" while others are recognized in "Profit or loss."

2. Foreign operating agency

Foreign institution's assets and liabilities include goodwill arising on acquisition and fair value adjustments that are translated into the functional currency on the reporting date. Except for highly inflationary economy, income and expenses are translated into the functional currency in accordance with the current average exchange rates; also, the resulted exchange differences are recognized in "Other comprehensive profit or loss."

When the disposal of a foreign operation causes a loss of control, loss of joint control, or significant influence, the cumulative exchange difference related to the foreign operation is entirely reclassified as "Profit or loss." If some of the foreign institution's subsidiaries are disposed of, the related cumulative exchange difference is proportionally re-attributed to the non-controlling equity. If some of the foreign institution's affiliated enterprises or joint ventures are disposed of, the related cumulative exchange difference is proportionally re-attributed to the "Profit or loss".

For the foreign institution's monetary receivable or payable, if there is no settlement plan available and without possibility in the foreseeable future to be settled, the resulted foreign exchange gains and losses is deemed as the foreign institution's net investment and is recognized in "Other comprehensive profit or loss."

(V) Classification of assets and liabilities as current and non-current

Assets in compliance with one of the following conditions are classified as current assets. Assets other than current assets are classified as noncurrent assets:

1. Expected to realize in the normal business cycle of the Consolidated Company, or with intent to sell or consume.

2. Primarily for trading purposes.
3. Expected to be realized within 12 months after the balance sheet date.
4. Cash or cash equivalent, but does not include those to be used for exchange or settlement of liabilities within 12 months after the balance sheet date or the restricted cash or cash equivalent.

Liabilities in compliance with one of the following conditions are classified as current liabilities. Liabilities other than current liabilities are classified as noncurrent liabilities:

1. Expected to be settled in the normal business cycle of the Consolidated Company.
2. Primarily for trading purposes.
3. Expected to be settled within 12 months after the balance sheet date.
4. The Consolidated Company cannot unconditionally have the settlement period extended for at least 12 months after the balance sheet date. The classification of the liabilities that are settled with equity instrument issued at the choice of the counterparty is not affected thereafter.

(VI) Cash and cash equivalent

Cash and cash equivalent includes cash on hand, demand deposits, and short-term with high liquidity investment that is readily convertible to known amounts of cash with insignificant risk of changes in value.

(VII) Financial instruments

Financial assets and financial liabilities are recognized when the Consolidated Company has become a party to the financial instrument contract.

1. Financial assets

The Consolidated Company's financial assets are classified as follows: Financial assets, available-for sale financial assets, loans, and receivables measured at fair value through profit or loss.

(1) Financial assets measured at fair value through profit or loss

The type of financial assets meant for the ones available-for-sale or measured at fair value through profit or loss.

Available-for-sale financial assets are acquired or incurred principally for the purpose of sales or repurchase in a short term. For the financial assets other than the available-for-sale financial assets, the Consolidated Company in one of the following situations has the fair value measurement through profit or loss designated at the initial recognition:

A. Eliminating or significantly minimizing the measurement or recognition inconsistency arising from measuring assets or liabilities on a different basis and recognizing the related gains and losses.
B. The performance of financial assets is measured at fair value.
C. Hybrid instruments contain embedded derivatives.

These financial assets are initially recognized at fair value. Transaction cost is recognized in profit or loss upon incurred. Subsequent valuation is based on the fair value measurement. The resulting gain or loss (including the related dividend income and interest income) is recognized as profit or loss; also, it is booked in the "Other profit or loss" of the "Non-operating income and expenses." The financial assets that are purchased or sold in accordance with the general trade practice are processed in accordance with the trade date accounting.

If these financial assets are an equity investment "without quoted market price and reliably measured fair value," they are measured at cost less the amount of impairment loss and it is reported in "Financial assets carried at cost."

(2) Available-for-sale financial assets

This kind of financial assets is appointed as available-for-sale or non-derivative financial assets that are not classified as other categories. Initial recognition is measured in accordance with fair value adding transaction cost which can be directly classified. Subsequent measurement is in accordance with fair value, despite deducting impairment loss, interest income calculated based on effective interest rate method, dividend income and foreign currency exchange gain or loss of monetary financial assets, other changes of book value should be recognized as other comprehensive profit or loss, and accumulated at the unrealized gain or loss of the available-for-sale financial assets under equity. When derecognizing, the accumulative profit or loss under equity is reclassified to profit or loss. When purchasing or selling financial assets utilizes transaction date accounting treatment based on transaction practices.

If this kind of financial assets is classified as equity investment "without quoted market price in active market and of which fair value cannot be reliably measured", then it should be measured based on cost deducting impairment loss, and presented as "financial assets valued at cost.

Dividend income of equity investment should be recognized when the Consolidated Company has the right to receive dividends (usually on ex-dividend date).

(3) Loans and receivables

Loans and receivables are financial assets without quoted market price and with fixed or determinable payments, including accounts receivable and other receivables. Initially recognized at fair value plus directly attributable transaction cost. Subsequent measurement is with the use of the effective interest method by having the amortized cost less impairment loss, except for the insignificant interest recognition of short-term receivables. The financial assets that are purchased or sold in accordance with the general trade practice are processed in accordance with the trade date accounting.

Interest income is reported in the "Other income" of the "Non-operating income and expenses."

(4) Financial assets impairment

For the financial assets that are not measured at fair value through profit or loss, the impairment is assessed on each reporting date. When there is objective evidence that the estimated future cash flow of the financial asset is affected by one or more events occurred after the initial recognition, the impairment of the financial assets has already occurred.

Objective evidence of financial assets impairment includes significant financial difficulty of issuer or obligor, default (such as, interest or principal payments delay or non-performing), the debtor faces possible bankruptcy or other financial reorganization, and active financial assets market disappeared due to financial difficulty. Besides, when the fair value of available-for-sale equity investment decreases significantly or continually to lower than its cost, it is also objective impairment evidence.

The individually assessed accounts receivable without impairment is further assessed for impairment on a collective basis. Objective evidence of collective receivables impairment includes the Consolidated Company's experience in collections, the increase of delay payment over the average credit period, and the national or regional economic changes related to the delay payment on receivables.

The impairment loss amount of the financial assets measured at amortized cost is recognized for the difference between the book value of the asset and the present value of the estimated future cash flows discounted at the financial asset's initial effective interest rate.

The impairment loss amount of the financial assets measured at cost is recognized for the difference between the book value of the asset and the present value of the estimated future cash flows discounted at the market rate of return for similar assets. The impairment loss shall not be reversed in the subsequent periods.

All financial assets impairment loss is directly deducted from the book value of the financial asset. However, the book value of accounts receivable is decreased through the allowance account. The receivable that is concluded to be uncollectible is written off against the allowance account. Previously written off amounts that are recovered subsequently are credited to the allowance account. Changes in the book value of the allowance account are recognized in "Profit or loss".

When financial assets are measured at amortized cost, if the amount of impairment loss decreases in the subsequent period and the decrease can be objectively linked to an event occurred after the impairment loss was recognized, the previously recognized impairment loss shall be reversed and recognized in profit or loss. However, the book value of the investment on reversal date shall not exceed the amortized cost before recognizing impairment.

Available-for-sale equity method which was initially recognized as impairment loss in profit or loss should not be reversed and recognized as profit or loss. When any fair value which was recognized impairment loss rebounds, the amount should be recognized as other comprehensive income or loss, and cumulated under other equity. If the rebound amount of fair value of available-for-sale liability method can be related objectively to the event occurred after recognizing impairment loss as profit or loss, then it should be reversed and recognized as profit or loss.

Bad debt losses and reversed amount of accounts receivable is reported as administrative expense. Impairment loss and reserved amount of financial assets other than accounts receivable is reported in the "Other gains and losses" of the "Non-operating income and expenses."

(5) Elimination of financial assets

Consolidated Company derecognizes financial assets only when the contractual rights on the cash flows from the assets are terminated, or financial assets are transferred and the ownership, risk, and returns of the financial assets have been transferred to other companies.

When one financial asset is derecognized entirely, the difference between the book value and the total amount of the received or receivable plus the amount recognized in other comprehensive profit or loss and accumulated in "Other equity - unrealized gains and losses of available-for-sale g financial assets" is recognized in "profit or loss" and is reported in the "Other gains and losses" of the "Non-operating income and expenses."

When one financial asset is not derecognized entirely, the Consolidated Company based on the relative fair value of each portion on the transfer date has the original book value of the financial asset allocated to the continuingly recognized portion and the derecognized portion. The difference between the book value allocated to the derecognized portion and the total amount of the consideration received for the derecognized portion plus any cumulative gain or loss recognized in other comprehensive profit or loss that is allocated to the derecognized portion is recognized in "profit or loss;" also, it is reported in the "Other gains and losses" of the "Non-operating income and expenses." The cumulative gain or loss that is recognized in "Other comprehensive profit or loss" is allocated to the continuingly recognized portion and the derecognized portion.

2. Financial liabilities

(1) Classification of liabilities or equity

The debt and equity instruments issued by the Consolidated Company are classified as financial liability or equity in accordance with the substance of contractual agreements and the definition of financial liabilities and equity instruments.

Equity instruments are the contracts commending the Consolidated Company's residual equity of assets net of liabilities. The equity instruments issued by the Consolidated Company are recognized at the purchase price net of the direct issue cost.

(2) Other financial liabilities

For the financial liability that is not available-for-sale and is not measured at fair value through profit and (including long-term and short-term loans, accounts payable, and other payables), it was initially recognized at fair value plus any directly attributable transaction cost; also, it is subsequently measured with the effective interest rate method at amortized cost. Interest expense that is not capitalized as assets cost is reported in the "Finance cost" of the "Non-operating income and expenses."

(3) Elimination of financial liabilities

Consolidated Company will have financial liabilities derecognized when the contractual obligation is performed, discharged, or expired.

When financial liability is derecognized, the difference between the book value and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in "Profit or loss" and is reported in the "Other gains and losses" of the "Non-operating income and expenses."

(4) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities can offset against each other only when the Consolidated Company has legal right to conduct offsetting and has intention for net settlement or liquidating asset and settling liability simultaneously; also, shall be expressed in net amount on the balance sheet.

(5) Financial guarantee contract

Financial guarantee contract requires the issuer to make specified payments to reimburse the holder for a loss it incurs if a specified debtor fails to make payment when due under the original or modified terms of a debt instrument.

Financial guarantee contracts, issued and unspecified to be measured by fair value through profit or loss by the Consolidated Company, initially are measured by fair value deducting directly classified transaction cost. Subsequent measurement is measured in accordance with the higher one as below: (a) contract obligation amount which is decided by IAS No. 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (b) the balance after initially recognized amount deducted accumulative amortization based on accounting recognition policy.

(VIII) Inventories

1. Building for sales

Inventories are measured at the lower of cost or net realizable value. Cost includes the necessary expense to prepare it in the condition available for use at the designated location and the capitalized loan cost.

Net realizable value is the estimated selling price in ordinary course of business less the estimated cost needed to complete the work and the estimated cost needed to complete the sale.Net realizable value is determined as follows:

(1) Construction Site: Net realizable value is by referring to the estimate made by the competent authorities in accordance with the prevailing market conditions.

(2) Construction in progress: Net realizable value is the estimated selling price (prevailing market conditions) less the estimated cost and selling expense needed to complete.

(3) Real estate for sale: Net realizable value is the estimated selling price (see the estimate made by the competent authorities in accordance with the prevailing market conditions) less the estimated cost and selling expense needed to sell the real estate.

2. Invest and construct columbarium and cemetery for sale

Construction in progress includes the cost of land and construction, upon completion, the permanent right to use that has been transferred to the clients is recognized as current operating cost proportionally to the selling price of columbarium and cemetery; also, the others are recognized as columbarium and cemetery for sale. Deferred marketing expenses are the direct marketing costs incurred for the sale of columbarium and cemetery during the construction period and it will be booked as current expense when income is recognized upon completion.

Interest expense incurred to have the construction in progress (including land and construction in progress) available for use or completed shall be capitalized. Columbarium and cemetery for sale is measured at the lower of cost or net realizable value.

(IX) Biological assets

Biological assets are measured at the fair value net of the selling cost for initial recognition and on each reporting date. Selling cost, except for finance cost and income tax, includes incremental cost directly attributable to the disposed asset. Gain or loss from the initial recognition of biological assets and the gain or loss resulted from the changes in fair value less selling cost is included in current profit or loss.

Biological asset on the harvest day is transferred to inventory at its fair value less selling cost.

(X) Construction contract

Construction contract meant for the total amount to be collected from the customers but not yet billed proportionally to the construction work completed as of the reporting date. It is measured in accordance with the cost plus recognized profits as of the reporting date and less the billing made for the construction completed and the amount of loss recognized. Cost includes all expenses directly related to a specific project and fixed and variable manufacturing overhead expense allocated in accordance with the normal capacity.

If input cost plus recognized profits exceed construction-in-progress billing, construction contract is expressed on the balance sheet as construction receivables. If the construction-in-progress billing amount is greater than the cost incurred plus recognized profits, the difference is expressed on the balance sheet as construction payables.

(XI) Investment in affiliated enterprises

Affiliated enterprise is the one that the Consolidated Company has significant influence but not control over its financial and operating policies. If the Consolidated

Company owns 20%~50% voting rights of the invested company, it is assumed to have significant influence.

Under equity method, the original acquisition is recognized at cost and the investment cost includes transaction cost. The book value of investments in affiliated enterprises includes the goodwill recognized in original investment net of any accumulated impairment loss.

The consolidated financial report includes the period from the date the significant influence received to the date the significant influence ceased. After adjusting the accounting policies to be consistent with the Consolidated Company's, the Consolidated Company recognizes the affiliated enterprise's profit or loss and other comprehensive profit or loss proportionally to equity.

The unrealized gains arising from the transactions conducted between the Consolidated Company and the affiliated enterprise has been written off within the range of the invested company's equity held by the Consolidated Company. The elimination method for unrealized losses is same as the one for unrealized gains, but limited to the case without evidence of impairment.

When the loss in the affiliated enterprise recognized proportionally by the Consolidated Company equals or exceeds its interest in the affiliated enterprise, stop recognizing loss; also, only recognizes additional loss and related liability upon the occurrence of a legal obligation, constructive obligations, or prepayment made on behalf of the invested company.

(XII) Investment property

Investment property is held for earning rent income or for capital appreciation, or both, rather than for normal business operation, for sale, used in production, for supply of goods or services, or for administrative purposes. Investment property is initially recognized at cost and then subsequently measured at cost again. The depreciation expense is appropriated in accordance with the depreciable amount after the initial recognition. The depreciation methods, useful lives, and residual values of investment property are same as the practice of the property, plant, and equipment. Cost includes the expense that can be directly attributable to the real estate acquired. The cost of the self-constructed investment property includes materials, direct labor, and directly attributable cost and capitalized loan cost to have the investment property ready for use. The estimated endurance life of current and comparable period is 2~55 years.

If the intended use of an investment property is changed and it is then reclassified as property, plant, and equipment, the reclassification is made in accordance with the book value at the time of changing the intended use.

(XIII) Real property, plant, and equipment

1. Recognition and measurement

The property, plant, and equipment is recognized and measured in accordance with the cost model; also, it is measured in accordance with the cost net of accumulated depreciation and accumulated impairment. Cost includes the expense directly attributable to the assets acquired. The cost of the self-constructed asset includes the cost of materials and direct labor, directly attributable cost to have the asset ready for the intended use, item dismantling and removing and the location recovery cost, and the loan cost of the capitalized assets.

When property, plant, and equipment contains different parts and each part is relatively significant comparing to the total cost of the project and the use of different depreciation rates or methods is more appropriate, it will be deemed and processed as a separate item from the property, plant, and equipment (major component).

The gain or loss from the disposition of property, plant, and equipment bases on the difference between the book value and the disposal amount; also, the net amount is recognized in the "Other gains and losses" of the "Non-operating income and expenses."

2. Reclassified to investment property

When the intended for own-use property is changed to as investment property, the property should be reclassified in accordance with the book value at the time of changing the intended use as investment property.

