

**Lion Travel Service Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2016 and 2015 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
Lion Travel Service Co., Ltd.

We have reviewed the accompanying consolidated balance sheets of Lion Travel Service Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of March 31, 2016 and 2015, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our reviews.

Except as described in the next paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No.36 "Review of Financial Statements" issued by the Auditing Standards Committee of the Accounting Research and Development Foundation of the Republic of China. A review consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

As disclosed in Note 11 to the consolidated financial statements, the financial statements of subsidiaries included in the consolidated financial statement referred to in the first paragraph were not reviewed, except those of Lion International Holding Limited and Lion International Holding (China) Limited. As of March 31, 2016 and 2015, the unreviewed assets were 14.44% (NT\$768,106 thousand) and 10.23% (NT\$504,771 thousand), respectively, of the consolidated total assets, and the unreviewed liabilities of these non-significant subsidiaries were 10.59% (NT\$317,923 thousand) and 12.32% (NT\$333,942 thousand), respectively, of the consolidated total liabilities; for the three months ended March 31, 2016 and 2015, the unreviewed comprehensive income were 5.91% (NT\$4,419 thousand) and 9.21% (NT\$12,136 thousand), respectively, of the consolidated total comprehensive income. Other equity-method investment information disclosed in Note 31 to the consolidated financial statements was based on unreviewed financial statements of associates as of and for the same reporting periods as those of the Company.

Based on our reviews, except for the effects of adjustments, if any, as might have been determined to be necessary had the financial statements of non-significant subsidiaries and associates as described in the preceding paragraph been reviewed, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

Deloitte & Touche

May 9, 2016

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

LION TRAVEL SERVICE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2016 (Reviewed)		December 31, 2015 (Audited)		March 31, 2015 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 4 and 6)	\$ 2,980,959	56	\$ 2,811,445	56	\$ 2,872,515	58
Notes receivable (Notes 4 and 10)	71,669	1	52,366	1	52,430	1
Accounts receivable (Notes 4, 5, 10 and 27)	704,255	13	752,295	15	632,641	13
Prepayments (Note 13)	834,091	16	767,425	15	801,844	16
Other current monetary assets (Notes 4, 9 and 28)	58,257	1	65,649	1	43,485	1
Other current assets (Note 27)	18,486	1	19,362	-	12,997	-
Total current assets	4,667,717	88	4,468,542	88	4,415,912	89
NON-CURRENT ASSETS						
Available-for-sale financial assets (Notes 4 and 7)	11,564	-	12,520	-	19,676	1
Financial assets measured at cost (Notes 4 and 8)	10,000	-	10,000	-	10,000	-
Property, plant and equipment (Notes 4, 12 and 28)	382,011	7	370,732	8	362,660	8
Intangible assets (Note 4)	2,781	-	3,478	-	5,828	-
Deferred tax assets (Notes 4 and 5)	16,041	1	14,902	-	11,678	-
Other non-current assets (Notes 13 and 27)	228,436	4	174,702	4	110,624	2
Total non-current assets	650,833	12	586,334	12	520,466	11
TOTAL	\$ 5,318,550	100	\$ 5,054,876	100	\$ 4,936,378	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowing (Note 14)	\$ -	-	\$ 25,000	1	\$ -	-
Notes payable	130,487	3	106,729	2	134,720	3
Accounts payable (Note 27)	1,054,775	20	940,421	19	898,925	18
Other payables (Note 15)	248,448	5	306,014	6	230,709	5
Current tax liabilities (Notes 4 and 5)	76,514	1	61,460	1	70,556	1
Advance receipts (Note 15)	1,394,036	26	1,292,470	26	1,272,885	26
Current portion of long-term borrowing (Note 14)	13,348	-	19,848	-	26,000	1
Other current liabilities	11,250	-	11,972	-	13,906	-
Total current liabilities	2,928,858	55	2,763,914	55	2,647,701	54
NON-CURRENT LIABILITIES						
Long-term borrowing, net of current portion (Note 14)	-	-	-	-	13,348	-
Deferred tax liabilities (Notes 4 and 5)	1,470	-	2,010	-	1,286	-
Other non-current liabilities	1,468	-	781	-	771	-
Net defined benefit liabilities (Notes 4 and 5)	71,424	1	71,715	1	47,742	1
Total non-current liabilities	74,362	1	74,506	1	63,147	1
Total liabilities	3,003,220	56	2,838,420	56	2,710,848	55
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 17)						
Share capital						
Ordinary shares	700,000	13	700,000	14	700,000	14
Capital surplus (Note 22)	820,390	15	815,850	16	815,850	17
Retained earnings						
Legal reserve	156,933	3	156,933	3	118,542	2
Special reserve	1,623	-	1,623	-	1,623	-
Unappropriated earnings (Note 20)	616,410	12	540,651	11	578,365	12
Other equity	(12,561)	-	(11,846)	-	(992)	-
Total equity attributable to owners of the Company	2,282,795	43	2,203,211	44	2,213,388	45
NON-CONTROLLING INTERESTS	32,535	1	13,245	-	12,142	-
Total equity	2,315,330	44	2,216,456	44	2,225,530	45
TOTAL	\$ 5,318,550	100	\$ 5,054,876	100	\$ 4,936,378	100

