

(English Translation of Financial Report Originally Issued in Chinese)

**Lungyen Life Service Corp. and
Subsidiaries**

Consolidated Financial Statements

**For The Three Months Ended March 31, 2016 and 2015
(Including an Independent Auditor's Audit Report)**

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Independent Auditor's Audit Report

To Board of Directors of Lungyen Life Service Corp.:

We have audited the accompanying consolidated balance sheets of Lungyen Life Service Corp. and its subsidiaries as of March 31, 2016 and 2015, the related consolidated statements of comprehensive income as of January 1 to March 31, 2016 and 2015, and consolidated statements of changes in equity and consolidated statement of cash flows as of three months ended March 31, 2016 and 2015. The quarterly consolidated financial statements are the responsibility of the management. Our responsibility is to express an opinion on the quarterly consolidated financial statements based on our audits.

Except for the statements in paragraph 3 and paragraph 4, we have the review planned and implemented in conformity with Generally Accepted Auditing Standard (GAAS) No. 36 "Financial Statements Review." We have conducted only analysis, comparison, and check but not audit in conformity with generally accepted auditing standards; therefore, we are unable to express an opinion on the quarterly consolidated financial statements referred to above.

Lungyen Life Service Corp. has based on the unreviewed quarterly financial statements of the subsidiaries to prepare the quarterly consolidated financial statements. The total assets amounted to NT\$1,532,297 thousand and NT\$762,469 thousand, representing 3% and 2% of total consolidated assets as of March 31, 2016 and 2015, respectively. The total liabilities amounted to NT\$250,167 thousand and NT\$263,567 thousand, representing both 1% of total consolidated liabilities as of March 31, 2016 and 2015, respectively. The comprehensive profit or loss was NT\$(9,612) thousand and NT\$(6,975) thousand, representing both (2)% of the consolidated profit or loss as of January 1 to March 31, 2016 and 2015, respectively.

Except for the statements in paragraph 3, the investment under the equity method of Lungyen Life Service Corp. and its subsidiaries amounted to NT\$187,724 thousand and NT\$165,268 thousand as of March 31, 2016 and 2015. The profit or loss under the equity method of the affiliated enterprise amounted to NT\$2,391 thousand and NT\$0 thousand as of January 1 to March 31, 2016 and 2015. The financial statements were prepared in accordance with the unreviewed quarterly financial statements of the subsidiaries.

In our opinion, except for the quarterly financial statements of the invested company in paragraph 3 and paragraph 4 are not yet reviewed by the auditors that may result adjustment to the quarterly consolidated financial statements in paragraph 1, the quarterly consolidated financial statements referred to above present fairly, in all material respects, and in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Firms and International Accounting Standard No. 1 "First-time Adoption of International Financial Reporting Standards" and No. 34 "Interim Financial Report" recognized by Financial Supervisory Commission without any amendment required.

KPMG

CPA:

Approval
Document
issued by the
competent
securities
authority
May 9, 2016

FSC VI. Tzi No. 0940129108
: FSC No. 1020000737

(English Translation of Financial Report Originally Issued in Chinese)
Lungyen Life Service Corp. and Subsidiaries

Consolidated Balance Sheets

March 31, 2016, December 31, 2015 and March 31, 2015

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

Assets	3.31.2016		12.31.2015		3.31.2015			Liabilities and Equity	3.31.2016		12.31.2015		3.31.2015	
	Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:						
1100 Cash and cash equivalents (Note (1) & (21))	\$ 261,831	1	212,719	-	428,279	1	2100 Short-term loan (Note 6(10) & (21))	\$ 6,883,500	14	7,240,500	15	3,229,550	8	
1110 Financial assets at fair value through profit or loss – current (Note 6(2), (21) & 9)	1,128,409	2	1,136,101	2	1,113,500	3	2170 Payable accounts (Note 6(21))	527,630	1	433,440	1	426,491	1	
1150 Notes receivable, net (Note 6(21))	5,345	-	22,220	-	27,636	-	2190 Constructions contract payable	-	-	-	-	1,344	-	
1170 Accounts receivable, net (Note 6(21) & 7)	442,889	1	468,688	1	422,379	1	2200 Other payable accounts (Note 6(21) & 7)	365,891	1	442,134	1	416,775	1	
1320 Inventories (Note 6(3) & 8)	13,901,186	29	13,563,567	29	12,918,637	30	2230 Current income tax liabilities	237,743	1	191,764	1	177,352	-	
1400 Biological assets – current	54,038	-	54,222	-	50,374	-	2310 Advance receipts (Note 9)	30,003,700	62	29,550,662	62	28,158,420	66	
1410 Prepayments (Note 9)	8,546,598	18	8,447,596	18	8,309,011	19	2399 Other current liabilities - others	23,494	-	9,527	-	23,262	-	
1476 Other financial assets – current (Note 6(9), 6(21), 8 & 9)	1,945,726	4	2,209,109	5	2,000,746	5		<u>38,041,958</u>	<u>79</u>	<u>37,868,027</u>	<u>80</u>	<u>32,433,194</u>	<u>76</u>	
1479 Other current assets	7,708	-	3,614	-	8,606	-	Non-current liabilities:							
	<u>26,293,730</u>	<u>55</u>	<u>26,117,836</u>	<u>55</u>	<u>25,279,168</u>	<u>59</u>	2540 Long-term loan (Note (11), (21))	172,700	-	172,700	-	165,000	-	
Non-current assets:							2570 Deferred income tax liabilities	51,949	-	49,587	-	42,498	-	
1524 Available-for-sale financial assets – non-current (Note 6(2), (21), 8 & 9)	6,984,271	14	6,309,634	13	3,095,740	7	2640 Net defined benefit liability – non-current	28,561	-	28,561	-	24,867	-	
1544 Financial assets carried at cost – non-current (Note 6(2))	23,130	-	23,130	-	27,435	-	2645 Deposit received	58,279	-	67,606	-	53,284	-	
1550 Investment under equity method (Note 6(4))	187,724	-	187,793	-	165,268	-	2670 Other non-current liabilities - others	2,981	-	2,981	-	2,981	-	
1600 Property, plant and equipment (Note 6(6), 8 & 9)	6,093,143	13	6,516,579	14	6,375,896	15		<u>314,470</u>	<u>-</u>	<u>321,435</u>	<u>-</u>	<u>288,630</u>	<u>-</u>	
1760 Investment property, net (Note 6(7), 8 & 9)	6,528,263	13	6,089,328	13	6,123,967	14	Total liabilities	<u>38,356,428</u>	<u>79</u>	<u>38,189,462</u>	<u>80</u>	<u>32,721,824</u>	<u>76</u>	
1780 Intangible assets (Note 6(8))	765,409	2	769,496	2	771,304	2	Equity attributable to owners of parent (Note 6(14) & (15)):							
1840 Deferred income tax assets	832,502	2	809,184	2	737,206	2	3100 Capital stock – common stock	3,990,842	8	3,990,842	9	3,990,842	9	
1980 Other financial assets – non-current	26,436	-	28,149	-	25,802	-	3200 Capital surplus	1,413,254	3	1,413,044	3	1,401,264	3	
1990 Other non-current assets - others	664,505	1	657,892	1	438,684	1	Retained earnings:							
	<u>22,105,383</u>	<u>45</u>	<u>21,391,185</u>	<u>45</u>	<u>17,761,302</u>	<u>41</u>	3310 Legal reserve	888,881	2	888,881	2	669,595	2	
							3320 Special reserve	14,458	-	14,458	-	15,224	-	
							3350 Unappropriated retained earnings	2,528,972	5	2,329,600	5	3,187,057	7	
							3400 Other equity interest	(128,154)	-	(401,665)	(1)	(14,051)	-	
							Total equity attributable to owners of parent	<u>8,708,253</u>	<u>18</u>	<u>8,235,160</u>	<u>18</u>	<u>9,249,931</u>	<u>21</u>	
							36xx Non-controlling interest (Note 6(5) & (15))	1,334,432	3	1,084,399	2	1,068,715	3	
							Total equity	<u>10,042,685</u>	<u>21</u>	<u>9,319,559</u>	<u>20</u>	<u>10,318,646</u>	<u>24</u>	
							Total liabilities and equity	<u>\$ 48,399,113</u>	<u>100</u>	<u>47,509,021</u>	<u>100</u>	<u>43,040,470</u>	<u>100</u>	
資產總計	<u>\$ 48,399,113</u>	<u>100</u>	<u>47,509,021</u>	<u>100</u>	<u>43,040,470</u>	<u>100</u>								

(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 Three Months Ended March 31, 2016 and 2015

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)
 (Reviewed, Not Audited)

		2016Q1		2015Q1	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(17) & 7)	\$ 841,340	100	862,626	100
5000	Operating cost (Note 6(13))	330,846	39	294,589	34
5900	Operating gross profit (loss)	510,494	61	568,037	66
Operating expenses:					
6100	Selling expenses	152,325	18	168,246	20
6200	Administration expenses (Note 6(13) & 7)	103,326	12	81,493	9
6000	Total operating expenses	255,651	30	249,739	29
6500	Other income and expenses (Note 6(19))	16,041	2	13,665	2
6900	Operating income (loss)	270,884	33	331,963	39
Non-operating income and expenses:					
7010	Other income (Note 6(20))	56,412	7	64,025	7
7020	Other gains and losses (Note 6(20))	(40,982)	(5)	(40,959)	(5)
7050	Financial costs (Note 6(3) & (20))	(23,566)	(3)	(10,111)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6(4))	(2,391)	-	-	-
		(10,527)	(1)	12,955	1
7900	Operating income before tax	260,357	32	344,918	40
7950	Less: Income tax expense (Note 6(14))	26,742	3	42,070	5
	Net income	233,615	29	302,848	35
8300	Other comprehensive income:				
8360	Items that may be subsequently reclassified to profit or loss:				
8361	Exchange differences on translation of foreign statements	(270)	-	11	-
8362	Unrealized losses on available-for-sale financial assets	273,781	33	396	-
	Total items that may be subsequently reclassified to profit or loss	273,511	33	407	-
8300	Other comprehensive income, net	273,511	33	407	-
	Total comprehensive income	\$ 507,126	62	303,255	35
	Net income, attributable to:				
	Owners of parent	\$ 199,372	25	274,798	32
8620	Non-controlling interest	34,243	4	28,050	3
		\$ 233,615	29	302,848	35
	Total comprehensive income, attributable to:				
	Owners of parent	\$ 472,883	58	275,205	32
	Non-controlling interest	34,243	4	28,050	3
		\$ 507,126	62	303,255	35
	Earnings per share (Note 6(16))				
9750	Basic earnings per share (NTD)	\$ 0.50		0.69	
9850	Diluted earnings per share (NTD)	\$ 0.50		0.69	