3. Subsequent cost

If the expected future economic effect arising from the subsequent expenditures of the property, plant, and equipment will probable inflow to the Consolidated Company with an amount can be measured reliably, the expenditure is recognized as part of the book value of the item and the book value of the replaced part is then derecognized.The routine maintenance cost of the property, plant, and equipment is recognized in profit or loss upon incurred.

4. Depreciation

Depreciation is computed at the cost of an asset less its residual value over the estimated useful lives in accordance with the straight-line method. Also, it is assessed by the significant part of the asset. If the useful life of a part of the asset is different from the rest of the asset, the said part should be depreciated separately. The appropriated depreciation is recognized in profit or loss.

If the ownership of the lease asset can be acquired by the Consolidated Company on the expiry date of the lease, the depreciation can be appropriated in accordance with the estimated useful lives; the depreciation of other leased assets is appropriated in accordance with the lease term or the useful lives whichever is shorter.

Land is not depreciated.

The estimated service life of the current year and the comparative period is as follows:

(1) House and building	1～55 years
(2) Office equipments	3～5 years
(3) Transportation equipment	5 years
(4) Other equipments	1～19 years
(5) Assets rented to others	3 years
(6) Leasehold improvement	2～5 years

Depreciation methods, service life, and residual values are examined at the end of each financial year. If the expected value is different from the previous estimate, if necessary, it will be appropriately adjusted. The said changes made will be handled in accordance with the requirements of accounting estimates.

(XIV) Lease

1. Lessor

Assets held under finance leases is presented as "lease payment receivable", at an amount equal to the net investment in the lease. Initial direct cost results from negotiation and arrangement of operating leases is included in net investment in the lease. Net investment in the lease can reflect fixed rate of return during each period and the recognition is apportioned as “financing income” during the leasing period.

The rental income from operating leases is recognized as income over the period of the lease in accordance with the straight-line method. Initial direct cost results from negotiation and arrangement of operating leases is added to book amount of lease assets, and recognized as “expense” on a straight-line basis during the leasing period. The total incentives provided to the lessee for achieving the lease arrangement is recognized as decrease of rental income over the period of the lease in accordance with the straight-line method.

Contingent rental is recognized as “current income” when rental adjustment is determined.

2. Lessee

According to leasing conditions, when the Consolidated Company takes almost all risks and returns of lease assets ownership, the classification is “finance lease”. For initial recognition, the lease assets are measured at the lower of fair value or present value of minimum lease payment before handling in accordance with relevant accounting policy.

Minimum lease payment of financing lease is amortized pro rata on financial cost and can lower outstanding liabilities. Financial cost is based on liability balance and apportioned in accordance with fixed periodic interest rate during each lease period.

”Other leases” is classified as “operating leases” and its assets are not recognized in balance sheet of the Consolidated Company.

The rent payment for operating lease (excluding insurance and maintenance service cost) is recognized as expenses over the period of the lease in accordance with the straight-line method. The total incentive provided by the lessor for achieving the lease arrangement is debited to the rent expense over the period of the lease in accordance with the straight-line method.

Contingent rental is recognized as “current income” when rental adjustment is determined.

If a property is leased back after being sold, the recognition of profit or loss of selling the property is based on lease type of leaseback transaction. When the leaseback transaction becomes financing lease, if the sale price is equal or below fair value, profit or loss should be recognized immediately, except if a loss is compensated for by future rentals at below market price, the loss it should be amortized over the expected period of use. If the sale price is above fair value, the excess over fair value should be deferred and amortized over the expected period of use.

When a leaseback transaction that is classified as operating lease occurs, for the fair value at the time of the transaction is less than the carrying amount case, a loss equal to the difference should be recognized immediately.

On the commencing day of a lease arrangement without legal form, the Consolidated Company should conduct evaluation. If execution of this arrangement is based on usage of specific assets and transfers the use right of the assets, this arrangement is lease or includes lease. On the commencing day of this arrangement or when reevaluating this arrangement, this lease should be classified as “financing lease” or “operating lease” in accordance with aforementioned principle.

If an arrangement includes lease and other elements, the Consolidated Company should divide the payment and other amount into lease section and other elements section based on relative fair value base. If the Consolidated Company believes that it is not possible in practice, in the case of financing lease, the payment is recognized as assets and liabilities based on fair value of the asset. Subsequently, the liability is decreased when actual paid, and the current financial cost of the liability is calculated based on incremental borrowing rate of interest of the Consolidated Company. In contrast, for the case of operating lease, all payment should be viewed as lease expenditure and disclosed details that the payment cannot be classified reliably in Note.

(XV) Intangible assets

1. Goodwill

(1) Initial recognition

The Goodwill arising from the acquisition of subsidiaries is included in the intangible asset.

(2) Subsequent measurement

Goodwill is measured at cost net of the accumulated impairment. For the investment under the equity method, the book value of goodwill is included in the book value of the investment and the impairment loss of the investments is not allocated to goodwill and any asset but as part of the book value of the investment under the equity method.

2. Other intangible assets

The intangible assets acquired by the Consolidated Company are measured at cost less accumulated amortization and accumulated impairment.

3. Subsequent expense

Subsequent expense can be capitalized only when it is able to help increase the future economic benefits of specific asset. All other expenses are recognized in profit or loss upon incurred, including internally developed goodwill and brands.

4. Amortization

The amortizable amount is the cost of the asset less the residual value.

Other than goodwill and intangible assets with indefinite useful life, intangible assets are amortized in accordance with the straight-line method and the estimated useful life from the date it is available for use. Amortization amount is recognized in profit of loss:

(1) Computer software 1~10 years

The residual value, amortization period, and amortization method of intangible assets are examined at least at the end of the fiscal year with the change deemed as changes in accounting estimates.

(XVI) Non-financial assets impairment

The Consolidated Company has inventories, assets arising from construction contracts, deferred income tax assets, assets arising from employee welfare, and non-financial assets other than biological asset assessed for impairment on each reporting date; also, estimates the recoverable amount of the assets with a sign of impairment.If the recoverable amount of an individual asset cannot be estimated, the Consolidated Company estimates the recoverable amount of the cash-generating unit the asset belongs to in order to assess impairment.

The recoverable amount is the fair value of an individual asset or cash-generating unit less selling cost and the value in use whichever is higher. If the recoverable amount of an individual asset or cash-generating unit is less than the book value, the book value of the individual asset or cash-generating unit is adjusted down to the recoverable amount with impairment loss recognized. Impairment losses were recognized immediately in current profit or loss.

The Consolidated Company on each reporting date reassesses whether there are indications that the recognized impairment losses of non-financial assets other than goodwill may no longer exist or have decreased. If the estimates used to determine the recoverable amount are changed, the impairment loss is reversed to increase the book value of an individual asset or cash-generating unit equivalent to its recoverable amount, but may not exceed the book value of an individual asset or cash-generating unit before recognizing impairment loss and after deducting depreciation and amortization.

Goodwill, intangible assets with indefinite useful life, and intangible assets not yet available for use are tested for impairment annually; also, the recoverable amount less than the book value is recognized as impairment loss.

For the purpose of impairment testing, the goodwill acquired in a business consolidation shall be allocated to the Consolidated Company's cash-generating units (or cash-generating group) that is expected to benefit from the synergies of the consolidation effort. If the recoverable amount of the cash-generating unit is less than its book value, an impairment loss is allocated to the cash-generating unit by reducing the book value of its goodwill and then to the book value of each asset within the unit proportionally. The recognized goodwill impairment loss shall not be reversed in the subsequent periods.

(XVII) Provision

The recognition of provision is the current obligation due to past events, so that the Consolidated Company will probably need to flow out economic resources to pay off obligations, and the obligations can be reliably estimated. Provision can reflect that current market discounts time value of money and the pre-tax discount rate of liability specific risk evaluation to present value, the amortization of discounting should be recognized as interest expense.

(XVIII) Income recognition

1. Invest and construct columbarium and cemetery for sale

The proceeds collected for the sales of columbarium and cemetery is booked as advanced receipts and will be recognized as operating income once the permanent right to use is transferred to the client upon completion.

According to Ministry of the Interior, “store ashes units traded the right to use standard contracts shall be documented and recorded" the Act applied to all contract signed after April 1, 2013, in accordance with the historical experience of estimated future occurrence of termination refund and ready to use right of life of the related liabilities of the undertaking.

2. Funeral service

Funeral service is recognized as income upon the completion of the labor service.

The proceeds collected for the sales of reserved labor service is recognized as operating income upon the completion of the labor service. The direct marketing expense incurred for the sale of contracted labor service is booked as deferred marketing expense and it is recognized as current expense upon the completion of the labor service.

3. Construction contract

Contract income is recognized when it is highly probable and can be measured reliably, including the original amount of the contract signed plus any changes associated with the contract, requested compensation, and incentive payments. When the outcome of a construction contract can be estimated reliably, the income and cost related to the construction contract should be recognized as income and expenses on the balance sheet date with reference to the completion of contract activity. The cost of the future events related to the contract should be recognized as assets to the extent of the recoverable amount.

By the nature of the contract, the degree of completion is based on the contract cost incurred proportionate to the estimated total contract cost. If the outcome of a construction contract cannot be estimated reliably, contract income is recognized only to the extent of the expected recoverable cost; also, the expected contract loss is recognized immediately in profit or loss.

4. Rent income

The rent income arising from investment property is recognized in accordance with the straight-line method over the lease period; also, the given lease incentives is deemed as part of the overall rent income and it is credited to the rent income in accordance with the straight-line method over the lease period. The income generated from the sublease of property is recognized in the “Rent income” of the operating income.

(XIX) Employee welfare

1. Defined contribution plan

The defined contribution plan obligation is recognized as employee welfare expense during the labor service period.

2. Defined benefit plan

The retirement pension plan that is not a defined contribution plan is a defined benefit plan. The Consolidated Company’s net obligation under the defined benefit plan is the future benefits earned by employees currently or in the past and it is discounted to present value. Any unrecognized prior service cost and the fair value of the project assets is deducted or eliminated. Discount rate is based on the interest rate that is with a maturity date close to the net obligation deadline of the Consolidated Company and the currency of denomination same as the market yield rate of government bonds for the expected benefit payment on the reporting date.

Enterprise’s annual net obligation is calculated by a qualified actuary with the use of a projected unit welfare method. When the calculation result is favorable to the Consolidated Company, the recognized asset is limited to the total amount of any unrecognized prior service cost and the present value of the total economic benefits available from the future refund of the plan or reduction of funding to the plan. The calculation of the present value of any economic benefits shall consider the minimum capital appropriation requirement applicable to any plan of the Consolidated Company. If the benefit can be realized during the project period or when the project liabilities settled, it means economic benefit to the Consolidated Company.

When the content of the planned welfare is improved, the welfare increase due to the service performed by the employees is recognized in profit or loss in accordance with the straight-line method over the average welfare vesting period. The associated expense of the vested benefit is recognized in profit or loss immediately.

The Consolidated Company’s actuarial gains and losses of the defined benefit plans arising subsequently is recognized immediately in the “Other comprehensive profit or loss.”

Consolidated Company shall have the curtailment or settlement gain or loss of the defined benefit plan recognized upon occurrence. Curtailment or settlement gain or loss includes any changes in the fair value of plan assets, changes in the present value of the defined benefit obligation, any previously unrecognized actuarial gain or loss, and prior service cost.

3. Short-term employee welfare

Short-term employee benefit obligation is measured on an undiscounted basis and is recognized as expense when the related services are provided.

For the short-term cash bonus or the amounts expected to be paid under the bonus plan, if the Consolidated Company has a present legal or constructive obligation to pay for the services rendered by employees before and the obligation can be estimated reliably, the amount is recognized as a liability.

(XX) Income tax

Income tax expense comprises current and deferred tax. In addition to the business combination are recognized directly in equity or in other comprehensive income related to the project, as the current income tax and deferred tax should be recognized in profit or loss.

Income tax includes current year taxable income (loss) of the reporting date at the statutory rate or the rate of substantive legislation expected tax payable or receivable tax refund calculation, and any adjustment to tax payable in previous years.

Deferred tax is provided on temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and their tax base amount of measure to be recognized. Temporary differences arising from the following circumstances shall not be recognized as deferred income tax:

1. Does not belong to a business combination and trading upon initial recognition of an asset or liability and, at the time of the transaction affects neither the accounting profit and taxable income (loss) persons.
2. Equity investments in subsidiaries and joint ventures generated, and it is probable in the foreseeable future will not swing by.
3. Original goodwill recognized.

Deferred income tax is based on the expected tax asset is realized or the liability is settled the current measure and report the date of the statutory tax rate or rates based on substantive legislation.

When Consolidated Company will only meet the following conditions, before the deferred tax assets and deferred tax liabilities offsetting:

1. There is a legally enforceable right to set off current tax assets against current tax liabilities netted; and
2. Deferred tax assets and deferred tax liabilities and one of the following tax levied by the same taxation authority of the taxable entity;
   (1) the same taxable entity; or
   (2) different taxable entities, provided that each of the main intentions of each future period in which significant amounts of deferred tax assets and deferred tax liabilities are expected recovery is expected to be settled, the current income tax liabilities and assets in order to settle on a net basis, or to realize asset and settle the liability.

For unused tax losses and unused tax credits handed turn late, and deductible temporary differences, within the range of probable future taxable income available for use, are recognized as deferred income tax assets. And date to be re-assessed at each reporting be reduced on the related income tax benefit is likely to fall within the scope of non-realized.

(XXI) Business combinations

The acquirer transfers fair value of the consideration based on acquisition date, including amount which is classified as any non-controlling equity of acquiree, deducting acquired identifiable assets and net assumed liabilities (usually fair value) to measure goodwill. If the balance is negative after deducting, then the acquirer reassesses whether it has already identified all acquired assets and all assumed liabilities before recognizing gain from bargain purchase in profit or loss.

Based on transaction by transaction, the acquirer selects the fair value of non-controlling equity in accordance with acquisition date, or measures based on the identifiable assets in proportion with non-controlling equity.

In a business combination achieved in stages, the acquirer re-measures any previously held equity interest in the acquiree at fair value of acquisition date, and recognizes any profit or loss upon incurred. For acquiree’s equity value changes which were already recognized in other comprehensive profit or loss before the acquisition date, the amount should be treated based on the same method that the acquirer directly disposes previously held equity. If it is appropriate to reclassify this equity to profit or loss, then the amount should be reclassified to profit or loss.

If the initial accounting for a business combination can be determined only provisionally by the end of the first reporting period, the business combination is accounted for using provisional amounts. Adjustments to provisional amounts, and the recognition of newly identified asset and liabilities, must be made within the 'measurement period' where they reflect new information obtained about facts and circumstances that were in existence at the acquisition date. The measurement period cannot exceed one year from the acquisition date.

Despite cost related to issued debt or equity method, transaction cost related to business combinations should be recognized as the acquirer’s expense immediately upon incurred.

(XXII) Earnings per share

Consolidated Company lists the basic and diluted earnings per share of the common stock shareholders of the Company. The Consolidated Company’s basic earnings per share is based on the profit or loss of the Company’s common stock shareholder divided by the weighted average number of outstanding common stock shares of the period. The Consolidated Company’s diluted earnings per share is to have the profit or loss of the Company’s common stock shareholder and the weighted average number of outstanding common stock shares calculated after having the effect of the potential diluted common stock adjusted respectively. The Consolidated Company’s potential diluted common stock includes the estimated bonus to employees.

(XXIII) Department information

An operating segment is an integral part of the Consolidated Company, engaged in the business activities that may earn income and incur expenses (including the income and expense of the transactions conducted with other divisions within the Consolidated Company).All operating segments’ operating results are regularly reviewed by the chief operator of the Consolidated Company for decision-making in regard of the resource allocation to each division and evaluating its performance. Each operating division has independent financial information provided.

V. Major source of significant accounting judgments, estimates, and assumptions uncertainty

When the management has the consolidated financial statements prepared in accordance with the International Accounting Standard approved by the FSC, it is necessary to make judgments, estimates, and assumptions that are influential to the accounting policies adopted and the assets, liabilities, and income and expenses amount reported. Actual results may differ from those estimates.

The administering authority continually checks estimation and basic assumption. The accounting estimated changes are recognized in the changeable period and future period being impacted.