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

(With Deloitte & Touche review report dated May 9, 2016)

LION TRAVEL SERVICE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2016		2015	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 18 and 27)	\$ 4,584,814	100	\$ 4,295,957	100
OPERATING COSTS (Note 27)	<u>(3,941,049)</u>	<u>(86)</u>	<u>(3,581,678)</u>	<u>(84)</u>
GROSS PROFIT	643,765	14	714,279	16
OPERATING EXPENSES (Notes 16, 19 and 27)	<u>(584,280)</u>	<u>(13)</u>	<u>(573,461)</u>	<u>(13)</u>
PROFIT FROM OPERATIONS	<u>59,485</u>	<u>1</u>	<u>140,818</u>	<u>3</u>
NON-OPERATING INCOME (Note 19)				
Other income (Note 27)	14,403	-	21,857	1
Other gains and losses	17,204	1	(150)	-
Finance costs	<u>(208)</u>	<u>-</u>	<u>(306)</u>	<u>-</u>
Total non-operating income	<u>31,399</u>	<u>1</u>	<u>21,401</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	90,884	2	162,219	4
INCOME TAX EXPENSE (Notes 4, 5 and 20)	<u>(15,359)</u>	<u>-</u>	<u>(27,172)</u>	<u>(1)</u>
NET PROFIT FOR THE PERIOD	<u>75,525</u>	<u>2</u>	<u>135,047</u>	<u>3</u>
OTHER COMPREHENSIVE LOSS				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	258	-	(2,599)	-
Unrealized loss on available-for-sale financial assets	<u>(956)</u>	<u>-</u>	<u>(732)</u>	<u>-</u>
Other comprehensive loss for the period, net of income tax	<u>(698)</u>	<u>-</u>	<u>(3,331)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 74,827</u>	<u>2</u>	<u>\$ 131,716</u>	<u>3</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 75,759	2	\$ 134,696	3
Non-controlling interests	<u>(234)</u>	<u>-</u>	<u>351</u>	<u>-</u>
	<u>\$ 75,525</u>	<u>2</u>	<u>\$ 135,047</u>	<u>3</u>

(Continued)

LION TRAVEL SERVICE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2016		2015	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owners of the Company	\$ 75,044	2	\$ 131,379	3
Non-controlling interests	<u>(217)</u>	<u>-</u>	<u>337</u>	<u>-</u>
	<u>\$ 74,827</u>	<u>2</u>	<u>\$ 131,716</u>	<u>3</u>
EARNINGS PER SHARE (NT\$; Note 21)				
Basic	<u>\$ 1.08</u>		<u>\$ 1.92</u>	
Diluted	<u>\$ 1.08</u>		<u>\$ 1.92</u>	

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

(With Deloitte & Touche review report dated May 9, 2016)

(Concluded)