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

Chairman :

General Manager :

Chief Accountant :

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Lungyen Life Service Corp. and Subsidiaries
Consolidated Statements of Changes in Equity

For The Three Months Ended March 31, 2016 and 2015

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)
 (Reviewed, Not Audited)

	Equity attributable to owners of parent						Other equity interest			Non-controlling interest	Total equity	
	Retained earnings					Total	Exchange differences on foreign translation	Unrealized gains (losses) on available-for-sale financial assets	Total			Total equity attributable to owners of parent
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings							
Balance – January 1, 2015	\$ 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	-	-	-	-	274,798	274,798	-	-	-	274,798	28,050	302,848
Other comprehensive income	-	-	-	-	-	-	11	396	407	407	-	407
Total comprehensive income	-	-	-	-	274,798	274,798	11	396	407	275,205	28,050	303,255
Acquisition or disposal of shares in subsidiaries difference between the price and the book value	-	9,192	-	-	-	-	-	-	-	9,192	(9,192)	-
Increase/decrease in non-controlling interest	-	-	-	-	-	-	-	-	-	-	79,410	79,410
Balance – March 31, 2015	\$ 3,990,842	1,401,264	669,595	15,224	3,187,057	3,871,876	(8,151)	(5,900)	(14,051)	9,249,931	1,068,715	10,318,646
Balance – January 1, 2016	\$ 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
Net profit	-	-	-	-	199,372	199,372	-	-	-	199,372	34,243	233,615
Other comprehensive income	-	-	-	-	-	-	(270)	273,781	273,511	273,511	-	273,511
Total comprehensive income	-	-	-	-	199,372	199,372	(270)	273,781	273,511	472,883	34,243	507,126
Acquisition or disposal of shares in subsidiaries difference between the price and the book value	-	210	-	-	-	-	-	-	-	210	(210)	-
Increase/decrease in non-controlling interest	-	-	-	-	-	-	-	-	-	-	216,000	216,000
Balance – March 31, 2016	\$ 3,990,842	1,413,254	888,881	14,458	2,528,972	3,432,311	(5,037)	(123,117)	(128,154)	8,708,253	1,334,432	10,042,685

(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 Three Months Ended March 31, 2016 and 2015

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)
 (Reviewed, Not Audited)

	2016Q1	2015Q1
Cash flows from operating activities:		
Profit (loss) before tax	\$ 260,357	344,918
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	41,910	27,938
Amortization expense	3,444	2,552
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(10,796)	17,660
Interest expense	23,566	10,111
Interest income	(25,338)	(31,624)
Dividend income	(1,439)	(3,437)
Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6(4))	2,391	-
Loss (gain) on disposal and scrap of property, plant and equipment	7	-
Exchange loss on disposal of financial assets	49,658	19,524
Gain on disposal of available-for-sale financial assets	(22,639)	(3,388)
Total adjustments to reconcile profit (loss)	60,764	39,336
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets held for trading	18,488	(220,457)
Decrease (Increase) in notes receivable and account receivable	42,674	19,113
Decrease (Increase) in account receivable	-	(3,703)
Decrease (Increase) in inventories	(337,619)	(181,796)
Decrease (Increase) in biological assets	184	(16,501)
Decrease (Increase) in prepayments	(98,051)	(107,686)
Decrease (Increase) in other current assets	(4,120)	(2,042)
Decrease (Increase) in other financial assets - current	23,692	285,975
Total changes in operating assets	(354,752)	(227,097)
Changes in operating liabilities:		
Increase (Decrease) in accounts payable	94,190	(57,182)
Increase (Decrease) in construction contract receivable	-	(35,233)
Increase (Decrease) in other payable	(76,796)	(55,051)
Increase (Decrease) in advance receipts	453,038	374,323
Increase (Decrease) in other current liabilities	13,962	(3,320)
Total changes in operating liabilities	484,394	223,537
Total changes in operating assets and liabilities	129,642	(3,560)
Total adjustments	190,406	35,776
Cash inflow (outflow) generated from operations	450,763	380,694
Interest received	16,343	25,561
Dividend received	1,439	3,437
Interest paid	(23,074)	(9,456)
Income taxes (paid)	(1,284)	(1,323)
Net cash flows from (used in) operating activities	444,187	398,913

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Lungyen Life Service Corp. and Subsidiaries
Consolidated Statements of Cash Flows

For The Three Months Ended March 31, 2016 and 2015

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)
(Reviewed, Not Audited)

	<u>2016Q1</u>	<u>2015Q1</u>
Cash flows from (used in) investing activities:		
Acquisition of available-for-sale financial assets	\$ (693,246)	(1,338,976)
Proceeds from disposal of available-for-sale financial assets	265,242	179,742
Acquisition of investment using equity method	-	(165,268)
Acquisition of property, plant and equipment	(57,416)	(170,878)
Acquisition of intangible assets	(308)	(802)
Decrease in other financial assets	250,031	273,378
Increase in other non-current assets	(6,613)	(7,798)
Net cash flows from (used in) investing activities	<u>(242,310)</u>	<u>(1,230,602)</u>
Cash flow from (used in) financing activities:		
Increase in short-term loans	1,410,000	2,084,750
Decrease in short-term loans	(1,767,000)	(1,444,200)
Increase in long-term loans	-	165,000
Increase (decrease) in guarantee deposits received	(9,327)	3,268
Change in non-controlling interests	216,000	79,410
Net cash flows from (used in) financing activities	<u>(150,327)</u>	<u>888,228</u>
Effects of foreign exchange rates changes on cash and cash equivalents	(2,438)	(598)
Net increase (decrease) in cash and cash equivalents	49,112	55,941
Cash and cash equivalents at beginning of period	<u>212,719</u>	<u>372,338</u>
Cash and cash equivalents at end of period	<u>\$ 261,831</u>	<u>428,279</u>

(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 Three Months Ended March 31, 2016 and 2015
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)
(Reviewed, Not Audited)

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 consolidated financial statements of the Company as at and for the three months ended March 31, 2016 comprise the Company and its subsidiaries (together referred to as the ‘Group’ and individually as ‘Group entities’) and the Group’s interest in associates and jointly controlled entities. 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.

II. Approval and procedures of the consolidated financial statements

The quarterly consolidated financial statements were accepted and published by the Board of Directors on May 9, 2016.

III. Application of new and revised standards and interpretations

1. New and revised standards and interpretations but not yet approved by Financial Supervisory Commission

The following table depicts the new, amended, revised standards and interpretations issued by the International Accounting Standards Board (hereinafter referred to as the “IAS Board”) but not yet approved by the FSC as of the latest reporting year:

<u>New/Amended/Revised Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS No. 15 “Clarifications to IFRS 15 ‘Revenue from Contracts with Customers’ issued”	1.1.2018

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.

Except for the abovementioned explanation, the new and revised standards and interpretations not yet approved by the Consolidated Company did not result in significant changes to Note 3 of 2015 consolidated financial statements.

IV. Summary of significant accounting policies

(I) Compliance Statement

The quarterly consolidated financial report is prepared in accordance with Regulations Governing the Preparation of Financial Reports by Issuers (referred to as “the Regulations” hereinafter) and International Accounting Standard No. 34 “Interim Financial Report” approved by the FSC. The quarterly consolidated financial report does not include all the necessary information disclosed in the annual consolidated financial statements according to

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Notes to the quarterly consolidated financial statements of Lungyen Life Service Corp.
and its subsidiaries (continue)

Regulations Governing the Preparation of Financial Reports by Issuers 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.

Except as described in the following paragraphs, the significant accounting policies applied in this quarterly consolidated financial report is consistent to the 2014 annual consolidated financial statements. Please refer to Note 4 of the 2014 annual consolidated financial statements for other related information.

(II) Basis of consolidation

The principle for preparation of the consolidated financial statements is accordingly to the 2015 consolidated financial statements. For more information, please refer to Note 4(3) of the 2015 consolidated financial statements.

1. List of subsidiaries included in the 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			Remarks
			3.31.2015	12.31.2015	3.31.2015	
The Company	Jin Huang Construction Co., Ltd.	Architecture and Civil Engineering business operations	98.20%	98.20%	98.20%	
The Company	Yuji Development Corp.	Funeral services business operations	54.42%	54.42%	54.61%	Note 4(2)3(1)
The Company	Longding Life Sciences Inc.	Flowers growing, wholesale, and retail business operations	84.29%	84.29%	60.71%	Note 4(2)3(3)
The Company	Dahan Property Management Co., Ltd.	Housing and building development and rental business operations, etc.	80.00%	80.00%	80.00%	
The Company	Sea Dragon Traders Ltd. (BVI)	Investment business	100.00%	100.00%	100.00%	Note 4(2)3(4)
The Company	Singapore Lungyen Life Service Pte. Ltd.	Funeral services business operations	100.00%	100.00%	100.00%	
The Company	Lung An Company Limited (the original Zekaen Co. Ltd.)	Flowers growing, wholesale, and retail business operations	70.00%	100.00%	100.00%	Note 4(2)3(2)
Yuji Development Corp.	Lung Fu Company Limited	Funeral services business operations	77.75%	77.75%	77.75%	-
Lung An Company Limited	Longding Life Sciences Inc.	Flowers growing, wholesale, and retail business operations	- %	- %		

2. The subsidiaries that are not included in the consolidated financial statements: None.

3. Changes in subsidiary:

(1) In order to expand the scale of operations, Yuji Development Corp., the subsidiary, increased cash capital for NT\$79,410 thousand and NT\$9,545 thousand, issued at par 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) On January 13, 2016, Board of Directors resolved to revise Memorandum of Association, changed the company name from “Zekaen Co. Ltd.” to “Lung An Company Limited”, and changed the business address to Kaohsiung City. Nature of business includes funeral service business, housing and building development, rental business, ritual supply retail business, building material retail business, agency services and so on.