For the significant judgments involved in accounting policies and the influential information to the amount recognized in the consolidated financial report, please refer to the following notes:

(I) Note 6(8), The classification of investment property
(II) Note 6(13), The classification of leases

For the assumptions and estimates of uncertainty, and there will be a significant risk of causing a material adjustment to the relevant information about the next one year, please note the following details:

(I) Note 6(22), assessment of impairment of intangible assets
(II) Note 6(3), valuation of inventories
(I) Note 6(9), estimated impairment of intangible assets

VI. Important accounting account

(I) Cash and cash equivalent

		12.31.2015	12.31.2014
Cash on hand	$	3,290	3,450
Check deposits		101,990	366,888
Demand deposits		1,670	-
Time deposits		105,769	2,000
Cash and cash equivalent on the Consolidated Statement of Cash Flow	$	212,719	372,338

1. Time deposits with maturities of within 3 months, which are used for short-term cash commitments instead of investment and are subject to an insignificant risk of changes in their fair value, are classified as cash and cash equivalents.
2. For the interest rate risk and sensitivity analysis disclosure of the consolidated company's financial assets and liabilities, please refer to Note 6(22).

(II) Financial assets

1. Details are as follows:

		12.31.2015	12.31.2014
Financial assets held-for-trading:			
Domestic and foreign common stocks	$	642,723	536,032
Bond investment		99,628	201,769
Beneficiary certificates		393,750	172,902
Total	$	1,136,101	910,703
Available-for-sale financial assets – non-current			
Bond investment	$	1,286,240	1,866,734
Domestic and foreign common stocks		4,951,908	-

		12.31.2015	12.31.2014
Beneficiary certificates		71,486	-
Total	$	6,309,634	1,866,734

		12.31.2015	12.31.2014
Financial assets valued at cost			
Stock Investment - PK Venture Capital Corp.	$	12,815	20,855
Stock Investment – FORTUNE IC FUND I		4,030	4,030
Stock Investment – Chen-Yuan Industry Co., Ltd.		1,785	2,550
Stock Investment – Fuyou Healthcare Co., Ltd.		4,500	-
Total	$	23,130	27,435

(1) The Consolidated Company's stock investment valued at cost referred to above is measured in accordance with the cost net of impairment on the reporting date. Due to the significant range of the reasonable estimate of the fair value and the probability of various estimates cannot be reasonably assessed; the Consolidated Company's management believes that its fair value cannot be reliably measured.

(2) Investee company PK Venture Capital Corp. performed reduction of cash capital on July 3, 2015 and June 16, 2014, the Consolidated Company received capital reduction refund of NT$5,040 thousand and NT$14,400 thousand respectively. Additionally, NT$3,000 thousand and NT$7,000 thousand of impairment loss was reported in 2015 and 2014, respectively.

(3)Investee company Chen-Yuan Industry Co., Ltd. performed reduction of cash capital in on June 16, 2015, the Consolidated Company received capital reduction refund of NT$765 thousand.

(4) On May 15, 2014, the Consolidated Company disposed shares of Ruei Da Venture Capital Co., Ltd. for an amount of NT$3,013 thousand and recognized expected gain on disposal of NT$207 thousand.

(5) The investee company FORTUNE IC FUND I resolved to refund the additional paid in capital and cash dividend in accordance with shareholding ratio 40% in 2014. The Consolidated Company received dividend refund for NT$7,186 thousand.

(6) The coupon rate range of the Consolidated Company's available-for-sale financial assets – non-current on December 31, 2015and 2014, is 3.00%~4.500% and 3.00%~7.88%, respectively. The maturity year is 2017~2028.

(7) In order to acquire long-term stable dividend income, the Consolidated Company invested stocks of domestic listed companies for total NT$4,909,873 thousand in 2015, without any control ability and significant influence, and recognized it under available-for-sale in accordance with holding intention.

(8) The Consolidated Company invested in Fuyou Healthcare Co. Ltd. on August 25, 2015, for investment amount NT$4,500 thousand.

(9) With respect to details of transferring from financial assets measured at fair value through profit or loss to the Trust as of December 31, 2015, and 2014, please refer to Note 9(3) for more information.

(10) As of December 31, 2015 and 2014, the Consolidated Company did not have its financial assets pledged as collateral. Please refer to Note 8 for more information.

2. The Consolidated Company has disclosed the credit, currency, and interest rate exposure related to the financial instruments on Note 6(22).

3. Sensitivity analysis - Equity price risk

The impact of the changes in equity price on the reporting date (the analysis of two terms is completed by using the same basis, and assuming all other variables held constant) on the comprehensive profit and loss is as follows:

	2015		2014	
Stock price on the reporting date	**Other consolidated profit or loss after tax**	**Profit or loss after tax**	**Other consolidated profit or loss after tax**	**Profit or loss after tax**
Increased by 10%	**$ 411,008**	**53,346**	**-**	**44,491**
Decreased by 10%	**$ 411,008**	**(53,346)**	**-**	**(44,491)**

4. Foreign currency equity investment information

At the reporting date significant foreign currency equity investments were as follows:

	12.31.2015			12.31.2014		
	Foreign Currency	**Exchange rate**	**NTD**	**Foreign Currency**	**Exchange rate**	**NTD**
Japanese Yen	$ 158,880	0.273	43,327	157,280	0.265	41,569
RMB	66,697	4.995	333,151	218,968	5.092	1,114,198
USD	37,692	32.825	1,237,250	29,185	31.650	925,677
HKD	75,138	4.235	318,973	25,730	4.080	105,026

(III) Inventory

	12.31.2015	**12.31.2014**
Real estate for sale	$ 4,968	4,968
Columbarium and cemetery for sale	1,465,290	1,517,073
Construction Site	2,396,800	2,051,423
Residential and building under construction	2,245,766	2,245,766
Columbarium and cemetery under construction	6,957,421	6,692,341
Prepayments for land	491,763	249,738
Agriculture Products	1,559	1,531
	$ 13,563,567	**12,762,840**
Expected to be recovered in more than twelve months	**$ 13,391,621**	**12,676,867**

1. In the year 2015 and the year 2014, total interest expense Consolidated Company was NT$76,083 thousand and NT$17,717 thousand, respectively. The interest capitalized amount of residential and building under construction and columbarium and cemetery under construction is zero.
2. Consolidated Company discretionary portion of the land due to land acquisition integration consignee handle matters registered in the name part, the two sides signed the contract, agreed upon land consolidation has been completed, the property will be transferred to an unconditional merger companies, delegates should obtain rights Meanwhile, the right to apply for registration of transfer documents required by the appointment of people with print ready Receipt another matter consignee for such appointment has been opened with the cashier to register its name with the amount of

land value delivered to appoint people Receipt.

3. As a mortgager, the Consolidated Company requested to auction collateral of non-performing loan for NT$252,510 thousand, and acquired land at Huagang section, Shilin Dist through public tender for NT$451,114 thousand, and related legal registration proceedings are already completed. Additionally, the non-performing loan of the Company has recovered NT$316,803 thousand in accordance with Shih-lin Court Chin 96 Chih-Chu Chuang Tzu No. 3289 on November 30, 2015.
4. For the Consolidated Company's inventories pledged as collateral as of December 31, 2015 and 2014, please refers to Note 8.

(IV) Biological assets

		12.31.2015	12.31.2014
Consumable biological assets	$	54,222	33,667
Productive biological assets		-	304
	$	**54,222**	**33,971**

1. Consumable biological assets

		2015	2014
Orchid seedlings			
Balance on January 1, 2015	$	33,667	10,961
Increase due to obtained		10,435	3,406
Decrease due to sold		(29,430)	(13,026)
Transferred seedlings into agriculture		(1,559)	(1,531)
The changes in the fair value less estimated costs to sell		41,109	33,857
Balance on December 31, 2015	**$**	**54,222**	**33,667**

Changes in fair value less estimated costs to sell, presentation of gains and losses in other comprehensive income statement items, please refer to Note 6 (20).

The fair value of the Phalaenopsis and seeding of the most recent market transaction price, but if the economic conditions between the transaction date and the reporting date significant changes, the market price of similar assets adjusted to reflect the difference.

2. Productive biological assets

Reproduction of seedling or cut flower production considered as biological assets, after subsequent evaluation at cost less accumulated depreciation and accumulated impairment impulse, costs associated with the growth cycle of the parent plants are capitalized, and in the mature crop has reached the point of law can be maintained depreciated on a straight-line method, the average depreciation period of 2 years.

For 2015 and 2014 annual production of biological assets, depreciation expenses is NT$304 thousand and NT$897 thousand, respectively.

3. The Consolidated Company is exposed to the Phalaenopsis planted and related risk:

(1) Regulatory and environmental risks

Consolidated Company operating in different countries and are subject to local laws and regulations. In order to ensure compliance with local environmental and other regulations, the combined company to establish policies and procedures related to the environment and the management regularly reviews to identify environmental risks to ensure that there are appropriate systems around the mechanisms to manage these risks.

(2) Supply and demand risk

The sales of Phalaenopsis and seedling were exposed at risks of fluctuations in price and sales volume in Phalaenopsis. In response to this risk, the Consolidated Company adjust the number of flowering plants and an increase in the scale of planting to cope with changes in market supply and demand, and the management of the industry trend analysis on a regular basis to ensure consistent pricing structure of the Consolidated Company and the market, and to ensure that plans and the expected number of flowering consistent demand.

(3) Climate and other risks

Phalaenopsis and planting recruits are exposed due to climate change, disease and other natural factors caused by the risk of injury. In response to this risk, the company has entered into a relevant merger control procedures in order to reduce this risk, including regular health checks and orchid seedling pests and disease investigation.

(4) As of December 31, 2015 and 2014, the Consolidated Company have no biological assets provided as collateral security for the situation.

(V) The investment under equity method

The Consolidated Company's investment under equity method on the reporting date is as follows:

1. Affiliated enterprises

(1)The Consolidated Company's share of the affiliated enterprise under equity method which is not significant individually is summarized as follows. The said financial information is the amount in the Company's individual financial report.

	12.31.2015
Ending balance of affiliated enterprise under equity method which is not significant individually	**$ 187,793**

	2015
Attribute to the Company:	
Continuing operations' current loss	$ (6,992)
Other comprehensive profit or loss	-
Total comprehensive profit or loss	**$ (6,992)**

2. In 2015, the Consolidated Company invested in RIA AWANA SDN. BHD. The total investment amount was RM$3,920 thousand and shareholding ratio was 49.00%, with significant influence.
3. In March 2015, the Consolidated Company participated in the cash capital increase of Witty Dragon Limited (BVI), the investment amount was US$5,264 thousand, and the shareholding ratio was 26.32%, with significant influence.
4. As of December 31, 2015 and 2014, the Consolidated Company did not have its investment using equity method pledged as collateral.

(VI) Subsidiaries in which the Company has significant influence but not control

Subsidiaries in which the Company has significant influence but not control as below:

Name of subsidiaries	Main operation location /Country of registration	Proportion of shareholdings held by non-controlling interest and voting rights 12.31.2015	12.31.2014
Yuji	Taiwan	45.58%	43.75%

Financial information of abovementioned subsidiary is summarized as the followings, in accordance with IFRS approved by FSC. The financial information is based on amount with the Consolidated Company before transaction eliminated:

1. Summarized financial information of Yuji:

	12.31.2015	12.31.2014
Current asset	$ 2,070,894	2,011,442
Non-current asset	362,158	322,157
Current liability	(241,676)	(274,634)
Equity	$ 2,191,376	2,058,965
Book value of ending non-controlling interests	$ 978,216	900,797

	2015	2014
Operating revenue	$ 397,705	452,913
Net income	$ 271,343	253,301
Total comprehensive income	$ 271,343	253,301
Net income, attributable to non-controlling interest	$ 102,158	110,819
Total comprehensive income, attributable to non-controlling interest	$ 102,158	110,819

	2015	2014
Cash flows from operating activities	$ 178,454	236,835
Cash flows from investing activities	(36,154)	(39,189)
Cash flows from financing activities	(168,932)	(168,880)
Net cash flow increase (decrease)	$ (26,632)	28,766
Cash dividend paid to non-controlling equity	$ 103,444	87,010

(VII) Real property, plant, and equipment

The changes in the cost, depreciation, and impairment loss of the consolidated company's property, plant, and equipment in 2015 and 2014 as follows:

	Land	Houses and buildings	Transportation equipment	Office equipment	Leased assets and leasehold improvements	Other equipment	Construction in progress and equipment to be tested	Total
Cost or identified cost:								
Balance on January 1, 2015	$ 2,099,599	1,146,399	83,905	97,357	37,519	46,631	3,210,360	6,721,770
Additions	-	37,033	358	1,207	-	23,001	372,577	434,176
Disposal and scrap	-	(8,032)	(2,687)	(38,132)	(33,268)	(7,908)	-	(90,027)

	Land	Houses and buildings	Transportation equipment	Office equipment	Leased assets and leasehold improvements	Other equipment	Construction in progress and equipment to be tested	Total
Reclassification	605,610	1,709,782	-	81,355	-	78,656	(2,521,407)	(46,004)
Balance on December 31, 2015	$ 2,705,209	2,885,182	81,576	141,787	4,251	140,380	1,061,530	7,019,915
Balance on January 1, 2014	$ 2,007,959	792,553	89,748	106,079	35,280	43,486	2,612,030	5,687,135
Additions	186	30,186	72	1,121	3,298	4,192	931,942	970,997
Disposal and scrap	-	-	(5,915)	(7,955)	(2,988)	(985)	(212)	(18,055)
Reclassification	91,454	323,660	-	(1,888)	1,929	(62)	(333,400)	81,693
Balance on December 31, 2014	$ 2,099,599	1,146,399	83,905	97,357	37,519	46,631	3,210,360	6,721,770
Depreciation and impairment loss:								
Balance on January 1, 2015	$ -	295,425	47,508	90,804	32,625	32,468	-	498,830
Current depreciation	-	57,683	11,349	5,880	1,135	7,148	-	83,195
Disposal	-	-	(2,687)	(36,862)	(31,237)	(7,903)	-	(78,689)
Balance on December 31, 2015	$ -	353,108	56,170	59,822	2,523	31,713	-	503,336
Balance on January 1, 2014	$ -	268,206	42,079	92,020	32,608	29,067	-	463,980
Current depreciation	-	31,347	11,344	3,162	1,619	4,392	-	51,864
Disposal	-	-	(5,915)	(3,622)	(1,731)	(968)	-	(12,236)
Reclassification	-	(4,128)	-	(756)	129	(23)	-	(4,778)
Balance on December 31, 2014	$ -	295,425	47,508	90,804	32,625	32,468	-	498,830
Book value:								
December 31, 2015	$ 2,705,209	2,532,074	25,406	81,965	1,728	108,667	1,061,530	6,516,579
January 1, 2014	$ 2,007,959	524,347	47,669	14,059	2,672	14,419	2,612,030	5,223,155
December 31, 2014	$ 2,099,599	850,974	36,397	6,553	4,894	14,163	3,210,360	6,222,940

1. The Consolidated Company (referred to as "the principal" hereinafter) has part of the land registered in the name of the discretionary related party (referred to as "the trustee" hereinafter) for land acquisition matters. The contractual parties agree to have the land ownership transferred back to the Consolidated Company unconditionally upon the completion of land consolidation. Trustee at the time of acquiring the land ownership shall have the documents needed for ownership transfer prepared, signed and sealed, and then delivered to the principal for records. In addition, a promissory note issued by the trustee for an amount equivalent to the land value should be delivered to the principal for records.
2. For the breakdown of the amount of guarantees and other financing as of December 31, 2015 and 2014, please refer to Note 8.
3. For part of property, plant and equipment in trust case as of December 31, 2015 and 2014, please refer to Note 9.