LION TRAVEL SERVICE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to the Owners of the Company								Non-controlling Interests	Total Equity	
	Share Capital	Capital Surplus	Legal Reserve	Retained Earnings		Unappropriated Earnings	Exchanges on Translating Foreign Operations	Other Equity			
				Special Reserve	Legal Reserve			Unrealized Gain (Loss) on Available-for-sale Financial Assets			Total
BALANCE AT JANUARY 1, 2015	\$ 700,000	\$ 815,850	\$ 118,542	\$ 1,623	\$ 443,669	\$ (4,083)	\$ 6,408	\$ 2,082,009	\$ 5,805	\$ 2,087,814	
Net profit for the three months ended March 31, 2015	-	-	-	-	134,696	-	-	134,696	351	135,047	
Other comprehensive loss for the three months ended March 31, 2015, net of income tax	-	-	-	-	-	(2,585)	(732)	(3,317)	(14)	(3,331)	
Total comprehensive income (loss) for the three months ended March 31, 2015	-	-	-	-	134,696	(2,585)	(732)	131,379	337	131,716	
Non-controlling interests	-	-	-	-	-	-	-	-	6,000	6,000	
BALANCE AT MARCH 31, 2015	\$ 700,000	\$ 815,850	\$ 118,542	\$ 1,623	\$ 578,365	\$ (6,668)	\$ 5,676	\$ 2,213,388	\$ 12,142	\$ 2,225,530	
BALANCE AT JANUARY 1, 2016	\$ 700,000	\$ 815,850	\$ 156,933	\$ 1,623	\$ 540,651	\$ (10,366)	\$ (1,480)	\$ 2,203,211	\$ 13,245	\$ 2,216,456	
Net profit (loss) for the three months ended March 31, 2016	-	-	-	-	75,759	-	-	75,759	(234)	75,525	
Other comprehensive income (loss) for the three months ended March 31, 2016, net of income tax	-	-	-	-	-	241	(956)	(715)	17	(698)	
Total comprehensive income (loss) for the three months ended March 31, 2016	-	-	-	-	75,759	241	(956)	75,044	(217)	74,827	
Other changes in capital surplus: Changes in percentage of ownership interest in subsidiary	-	4,540	-	-	-	-	-	4,540	-	4,540	
Non-controlling interests	-	-	-	-	-	-	-	-	19,507	19,507	
BALANCE AT MARCH 31, 2016	\$ 700,000	\$ 820,390	\$ 156,933	\$ 1,623	\$ 616,410	\$ (10,125)	\$ (2,436)	\$ 2,282,795	\$ 32,535	\$ 2,315,330	

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

(With Deloitte & Touche review report dated May 9, 2016)

LION TRAVEL SERVICE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 90,884	\$ 162,219
Adjustments for:		
Depreciation expenses	20,635	23,478
Amortization expenses	580	1,108
Reversal of impairment loss on accounts receivable	(1,456)	(1)
Loss on disposal of property, plant and equipment	-	2,432
Interest expenses	208	306
Interest income	(1,903)	(1,689)
Gain on disposal of subsidiary	(3,485)	-
Changes in operating assets and liabilities		
Notes receivable	(19,303)	28,054
Accounts receivable	50,160	118,703
Prepayments	(66,666)	(149,502)
Other current assets	1,531	(7,506)
Notes payable	23,758	4,222
Accounts payable	114,354	108,256
Other payables	(57,566)	(13,871)
Advance receipts	105,272	81,592
Other current liabilities	(722)	1,111
Net defined benefit liabilities	(291)	(335)
Cash generated from operations	255,990	358,577
Interest received	1,903	1,689
Interest paid	(208)	(306)
Income tax paid	(2,645)	(136)
Net cash generated from operating activities	<u>255,040</u>	<u>359,824</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets measured at cost	-	(5,000)
Increase in prepayments for investment	(25,000)	-
Payments for property, plant and equipment	(32,001)	(8,376)
Proceeds from disposal of property, plant and equipment	42	-
Increase in prepayments for equipment	(18,474)	(1,842)
(Increase) decrease in refundable deposits	(9,861)	7,902
Payments for intangible assets and increase in deferred expenses	-	(12)
Decrease (increase) in other current monetary assets	7,392	(9,573)
Increase in other non-current assets	(1,063)	(477)
Net cash used in investing activities	<u>(78,965)</u>	<u>(17,378)</u>

(Continued)