In December 2015, Lung An Company Limited (the original 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. The Company did not take up new shares as proportion previously held, and this has caused the Company's ownership to decrease from 100% to 70%.

- (3) In September 2015, Longding Life Sciences increased cash capital for NT\$210,000 thousand, 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 Lung An Company Limited (the original Zekaen Co. Ltd.)'s to decrease from 31.75% to 12.70%. Furthermore, Lung An Company Limited (the original Zekaen Co. Ltd) sold its total shares of Longding Life Sciences Inc. to unrelated natural person in October 2015. This has caused its ownership to decrease from 12.7% to 0%.

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

(III) Income tax

The consolidated company assesses and discloses interim period income tax expense accordingly to IAS No. 34 B12 “Interim Financial Reporting”.

Income tax expense for the year is best estimated by multiplying pretax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled and recognized directly in equity or other comprehensive income as tax expense.

(IV) Employee welfare

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

V. Classification of assets and liabilities as current and non-current

When the management has the quarterly consolidated financial statements prepared in accordance with the International Accounting Standard No. 34 “Interim Financial Report” 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 bases of key accounting assumptions, judgments and estimation uncertainty used in preparing the quarterly consolidated quarterly financial statements are consistent with the Consolidated Company's 2015 annual consolidated financial statements (Note 5).

VI. Important accounting accounts

Except as described in the following paragraphs, there were no significant differences with those disclosed in the 2015 annual consolidated financial statements. Please refer to Note 6 of the 2015 annual consolidated financial statements.

(I) Cash and cash equivalent

	<u>3.31.2016</u>	<u>12.31.2015</u>	<u>3.31.2015</u>
Cash on hand	\$ 3,375	3,290	5,652
Check deposits	154,348	101,990	420,406
Demand deposits	398	1,670	221
Time deposits	<u>103,710</u>	<u>105,769</u>	<u>2,000</u>
Cash and cash equivalent on the Consolidated Statement of Cash Flow	<u>\$ 261,831</u>	<u>212,719</u>	<u>428,279</u>

1. Time deposits, which are used for short-term cash commitments instead of investment or other purposes, 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(21).

(II) Financial assets

1. Details are as follows:

	<u>3.31.2016</u>	<u>12.31.2015</u>	<u>3.31.2015</u>
Financial assets measured at fair value through profit or loss - current			
Domestic and foreign common stocks	\$ 663,429	642,723	765,253
Bond investment	-	99,628	99,704
Beneficiary certificates	<u>464,980</u>	<u>393,750</u>	<u>248,543</u>
Total	<u>\$ 1,128,409</u>	<u>1,136,101</u>	<u>1,113,500</u>
Available-for-sale financial assets valued at cost – non-current			
Bond investment	\$ 1,556,472	1,286,240	1,815,183
Domestic and foreign common stocks	5,211,293	4,951,908	1,280,557
Beneficiary certificates	<u>216,506</u>	<u>71,486</u>	<u>-</u>
Total	<u>\$ 6,984,271</u>	<u>6,309,634</u>	<u>3,095,740</u>
Financial assets valued at cost			
Stock Investment - PK Venture Capital Corp.	\$ 12,815	12,815	20,855
Stock Investment – FORTUNE IC FUND I	4,030	4,030	4,030
Stock Investment – Chen-Yuan Industry Co., Ltd.	1,785	1,785	2,550
Stock Investment – Fuyou Healthcare Co., Ltd.	<u>4,500</u>	<u>4,500</u>	<u>-</u>
Total	<u>\$ 23,130</u>	<u>23,130</u>	<u>27,435</u>

- (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 the Consolidated Company received capital reduction refund of NT\$5,040 thousand. Additionally, NT\$3,000 thousand of impairment loss was reported in 2015.
 - (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) The Consolidated Company invested in Fuyou Healthcare Co. Ltd. on August 25, 2015, for investment amount NT\$4,500 thousand.
 - (5) In order to acquire long-term stable dividend income, the Consolidated Company invested stocks of domestic listed companies for total NT\$5,160,058 thousand as of March 31, 2016, without any control ability and significant influence. This investment is recognized as available-for-sale financial assets in accordance with holding intention.
 - (6) The coupon rate range of the Consolidated Company's available-for-sale financial assets – non-current on March 31, 2016 and 2015, is 3.00%~4.500% and 3.00%~7.88%, respectively. The maturity year is 2017~2028.
 - (7) With respect to details of transferring from financial assets measured at fair value through profit or loss to the Trust as of March 2016, December 31 and March 31, 2015, please refer to Note 9(3) for more information.
 - (8) As of March 31, 2016, December 31 and March 31, 2015, 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(21).
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:

Stock price on the reporting date	2016Q1		2015Q1	
	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%	\$ 432,537	55,065	106,286	63,516
Decreased by 10%	\$ (432,537)	(55,065)	(106,286)	(63,516)

(III) Inventory

	3.31.2016	12.31.2015	3.31.2015
Real estate for sale	\$ 4,968	4,968	4,968
Columbarium and cemetery for sale	1,575,096	1,465,290	1,486,013
Construction Site	2,397,103	2,396,800	2,426,944
Residential and building under construction	2,245,778	2,245,766	2,245,766
Columbarium and cemetery under construction	7,675,606	6,957,421	6,753,836
Prepayments for land	-	491,763	-

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	3.31.2016	12.31.2015	3.31.2015
Agriculture Products	2,635	1,559	1,110
	\$ 13,901,186	13,563,567	12,918,637
Expected to be recovered in more than twelve months	\$ 13,729,240	13,391,621	12,812,936

1. As of March 31, 2016 and 2015, total interest expense Consolidated Company was NT\$23,566 thousand and NT\$10,111 thousand, respectively. The interest capitalized amount of residential and building under construction and columbarium and cemetery under construction is zero.
2. The 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 and agreed 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.
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 in 2014, 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 March 31, 2016, December 31, 2015 and March 31, 2015, please refers to Note 8.

(IV) 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.

	105.3.31	104.12.31	104.3.31
Ending balance of affiliated enterprise under equity method which is not significant individually	\$ 187,724	187,793	165,268

	2016Q1	2015Q1
Attribute to the Company:		
Continuing operations' current loss	\$ (2,391)	-
Other comprehensive profit or loss	-	-
Total comprehensive profit or loss	\$ (2,391)	-

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 March 31, 2016, December 31 and March 31, 2015, the Consolidated Company did not have its investment using equity method pledged as collateral.

(V) 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		
		3.31.2016	12.31.2015	3.31.2015
Yuji	Taiwan	45.58%	45.58%	45.39%

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:

	3.31.2016	12.31.2015	3.31.2015
Current asset	\$ 2,099,822	2,070,894	2,014,443
Non-current asset	452,123	362,158	452,057
Current liability	(282,709)	(241,676)	(264,744)
Equity	\$ 2,269,236	2,191,376	2,201,756
Book value of ending non-controlling interests	\$ 1,013,705	978,216	999,377

	2016Q1	2015Q1
Operating revenue	\$ 121,774	102,814
Net income	\$ 77,860	63,380
Total comprehensive income	\$ 77,860	63,380
Net income, attributable to non-controlling interest	\$ 35,488	28,362
Total comprehensive income, attributable to non-controlling interest	\$ 35,488	28,362

	2016Q1	2015Q1
Cash flows from operating activities	\$ 5,795	(28,869)
Cash flows from investing activities	(7,604)	(42,366)
Cash flows from financing activities	-	49,410
Net cash flow increase (decrease)	\$ (1,809)	(21,825)

(VI) Real property, plant, and equipment

The changes in the cost, depreciation, and impairment loss of the Consolidated Company's property, plant, and equipment as follows:

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	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, 2016	\$ 2,705,209	2,885,182	81,576	141,787	4,251	140,380	1,061,530	7,019,915
Additions	-	8,121	-	-	-	1,615	47,680	57,416
Disposal and scrap	-	-	-	(1,329)	-	(3,214)	-	(4,543)
Reclassification	(396,538)	(83,252)	-	-	-	5,718	(13,145)	(487,217)
Balance on March 31, 2016	<u>\$ 2,308,671</u>	<u>2,810,051</u>	<u>81,576</u>	<u>140,458</u>	<u>4,251</u>	<u>144,499</u>	<u>1,096,065</u>	<u>6,585,571</u>
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	-	1,273	-	541	-	774	168,290	170,878
Reclassification	20,724	123,971	-	9,911	-	9,507	(167,497)	(3,384)
Balance on March 31, 2015	<u>\$ 2,120,323</u>	<u>1,271,643</u>	<u>83,905</u>	<u>107,809</u>	<u>37,519</u>	<u>56,912</u>	<u>3,211,153</u>	<u>6,889,264</u>
Depreciation and impairment loss:								
Balance on January 1, 2016	\$ -	353,108	56,170	59,822	2,523	31,713	-	503,336
Current depreciation	-	19,110	2,704	2,569	130	3,266	-	27,779
Disposal and scrap	-	-	-	(1,329)	-	(3,207)	-	(4,536)
Reclassification	-	(34,151)	-	-	-	-	-	(34,151)
Balance on March 31, 2016	<u>\$ -</u>	<u>338,067</u>	<u>58,874</u>	<u>61,062</u>	<u>2,653</u>	<u>31,772</u>	<u>-</u>	<u>492,428</u>
Balance on January 1, 2015	\$ -	295,425	47,508	90,804	32,625	32,468	-	498,830
Current depreciation	-	9,559	2,831	715	284	1,149	-	14,538
Balance on March 31, 2015	<u>\$ -</u>	<u>304,984</u>	<u>50,339</u>	<u>91,519</u>	<u>32,909</u>	<u>33,617</u>	<u>-</u>	<u>513,368</u>
Book value:								
Balance on January 1, 2016	<u>\$ 2,705,209</u>	<u>2,532,074</u>	<u>25,406</u>	<u>81,965</u>	<u>1,728</u>	<u>108,667</u>	<u>1,061,530</u>	<u>6,516,579</u>
Balance on March 31, 2016	<u>\$ 2,308,671</u>	<u>2,471,984</u>	<u>22,702</u>	<u>79,396</u>	<u>1,598</u>	<u>112,727</u>	<u>1,096,065</u>	<u>6,093,143</u>
Balance on January 1, 2015	<u>\$ 2,099,599</u>	<u>850,974</u>	<u>36,397</u>	<u>6,553</u>	<u>4,894</u>	<u>14,163</u>	<u>3,210,360</u>	<u>6,222,940</u>
Balance on March 31, 2015	<u>\$ 2,120,323</u>	<u>966,659</u>	<u>33,566</u>	<u>16,290</u>	<u>4,610</u>	<u>23,295</u>	<u>3,211,153</u>	<u>6,375,896</u>