(VIII) Investment property

	Land and improvements	Building and structure	Total
Cost or identified cost:			

	Land and improvements	Building and structure	Total
Balance on January 1, 2015	$ 4,597,290	1,882,448	6,479,738
Additions	-	277	277
Reclassification	550	-	550
Balance on December 31, 2015	**$ 4,597,840**	**1,882,725**	**6,480,565**
Balance on January 1, 2014	$ 4,593,823	1,874,813	6,468,636
Additions	-	1,019	1,019
Disposal	(9,064)	(10,981)	(20,045)
Reclassification	12,531	17,597	30,128
Balance on December 31, 2014	**$ 4,597,290**	**1,882,448**	**6,479,738**
Depreciation and impairment loss:			
Balance on January 1, 2015	$ 19,910	318,109	338,019
Current depreciation	-	53,218	53,218
Balance on December 31, 2015	**$ 19,910**	**371,327**	**391,237**
Balance on January 1, 2014	$ 19,910	264,587	284,497
Current depreciation	-	52,905	52,905
Disposal	-	(3,383)	(3,383)
Reclassification	-	4,000	4,000
Balance on December 31, 2014	**$ 19,910**	**318,109**	**338,019**
Book value:			
December 31, 2015	**$ 4,577,930**	**1,511,398**	**6,089,328**
January 1, 2014	**$ 4,573,913**	**1,610,226**	**6,184,139**
December 31, 2014	**$ 4,577,380**	**1,564,339**	**6,141,719**
Fair value:			
December 31, 2015			**$ 9,757,244**
December 31, 2014			**$ 9,757,506**

1. Investment property contains a number of commercial properties leased to others. Please refer to Note 6(18).
2. The fair value of investment property is based on the evaluation of an independent evaluator (is with relevant professional qualification and has relevant experience recently in the location and type of the investment property). This evaluation is based on market value. If the current price in an active market is not available, the evaluation takes into consideration of the estimated total cash flows expected to be received from the property leased; also, it is discounted at the yield rate that reflects the specific risks inherent in the net cash flows to determine the value of the property, the numerical value used by evaluation method of fair value is classified as level 2.
3. As of 2014, the Consolidated Company recognized the profit or loss from disposal of investment property for net profit NT$15,731 thousand and NT$434,117 thousand,

respectively, booked under other profit or loss. Please refer to Note 6(17).

5. With regards to real estate delivered to investment trust case as of December 31, 2015 and 2014, please refer to Note 9(3).
6. With regards to details of guarantees for financing facilities provided as of December 31, 2015 and 2014, please refer to Note 8.

(IX) Intangible assets

The cost, depreciation, and impairment loss of the Consolidated Company's intangible assets as of 2015 and 2014 are as follows:

	Goodwill	Trademark	Computer software	Total
Cost:				
Balance on January 1, 2015	$ 542,428	192,750	89,969	825,147
Acquired separately	-	-	7,967	7,967
Disposal and scrap	-	-	(2,653)	(2,653)
Reclassification	-	-	197	197
Balance on December 31, 2015	**$ 542,428**	**192,750**	**95,480**	**830,658**
Balance on January 1, 2014	$ 542,428	192,750	94,571	829,749
Acquired separately	-	-	3,040	3,040
Disposal	-	-	(7,820)	(7,820)
Reclassification	-	-	178	178
Balance on December 31, 2014	**$ 542,428**	**192,750**	**89,969**	**825,147**
Amortization and impairment loss:				
Balance on January 1, 2015	$ -	-	52,093	52,093
Current amortization	-	-	10,910	10,910
Disposal	-	-	(1,841)	(1,841)
Balance on December 31, 2015	**$ -**	**-**	**61,162**	**61,162**
Balance on January 1, 2014	$ -	-	44,601	44,601
Current amortization	-	-	11,379	11,379
Disposal	-	-	(3,887)	(3,887)
Balance on December 31, 2014	**$ -**	**-**	**52,093**	**52,093**
Book value:				
Balance on December 31, 2015	**$ 542,428**	**192,750**	**34,318**	**769,496**
Balance on January 1, 2014	**$ 542,428**	**192,750**	**49,970**	**785,148**
Balance on December 31, 2014	**$ 542,428**	**192,750**	**37,876**	**773,054**

1. The intangible assets amortization expense reported in the Consolidated Comprehensive Income Statement as of 2015 and 2014 is as follows:

	2015	2014
Operating cost	$ 166	2,073

	2015	2014
Operating expenses	10,744	9,306
Total	$ 10,910	11,379

2. The Consolidated Company on February 5, 2010 in the capital increase by issuing new shares in exchange for ordinary shares in Lungyen Life Service Co., Ltd (75% stake), and the purchase price allocation according to the report recognize goodwill NT$134,397 thousand. Also on February 1, 2011, the Consolidated Company to issue new shares in exchange for the capital increase ordinary shares Lungyen Life Service Co., Ltd (shares) of the Company (25% stake), and the original Lungyen Life Service in the Consolidated Company while when together to destroy, according to the report recognize the purchase price allocation of goodwill NT$425,213 thousand and NT$ 192,750 thousand trademark, and the other on December 31, 2011 and incorporated into the assessment of deferred tax liabilities related to the merger did not affect taxable income in the future number, so be reduced goodwill NT$17,182 thousand.
3. Consolidated Company executed annually at the reporting date for impairment assessment of goodwill and trademarks, on December 31, 2015 and 2014, through the implementation of impairment testing, goodwill and trademark rights should be recognized without impairment losses. Hereby will calculate the recoverable amount is based key assumptions are summarized as follows:
   (1) Department of estimated future cash flows based on historical operating performance management authorities and planning future operations of the five-year budget forecast.
   (2) Pre-tax discount rate is calculated using the value system adopted in accordance with the industry weighted average cost of capital (WACC) for the estimation basis.

(IX) Other financial assets - current

The Consolidated Company's other financial assets as below:

	12.31.2015	12.31.2014
Time deposit – trust account	$ 542,463	111,945
Time deposit	4,900	-
Current deposit – trust account and management account	1,579,546	1,198,659
Other receivables	6,993	390,619
Securities sales receivables	-	172,179
Dividend receivables	44,154	31,735
Rental receivables	11,416	17,317
Bond interest receivables	359	602,173
Limited assets	19,278	11,410
Others	$ 2,209,109	2,536,037

(XI) Short-term loan

The Consolidated Company's short-term loan details, conditions, and terms are as follows:

	12.31.2015	12.31.2014
Guaranteed bank loans	$ 6,852,000	2,402,500

	12.31.2015	12.31.2014
Unguaranteed bank loans	388,500	186,500
Total	$ 7,240,500	2,589,000
Unused limit	$ 6,419,500	3,961,000
Interest rate range	1.0%~1.7%	0.72%~1.5%

1. Issuance and repayment of short term loan
   As of 2015 and 2014, the increase amount was NT$12,930,400 thousand and NT$5,114,500 thousand, with interest rate 1.0%~1.7% and 1.2%~1.5%, and the maturity date was June 2016 and July 2015, respectively; the repayment was NT$8,278,900 thousand and NT$3,527,500 thousand, respectively.
2. For disclosure information of interest rate, foreign currency and liquidity risk of the Consolidated Company, please refer to Note 6(22).
3. For the Consolidated Company's assets pledged as collateral for bank loans, please refer to Note 8.

(XII) Long-term loan

	12.31.2015	12.31.2014
Unguaranteed bank loans	$ 172,700	-
Less: current portion of long-term loans payable	-	-
Total	$ 172,700	-
Unused limit	29,300	-
Interest rate range	1.5%	-

1. Issuance and repayment of short term loan
   As of 2015, the increase amount was NT$172,700 thousand, and the maturity date was January 2029.
2. Collateral for bank loans
   For the Consolidated Company's assets pledged as collateral for bank loans, please refer to Note 8.

(XIII) Operating lease

For the Consolidated Company's investment property leased as operating rental, please refer to Note 6(8). The future minimum lease payment receivable of the irrevocable lease term is as follows:

	12.31.2015	12.31.2014
Within 1 year	$ 154,922	219,253
1~5 years	280,556	441,926
Over 5 years	49,450	90,393
	$ 484,928	751,572

The rent income arising from the investment property amounted to NT$214,758 thousand and NT$210,680 thousand as of 2015 and 2014, respectively. The repair and maintenance expense (booked in the "Operating cost") incurred from investment property is as follows:

		2015	2014
Rent income generated	$	105,544	104,645
Rent income not generated		-	-
	$	105,544	104,645

(XIV) Employee welfare

1. Defined benefit plan

The Consolidated Company's recognized defined benefit obligation assets are as follows:

		12.31.2015	12.31.2014
Total present value of obligations	$	35,992	32,070
The fair value of plan assets		(7,431)	(7,203)
Recognized defined benefit obligations liability (asset), net	$	28,561	24,867

Consolidated Company's defined benefit plan is with fund appropriated to the labor pension reserve account at the Bank of Taiwan. The pension payment to each employee that is subject to the Labor Standards Act is based on the pension point received for the years of service and the average salary six months prior to the retirement.

(1) Composition of plan assets

The pension fund appropriated by the Consolidated Company in accordance with the Labor Standards Act is managed by the Labor Pension Fund Supervisory Committee of the Council of Labor Affairs, Executive Yuan (referred to as the "Labor Pension Fund Supervisory Committee" hereinafter). According to the "Guidelines for Labor Pension Fund Safekeeping and Implementation," the annual minimum yield generated from the use of fund may not be less than the interest income generated from a local bank's two-year time deposit.

The Consolidated Company's labor pension fund account at the Bank of Taiwan is with a balance of NT$7,431 thousand and NT$7,203 thousand as of the report day. Labor Pension Fund Asset Management information includes fund yield rate and pension asset allocation. Please refer to the website of the Pension Fund Supervisory Committee of the Council of Labor.

(2) Changes in value of defined benefit obligation

The Consolidated Company's changes in value of defined benefit obligation for 2015 and 2014 as follows:

		2015	2014
Value of defined benefit obligation balance January 1	$	32,070	29,310
Current service cost and interest		795	731
Re-measurement of net defined benefit obligation liability (asset)			
—Actuarial loss (gain) adjusted based on experience		129	392
—Actuarial loss (gain) caused by change of demographic statistics assumption		531	1,637
—Actuarial loss (gain) caused by change of finance assumption		2,467	-

		2015	2014
Value of defined benefit obligation balance December 31	$	35,992	32,070

(3) Changes in the present value of plan assets

Annual Consolidated Company 2015 and 2014 changes in the present value of the defined benefit plan assets are as follows:

		2015	2014
The fair value of plan assets on January 1	$	7,203	7,004
Interest income		151	129
Re-measurement of net defined benefit obligation liability (asset)			
－Expected return on plan assets (excluded current interest)		41	36
Unappropriated amount		36	34
The fair value of the plan assets is December 31	$	7,431	7,203

(4) Expenses through profit or loss

The Consolidated Company recognized gains and losses for year 2015 and 2014 as follows:

		2015	2014
Current service cost	$	155	146
Net interest of net defined benefit obligation liability (asset)		489	456
	$	644	602

	2015	2014
Operating expense	644	602

(5) Actuarial gains and losses recognized in other comprehensive (loss) income

The Consolidated Company actuarial gains and losses recognized in other comprehensive (loss) income for year 2015 and 2014 as follows:

		2015	2014
January 1 cumulative balance	$	(4,459)	(2,466)
Recognization during this period		(3,086)	(1,993)
December 31 cumulative balance	$	(7,545)	(4,459)

(6) Actuarial assumptions

The Consolidated Company's principal actuarial assumptions (expressed as weighted average) in 2015 and 2014 are as follows:

	12.31.2015	12.31.2014
Discount rate	1.50%	2.00%
Future salary increases	2.00%	2.00%

The Consolidated Company expects to pay appropriated amount NT$847 thousand to defined benefit plan within 1 year after report day of 2015.

The weighted average duration of defined benefit plan is 15 years.

(7) Sensitivity Analysis

When calculating present value of defined benefit obligation, the Consolidated Company must design balance sheet related actuarial assumption using judgment and estimation, including discount rate, employee turnover rate and future change of wage. Any changes in actuarial assumption may influence defined benefit obligation amount of the Consolidated Company significantly.

On December 31, 2015, impact to present value of defined benefit obligation caused by main actuarial assumption change as below.

		Impact to defined benefit obligation	
		Increase 0.25%	**Deacrease 0.25%**
December 31, 2015			
Discount rate (change 0.25%)	$	(1,285)	1,346
Future wage increase (change 0.25%)		1,336	(1,282)

Abovementioned sensitivity analysis is based on no change of other assumption and analyzes impact of individual assumption change. In practice, many assumption changes may be related. The method of sensitivity analysis and calculation of net defined benefit liability of balance sheet is consistent.

The method of sensitivity analysis is the same to previous one.

2. Defined contribution plans

Defined contribution plans of the Consolidated Company is in accordance with Labor Pension Act and appropriate 6% of monthly wage of labor to labor pension individual account of Bureau of Labor Insurance. Under this plan, the Consolidated Company appropriate fixed amount to Bureau of Labor Insurance and does not have legal or constructive obligation to pay extra amount.

As of 2015 and 2014, the Consolidated Company actual appropriated pension expense is NT$18,802 thousand and NT$18,457 thousand, respectively. The amount has already been appropriated to Bureau of Labor Insurance.

(XV) Income tax

1. Income tax expense

The Consolidated Company’s income tax expenses of 2015 and 2014 as follows：

		2015	**2014**
Current income tax expenses			
Current generated	$	240,406	191,156
Prior period overestimated income tax		(138)	(6,565)
Increase of land tax		2,784	2,107
Undistributed earnings to 10%		54,414	22,437
		297,466	209,135
Deferred income tax expense (income)			
Occurrence and reoccurrence of temporary differences		(99,622)	42,651
Income tax expense	$	197,844	251,786

2. The Consolidated Company's adjustment between the relationship of income and income before tax as follows:

	2015	2014
Pre-tax profit	$ 1,387,424	2,552,213
Income tax rate calculation using the domestic tax rate	347,983	402,542
Tax-exempt income	(122,178)	(146,014)
Restoration of temporary management fee received in advance	(30,532)	(29,611)
Prior period overestimated income tax	(1,005)	(6,565)
Land appreciation tax	2,784	2,107
Undistributed earning to 10%	54,414	22,437
Other	(53,622)	6,890
	$ 197,844	**251,786**

3. Deferred tax assets and liabilities

(1) Unrecognized deferred income tax liabilities

December 31, 2015 and 2014 temporary differences associated with investments in subsidiaries due to the Consolidated Company can control the timing of reversal of temporary differences, and the belief in the foreseeable future will not swing, so unrecognized deferred income tax liabilities. Related amounts are as follows:

	12.31.2015	12.31.2014
Temporary differences associated with investments in subsidiaries aggregated amount	$ 78,068	120,247
Amount not recognized as deferred tax liabilities	$ 13,272	20,442

(2) Unrecognized deferred tax assets

The Company unrecognized deferred income tax assets as follows:

	12.31.2015	12.31.2014
Deductible temporary differences	$ 3,078	755
Tax loss	21,664	11,621
	$ 24,742	**12,376**

Department of taxable losses in accordance with the provisions of the Income Tax Act, the tax authorities until after ten years' losses derived from the current year net interest deduction, tax re-nuclear course. These items are not recognized as deferred tax assets was due to the Consolidated Company is not very probable that sufficient taxable income in the future for the use of temporary differences.

Ended December 31, 2015, the Consolidated Company has not yet recognized as tax loss deferred tax asset, net of its period as follows:

Deductible Year	Losses yet to be deducted	Last Deductible Year
Authorized loss in 2006	$ 9,552	2016
Authorized loss in 2007	8,649	2017

Deductible Year	Losses yet to be deducted	Last Deductible Year
Authorized loss in 2008	4,376	2018
Authorized loss in 2010	2,601	2020
Authorized loss in 2011	1,568	2021
Authorized loss in 2012	11,260	2022
Authorized loss in 2013	18,744	2023
Authorized loss in 2014	18,547	2024
Authorized loss in 2015	52,135	2025
	$ 127,432	

(3) Recognized deferred tax assets and liabilities

Changes in assets and liabilities of the years ended 2015 and 2014 deferred income tax as follows:

Deferred income tax liabilities:

	Goodwill and trademark amortization	Other	Total
January 1, 2015	$ 37,020	13,204	50,224
Debit (credit) to income statement	9,452	(10,089)	(637)
December 31, 2015	**$ 46,472**	**3,115**	**49,587**
January 1, 2014	$ 27,568	3,115	30,683
Debit (credit) to income statement	9,452	10,089	19,541
December 31, 2014	**$ 37,020**	**13,204**	**50,224**

Deferred tax assets:

	Cemetery Revenue	Contract Revenue	Other	Total
January 1, 2015	$ 548,362	74,740	76,264	699,366
(Debit) credit to income statement	60,261	9,258	29,466	98,985
(Debit) credit to other	10,833	-	-	10,833
December 31, 2015	**$ 619,456**	**83,998**	**105,730**	**809,184**
January 1, 2014	$ 565,802	64,386	81,559	711,747
(Debit) credit to income statement	(28,169)	10,354	(5,295)	(23,110)
(Debit) credit to other	10,729	-	-	10,729
December 31, 2014	**$ 548,362**	**74,740**	**76,264**	**699,366**

4. The Company’s income tax returns have been audited by the tax authorities up to 2010. The discontinued company after the consolidation - Lungyen Life Service Co., Ltd.’s income tax returns has been audited by the tax authorities up to 2010, while that in 2009 has yet to be audited.