LION TRAVEL SERVICE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2016	2015
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowing	\$ (25,000)	\$ -
Repayments of long-term borrowing	(6,500)	(6,500)
Increase (decrease) in guarantee deposits	687	(534)
Increase in non-controlling interests	<u>24,047</u>	<u>6,000</u>
Net cash used in financing activities	<u>(6,766)</u>	<u>(1,034)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>205</u>	<u>(3,250)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	169,514	338,162
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>2,811,445</u>	<u>2,534,353</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 2,980,959</u>	<u>\$ 2,872,515</u>

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

(With Deloitte & Touche review report dated May 9, 2016)

(Concluded)

LION TRAVEL SERVICE CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Lion Travel Service Co., Ltd. (the “Company”) was incorporated in Taiwan in June 1977.

The Company engages mainly in packaged tours, transportation ticketing, visa application, providing tour guides and other travel-related services.

The Company’s shares have been listed on the Taiwan Stock Exchange (TSE) since September 24, 2013.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 9, 2016.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

- The International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) already issued but not yet endorsed by the FSC

The Group (i.e., the Company and its subsidiaries) has not applied the following IFRS, IAS, IFRIC and SIC (collectively, the “IFRSs”) issued by the International Accounting Standards Board (IASB) but not yet endorsed by the Financial Supervisory Commission (FSC).

On March 10, 2016, the FSC announced the scope of IFRSs to be endorsed and will take effect on January 1, 2017. Within this scope are all IFRSs that had been issued by the IASB before January 1, 2016 and have effective dates on or before January 1, 2017, and outside this scope are those IFRSs that are not yet effective as of January 1, 2017 such as IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers” and those with undetermined effective dates. In addition, the FSC announced that the Group should apply IFRS 15 starting January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC had not yet announced the effective dates of other new, amended and revised standards and interpretations.

<u>New, Amended or Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 “Financial Instruments”	January 1, 2018

(Continued)

<u>New, Amended or Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	January 1, 2018
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception”	January 1, 2016
Amendment to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018
Amendment to IFRS 15 “Clarifications to IFRS 15”	January 1, 2018
IFRS 16 “Leases”	January 1, 2019
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016
Amendment to IAS 7 “Disclosure Initiative”	January 1, 2017
Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”	January 1, 2017
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants”	January 1, 2016
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 27 “Equity Method in Separate Financial Statements”	January 1, 2016
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

(Concluded)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant dates on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition dates on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; and the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 applies prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Group's accounting policies, except for the following:

a. IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

All recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Group's debt instruments with contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

- 1) If the debt instruments are held within a business model whose objective is to collect contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continually, with any impairment loss recognized in profit or loss. Interest revenue is recognized in profit or loss using the effective interest method.
- 2) If the debt instruments are held within a business model whose objective is both to collect contractual cash flows and to sell financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue using the effective interest method, impairment gains or losses, and foreign exchange gains and losses are recognized in profit or loss; other gains and losses are recognized in other comprehensive income. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for the above, all other financial assets are measured at fair value through profit or loss (FVTPL). However, for an equity investment that is not held for trading, the Group may make, on initial recognition of the asset, an irrevocable election to designate the financial asset as at fair value through other comprehensive income, with gains and losses recognized in other comprehensive income, and only dividend income recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

Impairment of financial assets

IFRS 9 requires the recognition of impairment loss on financial assets using the expected credit loss (ECL) model. This model should be applied to investments in debt instruments measured at amortized cost, investments in debt instruments measured at FVTOCI, certain lease receivables, certain contract assets within the scope of IFRS 15 "Revenue from Contracts with Customers," all loan commitments not measured at fair value through profit or loss (FVTPL), and financial guarantee contracts to which IFRS 9 is applied but are not accounted for as at FVTPL. A loss allowance for 12-month ECLs is recognized for financial assets if their credit risk has not increased significantly since initial recognition or they have low credit risk. A loss allowance for lifetime ECLs is recognized if credit risk of financial assets has increased significantly since initial recognition (unless credit risk is low) and there is no objective evidence of impairment. However, a loss allowance for full lifetime ECLs is required for accounts receivable that do not constitute a financing transaction as defined in IFRS 9.