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 March 31, 2016, December 31 and March 31, 2015, please refer to Note 8.
3. For part of property, plant and equipment in trust case as of March 31, 2016, December 31 and March 31, 2015, please refer to Note 9.

(VII) Investment property

	Land and improvements	Building and structure	Total
Cost or identified cost:			
Balance on January 1, 2016	\$ 4,597,840	1,882,725	6,480,565
Reclassification	396,538	90,679	487,217
Balance on March 31, 2016	<u>\$ 4,994,378</u>	<u>1,973,404</u>	<u>6,967,782</u>
Balance on January 1, 2015	\$ 4,597,290	1,882,448	6,479,738

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	<u>Land and improvements</u>	<u>Building and structure</u>	<u>Total</u>
Reclassification	(4,450)	-	(4,450)
Balance on March 31, 2015	<u>\$ 4,592,840</u>	<u>1,882,448</u>	<u>6,475,288</u>
Depreciation and impairment loss:			
Balance on January 1, 2016	\$ 19,910	371,327	391,237
Current depreciation	-	14,131	14,131
Reclassification	-	34,151	34,151
Balance on March 31, 2016	<u>\$ 19,910</u>	<u>419,609</u>	<u>439,519</u>
Balance on January 1, 2015	\$ 19,910	318,109	338,019
Current depreciation	-	13,302	13,302
Balance on March 31, 2015	<u>\$ 19,910</u>	<u>331,411</u>	<u>351,321</u>
Book value:			
Balance on January 1, 2016	<u>\$ 4,577,930</u>	<u>1,511,398</u>	<u>6,089,328</u>
Balance on March 31, 2016	<u>\$ 4,974,468</u>	<u>1,553,795</u>	<u>6,528,263</u>
Balance on January 1, 2015	<u>\$ 4,577,380</u>	<u>1,564,339</u>	<u>6,141,719</u>
Balance on March 31, 2015	<u>\$ 4,572,930</u>	<u>1,551,037</u>	<u>6,123,967</u>

- Investment property contains a number of commercial properties leased to others. Please refer to Note 6(12).
- There is no significant difference between the fair value of the Consolidated Company's investment property and the information disclosed in Note 6(9) of 2015 consolidated financial report.
- With regards to real estate delivered to investment trust case as of March 31, 2016, December 31 and March, 2015, please refer to Note 9(3).
- With regards to details of guarantees for financing facilities provided as of March 31, 2016, December 31 and March, 2015, please refer to Note 8.

(VIII) Intangible assets

	<u>Goodwill</u>	<u>Trademark</u>	<u>Computer software</u>	<u>Total</u>
Cost:				
Balance on January 1, 2016	\$ 542,428	192,750	95,480	830,658
Acquired separately	-	-	308	308
Reclassification	-	-	(951)	(951)
Balance on March 31, 2016	<u>\$ 542,428</u>	<u>192,750</u>	<u>94,837</u>	<u>830,015</u>
Balance on January 1, 2015	\$ 542,428	192,750	89,969	825,147
Acquired separately	-	-	802	802
Balance on March 31, 2015	<u>\$ 542,428</u>	<u>192,750</u>	<u>90,771</u>	<u>825,949</u>
Amortization and impairment loss:				
Balance on January 1, 2016	\$ -	-	61,162	61,162
Current Amortization	-	-	3,444	3,444
Balance on March 31, 2016	<u>\$ -</u>	<u>-</u>	<u>64,606</u>	<u>64,606</u>
Balance on January 1, 2015	\$ -	-	52,093	52,093
Current Amortization	-	-	2,552	2,552

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	<u>Goodwill</u>	<u>Trademark</u>	<u>Computer software</u>	<u>Total</u>
Balance on March 31, 2015	\$ -	-	54,645	54,645
Book value:				
January 1, 2016	\$ 542,428	192,750	34,318	769,496
Balance on March 31, 2016	\$ 542,428	192,750	30,231	765,409
January 1, 2015	\$ 542,428	192,750	37,876	773,054
Balance on March 31, 2015	\$ 542,428	192,750	36,126	771,304

There were no significant additions, disposals, or recognitions and reversals of impairment losses of intangible assets for the three months ended March 31, 2016 and 2015. Information on amortization for the period is discussed in Note 12(1). Please refer to 2015 annual consolidated financial report Note 6(9) for other related information.

(IX) Other financial assets - current

The Consolidated Company's other financial assets as below:

	<u>3.31.2016</u>	<u>12.31.2015</u>	<u>3.31.2015</u>
Time deposit – trust account	\$ 496,643	542,463	110,803
Time deposit	4,900	4,900	-
Current deposit – trust account and management account	1,376,536	1,579,546	1,386,493
Other receivables	6,290	6,993	257,977
Securities sales receivables	-	-	24,875
Rental receivables	33,838	44,154	34,159
Bond interest receivables	20,048	11,416	23,381
Limited assets	359	359	143,072
Others	7,112	19,278	19,986
Total	<u>\$ 1,945,726</u>	<u>2,209,109</u>	<u>2,000,746</u>

(X) Short-term loan

	<u>3.31.2016</u>	<u>12.31.2015</u>	<u>3.31.2015</u>
Guaranteed bank loans	\$ 6,570,000	6,852,000	2,475,000
Unguaranteed bank loans	313,500	388,500	754,550
Total	<u>\$ 6,883,500</u>	<u>7,240,500</u>	<u>3,229,550</u>
Unused limit	<u>\$ 5,531,500</u>	<u>6,419,500</u>	<u>1,761,450</u>
Interest rate range	<u>0.85%~2.00%</u>	<u>1.0%~1.7%</u>	<u>1.2%~1.7%</u>

1. Issuance and repayment of short term loan

As of January 1 to March 31, 2016 and 2015, the increase amount was NT\$1,410,000 thousand and NT\$2,084,750 thousand, the interest rate is 0.85%~1.4% and 1.2%~1.7%, and the maturity date is August 2016 and January 2016, respectively; the repayment was NT\$1,767,000 thousand and NT\$1,410,000 thousand, respectively.

2. For the Consolidated Company's assets pledged as collateral for bank loans, please refer to Note 8.

(XI) Long-term loan

	<u>3.31.2016</u>	<u>12.31.2015</u>	<u>3.31.2015</u>
Guaranteed bank loans	\$ 172,700	172,700	165,000
Less: maturing within one year	-	-	-
Total	<u>\$ 172,700</u>	<u>172,700</u>	<u>165,000</u>
Unused limit	<u>\$ 29,300</u>	<u>29,300</u>	<u>37,000</u>
Interest rate range	<u>1.5%</u>	<u>1.5%</u>	<u>1.5%</u>

1. Issuance and repayment of short term loan

As of three months ended March 31, 2016 and 2015, the increase amount was NT\$0 and NT\$165,000 thousand, the interest rate was 0% and 1.5%, and the maturity date was December 2029; the repayment was both NT\$0.

(XII) Operating lease

The Consolidated Company signed a lease agreement with an unrelated party on April 29, 2015, to lease the whole building at No. 371, Subsec. 1, Dunhua section, Songshan Dist., Taipei City. The leasing period is 20 years, from December 1, 2015 to November 30, 2035, and estimated rental income is NT\$7,000 thousand per month.

For the Consolidated Company's investment property leased as operating rental, please refer to Note 6(7). The future minimum lease payment receivable of the irrevocable lease term is as follows:

	<u>3.31.2016</u>	<u>12.31.2015</u>	<u>3.31.2015</u>
Within 1 year	\$ 133,409	154,922	214,218
1~5 years	497,597	280,556	444,676
Over 5 years	1,553,807	49,450	80,396
	<u>\$ 2,184,813</u>	<u>484,928</u>	<u>739,290</u>

The rent income arising from the investment property amounted to NT\$16,492 thousand and NT\$54,096 thousand as of 2016Q1 and 2015Q1, respectively. The repair and maintenance expense (booked in the "Operating cost") incurred from investment property is as follows:

	<u>2016Q1</u>	<u>2015Q1</u>
Rent income generated	\$ 19,960	17,212
Rent income not generated	-	-
	<u>\$ 19,960</u>	<u>17,212</u>

(XIII) Employee welfare

1. Defined benefit plan

Management believes that in prior fiscal year, there was no material volatility of the market, no material reimbursement and settlement or other material one-time events. As a result, the Consolidated Company adopts the pension cost decided actuarially as of

December 31, 2015 and 2014 to measure and disclose the pension cost during the interim period.