5. The Company's imputation tax:

	12.31.2015	12.31.2014
Undistributed earnings before 1997	$ -	-
Undistributed earnings after 1998	2,329,600	2,912,259
	$ 2,329,600	**2,912,259**
Imputed tax credit account balance	**$ 349,970**	**437,374**

	2015(Estimated)	2014(Actual)
The tax credit ratio granted to the earnings of the ROC residents.	18.79%	17.78%

The two tax information dealt with in accordance with the Treasury Department sets of regulation and taxation No. 10204562810 of October 17 2013.

(XVI) Capital and other equity

The Company's authorized capital was NT$6,000,000 thousand for 600,000 thousand shares to be issued at NT$10 Par and there were 399,084 thousand common stock shares issued as of December 31, 2015 and 2014.

1. Additional paid-in capital

The Company's additional paid-in capital balance:

	12.31.2015	12.31.2014
Stock premium	$ 1,392,072	1,392,072
Recognized under the equity method and the associated number of changes in net equity of a business venture	20,972	-
Total	**$ 1,413,044**	**1,392,072**

According to the Company Law amended in January 2012, additional paid-in capital must be applied to make up losses with priority before distributing new shares or cash to shareholders proportionally to their shareholding ratio. The realized additional paid-in capital referred to above includes stock premium and bestowed income received. According to the Regulations Governing the Offering and Issuance of Securities by the Issuer, the additional paid-in capital that can be capitalized annually shall not exceed 10% of the total paid-in capital.

2. Retained earnings

According to the Company's Articles of Incorporation, the total annual earnings, if any, should be applied to pay tax, make up losses of prior years, then appropriated 10% legal reserve, and if necessary, appropriated special reserve, the remaining amount thereafter, if any, is deposited as retained earnings partially and the rest amount is allocated as follows:

a. Remuneration to directors may not exceed 2%;
b. Bonus to employees may not be less than 1%. If the distribution of bonus to employees is paid with stock shares, the recipients shall include the qualified employees of the subsidiaries. Deducting the previous amount, the available balance which pluses prior period accumulative unappropriated earnings can be the shareholders bonus. The Board of Directors decides to appropriate or retain in

proportion with total shares based on the Company's dividend policy, and formulates the proposal for distribution of profits to shareholder meeting for resolution.

Retained earnings can be distributed in the form of stock dividends for the purpose of protecting shareholders' equity and in response to the annual fund demands estimated in accordance with the Company's capital budget planning. The distribution of cash dividends may not be less than 10% of the dividend to shareholders.

According to the Company Law amended in May 2015, bonus to employees and remuneration to directors no longer classified as retained earnings distribution items. The Company will amend Memorandum of Association accordingly within the authority required period.

(1) Legal reserve

According to the Company Law amended in January 2012, companies are to appropriate 10% of the net income as legal reserve until it is equivalent to the total capital. If there is no deficit, companies with the resolution reached in the shareholders' meeting may distribute new shares or cash to shareholders with legal reserve and it is limited to the portion exceeding 25% paid-in capital.

(2) Special reserve

According to the FSC.Cert. Far.Tzi No. 1010012865 Order dated April 6 2012 issued by the Financial Supervisory Commission, when the Company distributes the distributable earnings, for the net amount debited to the "Other shareholder's equity," appropriate special reserve for the same amount from the current profit or loss and prior unappropriated earnings. For the cumulative amount debited to the "Other shareholder's equity," appropriate special reserve for the same amount from the prior unappropriated earnings and it may not be distributed. The amount debited to "Other shareholder's equity" that is reversed subsequently can be distributed as earnings.

(3) Distribution of earnings

The 2014 distribution of bonus to employees and remuneration to directors and supervisors is NT$19,736 thousand and NT$39,471 thousand, respectively. As of 2014, the Company's bonus to employees payable and estimated remuneration to directors and supervisors was based on net profit after tax, earning distribution method and order in Memorandum and Articles of Association, and distribution multiplier of employee bonus and director and supervisor remuneration. This was reported as 2014 operating cost or operating expense. The 2014 estimated bonus payable to employees and remuneration payable to directors is based on the experience in distribution to calculate, having the net income after deducting the bonus to employees, remuneration to directors and supervisors, legal (special) reserve, and retained earnings multiplied 1% and 2%, respectively; also, it is reported as operating cost or operating expense as of 2014.

The company's distribution of 2014 and 2013 earnings was proposed by the shareholder meeting on June 18, 2015 and June 17, 2014. The distribution of dividends to shareholders is as follows:

	2014		2013	
	Share distribution rate (NT$)	Amount	Share distribution rate (NT$)	Amount
Dividends distributed to common stock shareholders:				
Cash	$ 3.60	1,436,703	4.00	1,596,337

The Company's 2014 annual bonus to employees, directors and supervisors of financial reporting amounts recognized no difference between the actual distributions. The shareholder's meeting resolved to change 2013 dividend distribution from NT$3.3 per share to NT$4 per share on June 17, 2014, hence actual distributions of bonus to employees was changed from NT$13,577 thousand to NT$16,457 thousand, actual remuneration to directors and supervisors was changed from NT$27,154 thousand to NT$32,914 thousand. Thus, the difference of estimated and actual distributions of bonus to employees and remuneration to directors and supervisors was NT$8,640 thousand, reported as current profit or loss in 2014.

3. Other equity (net amount after tax)

	Exchange differences from the translation of foreign institution's financial statements	Available-for-sale investment	Total
January 1, 2015	$ (8,162)	(6,296)	(14,458)
Currency translation differences (after tax):	5,944	-	5,944
Exchange difference of affiliate company using equity method	(2,549)	-	(2,549)
Unrealized gain or loss of the available-for-sale financial assets:			
Consolidated Company	-	(390,602)	(390,602)
Balance on December 31, 2015	$ (4,767)	(396,898)	(401,665)

	Exchange differences from the translation of foreign institution's financial statements	Available-for-sale investment	Total
January 1, 2014	$ (15,280)	56	(15,224)
Currency translation differences (after tax)	7,118	-	7,118
Unrealized gain or loss of the available-for-sale financial assets:			
Consolidated Company	-	(6,296)	(6,296)
Affiliated enterprises	-	(56)	(56)
Balance on December 31, 2014	$ (8,162)	(6,296)	(14,458)

4. Non-controlling equity

		2015	2014
Balance at beginning of period	$	970,447	959,005
Non-controlling equity			
Net profit of non-controlling equity		100,219	107,565
Differences between actual price acquisition or disposal of subsidiaries and book value		(7,261)	6,363
Cash dividend		(103,522)	(87,010)
Capital increase to subsidiaries		124,516	10,550
Capital decrease to subsidiaries		-	(26,026)
Balance at end of period	$	1,084,399	970,447

(XVII) Earnings per share

The Consolidated Company's basic earnings per share and diluted earnings per share as of 2015 and 2014 are calculated as follows:

		2015	2014
Basic earnings per share			
Net income attributable to the Company's common stock shareholders:	$	1,089,361	2,192,862
Weighted average outstanding common stock shares		399,084	399,084
	$	2.73	5.49
Diluted earnings per share			
Net income attributable to the Company's common stock shareholders (after adjusting the potential dilutive effect of the common stock shares)	$	1,089,361	2,192,862
The impact of common stock shares with potential dilutive effect of the weighted average outstanding common stock shares		399,084	399,084
The impact of stock bonus to employees		374	301
Weighted average outstanding common stock shares (after adjusting the potential dilutive effect of the common stock shares)		399,458	399,385
	$	2.73	5.49

(XVIII) Income

The Consolidated Company's income as of 2015 and 2014 is as follows:

		2015	2014
Columbarium and cemetery income	$	1,613,983	3,616,656
Funeral services income		1,539,792	1,445,611
Rent income from investment property		214,758	210,680
Construction contract income		1,366	21,975
Other operating income		159,207	156,386
	$	3,529,106	5,451,308

(XIX) Remuneration to employees, directors and supervisors

The Company's bonus to employees as of 2015 is estimated to be NT$13,089 thousand, and the remuneration to directors and supervisors is estimated to be NT$26,178 thousand. The estimated base of remuneration payable to employees, directors and supervisors is after-tax net income of the specific period multiply by the distribution fractional ratio of the Company's Articles of association; also, the bonus to employees and the remuneration to directors and supervisors are reported as operating cost or operating expense as of 2015. If there is any change after the financial report announcing day of the next year, the difference will be dealt as changes in accounting estimates, of which impact will be recognized as profit (loss) of the next year.

(XX) Other profit and loss

The Consolidated Company's other gain and loss is as follows:

	2015	2014
Gain (loss) on disposal of investment property interests	$ -	15,731
Gain (loss) on change in fair value of biological assets	41,109	33,857
	$ 41,109	**49,588**

(XXI) Non-operating income and expense

1. Other income

The consolidated company's other income is as follows:

	2015	2014
Interest income	$ 113,054	90,198
Dividend income	83,458	15,158
Fines income	91,262	114,861
Other income	20,781	30,200
	$ 308,555	**250,417**

2. Other profit and loss

The consolidated company's other gain and loss is as follows:

	2015	2014
Foreign exchange gain (loss)	$ 35,206	97,494
Gain from disposal of investment and financial assets		
— Gain from disposal of financial assets measured at cost	-	207
— Gain from disposal of available-for-sale financial assets	2,254	-
Net financial assets measured at fair value through profit or loss	(112,187)	75,646
Disposal of property, plant, and equipment	(2,845)	(3,144)
Loss on scrapping of intangible asset	(573)	(3,745)
Loss on financial assets measured at cost	(3,000)	(7,000)
Other expense	(3,869)	(9,096)
	$ (85,014)	**150,362**

3. Finance cost

Consolidated company's finance cost as of 2015 and 2014 is as follows:

		2015	2014
Interest expense			
Bank loan	$	76,083	17,717

(XXII) Financial instruments

1. Credit risk

(1) Credit risk exposure

The book value of financial assets represents the maximum credit risk exposure amount. The maximum credit risk exposure amounted to NT$10,409,750 thousand and NT$6,214,4361 thousand as of December 31, 2015 and 2014, respectively.

(2) Concentration of credit risk

As the company has a broad customer base, not with a significant focus on customer transactions and sales area scattered, so there is no significant credit risk concentration of accounts receivable danger. And in order to reduce credit risk, the Company also continued to regularly assess the financial condition of customers, but usually do not require customers to provide collateral.

(3) Impairment loss

Loans and receivables aging analysis on the reporting date:

		12.31.2015		12.31.2014	
		Total	Impairment	Total	Impairment
Not overdue	$	460,509	27,615	827,059	29,519
Overdue 31~60 days		23,233	1,695	20,320	1,762
Overdue 61~90 days		8,610	838	10,882	943
Overdue 91~120 days		3,177	629	2,509	218
Overdue more than 120 days		58,787	25,638	52,410	24,694
	$	554,316	56,415	913,180	57,136

Changes in allowance for doubtful accounts receivable is as follows:

		2015	2014
Balance at 1 January	$	57,136	50,427
Impairment losses recognized		-	6,935
Reversal of impairment loss		(721)	-
Uncollectible amounts written off amount during the current year		-	(226)
Balance at December 31	$	56,415	57,136

The allowance for bad debt of accounts receivable is for estimating the irrecoverable amounts. However, if the Consolidated Company is convinced that the relevant amount cannot be recovered, the allowance for bad debt is applied to write off financial assets upon identifying the uncollectible. The company's receivable in December 31, 2015 and 2014 there has been no recovery of impairment.

2. Liquidity risk

The contract maturities of financial liabilities are illustrated in the table below, excluding the estimated interest but not the impact of net amount agreed.

	Book value	Contract Cash flow	6 months Within	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2015							
Non-derivative financial liabilities							
Floating rate instruments	$ 7,413,200	7,413,200	7,240,500	-	-	-	172,700
No interest-bearing liabilities	875,574	875,574	-	-	-	-	-
	$ 8,288,774	**8,288,774**	**7,240,500**	**-**	**-**	**-**	**172,700**
December 31, 2014							
Non-derivative financial liabilities							
Floating rate instruments	$ 2,589,000	2,589,000	2,589,000	-	-	-	-
No interest-bearing liabilities	895,332	895,322	675,086	98,677	46,408	9,343	65,818
	$ 3,484,332	**3,484,322**	**3,264,086**	**98,677**	**46,408**	**9,343**	**65,818**

The Consolidated Company does not expect the maturity analysis of cash flows will be significantly pre-matured or the actual amount will be significantly different.

3. Exchange rate risk

(1) Exchange rate risk exposure

The Consolidated Company's financial assets and liabilities exposed to significant foreign exchange rate risk is as follows:

	12.31.2015			**12.31.2014**		
	Foreign currency	**Exchange rate**	**New Taiwan Dollar**	**Foreign currency**	**Exchange rate**	**New Taiwan Dollar**
Financial assets						
Monetary items						
RMB/NTD	$ 7,048	4.995	35,203	147,679	5.092	751,981
RMB/USD	1,694	0.152	8,460	23,618	0.161	120,261
USD/NTD	29,431	32.825	966,075	2,717	31.650	85,996
Japanese yen/NTD	18,264	0.273	4,981	32,899	0.265	8,705
HKD/NTD	626	4.235	2,649	3	4.080	14
Non-monetary items						
Japanese yen/NTD	158,880	0.273	43,327	157,280	0.265	41,569
RMB/NTD	66,697	4.995	333,151	218,968	5.092	1,114,198
USD/NTD	37,692	32.825	1,237,250	29,185	31.650	925,677
HKD/NTD	75,318	4.235	318,973	25,730	4.080	105,026

(2) Sensitivity analysis

The Consolidated Company's exchange rate risk is mainly from foreign currency denominated cash and cash equivalent and financial assets measured at fair value through profit or loss. Foreign exchange gain and loss arises from the translation. When the exchange rate of NT Dollars against main foreign currency depreciated or appreciated by 10% (the analysis of two terms is completed by using the same basis, and assuming all other variables held constant) as of December 31, 2015 and 2014, the net income was increased by NT$244,856 thousand and decreased by NT$261,734 thousand, respectively.

Due to the variety of the Consolidated Company's functional currencies, the exchange gain or loss of currency items are disclosed in summary. As of 2015 and 2014, the foreign currency exchange gain (loss) was NT$35,206 thousand and NT$97,494 thousand, respectively.

4. Interest rate analysis

Please refer to the Note regarding liquidity risk management for the interest rate risk exposure of the Consolidated Company's financial assets and financial liabilities.

The following sensitivity analyzes are based on the interest rate risk exposure of the derivative and non-derivative instruments on the reporting date. The analysis of floating rate liabilities is by assuming the outstanding liability amount on the reporting date stays outstanding the entire year. In addition, interest rate is assessed within the reasonable and possible range of change. If interest rate is increased or decreased by 0.5%, with all other variables held constant, the Consolidated Company's net income as of 2015 and 2014 is decreased by NT$30,765 thousand and increased by NT$10,744 thousand, respectively.