For purchased or originated credit-impaired financial assets, the Group includes, on initial recognition, the lifetime ECLs in the estimated cash flows when calculating the credit-adjusted effective interest rate. Any positive or negative changes in the lifetime ECLs are recognized immediately in profit or loss.

b. Amendment to IAS 36 “Recoverable Amount Disclosures for Non-financial Assets”

The amendment clarifies that the recoverable amount of an individual asset (including goodwill) or cash generating unit is disclosed only when an impairment loss has been recognized or reversed during the reporting period. In this impairment loss recognition or reversal, the discount rate used should be disclosed if the recoverable amount is based on fair value less costs of disposal determined using a present value technique.

c. Annual Improvements to IFRSs: 2010-2012 Cycle

Several standards, including IFRS 2 “Share-based Payment,” IFRS 3 “Business Combinations” and IFRS 8 “Operating Segments,” were amended in these annual improvements.

The amended IFRS 2 has changed the definitions of “vesting condition” and “market condition” and added definitions of “performance condition” and “service condition.” The amendment clarifies that a performance target can be based on the operations (i.e. a non-market condition) of the Group or another entity in the same group or the market price of the equity instruments of the Group or another entity in the same group (i.e., a market condition); that a performance target can relate either to the operations of the Group as a whole or to some part of it (e.g., a division); and that the period for achieving a performance condition must not go beyond a specified service period. In addition, a share market index target is not considered a performance condition because it not only reflects the performance of the Group, but also of other entities outside the Group.

d. IFRS 15 “Revenue from Contracts with Customers” and related amendment

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers (except those that are within the scope of other IFRSs), and supersedes IAS 18 “Revenue,” IAS 11 “Construction Contracts” and a number of revenue-related interpretations from January 1, 2018.

Under IFRS 15, an entity should recognize revenue by taking the following steps:

- Identify the contract with the customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contracts.
- Recognize revenue when (or as) the entity satisfies a performance obligation.

When IFRS 15 and related amendment are effective, an entity may elect to apply this Standard either (a) retrospectively to each prior reporting period presented in accordance with certain provisions of IFRS 15 “Revenue from Contracts with Customers,” or (b) retrospectively, with the cumulative effect of initially applying this Standard recognized at the date of initial application.

e. IFRS 16 “Leases”

IFRS 16 sets out the accounting treatment for leases and supersedes IAS 17 “Leases” and related interpretations.

Under IFRS 16, if the Group is a lessee, it should recognize right-of-use assets and lease liabilities for all leases with a term of more than 12 months in the consolidated balance sheets, except for low-value and short-term leases. The Group may elect to apply an accounting method similar to the accounting for operating lease under IAS 17 to short-term leases and to certain leases for which the underlying assets are of low value. In the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on the right-of-use asset separately from interest expense accrued on the lease liability; interest is computed using effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of the lease

liability are classified within financing activities; cash payments for interest portion are classified within operating activities.

When IFRS 16 becomes effective, the Group may elect to apply this Standard either (a) retrospectively to each prior reporting period presented or (b) retrospectively, with the cumulative effect of the initial application of this Standard recognized at the date of initial application.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group was continuing to assess the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission (FSC). Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

b. Basis of consolidation

See Note 11 and Table 5 for the detailed information of subsidiaries (including the percentage of ownership and main business).

c. Other significant accounting policies

Except for the following, the accounting policies applied to these consolidated financial statements are consistent with those applied to the consolidated financial statements for the year ended December 31, 2015. For the summary of other significant accounting policies, please refer to the consolidated financial statements for the year ended December 31, 2015.

1) Retirement benefits

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 financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pretax income the tax rate that would apply to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical accounting judgments and key sources of estimation uncertainty applied to these consolidated financial statements are consistent with those applied to the consolidated financial statements for the year ended December 31, 2015. For the summary, please refer to the consolidated financial statements for the year ended December 31, 2015.