Details of expenses reported by the Consolidated Company are as follows:

	<u>2016Q1</u>	<u>2015Q1</u>
Administrative expense	\$ <u>10</u>	<u>8</u>

2. Defined contribution plan

The Consolidated Company's pension expense under the defined contribution plan as follows, the amount has been appropriated to the Bureau of Labor Insurance:

	<u>2016Q1</u>	<u>2015Q1</u>
Operating cost	\$ 2,323	2,363
Administrative expenses	2,495	2,222
	<u>\$ 4,818</u>	<u>4,585</u>

(XIV) Income tax

1. Income tax expense is simply calculated on financial income before tax in the interim report multiplied by the estimated annual effective tax rate.

2. The Consolidated Company's income tax expenses as follows:

	<u>2016Q1</u>	<u>2015Q1</u>
Current income tax expenses		
Current generated	\$ 25,857	41,795
Increase of land tax	885	275
	<u>\$ 26,742</u>	<u>42,070</u>

3. The Company's imputation tax is as follows:

	<u>3.31.2016</u>	<u>12.31.2015</u>	<u>3.31.2015</u>
Undistributed earnings before 1997	\$ -	-	-
Undistributed earnings after 1998	2,528,972	2,329,600	3,187,057
	<u>\$ 2,528,972</u>	<u>2,329,600</u>	<u>3,187,057</u>
Imputed tax credit account balance	<u>\$ 349,970</u>	<u>349,970</u>	<u>437,374</u>

	<u>2015</u> <u>(Estimated)</u>	<u>2014</u> <u>(Actual)</u>
Creditable ratio for distribution of earnings for ROC residents	<u>18.79%</u>	<u>17.78%</u>

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

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 return has been audited by the tax authorities up to 2010, while in 2009 it still needs further auditing.

(XV) Capital and other equity

Except as described below, there were no significant changes in the equity capital and other equity accounts of the consolidated company during the three months ended in March 31, 2016 and 2015, for more information please refer to Note 6(16) of the 2015 annual consolidated financial statements.

1. Additional paid-in capital

The Company's additional paid-in capital balance:

	3.31.2016	12.31.2015	3.31.2015
Stock premium	\$ 1,392,072	1,392,072	1,392,072
Disposal of difference of book value of subsidiaries' equity	20,972	20,972	-
Recognition changes in net equity of subsidiaries	210	-	9,192
	\$ 1,413,254	1,413,044	1,401,264

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

As of January 1 to March 31, 2015, the estimated bonus to employees and remuneration to directors and supervisors were conducted based on Company Act before revision in May, 2015. The estimated bonus to employees and remuneration to directors and supervisors was NT\$2,493 thousand and NT\$4,986 thousand, respectively. Aforementioned amount is based on the Company's after-tax net income and earnings distribution method, order and the estimation basis of bonus to employees and remuneration to directors and supervisors set in the Company's Articles of association. This amount is reported as operating expense. Changes, if any, after the release day of financial report in the next year, will be conducted based on changes in accounting estimates, and the impact of changes will be recognized as profit or loss in the next year. If the shareholder meeting resolves to distribute stock shares as bonus to employees, the calculation basis of number of share bonus is in accordance with the closing price before the shareholder meeting and the influence of ex-right and ex-dividend.

The Company's bonus to employees as of January 1 to March 31 2015 and 2014 is estimated to be NT\$2,493 thousand and NT\$3,032 thousand. The remuneration to directors and supervisors as of January 1 to March 31 2015 and 2014 is estimated to be NT\$4,986 thousand and NT\$6,063 thousand. The estimated base of bonus payable to employees and remuneration payable to directors 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 January 1 to March 31 2015 and 2014.

The Company's distribution of 2015 earnings was proposed by the board of directors on April 25, 2016; also, the distribution of 2015 earnings was resolved in the general shareholders' meeting on June 17, 2014. The distribution of dividends to shareholders is as follows:

	2015		2014	
	Share distribution rate (NT\$)	Amount	Share distribution rate (NT\$)	Amount
Dividends distributed to common stock shareholders:				
Cash	\$ 0.50	199,542	3.60	1,436,703

The Company's 2014 annual bonus to employees, directors and supervisors of financial reporting amounts recognized no difference between the actual distributions. For bonus to employee and remuneration to directors and supervisors approved by the

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Board and shareholder meeting, please refer to MOPS.

3. Other equity

	Exchange differences from the translation of foreign institution's financial statements	Available-for- sale investment	Total
January 1, 2016	\$ (4,767)	(396,898)	(401,665)
The Company	(2,592)	273,781	271,189
Exchange difference of affiliate company using equity method	2,322	-	2,322
Balance on March 31, 2016	<u>\$ (5,037)</u>	<u>(123,117)</u>	<u>(128,154)</u>
January 1, 2015	\$ (8,162)	(6,296)	(14,458)
The Company	11	396	407
Balance on March 31, 2016	<u>\$ (8,151)</u>	<u>(5,900)</u>	<u>(14,051)</u>

4. Non-controlling equity

	<u>2016Q1</u>	<u>2015Q1</u>
Balance at beginning of period	\$ 1,084,399	970,447
Non-controlling equity		
Net profit of non-controlling equity	34,243	28,050
Differences between actual price acquisition or disposal of subsidiaries and book value	216,000	79,410
Capital increase to subsidiaries	(210)	(9,192)
Balance at end of period	<u>\$ 1,334,432</u>	<u>1,068,715</u>

(XVI) Earnings per share

The Consolidated Company's basic earnings per share and diluted earnings per share are calculated as followings:

	<u>2016Q1</u>	<u>2015Q1</u>
Basic earnings per share		
Net income attributable to the Company's common stock shareholders:	<u>\$ 199,372</u>	<u>274,798</u>
Weighted average outstanding common stock shares	399,084	399,084
	<u>\$ 0.50</u>	<u>0.69</u>
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)	<u>\$ 199,372</u>	<u>274,798</u>

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	2016Q1	2015Q1
Weighted average outstanding common stock shares	399,084	399,084
The impact of common stock shares with potential dilutive effect of the weighted average outstanding common stock shares		
The impact of stock bonus to employees	277	231
Weighted average outstanding common stock shares (after adjusting the potential dilutive effect of the common stock shares)	399,361	399,315
	\$ 0.50	0.69

(XVII) Income

The Consolidated Company's income is as follows:

	2016Q1	2015Q1
Columbarium and cemetery income	\$ 311,481	364,776
Funeral services income	440,899	383,990
Rent income from investment property	16,492	54,096
Construction contract income	-	22
Other operating income	72,468	59,742
	\$ 841,340	862,626

(XVIII) Remuneration to employees, directors and supervisors

According to the Company's Articles of association approved by the Board but not yet by the shareholder meeting, any earnings after the Company's fiscal year final settlement shall be allotted no less than 1% as the remuneration to employees, and no more than 2% as the remuneration to directors. However, if there are still accumulated losses, certain amount shall be reserved to cover the deficit in advance. The preceding employees who receive stocks or cash include employees of subsidiaries under certain conditions.

The Company's remuneration to employees as of March 31, 2016 was NT\$2,286 thousand, and the remuneration to directors and supervisors was NT\$4,573 thousand. The estimated basis is that after-tax net income of the specific period before deducting the remuneration to employees and directors multiplied by the distribution ratio of the Company's Articles of association, and is reported as operating expense during the period. When there is difference between the actual and estimated distribution amount in the next year, it will be conducted based on changes in accounting estimates, and recognized as profit or loss in the next year. If the Board resolves to pay stocks as employee remuneration, the calculation basis of the number of stock remuneration is in accordance with the closing price of the common stock on the day before the Board resolution.

In 2015, the allowance amount of the remuneration to employees, directors and supervisors of the Company was NT\$13,089 thousand and NT\$26,178 thousand, respectively. On March 28, 2016, the Board proposed to distribute NT\$13,089 thousand and NT\$26,178 thousand for remuneration to employees, directors and supervisors. Please refer M.O.P.S for related information. When there is difference between the revised Company's Articles of association resolved by the shareholder meeting and that approved by the Board, leading to actual distribution amount to be different from estimated one, it will be conducted based on changes in accounting estimates, and recognized as profit or loss in the next year.

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(XIX) Other profit and loss

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

	2016Q1	2015Q1
Gain (loss) on change in fair value of biological assets	\$ 16,041	13,665

(XX) Non-operating income and expense

1. Other income

The Consolidated Company's other income is as follows:

	2016Q1	2015Q1
Interest income	\$ 25,338	31,624
Dividend income	1,439	3,437
Service charge income	2,224	2,050
Fines income	19,470	22,685
Other income	7,941	4,229
	\$ 56,412	64,025

2. Other profit and loss

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

	2016Q1	2015Q1
Foreign exchange gain (loss)	\$ (73,519)	(26,662)
Net financial assets measured at fair value through profit or loss	10,796	(17,660)
Gain from disposal of available-for-sale financial asset	22,639	3,388
Disposal of property, plant, and equipment	(7)	-
Other expense	(891)	(25)
	\$ (40,982)	(40,959)

3. Finance cost

Consolidated company's finance cost is as follows:

	2016Q1	2015Q1
Interest expense	\$ 23,566	10,111

(XXI) Financial instruments

Except as described in the following paragraph, there were no significant changes in the Group's fair value of financial instruments exposed to credit risk, liquidity risk, and market risk. For other information, please refer to Note 6(22) in the 2015 annual consolidated financial statements.

1. Credit risk

The Consolidated Company's bank loan at the reporting day and aging of account receivables as follows:

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	3.31.2016		12.31.2015		3.31.2015	
	Total	Impairment	Total	Impairment	Total	Impairment
Not overdue	\$ 407,075	27,615	460,509	27,615	673,987	28,444
Overdue 31~60 days	20,417	1,695	23,233	1,695	25,778	2,235
Overdue 61~90 days	12,713	838	8,610	838	11,208	972
Overdue 91~120 days	7,667	629	3,177	629	4,002	347
Overdue more than 120 days	63,067	25,638	58,787	25,638	50,153	25,138
	\$ 510,939	56,415	554,316	56,415	765,128	57,136

	2016Q1	2015Q1
Balance on January 1	\$ 56,415	57,136
Balance on March 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.