5. Fair value

(1) Fair value and book value

The Consolidated Company's book value and fair value (including fair value hierarchy information, but the book value of financial instruments' which is not measured by fair value and reasonably similar to fair value, as well as the equity method investments without active market price and of which fair value cannot be reliably invested, it is not necessary to disclose their fair value information accordingly to regulation) of the financial assets and financial liabilities are listed as below:

	12.31.2015				
		Fair Value			
	Book value	Class I	Class II	Class III	Total
Financial assets measured at fair value through profit or loss	$ 1,136,101	1,136,101	-	-	1,136,101
Available-for-sale financial assets	6,309,634	6,309,634	-	-	6,309,634
Loans and receivables					
Cash and cash equivalents	212,719	-	-	-	-
Note receivables and account receivables	490,908	-	-	-	-
Other receivables	6,993	-	-	-	-
Total	$ 8,156,355	7,445,735	-	-	7,445,735
Financial liability measured at amortized cost					
Short-term loan	$ 7,240,500	-	-	-	-
Note payables and account payables	433,440	-	-	-	-
Other payables	442,134	-	-	-	-
Long-term loan	172,700	-	-	-	-
Total	$ 8,288,774	-	-	-	-

	12.31.2014				
		Fair Value			
	Book value	Class I	Class II	Class III	Total
Financial assets measured at fair value through profit or loss	$ 910,703	910,703	-	-	910,703
Available-for-sale financial assets	1,866,734	1,866,734	-	-	1,866,734
Loans and receivables					
Cash and cash equivalents	372,338	-	-	-	-
Note receivables and account receivables	465,425	-	-	-	-

	12.31.2014				
		Fair Value			
	Book value	Class I	Class II	Class III	Total
Other receivables	390,619	-	-	-	-
Total	$ 4,005,819	2,777,437	-	-	2,777,437
Financial liability measured at amortized cost					
Short-term loan	$ 2,589,000	-	-	-	-
Note payables and account payables	509,398	-	-	-	-
Other payables	385,934	-	-	-	-
Total	$ 3,484,332	-	-	-	-

No financial assets and liabilities of each hierarchy were transferred as of 2015 and 2014.

(2) Fair value measurements of financial instruments measured at fair value

The fair value of financial instruments traded in active markets is based on quoted market prices. Market prices announced by major stock exchanges are classified as fair value bases of TWSE/OTC listed equity instruments; while central government bonds' market prices which are announced by OTC and identified as on-the-run issues are classified as fair value base of debt instruments with active market quoted prices.

If able to promptly and usually acquire public quoted prices of financial instruments from stock exchanges, brokers, underwriters, industrial guilds, pricing services facilities and authorities, and the said prices represent actual and frequent incurring fair market transaction, then the financial instruments have active market quoted prices. If abovementioned conditions are not achieved, then the market is identified as inactive. In general, considerably large bid-ask spread, significantly increased bid-ask spread or extremely low transaction volume are indexes of inactive markets.

Listed companies' stocks, beneficial certificates and corporate bonds held by the Consolidated Company are financial assets and liabilities capable with standard terms and conditions and traded in active markets, of which fair values are determined in accordance with market quoted prices respectively.

(XXIII) Financial risk management

1. Summary

The Consolidated Company is exposed to the following risks due to the use of the financial instruments:

(1) Credit risk
(2) Liquidity risk
(3) Market risk

The Consolidated Company's risk exposure information and the Consolidated Company's measurement and risk management objectives, policies, and procedures are expressed in this Note. Please refer to the notes to the consolidated financial statements for the further quantified disclosure.

2. Risk management structure

The Consolidated Company's risk management policies are setup to identify and analyze the risk faced by the Consolidated Company, to define appropriate risk limits and controls, and to monitor risks and risk limits compliance. Risk management policies and systems are reviewed regularly to reflect market conditions and changes in the operation of the Consolidated Company. The Consolidated Company through training, management guidelines, and operating procedures develops a disciplined and constructive controlled environment to help all employees understand their roles and obligations.

The Consolidated Company's Audit Committee supervises how the management monitors the Consolidated Company's risk management policies and procedures compliance and reviews the appropriateness of the Consolidated Company's risk management structure in service. Internal audit staff assists the Consolidated Company's Audit Committee to play a supervisory role. These personnel conduct regular and extraordinary review of risk management controls and procedures; also, have the outcome of the review reported to the Audit Committee.

3. Credit risk

Credit risk is the risk of financial losses faced by the Consolidated Company when the client or the counterparty of financial instruments trade is unable to meet its contractual obligations. It is mainly from the Consolidated Company's accounts receivables from customers and securities investment.

(1) Accounts receivable and other receivables

The Consolidated Company's credit risk exposure is mainly affected by the condition of each individual customer. However, the management also considers the statistic data of the Consolidated Company's customers, including the default risk of the industry and country the customer belongs to since it may affect credit risk.

The Consolidated Company has the allowance account setup to reflect the estimated losses of the accounts receivable, other receivables, and investments. The allowance account mainly includes specific loss related to individual significant exposure and the consolidated loss of the similar assets cluster that has incurred but yet to be identified. The allowance account for consolidated loss is determined in accordance with the historical payment statistics of similar financial assets.

(2) Investment

The credit risk of bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Finance Department of the Consolidated Company. The Consolidated Company's trade counterparty and performing party is all reputable banks, investing financial institutions, corporate organizations, and government agencies with no significant performance concerns; therefore, there is no significant credit risk.

(3) Guarantees

The Consolidated Company regulated by the company policies can only provide financial guarantee to the subsidiaries. The Consolidated Company offers no endorsement and guarantee to non-subsidiary as of December 31, 2015 and 2014.

4. Liquidity risk

Liquidity risk is the risk that the Consolidated Company unable to pay cash or financial asset to settle the financial liability and unable to perform its obligations. The Consolidated Company's managing liquidity is to ensure that the Consolidated Company in general practice or under pressure has sufficient current fund to liquidate liabilities when due, without incurring unacceptable losses or causing harm to the Consolidated Company's reputation.

The Consolidated Company's unused loan facilities amounted to NT$6,419,500 thousand and NT$3,961,000 thousand as of December 31, 2015 and 2014.

5. Market risk

Market risk is the risk the Consolidated Company's yield or financial instrument value affected by changes in market prices, such as exchange rates and interest rates. The objective of market risk management is to control the market risk exposure within the affordable range and to optimize return on investment.

The Consolidated Company conducts derivative instruments transactions for managing market risk with financial liabilities then resulted.

(1) Exchange rate risk

The Consolidated Company is exposed to exchange rate risk that is resulted from the investment transactions measured with a currency other than the company's functional currency. New Taiwan Dollar is the functional currency of the Group. These transactions are denominated in major currencies of New Taiwan Dollar, Singapore Dollar, U.S. Dollar, RMB, and Japanese Yen.

In addition, the Consolidated Company's principle is for natural hedge. The Consolidated Company bases on the capital demand in each currency and the net positions and the foreign exchange market condition to hedge exchange rate risk.

(2) Interest rate risk

The Consolidated Company's policy is to ensure that the interest rate risk exposure is assessed in accordance with the international economic situation and market interest rate.

(XXIV) Capital management

The Consolidated Company's capital management objective is to safeguard the operating ability in order to provide investment returns to shareholders and profits to the related party; also, to maintain an optimal capital structure for reducing the cost of capital.

In order to maintain or adjust the capital structure, the Consolidated Company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, or sell assets to pay off liabilities.

The Consolidated Company and the industry both have capital managed in accordance with the debt to equity ratio. This debt to equity ratio is calculated by having net debt divided by total capital.Net debt is the total liabilities less cash and cash equivalent on the balance sheet. Total capital is the entire equity (i.e. capital stock, additional paid-in capital, retained earnings, and other equity and non-controlling equity) plus net debt.

The debt to equity ratio on the reporting date is as follows:

	12.31.2015	12.31.2014
Total liabilities	$ 38,189,462	31,551,120
Minus: Cash and cash equivalent	(212,719)	(372,338)
Net liabilities	37,976,743	31,178,782
Total equity	8,235,160	8,965,534
Adjusted capital	**$ 46,211,903**	**40,144,316**
Debt to equity ratio	**82.18%**	**77.67%**

The Consolidated Company's capital management method has not been changed as of December 31, 2015 and 2014.

VII. Related Party Transactions

(I) Parent company and ultimate controller

The Company is the ultimate controller of the Consolidated Company and its subsidiaries.

(II) Other related party transactions

1. Sales

	Sales		Receivables from related parties (booked in "Accounts receivable – net")	
	2015	2014	12.31.2015	12.31.2014
Other related party	$ 11,982	6,284	29,720	21,470

Transaction price is determined by bilateral agreement price, the payment terms are agreed by signed contracts receivable, and general trading fairly.

2. Lease

(1) Lessee:

The Consolidated Company leases transport equipment from the related party for a rent expense of NT$10,290 thousand and NT$9,882 thousand paid as of 2015 and 2014, respectively.

(2) Lessor:

The Consolidated Company has office building and parking space rented to the related party with a rent income of NT$166 thousand and NT$34 thousand as of 2015 and 2014, respectively.

The above conditions are negotiated lease, no significant difference between non-related party transactions.

3. Contract projects

Name of related party	Project Name	Contract Price	Current Price	Accumulated Price
2015				
Other related party	Gu Gong Case	$ 233,962	-	233,962
2014				
Other related party	Gu Gong Case	$ 223,962	34,431	251,140

(1) The Consolidated Company contracted according to the related engineering project budget in addition to a reasonable management fees and profits, the contract prices are set after the decision of supervisors.

(2) The allowance construction NT$27,178 thousand of above Gu Gong Case is in accordance with actual construction settlement and agreement with other related parties in February, 2015.

4. Others

(1) Other receivables (booked in other financial assets – current)

	12.31.2015	12.31.2014
Other related party	$ 1,769	1,217

(2) Payment on behalf of others (booked in other current assets)

	12.31.2015	12.31.2014
Other related party	$ 557	557

5. Trust contract

Part of the Consolidated Company's land is trusted and registered in the name of the related party as of December 31, 2015. Please refer to Note 6 (3) and 6(7).

6. Others

The Consolidated Company commissioned other related party to acquire land for construction for a total price of NT$668,016 thousand as of December 31, 2015 and 2014, respectively. The discretionary trustee is to handle the land combination matter on behalf of the Company.

(III) Key management personnel transactions

	2015	2014
Short-term employee benefits	$ 29,684	34,333
Retirement benefits	1,079	1,039
	$ 30,763	35,372

VIII. Pledged Assets

The book value of the Consolidated Company's pledged assets is as follows:

Assets name	Purpose of collateral	12.31.2015	12.31.2014
Other financial assets - current	The transaction service of trust accounts and credit accounts; also, the guarantee of forward exchange transactions	$ -	602,173
Inventories	The guarantee for the transaction service of the loan account and credit account	3,100,753	2,730,177
Property, plant, and equipment – book value	Collateral for loan	804,371	581,031
Investment property – book value	The guarantee for the transaction service of the loan account and credit account	4,043,686	2,970,838
Available-for-sale financial assets - noncurrent	Collateral for loan	4,830,560	-
		$ 12,779,370	6,884,219

IX. Significant contingent liabilities and unrecognized contractual commitments

(I) Significant unrecognized contractual commitments:

1. The Consolidated Company's unrecognized contractual commitments are as follows:

	12.31.2015	12.31.2014
Contracted projects	$ -	1,366
Acquisition of columbarium and cemetery	19,377	26,707
Acquisition of construction site	-	56,950
Individual construction project	469,559	870,223

2. On December 31, 2014, the Consolidated Company and National Chiayi University entered into a non-exclusive license agreement with respect to plant/strain selection of relevant phalaenopsis specimens, requiring that the Company should pay the royalty to National Chiayi University on a pro rata basis from the revenue of products generated from the selected plant/strain on a yearly basis for the duration of the agreement (five years as of the effective date of the agreement).
3. In September 2013, the Company signed a project contract "Tainan local industrial R&D Promotion Program project contract" with Tainan City Government Economic Development Board to perform in accordance with the relevant technical research program set out in the project plan to contract content and applications in accordance

with the agreed schedule grants, contracts executed during the period from the signing date to April 30, 2014. This project closed on May 5, 2015 and the received grants is reported as “other revenue”.

The Consolidated Company signed a “Technical R&D counsel scheme” contract with NCKU Research & Development Foundation. The counseling period is same to execution period of aforementioned project contract.

4. On October 22, 2015, the Consolidated Company set the purchase agreement of cemetery lands and cemetery products in Kaohsiung Quan An Tai Cemetery with Sun Lung Asset Management Company Limited. The total contract amount is NT$700,000 thousand. As of December 31, 2015, amount needed to be paid was NT$210,000 thousand.

(II) Contingent liabilities:

1. The legislative purpose of Mortuary Service Administration Act Article 36 is to cope with repair and management costs when a major accident hits or abnormal operations occur due to poor management. In order to maintain and manage funeral facilities, the Consolidated Company has set up an administration fee account for specific uses only, so that if any significant incidents occur in the future, subsequent general impairment and management of the facilities will not be impacted. The application and execution of current regulation are disputable. So far, the government authority has not set up special fund and established administrative procedures of fund management regulation in terms of fund allocation yet, so the allocation object as well as rights and obligations of the Consolidated Company have not confirmed yet. In order to solve difficulties to implement current regulation, Taiwan Funeral Association affiliated by the Consoldated Company has actively discussed with the authority in terms of reasonable management system. The relevant amendment proposal countersigned by legislators has been adopted on first reading by Legislative Yuan. After completing legislation amendment, the new management regulation will replace current fund allocation regulation and be executed.

2. The Company purchased the land at Li-Ho Section, Hsin-Yi District in February 2007. Notwithstanding, in March 2007, the joint owners of said land initiated the proceeding for “Declaration of non-existence of land transaction” with the court and, therefore, the registration of land No. 322 totaling 6 lands transfer was hindered. On August 28, 2013, Taipei District Court rendered a judgment in favor of the Company and affirmed the judgment on October 14, 2013, so the abovementioned land rights were transferred to the Company on January 23, 2014. However, the joint owners of the said land claimed that the disposal was not agreed by all joint owners and classified as an unauthorized disposition with no effect, so filing an action with Taipei District Court. Investigation is re-examining by the Taipei District Court as 2014 Zhong Su Zi No. 173.

(III) Others

1. The Consolidated Company (referred to as “the principal” hereinafter) for enhancing the quality of funeral service and ensuring the ability of performance had a trust contract signed with Taiwan Industrial Bank Co., Ltd. (referred to as “the trustee” hereinafter) in April 2010. According to the trust contract signed, 75% selling price (tax included) of each pre-need contract sold should be transferred to the trustee, including the delivery and transfer of the trust property. However, the trustee referred to above was replaced by Chang Hwa Commercial Bank Co., Ltd. on December 28, 2012. In addition, the trust assets as of December 31, 2015 and 2014 are as follows：

	12.31.2015	**12.31.2014**
Bank deposits		

	12.31.2015	12.31.2014
Demand deposits	$ 562,873	144,729
Time deposits	542,463	111,945
Financial assets measured at fair value through profit or loss - current	580,543	360,876
Available-for-sale financial assets – non-current	1,399,761	1,516,503
Property, plant and equipment (Note)	2,206,293	2,206,293
Investment property (Note)	1,962,845	1,962,845
	$ 7,254,778	6,303,191

Note: The carrying value of the asset at the time of delivery of the Trust.

The above amounts have switched trust assets to purchase financial instruments and real estate delivery, transfer to the Trustee, the Trustee in accordance with the instructions so that the principal of, for the trust property, the designated uses for management action.

2. The Consolidated Company has an administration fee account setup for the fees collected in a lump sum or periodically from the clients to maintain funeral facilities safety and cleanness, and to organize ceremony activities and internal administration. The administration fee account was with a balance of NT$1,016,673 thousand, and NT$1,053,930 thousand, as of December 31, 2015 and 2014, respectively; also, it is booked in the "Other financial assets – current."
3. The Consolidated Company had contracts signed with clients for the sale of columbarium of True Dragon Tower and funeral service as of December 31, 2015 and 2014. The pre-need contract signed and the related deferred marketing expenses are as follows:

	12.31.2015	12.31.2014
Total contract price	$ 36,620,702	34,505,035
Outstanding proceeds	(8,090,097)	(7,863,205)
Advanced receipts	$ 28,530,605	26,641,830
Deferred marketing expense	$ 8,130,915	7,866,213
Expected to be reclassified for more than twelve months	$ 26,190,952	24,830,262

X. Significant disaster loss: None

XI. Significant subsequent events

On January 13, 2016, subsidiary, Zekaen Co. Ltd.'s Board of Directors resolved to revise Memorandum of Association, changed the company name to "Lung An Company Limited", and changed the business address to Kaohsiung City. The nature of business is added funeral service business, housing and building development, rental business, ritual supply retail business, building material retail business and agency services. In order to expand operation scale and introduce professional strategic alliance, the Board meeting resolved to increase cash capital for 21,600 thousand shares and issued at par, totaling NT$216,000 thousand.