6. CASH AND CASH EQUIVALENTS

	March 31, 2016	December 31, 2015	March 31, 2015
Cash on hand	\$ 79,813	\$ 39,316	\$ 43,398
Checking accounts and demand deposits	2,308,768	2,189,879	2,173,907
Cash equivalents			
Time deposits with original maturities of less than three months	<u>592,378</u>	<u>582,250</u>	<u>655,210</u>
	<u>\$ 2,980,959</u>	<u>\$ 2,811,445</u>	<u>\$ 2,872,515</u>

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Annual yield rates for bank deposits	0.01%-1.62%	0.01%-1.62%	0.01%-3.20%

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	March 31, 2016	December 31, 2015	March 31, 2015
<u>Non-current</u>			
Domestic investments			
Emerging market shares	<u>\$ 11,564</u>	<u>\$ 12,520</u>	<u>\$ 19,676</u>

8. FINANCIAL ASSETS MEASURED AT COST

	March 31, 2016	December 31, 2015	March 31, 2015
<u>Non-current</u>			
Domestic unlisted common shares	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>
Classified according to financial assets measurement categories			
Available-for-sale financial assets	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>

The unlisted common shares held by the Group were measured at cost less impairment at the end of each reporting period. The Company believed that the fair values could not be reliably measured because of the wide range of fair value measurements, thus, cost represented the best estimate of fair value within that range.

9. OTHER CURRENT MONETARY ASSETS

	March 31, 2016	December 31, 2015	March 31, 2015
<u>Current</u>			
Pledged time deposits and demand deposits	<u>\$ 58,257</u>	<u>\$ 65,649</u>	<u>\$ 43,485</u>
Rate intervals	0.29%-2.25%	0.52%-2.25%	0.20%-3.25%

Refer to Note 28 for information relating on other current monetary assets pledged as security.

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OVERDUE RECEIVABLES

	March 31, 2016	December 31, 2015	March 31, 2015
<u>Notes receivable</u>			
Notes receivable - operating	<u>\$ 71,669</u>	<u>\$ 52,366</u>	<u>\$ 52,430</u>
<u>Accounts receivable</u>			
Accounts receivable	\$ 708,128	\$ 757,389	\$ 633,121
Less: Allowance for impairment loss	<u>(3,873)</u>	<u>(5,094)</u>	<u>(480)</u>
	<u>\$ 704,255</u>	<u>\$ 752,295</u>	<u>\$ 632,641</u>
<u>Overdue receivables</u>			
Overdue receivables	\$ 12,301	\$ 12,177	\$ 4,980
Less: Allowance for impairment loss	<u>(12,301)</u>	<u>(12,177)</u>	<u>(4,980)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

a. Notes receivable

The checks received by the Group received are encashed either right after the reporting period or within one month after the issue date; thus, the Group did not recognize an allowance for impairment loss in the reporting periods.

b. Accounts receivable

The Group sales transactions are settled through cash, checks, bank remittances and credit cards. The accounts receivable refer to package tours, ticketing, credit cards, and commissions. Individual customers have to pay before their trips, and corporate customers and other travel service companies have to make payments based on the credit terms or the contracts.

The Group prepares monthly aging schedules of accounts receivable to check for any overdue receivables. If there are overdue receivables, the Group will order the departments concerned to make the needed checks for prevention of bad debts. If the receivables become uncollectible, the Group will reclassify them to overdue receivables and instruct the internal legal department to carry out settlement procedures.

Allowances for impairment loss are set up as follows: For individual customers, who generally make payments before their trips, the Group recognizes a 50% allowance for all accounts receivable overdue between 91 days and 180 days, and 100% for all receivables overdue beyond 180 days. For corporate customers' and other travel service companies that are under certain credit arrangements and contract payment terms and have longer payment periods, the Group recognizes a 50% allowance for all accounts receivable overdue between 181 days and 365 days and 100% for all receivables overdue beyond 365 days. For credit card receivables from the credit card centers of banks, the banks generally make payments within one month of billings, so the Group does not recognize an allowance for impairment loss on these receivables.

If the accounts receivable become overdue receivables, a 100% allowance for bad debts is set up.

The aging of receivable was as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Up to 90 days	\$ 762,579	\$ 776,564	\$ 669,112
91-180 days	15,366	30,260	15,093
181-365 days	<u>1,852</u>	<u>2,931</u>	<u>1,346</u>
	<u>\$ 779,797</u>	<u>\$ 809,755</u>	<u>\$ 685,551</u>

The above aging schedule was based on the invoice date.