2. Liquidity risk

The contract maturities of financial liabilities are illustrated in the table below, including the estimated interest but excluding 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
March 31, 2016							
Non-derivative financial liabilities							
Floating rate instruments	\$ 7,056,200	7,056,200	6,883,500	-	-	-	172,700
No interest-bearing liabilities	893,521	893,521	893,521	-	-	-	-
	\$ 7,949,721	7,949,721	7,777,021	-	-	-	172,700
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	875,574	-	-	-	-
	\$ 8,288,774	8,288,774	8,116,074	-	-	-	172,700
March 31, 2015							
Non-derivative financial liabilities							
Floating rate instruments	\$ 3,394,550	3,394,550	3,229,550	-	-	-	165,000
No interest-bearing liabilities	844,610	844,610	844,610	-	-	-	-
	\$ 4,239,160	4,239,160	4,074,160	-	-	-	165,000

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

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

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	3.31.2016			12.31.2015			3.31.2015			
	Foreign currency	Exchange rate	New Taiwan Dollar	Foreign currency	Exchange rate	New Taiwan Dollar	Foreign currency	Exchange rate	New Taiwan Dollar	
<u>Financial assets</u>										
<u>Monetary items</u>										
RMB/NTD	\$	2,336	4,972	11,614	7,048	4,995	35,203	55,262	5.044	278,740
RMB/USD		1,769	0.154	8,495	1,694	0.152	8,460	20,050	0.163	101,130
USD/NTD		23,945	32.185	770,661	29,431	32.825	966,075	7,481	31.030	232,132
Japanese yen/NTD		18,249	0.286	5,225	18,264	0.273	4,981	27,978	0.260	7,285
HKD/NTD		4,981	4.150	20,670	626	4.235	2,649	23,390	4.036	94,404
<u>Non-monetary items</u>										
HKD/NTD		78,869	4.150	327,305	75,318	4.235	318,973	73,422	4.036	296,333
Japanese yen/NTD		148,320	0.286	42,464	158,880	0.2730	43,327	119,136	0.260	31,023
USD/NTD		44,881	32.185	1,444,487	37,692	32.825	1,237,250	29,343	31.030	910,522
RMB/NTD		66,690	4.972	331,585	66,697	4.995	333,151	211,547	5.044	1,067,043

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 March 31, 2016 and 2015, the net income was increased by NT\$245,888 thousand and decreased by NT\$250,545 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 March 31, 2016 and 2015, the foreign currency exchange gain (loss) was NT\$(73,519) thousand and NT\$(26,662) 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 March 31, 2016 and 2015 is decreased by NT\$7,321 thousand and increased by NT\$3,522 thousand, respectively.

5. Fair value

(1) Financial instruments category and fair 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:

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3.31.2016					
Fair Value					
Book value	Class I	Class II	Class III	Total	
Financial assets measured at fair value through profit or loss	\$ 1,128,409	1,128,409	-	-	1,128,409
Available-for-sale financial assets					
Bond investment	1,556,472	1,556,472	-	-	1,556,472
Foreign and domestic common stock	5,211,293	5,211,293	-	-	5,211,293
Beneficial certificate	216,506	216,506	-	-	216,506
Subtotal	6,984,271	6,984,271	-	-	6,984,271
Total	8,112,680	8,112,680	-	-	8,112,680
12.31					
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					
Bond investment	1,286,240	1,286,240	-	-	1,286,240
Foreign and domestic common stock	4,951,908	4,951,908	-	-	4,951,908
Beneficial certificate	71,486	71,486	-	-	71,486
Subtotal	6,309,634	6,309,634	-	-	6,309,634
Total	7,445,735	7,445,735	-	-	7,445,735
104.3.31					
Fair Value					
Book value	Class I	Class II	Class III	Total	
Financial assets measured at fair value through profit or loss	\$ 1,113,500	1,113,500	-	-	1,113,500
Available-for-sale financial assets					
Bond investment	1,815,183	1,815,183	-	-	1,815,183
Foreign and domestic common stock	1,280,557	1,280,557	-	-	1,280,557
Subtotal	3,095,740	3,095,740	-	-	3,095,740
Total	4,209,240	4,209,240	-	-	4,209,240

No financial assets and liabilities of each hierarchy were transferred as of March 31, 2016 and 2015.

(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.

(XXII) Financial risk management

There were no significant differences of the consolidated company's financial risk management and policies with those disclosed in Note 6(23) of the 2015 consolidated financial statements.

(XXIII) Capital management

Management believes that the objectives, policies, and processes of capital management of the Group have been applied consistently with those described in the 2015 consolidated financial statements. Additionally, management believes that there were no significant changes between the total quantitative information of capital management and those disclosed in the 2015 annual consolidated financial statements. For related information, please refer to Note 6(24) in 2015 annual consolidated financial statements.

VII. Related Party Transactions

(I) Parent company and ultimate controller

The Company is the ultimate controller of the Consolidated Company.

(II) Other related party transactions

1. Sales

The Consolidated Company's significant sales amount and the outstanding balances to the related parties are as follows:

	Sales		Receivables from related parties (booked in "Accounts receivable – net")		
	2016Q1	2015Q1	3.31.2016	12.31.2015	3.31.2015
Other related party \$	8,876	-	30,346	29,720	21,470

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

2. Lease

(1) Lessee:

The Consolidated Company leases transport equipment and building from the related party for a rent expense of NT\$2,585 thousand and NT\$2,557 thousand as of January 1 to March 31, 2016 and 2015, respectively.

(2) Lessor:

The Consolidated Company has office building and parking space rented to the related party for a rent income of NT\$403 thousand and NT\$8 thousand as of January 1 to March 31, 2016 and 2015, respectively.

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

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3. Others

(1) Other payables

	3.31.2016	12.31.2015	3.31.2015
Other related party	\$ 1,232	1,769	665

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

	3.31.2016	12.31.2015	3.31.2015
Other related party	\$ 557	557	557

4. Trust contract

Part of the Consolidated Company's land is trusted and registered in the name of the related party as of March 31, 2016, December 31 and March 31, 2015. Please refer to Note 6(3) and (6)

5. Others

The Consolidated Company commissioned other related party to acquire land for construction for a total price of NT\$668,016 thousand as of March 31, 2016, December 31 and March 31, 2015, respectively. The discretionary trustee is to handle the land combination matter on behalf of the Company.

(III) Key management personnel transactions

	2016Q1	2015Q1
Short-term employee benefits	\$ 9,204	7,644
Retirement benefits	293	236
	\$ 9,497	7,880

VIII. Pledged Assets

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

Assets name	Purpose of collateral	3.31.2016	12.31.2015	3.31.2015
Other financial assets - current	The transaction service of trust accounts and credit accounts; also, the guarantee of forward exchange transactions	\$ -	-	143,072
Inventories	The guarantee for the transaction service of the loan account and credit account	3,100,786	3,100,753	2,730,177
Property, plant, and equipment – book value	Collateral for loan	2,321,869	804,371	581,031
Investment property – book value	The guarantee for the transaction service of the loan account and credit account	4,033,932	4,043,686	2,966,041
Available-for-sale – non-current	Collateral for loan	5,076,704	4,830,560	-
		\$14,533,291	12,779,370	6,420,321

IX. Significant contingent liabilities and unrecognized contractual commitments

(I) Significant unrecognized contractual commitments:

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

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	3.31.2016	12.31.2015	3.31.2015
Contracted projects	\$ -	-	1,344
Acquisition of columbarium and cemetery	19,377	19,377	21,707
Individual construction project	390,947	469,559	824,334

2. The subsidiaries and National Chiayi University entered into a non-exclusive license agreement with respect to plant/strain selection of relevant phalaenopsis specimens, requiring that the subsidiaries 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).

(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. New Taipei City Funeral Service Association is carrying out a petition among funeral operators to propose New Taipei City Government to invite local operators to discuss relevant self governing regulation supplements, correspondent supervision mechanism and fund utilization regulations, and complete related regulations and procedures before collecting the fund. Besides, since relevant regulations are awaiting further discussion, the future possible obligation amount of the Consolidated Company cannot be confirmed.
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 transfer was hindered. Later, Taipei District Court rendered a judgment in favor of the Company. However, the joint owners of 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 March 31, 2016, December 31 and March 31, 2015 are as follows :

	3.31.2016	12.31.2015	3.31.2015
Bank deposits			
Demand deposits	\$ 360,370	562,873	340,441
Time deposits	496,643	542,463	110,803

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	<u>3.31.2016</u>	<u>12.31.2015</u>	<u>3.31.2015</u>
Financial assets measured at fair value through profit or loss - current	513,202	580,543	444,463
Available-for-sale financial assets – non-current	1,824,213	1,399,761	1,471,560
Property, plant and equipment (Note)	2,206,293	2,206,293	2,206,293
Investment property (Note)	1,962,845	1,962,845	1,962,845
	<u>\$ 7,363,566</u>	<u>7,254,778</u>	<u>6,536,405</u>

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.