XII. Others

(1) The followings are the summary statement of current period employee benefits, depreciation, depletion and amortization expenses by function:

By function / By item	2015				2014			
	Classified as Operating Costs	Classified as Selling Expenses	Other (Note)	Total	Classified as Operating Costs	Classified as Selling Expenses	Other (Note)	Total
Employee benefits								
Salary	223,591	212,622	61,197	497,410	217,069	222,578	62,397	502,044
Labor and health insurance	16,729	15,160	6,051	37,940	15,848	13,881	6,199	35,928
Pension	9,314	7,137	2,995	19,446	9,102	6,963	2,994	19,059
Others	6,037	7,895	4,026	17,958	5,743	13,013	3,941	22,697
Depreciation	98,552	30,324	7,841	136,717	88,116	11,438	6,112	105,666
Depletion	-	-	-	-	-	-	-	-
Amortization	430	9,479	1,001	10,910	2,073	8,488	818	11,379

Note 1: It includes the related fees of the cemetery management center-related expenses (stated as less item-advance receipts) and deferred marketing expense from contract sales.

XIII. Other disclosures

(1) Information on significant transactions

The consolidated company should have the following material transactions disclosed as of 2015 in accordance with Regulations Governing the Preparation of Financial Reports by Securities Firms:

1. Fund financing to other parties:

Unit: Thousand NTD

Number	Name of Lenders	Name of Borrowers	Account name	Related Party	Highest balance of financing to other parties during the period	Ending Balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrowers	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limitation on fund financing
													Name	Value		
0	Lungyen Life Service Corp.	Lung Fu Company Limited	Other receivables -related parties	Yes	202,000	-	-	6%	2	-	Working fund	-	–	-	1,647,032	3,294,064
0	Lungyen Life Service Corp.	Longding Life Science Co., Ltd.	Other receivables -related parties	Yes	20,000	-	-	8%	2	-	Working fund	-	–	-	1,647,032	3,294,064

Note 1: The maximum amount of total loans to others shall not exceed 40% of the Company's net assets. The total amount of loans granted to a single business partner of the Company shall be limited to the total amount of business transactions between the Company and the business partner and shall be no more than 20% of the Company's latest net value. The short-term financing shall be no more than 20% of the Company's total capital amount.

Note 2: Nature of financing:

(1) for transactions.

(2) for short-term financing.

Note 3：Upon the board resolution on May 28, 2014, the total amount for lending to Longding Life Science Co., Ltd. shall not exceed $100,000 thousand. Upon the resolution of interim board meeting on September 9, 2014, the total amount for lending to Longding Life Science Co., Ltd. shall not exceed $202,000 thousand.

Note 4：Upon the board resolution on May 28, 2014, the total amount for lending to Lung Fu Company Limited shall not exceed $20,000 thousand.

Note 5: The transaction had been written-off when the Company made the consolidated financial statements.

2. Guarantees and endorsements for other parties:

Unit: Thousand NTD

Number	Name of Lenders	Counter-party of guarantee and endorsement: Name of Company	Relationship	Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent Company Endorses /guarantees to third parties on behalf of subsidiary	Subsidiary Endorses /guarantees to third parties on behalf of Parent Company	Endorsements /guarantees to the third parties on behalf of the Companies in Mainland China
0	Lungyen Life Service Corp.	Longding Life Sciences Inc	2	1,647,032	202,000	202,000	172,700	-	2.45%	4,117,580	Y	-	-
0	Lungyen Life Service Corp.	Yuji Development Corp.	2	1,647,032	300,000	200,000	-	-	2.43%	4,117,580	Y	-	-
0	Lungyen Life Service Corp.	Lung Fu Company Limited	3	1,647,032	180,000	180,000	13,500	-	2.19%	4,117,580	Y	-	-

Note 1: The total amount of guarantees and endorsements shall not exceed 50% of the net worth in the current period.
The total amount of guarantees and endorsements for individual party shall not exceed 20% of the net worth in the current period.

Note 2: There are six kind of conditions in which the Company may have guarantees or endorsements for the receiving parties.
(1) The Company has business with the receiving parties.
(2) The Company holds directly more than 50% of the common stock of the subsidiaries.
(3) In aggregate, the Company and its subsidiaries hold more than 50% of the investee.
(4) In aggregate, the Company holds directly or its subsidiaries hold indirectly more than 50% of the investee.
(5) The Company is required to make guarantees or endorsements for the construction project based on the construction contract.
(6) The stockholders of the Company make guarantees or endorsements for the investee in proportion to their stockholding percentage.

Note 3: Upon the board resolution on August 12, 2014, the maximum amount of endorsements to Yuji Company Limited has been set to $300,000 thousand. Subsequently, upon the board resolution on August 11, 2015, the maximum amount of endorsements to Yuji Company Limited has been adjusted to $200,000 thousand.

Note 4: According to the original Board resolution on June 29, 2015, endorsement to Lung Fu Company Limited shall not exceed $180,000 thousand.

Note 5: Upon the Board resolution on December 26, 2014, endorsement to Longding Life Sciences Inc. shall not exceed $202,000 thousand.

3. Information regarding securities held at balance sheet date (not including subsidiaries, associates and joint control):

Holder of Securities	Type and Name of Securities	Relationship with Securities Issuer	Account Title	Ending: Quantity of shares (thousand shares)/unit	Ending: Book Value	Ending: % of Ownership	Ending: Fair Value	Maximum shareholding or funding situation	Remark
The Company	Stock of Chang Hwa Bank	-	Financial assets at fair value through profit or loss	18,849	295,935	- %	15.70	- %	
The Company	LUMAX securities	-	Financial assets at fair value through profit or loss	242	10,515	- %	43.45	- %	
The Company	Stock of CTBC FINANCIAL HOLDING CO., LTD.	-	Financial assets at fair value through profit or loss	1	17	- %	16.90	- %	
The Company	Stock of CHINA LIFE INSURANCE COMPANY, LTD.	-	Financial assets at fair value through profit or loss	787	19,859	- %	25.25	- %	
The Company	Stock of Cheng Shin Rubber Ind., Co., Ltd.	-	Financial assets at fair value through profit or loss	245	13,059	- %	53.30	- %	

Holder of Securities	Type and Name of Securities	Relationship with Securities Issuer	Account Title	Ending				Maximum shareholding or funding situation	Remark
				Quantity of shares (thousand shares)/unit	Book Value	% of Ownership	Fair Value		
The Company	Stock of Sun Life Corporation	-	Financial assets at fair value through profit or loss	160	43,374	- %	271.09	- %	
The Company	Stock of Construction Bank	-	Financial assets at fair value through profit or loss	2,100	47,279	- %	22.51	- %	Trust
The Company	Stock of TVB		Financial assets at fair value through profit or loss	260	35,262	- %	135.46	- %	〃
The Company	Stock of Jiangsu Expressway Company Limited	-	Financial assets at fair value through profit or loss	992	43,995	- %	44.35	- %	〃
The Company	Stock of Sinopec		Financial assets at fair value through profit or loss	1,990	39,487	- %	19.84	- %	〃
The Company	Stock of PetroChina		Financial assets at fair value through profit or loss	1,438	30,973	- %	21.54	- %	〃
The Company	Stock of Sands China Limited		Financial assets at fair value through profit or loss	320	36,022	- %	112.57	- %	〃
The Company	Stock of MGM China Holdings Limited		Financial assets at fair value through profit or loss	655	26,946	- %	41.13	- %	〃
The Company	CITIC primary financial bond (CNY)	-	Financial assets at fair value through profit or loss	20,000	99,628	- %	4.98	- %	〃
The Company	CTBC Emerging Market Bond Fund	-	Financial assets at fair value through profit or loss	1,000	9,934	- %	9.93	- %	
The Company	Cathay Emerging China Bond Fund	-	Financial assets at fair value through profit or loss	297	3,326	- %	11.21	- %	
The Company	Cathay Emerging China Bond (Trust)	-	Financial assets at fair value through profit or loss	2,979	33,412	- %	11.21	- %	Trust
The Company	PineBridge Global Multi-Strategy High Yield Bond Fund - B		Financial assets at fair value through profit or loss	2,495	17,489	- %	7.01	- %	Trust
The Company	Fuh Hwa Emerging Market Bond Fund		Financial assets at fair value through profit or loss	2,199	13,395	- %	6.09	- %	〃
The Company	Franklin Templeton SinoAm Global High Yield Bond Fund		Financial assets at fair value through profit or loss	2,919	30,417	- %	10.42	- %	〃
The Company	Allianz Global Investors Taiwan Money Market Fund		Financial assets at fair value through profit or loss	4,048	50,070	- %	12.37	- %	〃
The Company	Franklin Templeton Sinoam Money Market		Financial assets at fair value through profit or loss	1,472	15,006	- %	10.20	- %	〃
The Company	Erenstar sub-Fundl Segregated Portfolio	-	Financial assets at fair value through profit or loss	1.000	78,191	- %	132,687.58	- %	
The Company	Fuh Hwa Emerging Market RMB Fixed Inc Type A	-	Financial assets at fair value through profit or loss	28	1,454	- %	52.83	- %	Trust
The Company	Alerian MLP ETF		Financial assets at fair value through profit or loss	82	32,673	- %	298.45	- %	〃
The Company	Hang Seng H-Share Index ETF		Financial assets at fair value through profit or loss	66	27,035	- %	412.12	- %	〃
The Company	Cnooc Bond	-	Available-for-sale financial assets – non-current	2,900	97,272	- %	33.54	- %	〃
The Company	Saudi Electricity Global - Bond	-	Available-for-sale financial assets – non-current	2,550	87,033	- %	34.13	- %	〃
The Company	Sinochem Offshore Capital Company Limited Corp. Bond	-	Available-for-sale financial assets – non-current	12,000	58,914	- %	4.91	- %	〃
The Company	Emirates Telecom Corp. Corp. Bond	-	Available-for-sale financial assets – non-current	1,500	52,065	- %	34.17	- %	〃
The Company	Guotai Junan Corp. Bond	-	Available-for-sale financial assets – non-current	200	6,701	- %	33.51	- %	〃
The Company	Beijing Infrastructure Investment (Hong Kong) Ltd. 3-year Senior Unsecured RMB Callable Financial Bond	-	Available-for-sale financial assets – non-current	10,000	49,379	- %	4.94	- %	〃
The Company	PetroChina Company Limited Corporate Bond	-	Available-for-sale financial assets – non-current	3,200	102,603	- %	32.06	- %	〃

Holder of Securities	Type and Name of Securities	Relationship with Securities Issuer	Account Title	Ending				Maximum shareholding or funding situation	Remark
				Quantity of shares (thousand shares)/unit	Book Value	% of Ownership	Fair Value		
The Company	PetroChina Company Limited Corporate Bond	－	Available-for-sale financial assets – non-current	1,600	54,116	- %	33.82	- %	〃
The Company	Abu Dhabi National Energy Company10-year Senior Unsecured USD Callable Corporate Bond	－	Available-for-sale financial assets – non-current	1,600	50,891	- %	31.81	- %	〃
The Company	Abu Dhabi National Energy Company10-year Senior Unsecured USD Callable Corporate Bond	－	Available-for-sale financial assets – non-current	2,600	82,807	- %	31.85	- %	〃
The Company	CNOOC Limited USD Callable Corporate Bond	－	Available-for-sale financial assets – non-current	3,100	96,835	- %	31.24	- %	〃
The Company	Rizhao Port Co., Ltd. RMB Callable Corporate Bond	－	Available-for-sale financial assets – non-current	9,800	48,473	- %	4.95	- %	〃
The Company	VTB Bank Corp. Bond	－	Available-for-sale financial assets – non-current	1,450	47,080	- %	32.47	- %	〃
The Company	ICBC RMB Corp. Bond	－	Available-for-sale financial assets – non-current	1,500	49,463	- %	32.98	- %	〃
The Company	China Development Bank RMB Corp. Bond	－	Available-for-sale financial assets – non-current	5,000	24,871	- %	4.97	- %	〃
The Company	QTel USD Corp. Bond	－	Available-for-sale financial assets – non-current	1,000	32,294	- %	32.29	- %	〃
The Company	African Finance Corp. Bond		Available-for-sale financial assets – non-current	3,000	99,845	- %	32.28	- %	〃
The Company	Beijing State-owned Asset Mgt. Corp. Bond		Available-for-sale financial assets – non-current	3,000	97,246	- %	32.42	- %	〃
The Company	ICBC RMB Corp. Bond		Available-for-sale financial assets – non-current	5,000	24,966	- %	4.99	- %	〃
The Company	ICBC RMB Corp. Bond		Available-for-sale financial assets – non-current	5,000	25,344	- %	5.07	- %	〃
The Company	China Comm Cons Corp. Bond		Available-for-sale financial assets – non-current	1,000	32,593	- %	32.59	- %	〃
The Company	Saudi Electricity Global - Bond		Available-for-sale financial assets – non-current	1,000	32,547	- %	32.55	- %	〃
The Company	QTel USD Corp. Bond		Available-for-sale financial assets – non-current	1,000	32,902	- %	32.90	- %	〃
The Company	Chang Hwa Bank		Available-for-sale financial assets – non-current	312,731	4,909,873	- %	15.70	- %	
The Company	ICBC		Available-for-sale financial assets – non-current	1,630	32,344	- %	19.84	- %	Trust
The Company	Exxon Mobil		Available-for-sale financial assets – non-current	4	9,691	- %	2,577.49	- %	〃
The Company	iShares MSCI India ETF		Available-for-sale financial assets – non-current	19	16,822	- %	909.32	- %	〃
The Company	WisdomTree Europe Hedged Equity ETF		Available-for-sale financial assets – non-current	4	6,405	- %	1,779.28	- %	〃
The Company	SPDR S&P Bank ETF		Available-for-sale financial assets – non-current	6	6,866	- %	1,118.29	- %	〃
The Company	PowerShares S&P 500 High Dividend Low Volatility Portfolio		Available-for-sale financial assets – non-current	6	7,397	- %	1,275.36	- %	〃
The Company	iShares MSCI USA Minimum Volatility Index ETF		Available-for-sale financial assets –	5	7,191	- %	1,382.82	- %	〃

Holder of Securities	Type and Name of Securities	Relationship with Securities Issuer	Account Title	Ending				Maximum shareholding or funding situation	Remark
				Quantity of shares (thousand shares)/unit	Book Value	% of Ownership	Fair Value		
			non-current						
The Company	SPDR Energy Select Sector ETF		Available-for-sale financial assets – non-current	7	12,965	- %	1,994.54	- %	〃
The Company	iShares China Large-Cap ETF		Available-for-sale financial assets – non-current	12	13,840	- %	1,166.90	- %	〃
The Company	FORTUNE IC FUND I	–	Financial assets carried at cost – non-current	600	4,030	4.86 %	10.99	4.86%	
The Company	PK Venture Capital Corp	–	Financial assets carried at cost – non-current	3,360	12,815	8.57 %	4.43	8.57%	
The Company	Cathay insurance stock	–	Financial assets carried at cost – non-current	44	-	0.01 %	-	0.01%	
The Company	Fuyou Healthcare Co., Ltd.	–	Financial assets carried at cost – non-current	450	4,500	15.00 %	9.34	15.00%	
Yuji Development Corp.	CTBC Hwa-win Money Market Fund	–	Financial assets at fair value through profit or loss	919	10,000	- %	10.88	- %	
Ching Huang Construction Co.	Jih Sun Money Market Fund	–	Financial assets at fair value through profit or loss	579	8,464	- %	14.62	- %	
Ching Huang Construction Co.	J-Garden Corp.	–	Financial assets at fair value through profit or loss	-	1,785	5.00 %	9.30	5.00%	
Dahan Property Management Co., Ltd.	Allianz Global Investors Taiwan Money Market Fund	–	Financial assets at fair value through profit or loss	170	2,097	- %	12.37	- %	
Longding Life Sciences Inc	Formosa Petrochemical Corporation 2012 1st Unsecured Corp. Bond	–	Financial assets at fair value through profit or loss	3,000	3,290	- %	1.10	- %	
Longding Life Sciences Inc	ASE Group 2011 Secured Corp. Bond	–	Financial assets at fair value through profit or loss	19,500	20,454	- %	1.05	- %	
Longding Life Sciences Inc	Central Gov't Construction Bonds 2011 Category A, 6th stage		Financial assets at fair value through profit or loss	37,000	37,043	- %	1.00	- %	

4. Information regarding securities where the accumulated purchase or sale amounts for the period exceed NT$300 million or 20% of the paid-in capital:

Unit: Thousand shares; Thousand of NTD

Name of Company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning balance		Purchases		Sales				Ending balances	
					Shares/ Units	Shares/ Units	Shares/ Units	Amount	Shares/ Units	Amount	Book Value	Gain(loss) from disposal	Shares/ Units	Amount
The Company	CTBC Hwa-win Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	56,070	610,000	56,070	610,037	610,000	37	-	-
The Company	Stock of Chang Hwa Bank	〃	-	-	15,376	273,108	2,950	52,275 (Note 1)	710	12,878	12,060	271	17,616	295,935
The Company	Stock of Chang Hwa Bank	Available-for-sale financial assets – non-current	-	-	-	-	292,273	5,286,515 (Note 2)	-	-	-	-	292,273	4,909,873

Note 1: Purchasing amount includes loss on valuation NT$16,842 thousand; purchasing shares includes distribution of stock dividend from current retained earnings for 1,233 shares.