- 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\$1,016,166 thousand, NT\$1,016,673 thousand, and NT\$1,046,052 thousand, as of March 31, 2016, December 31 and March 31, 2015, respectively; also, it is booked in the “Other financial assets – current.”
- The Consolidated Company had contracts signed with clients for the sale of columbarium of True Dragon Tower and funeral service as of March 31, 2016, December 31 and March 31, 2015. The pre-need contract signed and the related deferred marketing expenses are as follows:

	<u>3.31.2016</u>	<u>12.31.2015</u>	<u>3.31.2015</u>
Total contract price	\$ 37,189,257	36,620,702	34,985,051
Outstanding proceeds	(8,142,651)	(8,090,097)	(7,847,862)
Advanced receipts	<u>\$ 29,046,606</u>	<u>28,530,605</u>	<u>27,137,189</u>
Deferred marketing expense	<u>\$ 8,213,619</u>	<u>8,130,915</u>	<u>7,962,795</u>
Expected to be reclassified for more than twelve months	<u>\$ 26,706,953</u>	<u>26,190,952</u>	<u>25,185,349</u>

X. Significant disaster loss: None

XI. Significant subsequent events: None

XII. Others

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

By item	2016Q1				2015Q1			
	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	59,189	51,874	13,943	125,006	56,522	46,210	15,852	118,584

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Notes to the quarterly consolidated financial statements of Lungyen Life Service Corp.
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By item	By function	2016Q1				2015Q1			
		Classified as Operating Costs	Classified as Selling Expenses	Other (Note)	Total	Classified as Operating Costs	Classified as Selling Expenses	Other (Note)	Total
Labor and health insurance		4,134	4,419	1,472	10,025	4,168	2,859	1,315	8,342
Pension		2,323	1,712	793	4,828	2,364	1,550	679	4,593
Others		1,810	1,957	717	4,484	1,450	1,916	926	4,292
Depreciation		27,921	10,452	3,537	41,910	23,081	2,890	1,967	27,938
Depletion		-	-	-	-	-	-	-	-
Amortization		42	2,995	407	3,444	61	2,284	207	2,552

Note: It includes the related fees of the cemetery management center-related expenses (stated as less item-advance receipts).

(2) Seasonality of operations

The Company's operations are not seasonal or cyclical factors.

- (3) Certain amount in the balance sheet as of March 31, 2015, has been reclassified appropriately in accordance with the presentation of 2016Q1 consolidated financial report. This reclassification did not cause significant influence on the presentation of quarterly consolidated financial report.

XIII. Other disclosures

(1) Information on significant transactions

The consolidated company should have the following material transactions disclosed as of January 1 to March 31 2016 in accordance with Regulations Governing the Preparation of Financial Reports by Securities Firms:

1. Fund financing to other parties: None.
2. Guarantees and endorsements for other parties:

Unit: Thousand NTD

Num ber	Name of Lenders	Counter-party of guarantee and endorsement		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
		Name of Company	Relation ship										
0	Lungyen Life Service Corp.	Longding Life Sciences Inc	2	1,741,651	202,000	202,000	172,700	-	2.32%	4,354,127	Y	N	N
0	Lungyen Life Service Corp.	Yuji Development Corp.	2	1,741,651	200,000	200,000	-	-	2.30%	4,354,127	Y	N	N
0	Lungyen Life Service Corp.	Lung Fu Company Limited	3	1,741,651	180,000	180,000	13,500	-	2.07%	4,354,127	N	N	N

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.

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- (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 11, 2015, the maximum amount of endorsements to Yuji Company Limited has been set to \$200,000 thousand.

Note 4: Upon Board resolutions on June 29, 2015, the maximum amount of endorsements to Lung Fu Company has been set to \$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				Remark
				Quantity of shares (thousand shares)/unit	Book Value	% of Ownership	Fair Value	
The Company	Stock of Chang Hwa Bank	-	Financial assets at fair value through profit or loss	18,849	311,015	- %	16.50	-
The Company	LUMAX securities	-	Financial assets at fair value through profit or loss	242	11,180	- %	46.20	-
The Company	Stock of CTBC FINANCIAL HOLDING CO., LTD.	-	Financial assets at fair value through profit or loss	1	17	- %	17.00	-
The Company	Stock of CHINA LIFE INSURANCE COMPANY, LTD.	-	Financial assets at fair value through profit or loss	787	19,466	- %	24.75	-
The Company	Stock of Cheng Shin Rubber Ind., Co., Ltd.	-	Financial assets at fair value through profit or loss	245	15,853	- %	64.70	-
The Company	Stock of Sun Life Corporation	-	Financial assets at fair value through profit or loss	160	42,434	- %	265.21	-
The Company	Stock of China Construction Bank	-	Financial assets at fair value through profit or loss	2,100	43,166	- %	20.56	Trust
The Company	Stock of TVB	-	Financial assets at fair value through profit or loss	260	30,158	- %	115.86	Trust
The Company	Stock of Jiangsu Expressway Company Limited	-	Financial assets at fair value through profit or loss	992	43,006	- %	43.35	Trust
The Company	Stock of Sinopec	-	Financial assets at fair value through profit or loss	1,990	42,062	- %	21.14	Trust
The Company	Stock of PetroChina	-	Financial assets at fair value through profit or loss	1,438	30,813	- %	21.43	Trust
The Company	Stock of Sands China Limited	-	Financial assets at fair value through profit or loss	320	41,991	- %	131.22	Trust
The Company	Stock of MGM China Holdings Limited	-	Financial assets at fair value through profit or loss	655	32,268	- %	49.25	Trust
The Company	CTBC Emerging Market Bond Fund	-	Financial assets at fair value through profit or loss	1,000	9,975	- %	9.97	-
The Company	Cathay Emerging China Bond Fund	-	Financial assets at fair value through profit or loss	297	3,314	- %	11.17	-
The Company	Cathay Emerging China Bond (Trust)	-	Financial assets at fair value through profit or loss	2,979	33,287	- %	11.17	Trust

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Holder of Securities	Type and Name of Securities	Relationship with Securities Issuer	Account Title	Ending				Remark
				Quantity of shares (thousand shares)/unit	Book Value	% of Ownership	Fair Value	
The Company	Franklin Templeton SinoAm Global High Yield Bond Fund	-	Financial assets at fair value through profit or loss	2,919	29,640	- %	10.15	Trust
The Company	Franklin Templeton Sinoam Money Market	-	Financial assets at fair value through profit or loss	2,452	25,032	- %	10.21	Trust
The Company	Fuh Hwa RMB Short-term Income Bond Fund	-	Financial assets at fair value through profit or loss	1,478	15,296	- %	10.35	Trust
The Company	Manulife China Offshore Bd Fd RMB Dis	-	Financial assets at fair value through profit or loss	1,554	15,075	- %	9.70	Trust
The Company	Yuanta China Opportunity Bond CNY	-	Financial assets at fair value through profit or loss	940	9,917	- %	10.54	Trust
The Company	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss	1,118	18,015	- %	16.12	Trust
The Company	Evenstar Sub-Fund I Segregated Portfolio	-	Financial assets at fair value through profit or loss	1	75,504	- %	128,128.23	-
The Company	Fuh Hwa Emerging Market RMB Fixed Inc Type A	-	Financial assets at fair value through profit or loss	28	1,474	- %	53.56	Trust
The Company	Alerian MLP ETF	-	Financial assets at fair value through profit or loss	82	28,907	- %	352.52	Trust
The Company	Hang Seng H-Share Index ETF	-	Financial assets at fair value through profit or loss	66	24,667	- %	376.02	Trust
The Company	Yuanta USD Money Market USD	-	Financial assets at fair value through profit or loss	150	48,428	- %	322.86	Trust
The Company	Cnooc Bond	-	Available-for-sale financial assets – non-current	2,900	97,130	- %	33.49	Trust
The Company	Saudi Electricity Global - Bond	-	Available-for-sale financial assets – non-current	2,550	85,712	- %	33.61	Trust
The Company	Sinochem Offshore Capital Company Limited Corp. Bond	-	Available-for-sale financial assets – non-current	12,000	59,253	- %	4.94	Trust
The Company	Guotai Junan Corp. Bond	-	Available-for-sale financial assets – non-current	200	6,659	- %	33.30	Trust
The Company	Beijing Infrastructure Investment (Hong Kong) Ltd. 3-year Senior Unsecured RMB Callable Financial Bond	-	Available-for-sale financial assets – non-current	20,000	98,950	- %	4.95	Trust
The Company	PetroChina Company Limited Corporate Bond	-	Available-for-sale financial assets – non-current	1,600	54,636	- %	34.15	Trust
The Company	Abu Dhabi National Energy Company 10-year Senior Unsecured USD Callable Corporate Bond	-	Available-for-sale financial assets – non-current	2,600	83,418	- %	32.08	Trust
The Company	Abu Dhabi National Energy Company 10-year Senior Unsecured USD Callable Corporate Bond	-	Available-for-sale financial assets – non-current	2,600	83,810	- %	32.23	Trust
The Company	CNOOC Limited USD Callable Corporate Bond	-	Available-for-sale financial assets – non-current	3,100	97,231	- %	31.36	Trust

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Holder of Securities	Type and Name of Securities	Relationship with Securities Issuer	Account Title	Ending				Remark
				Quantity of shares (thousand shares)/unit	Book Value	% of Ownership	Fair Value	
The Company	Rizhao Port Co., Ltd. RMB Callable Corporate Bond	-	Available-for-sale financial assets – non-current	9,800	48,747	- %	4.97	Trust
The Company	Hutchison Whampoa Limited USD Corp. Bond	-	Available-for-sale financial assets – non-current	1,500	50,488	- %	33.66	Trust
The Company	The Export-import Bank of China RMB Corp. Bond	-	Available-for-sale financial assets – non-current	5,000	24,675	- %	4.94	Trust
The Company	Africa Financial Corp. Bond	-	Available-for-sale financial assets – non-current	3,000	99,115	- %	33.04	Trust
The Company	Beijing State-owned Asset Mgt. Corp. Bond	-	Available-for-sale financial assets – non-current	3,000	97,290	- %	32.43	Trust
The Company	ICBC RMB Corp. Bond	-	Available-for-sale financial assets – non-current	5,000	24,709	- %	5.04	Trust
The Company	ICBC RMB Corp. Bond	-	Available-for-sale financial assets – non-current	5,000	25,218	- %	5.04	Trust
The Company	China Comm Cons Corp. Bond	-	Available-for-sale financial assets – non-current	1,900	61,322	- %	32.27	Trust
The Company	Saudi Electricity Global - Bond	-	Available-for-sale financial assets – non-current	3,000	96,401	- %	32.13	Trust
The Company	Saudi Electricity Global - Bond	-	Available-for-sale financial assets – non-current	1,000	32,723	- %	32.72	Trust
The Company	QTel USD Corp. Bond	-	Available-for-sale financial assets – non-current	3,000	96,444	- %	32.15	Trust
The Company	ConocoPhillips Corp. Bond	-	Available-for-sale financial assets – non-current	2,700	90,610	- %	33.56	Trust
The Company	Caterpillar RMB Corp. Bond	-	Available-for-sale financial assets – non-current	10,000	49,257	- %	4.93	Trust
The Company	ConocoPhillips Corp. Bond	-	Available-for-sale financial assets – non-current	3,000	92,674	- %	30.89	Trust
The Company	Chang Hwa Bank	-	Available-for-sale financial assets – non-current	312,731	5,160,058	- %	16.50	-
The Company	ICBC	-	Available-for-sale financial assets – non-current	1,630	29,376	- %	18.02	Trust
The Company	Stock of Bristol-Myers Squibb Company	-	Available-for-sale financial assets – non-current	11	21,859	- %	2,062.17	Trust
The Company	Cathay China High Yield Bond B	-	Available-for-sale financial assets – non-current	5,389	52,775	- %	9.79	Trust
The Company	PineBridge US Dual Core Inc B Inc Monthly Dividend	-	Available-for-sale financial assets – non-current	1,823	15,295	- %	8.39	Trust
The Company	Franklin Templeton SnAm China HYBd	-	Available-for-sale financial assets – non-current	1,969	19,990	- %	10.15	Trust
The Company	Allianz Gbl Inv Global Bd B	-	Available-for-sale financial assets – non-current	5,328	60,026	- %	11.27	Trust
The Company	Cathay Emerging China Bond	-	Available-for-sale financial assets – non-current	889	9,937	- %	11.17	Trust
The Company	iShares MSCI India ETF	-	Available-for-sale financial assets – non-current	19	16,197	- %	875.49	Trust
The Company	WisdomTree Europe Hedged Equity ETF	-	Available-for-sale financial assets – non-current	4	6,034	- %	1,676.08	Trust

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Notes to the quarterly consolidated financial statements of Lungyen Life Service Corp.
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Holder of Securities	Type and Name of Securities	Relationship with Securities Issuer	Account Title	Ending				Remark
				Quantity of shares (thousand shares)/unit	Book Value	% of Ownership	Fair Value	
The Company	SPDR S&P Bank ETF	-	Available-for-sale financial assets – non-current	6	6,020	- %	980.40	Trust
The Company	iShares China Large-Cap ETF	-	Available-for-sale financial assets – non-current	19	20,230	- %	1,090.00	Trust
The Company	Hang Seng H Share ETF	-	Available-for-sale financial assets – non-current	27	10,002	- %	376.02	Trust
The Company	FORTUNE IC FUND I	-	Financial assets carried at cost – non-current	600	4,030	4.86 %	10.60	-
The Company	PK Venture Capital Corp	-	Financial assets carried at cost – non-current	3,360	12,815	8.57 %	4.31	-
The Company	Cathay insurance stock	-	Financial assets carried at cost – non-current	44	-	0.01 %	-	-
The Company	Fuyou Healthcare Co., Ltd.	-	Financial assets carried at cost – non-current	450	4,500	15.00 %	9.34	-
Yuji Development Corp.	CTBC Hwa-win Money Market Fund	-	Financial assets at fair value through profit or loss	7,715	84,031	- %	10.89	-
Jing Huang Construction Co.	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss	100	1,469	- %	14.64	-
Jing Huang Construction Co.	J-Garden Corp.	-	Financial assets carried at cost – non-current	-	1,785	5.00 %	9.30	-
Dahan Property Management Co., Ltd.	Allianz Global Investors Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	170	2,099	- %	12.38	-
Longding Life Sciences Inc	San Far Property Limited 2013 1 st Secured Common Corp. Bond	-	Financial assets at fair value through profit or loss	13,700	14,770	- %	1.08	-
Longding Life Sciences Inc	Far Eastern New Century 2012 2 nd Unsecured Common Corp. Bond	-	Financial assets at fair value through profit or loss	7,000	7,003	- %	1.00	-
Longding Life Sciences Inc	Prince Housing & Development Company 2013 1 st Secured Common Corp. Bond	-	Financial assets at fair value through profit or loss	17,000	17,077	- %	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: None.

5. The acquisition of real property exceeding NT\$300 million or 20% of the paid-in capital:

Unit: Thousand of NTD

Company which acquired real property	Asset Name	Date	Transaction Price	Payment situation	Transaction object	Relation ship	When transaction object is related party, the previous transfer data				Reference of price determination	Reason of acquisition	Other promise matter
							Owner	Relationship with issuer	Transfer Date	Amount			
Lung An Company Limited	Cemetery land in Quan An Tai, Kaohsiung	11.13.2015	700,000	Paid	Sun Lung Asset Management Corp.	-	-	-	-	-	Lung An Board and property appraisers firm [^]	For core business use	

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: None.

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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			Percentage of the total consolidated revenue or total assets
				Account name	Amount	Terms of trading	
0	Lungyen Life Service Corp.	Jing Huang Construction Co., Ltd.	1	Other payable accounts	\$ 29,918	與非關係人交易相當	0.06%
0	"	Yuji Development Corp.	1	Other financial assets – current	2,000	-	- %
0	"	"	1	Prepayments	28,662	-	0.06%
0	"	"	1	Payable accounts	45,041	-	0.09%
0	"	"	1	Other revenue	6,000	-	0.71%
0	"	"	1	Receipts under custody	17,059	-	0.04%
0	"	Longding Life Science Co., Ltd.	1	Payable accounts	663	-	- %
0	"	"	1	Operating cost	1,069	-	0.13%
0	"	Lung Fu Company Limited	1	Other financial assets – current	130	-	- %
0	"	"	1	Other revenue	192	-	0.02%
1	Jing 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	62,100	-	0.13%
2	"	"	2	Other payable accounts	2,000	-	- %
2	"	"	2	Advance receipts	28,662	-	0.06%
2	"	"	2	Administrative expenses	6,000	-	0.71%
3	Longding Life Science Co., Ltd.	Lungyen Life Service Corp.	2	Accounts Receivable	663	-	- %
3	"	"	2	Operating income	1,069	-	0.13%
5	Lung Fu Company Limited	Lungyen Life Service Corp.	2	Expenses payable	130	-	- %
5	"	"	2	Administrative expenses	192	-	0.02%

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 March 31, 2016 is as follows:

Unit: Thousand NTD

Name of the investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Current gain/loss of investees	Current recognized investment gains and losses	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
The Company	Jing Huang Construction Co., Ltd.	Taiwan	Civil engineering	30,033	30,033	2,209	98.20%	(10,951)	(209)	(205)	Subsidiary
The Company	Yuji Development Corp.	Taiwan	Funeral Service	990,000	990,000	99,000	54.42%	1,211,990	77,860	42,372	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%	3,603	8	6	Subsidiary

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Name of the investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Current gain/loss of investees	Current recognized Investment gains and losses	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
The Company	Sea Dragon Traders Ltd. (BVI)	British Virgin Islands	Investment	147,073 (USD4,710)	147,073 (USD4,710)	1	100.00%	264,022	(730)	(730)	Subsidiary
The Company	Longding Life Science Co., Ltd.	Taiwan	Flower and plant cultivation	295,000	295,000	29,500	84.29%	217,060	(6,815)	(5,744)	Subsidiary
The Company	Singapore Lungyen Life Services Pte., Ltd	Singapore	Funeral Service	11,990 (SGD500)	11,990 (SGD500)	500	100.00%	(2,230)	(46)	(46)	Subsidiary
The Company	Lung An Company Limited	Taiwan	Flower and plant cultivation	500,656	500,656	50,400	70.00%	503,275	(336)	(235)	Subsidiary
The Company	RIA AWANA SDN. BHD	Malaysia	Funeral Service	31,454 (MYR3,920)	31,454 (MYR3,920)	3,920	49.00%	27,650	(2,659)	(1,303)	Affiliated company
Yuji Development Corp.	Lung Fu Company Limited	Taiwan	Funeral Service	210,700	210,700	21,070	77.75%	223,047	(323)	(251)	Subsidiary
Sea Dragon Traders Ltd. (BVI)	Witty Dragon Limited(BVI)	British Virgin Islands	Investment	165,268 (USD5,264)	165,268 (USD5,264)	53	26.32%	160,074	(4,136)	(1,088)	Affiliated company

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

Note 2: Abovementioned foreign currencies are presented as thousand.

(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	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%	Preparing	-	-

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
-	1,291,280 USD 40,000	5,224,952

US Dollar Exchange Rate: closing rate: 32.282

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:

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- (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.
 - 3. Others.

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.

(English Translation of Financial Report Originally Issued in Chinese)
Notes to the quarterly consolidated financial statements of Lungyen Life Service Corp.
and its subsidiaries (continue)

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

		January to March, 2016						
		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	\$ 311,481	440,899	16,492	72,468	-	-	841,340
	Inter-segment income	-	-	43	1,069	-	(1,112)	-
Total income		\$ 311,481	440,899	16,535	73,537	-	(1,112)	841,340
Reportable segment profit or loss		\$ 145,520	90,730	(5,450)	30,669	-	(1,112)	260,357
		January to March, 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	\$ 364,776	383,990	54,096	59,742	22	-	862,626
	Inter-segment income	25,446	-	1,214	11,841	-	(38,501)	-
Total income		\$ 390,222	383,990	55,310	71,583	22	(38,501)	862,626
Reportable segment profit or loss		\$ 194,979	67,451	27,586	51,324	9	(38,501)	302,848
Reportable segment assets								
	March 31, 2016	\$ 14,193,782	3,790,778	6,528,263	73,474	4,647,849	19,164,967	48,399,113
	December 31, 2015	\$ 12,857,460	3,837,528	6,089,328	74,458	5,139,297	19,510,950	47,509,021
	March 31, 2015	\$ 13,013,930	3,734,664	6,123,967	70,449	4,677,677	15,419,783	43,040,470