Note 2: Purchasing amount includes loss on valuation NT$376,642 thousand; purchasing shares includes distribution of stock dividend from current retained earnings for 20,459 shares.

5. The acquisition of real property exceeding NT$300 million or 20% of the paid-in capital: None.

6. The disposition of real property exceeding NT$300 million or 20% of the paid-in capital: None.

7. Amount of sales amounted to NT$100 million or 20% of paid-in capital or more with related parties:

Unit: Thousand of NTD

Name of Company	Name of transaction partner	Relationship	Transaction details				Situation and cause of different transaction condition compared with general transaction		Accounts receivable (payable)		Remark
			Purchase (Sales)	Amount	% of total purchase (sales)	Credit period	Unit price	Credit period	Balance	% of Accounts receivable (payable)	
The Company	Yuji Development Corp.	Invested company evaluated using equity method	Purchase	135,789	14.00 %	Credit on 60days	-	-	(59,926)	16.00%	

8. Receivables from related parties exceeding NT$100 million or 20% of the paid-in capital: None.
9. Engage in derivatives trading: None.
10. Business relationships and significant intercompany transactions:

Number (Note 1)	Name of the Company	Name of the counter-party	Existing relationship with the counter-party (Note 2)	Transaction Details			
				Account name	Amount	Terms of trading	Percentage of the total consolidated revenue or total assets
0	Lungyen Life Service Corp.	Ching Huang Construction Co., Ltd.	1	Payable accounts	$ 13,256	Equal to transaction with non-related parties	0.03%
0	〃	〃	1	Other payable accounts	16,662	–	0.04%
0	〃	Yuji Development Corp.	1	Other financial assets – current	2,580		0.01%
0	〃	〃	1	Payable accounts	59,926	-	0.13%
0	〃	〃	1	Prepayments	28,662	-	0.06%
0	〃	〃	1	Operating cost	135,789	-	3.94%
0	〃	〃	1	Other revenue	27,778	-	0.80%
0	〃	〃	1	Receipts under custody	4,626	-	0.01%
0	〃	Longding Life Science Co., Ltd.	1	Payable accounts	361	-	- %
0	〃	〃	1	Other payable accounts	299	-	- %
0	〃	〃	1	Other revenue	5,456	-	0.15%
0	〃	〃	1	Operating cost	4,016	-	0.12%
0	〃	Zekaen Co. Ltd.	1	Operating cost	25,789	-	0.73%
0	〃	〃	1	Operating expense	19	-	- %
0	〃	〃	1	Operating income	3,020	-	0.09%
0	〃	Lung Fu Company Limited	1	Other financial assets – current	461	-	- %
0	〃	〃	1	Receipts under custody	225	-	- %
0	〃	〃	1	Operating cost	60,032	-	1.74%
0	〃	〃	1	Other revenue	1,267	-	0.04%
1	Ching Huang Construction Co., Ltd.	Lungyen Life Service Corp.	2	Accounts Receivable	29,918		0.06%
2	Yuji Development Corp.	Lungyen Life Service Corp.	2	Accounts Receivable	64,552	–	0.14%
2	〃	〃	2	Advance receipts	28,662	–	0.06%
2	〃	〃	2	Other payable accounts	2,580	–	0.01%
2	〃	〃	2	Operating income	135,789	–	3.94%
2	〃	〃	2	Administrative expenses	27,778		0.80%
2	〃	Lung Fu Company Limited	3	Payment on behalf of others	276	–	- %
2	〃	〃	3	Operating income	2,526	–	0.07%
3	Longding Life Science Co., Ltd.	Lungyen Life Service Corp.	2	Accounts Receivable	660	–	- %
3	〃	〃	2	Operating income	4,016	–	0.12%
3	〃	〃	2	Financial cost	5,456	–	0.15%
4	Zekaen Co. Ltd.	Lungyen Life Service Corp.	2	Operating income	25,808	–	0.73%
4	〃	〃	2	Administrative expenses	3,020	–	0.09%
5	Lung Fu Company Limited	Lungyen Life Service Corp.	2	Accounts Receivable	225	–	- %
5	〃	〃	2	Expenses payable	461	–	- %

Number (Note 1)	Name of the Company	Name of the counter-party	Existing relationship with the counter-party (Note 2)	Transaction Details			
				Account name	Amount	Terms of trading	Percentage of the total consolidated revenue or total assets
5	〃	〃	2	Operating income	60,032	–	1.74%
5	〃	〃	2	Administrative expenses	1,267	–	0.04%
5	〃	Yuji Development Corp.	3	Payable accounts	276	–	- %
5	〃	〃	3	Operating cost	2,526	–	0.07%

Note 1: Said transactions shall be numbered as follows:
1. "0" for parent company
2. Subsidiaries are numbered from "1"

Note 2: Transactions with stakeholders are divided into three categories as follows:
1. Parent company to subsidiaries;
2. Subsidiaries to parent company;
3. Subsidiaries to subsidiaries

(2) Information on investees:

The Consolidated Company's reinvestment as of 2015 is as follows:

Unit: Thousand NTD

Name of the investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Maximum shareholding or funding situation	Current gain/loss of investees	Current recognized Investment gains and losses	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value				
The Company	Ching Huang Construction Co., Ltd.	Taiwan	Civil engineering	30,033	30,033	2,209	98.20%	(10,745)	98.20%	(1,868)	(1,834)	Subsidiary
The Company	Yuji Development Corp.	Taiwan	Funeral Service	990,000	990,000	99,000	54.42%	1,169,619	54.42%	271,343	125,645	Subsidiary
The Company	Dahan Property Management Co., Ltd.	Taiwan	Development, lease and sale of residential areas and building	3,870	3,870	400	80.00%	3,597	80.00%	-	-	Subsidiary
The Company	Sea Dragon Traders Ltd. (BVI)	British Virgin Islands	Investment	147,073 (USD4,710)	340 (USD10)	1	100.00%	266,934	100.00%	(6,262)	(6,262)	Subsidiary
The Company	Longding Life Science Co., Ltd.	Taiwan	Flower and plant cultivation	295,000	85,000	29,500	84.29%	222,805	84.29%	(37,314)	(27,055)	Subsidiary
The Company	Singapore Lungyen Life Services Pte., Ltd	Singapore	Funeral Service	11,990 (SGD500)	11,990 (SGD500)	500	100.00%	(2,118)	100.00%	(84)	(84)	Subsidiary
The Company	Zekaen Co. Ltd.	Taiwan	Flower and plant cultivation	500,656	96,656	50,400	100.00%	503,299	100.00%	(13,807)	(13,807)	Subsidiary
The Company	RIA AWANA SDN. BHD	Malaysia	Funeral Service	31,454 (HYR3,920)	-	3,920	49.00%	26,975	49.00%	(3,938)	(1,930)	Affiliated company
Yuji Development Corp.	Lung Fu Company Limited	Taiwan	Funeral Service	210,700	210,700	21,070	77.75%	223,299	77.75%	9,097	7,073	Sub-subsidiary
Zekaen Co. Ltd.	Longding Life Science Co., Ltd.	Taiwan	Flower and plant cultivation	-	44,450	-	- %	-	- %	(37,314)	(6,330)	Subsidiary
Sea Dragon Traders Ltd. (BVI)	Witty Dragon Limited(BVI)	British Virgin Islands	Investment	165,268 (USD5,264)	-	53	26.32%	160,818	26.32%	(19,151)	(5,062)	Affiliated company

Note 1: The Consolidated Company holds equity industry to write off these subsidiaries in the consolidated financial report.

(3) China investment information:

1. China investee company name, business operation, and related information:

Unit: Thousand NTD/Foreign Currency

China investee company name	Business operation	Received Capital	Type of investment (Note 1)	Current Beginning Period of Taiwan Accumulated Export	Current Export or Return of Investment Amount		Current Ending Period of Taiwan Accumulated Export	Company Direct or Indirect Investment Proportion of Holding	Current interim maximum shareholding ratio or contribution	Recognized Investment Profit and Loss (Note2)	Ending Period of Investment Book Value	Amount Remitted Current Ending Period
					Export	Return						
Lungyen Trading (Wenzhou) Co. Ltd	Wholesale and export operations	-	Sea Dragon Traders Ltd. (BVI)	-	-	-	-	100.00%	-%	-	-	-

2. Mainland China investment limits:

End of this period the cumulative remittance from Taiwan Amount of investment in Mainland China	Investment Amount Approved by Ministry of Economic Affairs	The limitation on investment areas in accordance with the provisions of the Investment Commission of Ministry of Economic Affairs
-	1,322,800 USD 40,000	4,941,096

US Dollar Exchange Rate: closing rate: 33.07

Note 1: An investment is divided into the following three ways, list out the type of the category:
(A) Directly engaged in investment in Mainland China
(B) Re-invest in the mainland through a third country company (please specify in the third area of investment companies)
(C) Other methods.

Note 2: the current investment income recognized:
(A) During the stage of preparations, note that there is no investment income.
(B) The gain or loss recognized on the basis of the investment is divided into the following two types with note:
1 Financial statements to be prepared by international CPA audit that is in cooperation with ROC CPA audit.
2 By the parent company in Taiwan audited financial statements.

Note 3: The corresponding currency should be NT dollars. Those involving foreign currency, the exchange rate for the reporting period amounted to NT accounts.

Note 4: The Consolidated Company on March 31, 2011 by the Board of Directors resolved to the amount of US$40 million, investment in the mainland established Lungyen (China) Co., Ltd. and in July 1, 2011 as approved by the Investment Commission of Ministry of Economic Affairs, Sea Dragon Traders Ltd. (BVI) currently intends reinvestment Lungyen (Cayman) Limited and Lungyen (Hong Kong) Limited to invest in the mainland funeral business, but is not actually exercised investment. The combined company on June 14, 2013 preceding the mainland investment undertaking intends to change the resolution by the Board as an operating base in Wenzhou, Zhejiang, engaged in the operation of funeral services and other advisory services, in October 28, 2013 Ministry of Economic Affairs of the investment project investment by industry Commission approval documented.

3. Significant transactions of the mainland China investment: None.

XIV. Financial Information by Department

(I) General information

The Consolidated Company consist of five departments, namely Columbarium Sales Dept., Funeral Service Dept., Property Lease Dept., Cemetery Operation Dept., and other departments and construction sales department. Columbarium Sales Dept. is primarily engaged in columbarium-related business. Funeral Service Dept. is engaged in funeral service business. Property Lease Dept. is engaged in lease of real property. Cemetery Operation Dept. and other departments are engaged in management and operation of cemeteries. Construction Sales Dept. is engaged in building construction business.

The Consolidated Company' departments shall be the units dedicated to strategic business to provide different products and services. Given that the technique and marketing strategies as needed vary according to each strategic business unit, it is necessary to manage the units separately. Most of the business units are acquired separately, and the competent management teams are retained.

(II) Departmental profit and loss, assets, liabilities, measurements and adjustment should be reported

The before tax profit and loss (excluding gains and losses and exchange gains and losses are often non-occurrence) is based on the Consolidated Company within the department's chief operating decision making report as a basis for the management of resource allocation and assessment of performance. As the profit or non-occurrence of recurrent and exchange gains and losses are based on a group basis to manage, so the Consolidated Company unallocated income tax expense (benefit), exchange gain or loss and non-recurring occurrence to reportable segments. In addition, not all departmental profit and loss contains depreciation and amortization non-cash items. The reported amounts should be consistent with the operating decision making report.

The Consolidated Company's operating segments and adjustment are as follows:

2015

	Columbarium and cemetery for sale	Funeral services	Property leasing	Cemetery operation and others	Construction for sales	Adjustments and written-off	Total
Income:							
Income from external customers	$ 1,613,983	1,539,792	214,758	159,207	1,366	-	3,529,106
Inter-segment income	197,383	-	3,157	29,995	-	(230,535)	-
Total income	$ 1,811,366	1,539,792	217,915	189,202	1,366	(230,535)	3,529,106
Interest expense	$ -	-	-	(76,083)	-	-	(76,083)
Depreciation and amortization	-	(31,604)	(54,536)	(12,842)	-	(39,803)	(138,785)
Affiliated companies and joint ventures profit or loss portion using equity method	-	-	-	(6,992)	-	-	(6,992)
Reportable segment profit or loss	$ 863,661	245,186	86,254	239,482	(442)	(46,717)	1,387,424
Assets:							
Reportable segment assets	$ 12,857,460	3,837,528	6,089,328	74,458	5,139,297	19,510,950	47,509,021
Reportable segment liabilities	$ 16,612,621	12,836,700	56,499	900,589	-	7,783,053	38,189,462

2014

	Columbarium and cemetery for sale	Funeral services	Property leasing	Cemetery operation and others	Construction for sales	Adjustments and written-off	Total
Income:							
Income from external customers	$ 3,616,656	1,445,611	210,680	156,386	21,975	-	5,451,308
Inter-segment income	143,940	-	4,050	71,513	1,465	(220,968)	-
Total income	$ 3,760,596	1,445,611	214,730	227,899	23,440	(220,968)	5,451,308
Interest expense	$ -	-	-	(17,717)	-	-	(17,717)
Depreciation and amortization	-	(29,605)	(57,633)	(2,951)	-	(19,926)	(110,115)
Reportable segment profit or loss	$ 1,800,145	328,777	93,134	550,340	(547)	(219,636)	2,552,213
Assets:							
Capital expenditure of non-current assets	-	-	-	975,056	-	-	975,056
Reportable segment assets	$ 12,902,054	3,717,652	6,141,719	53,740	4,551,895	14,120,041	41,487,101
Reportable segment liabilities	$ 14,775,779	11,877,970	40,847	933,183	-	3,923,341	31,551,120

(III) Geographical information

The Consolidated Company's geographical information as below, the revenue is categorized in accordance with customers' geographical locations, and non-current assets are categorized in accordance with assets' geographical locations.

Area		2015	2014
Income from external customers			
Taiwan	$	3,529,106	5,445,025
Other countries		-	6,283
Total	$	3,529,106	5,451,308
Non-current assets:			
Taiwan	$	13,375,403	13,137,713

Non-current assets include property, plant and equipment, investment property and intangible assets, but not including financial methods and deferred income tax assets.

(IV) Main customer information

The Consolidated Company has no customer whose income is over 10% of net operating revenue in consolidated comprehensive income statement as of 2015 and 2014.