The movements of the allowance for doubtful accounts were as follows:

	For the Three Months Ended March 31			
	2016		2015	
	Collectively Assessed for Impairment Accounts Receivable	Individually Assessed for Impairment Overdue Receivables	Collectively Assessed for Impairment Accounts Receivable	Individually Assessed for Impairment Overdue Receivables
Balance at January 1	\$ 5,094	\$ 12,177	\$ 1,148	\$ 4,699
Add: Impairment losses (reversal of impairment losses) recognized on receivables	(2,120)	664	(282)	281
Add: Amounts recovered from prior year's write-off	899	-	-	-
Deduct: Amounts written off during the period as uncollectible	<u>-</u>	<u>(540)</u>	<u>(386)</u>	<u>-</u>
Balance at March 31	<u>\$ 3,873</u>	<u>\$ 12,301</u>	<u>\$ 480</u>	<u>\$ 4,980</u>

11. SUBSIDIARIES

Entities included in the consolidated financial statements (Note 4):

Investor	Investee	Nature of Activity	Percentage of Ownership			Remark
			March 31, 2016	December 31, 2015	March 31, 2015	
The Company	Lion International Holding Limited ("Lion Holding")	Investments	100.00	100.00	100.00	
	Travel Trend Service Co., Ltd. ("Travel Trend")	Travel industry	100.00	100.00	100.00	
	Shuangshi Investment Co., Ltd. ("Shuangshi Investment")	Investments	100.00	100.00	100.00	
	Lion (Fujian) International Travel Service Co., Ltd. ("Fujian Lion")	Travel industry	90.00	90.00	-	b
Lion Holding	Lion International Travel Service Co., Ltd. (YVR) ("Lion YVR")	Travel industry	100.00	100.00	100.00	
	Lion International Travel Service Pty., Ltd. (SYD) ("Lion SYD")	Travel industry	100.00	100.00	100.00	
	Lion International Travel Service Co., Ltd. (AKL) ("Lion AKL")	Travel industry	100.00	100.00	100.00	
Lion Holding	Lion International Travel Service Co., Ltd. (HK) ("Lion HK")	Travel industry	100.00	100.00	100.00	
	US Lion Travel ("US Lion")	Travel industry	100.00	100.00	100.00	
	Lion Travel Japan 株式会社 ("Lion JPN")	Travel industry	100.00	100.00	100.00	
	Lion International Travel Service Co., Ltd. (THA) ("Lion THA")	Travel industry	49.00	49.00	49.00	c
	Lion International Holding (China) Limited ("Lion Holding (China)")	Management consulting activities	100.00	100.00	100.00	d
Shuangshi Investment	Lion Information Technology Co., Ltd. ("Lion Information")	Information technology activities	100.00	100.00	100.00	
	Lion Express Co., Ltd. ("Lion Express")	Tour bus transportation activities	100.00	100.00	100.00	
	Ansett Tour Co., Ltd. ("Ansett Tour")	Tour bus transportation activities	100.00	100.00	100.00	
	Travel Around Investment Holding Co., Ltd. ("Travel Around Investment")	Investments	100.00	100.00	100.00	d
Lion Information	Lion Technology Holding Limited ("Lion Technology")	Investments	100.00	100.00	100.00	
Lion Technology	Guangzhou Lion Technology Co., Ltd. ("Guangzhou Lion Technology")	Information technology activities	-	100.00	100.00	e
Lion HK	Lion International Travel Service (Shanghai) Co., Ltd. ("Lion Shanghai")	Travel industry	100.00	100.00	100.00	
	Lion International Travel Service (Beijing) Co., Ltd. ("Lion Beijing")	Travel industry	100.00	100.00	100.00	
Travel Around Investment	Uplan Travel Service Co., Ltd. ("Uplan Travel")	Travel industry	62.44	80.00	80.00	f
	Xingofly Travel Service Co., Ltd. ("Xingofly Travel")	Travel industry	100.00	100.00	100.00	f
Lion Holding (China)	Lion Travel International Holding Limited ("Lion Travel Holding")	Travel industry	100.00	100.00	-	g

- a. As disclosed in Note 11 to the consolidated financial statements, except for Lion International Holding Limited and Lion International Holding (China) Limited, the financial statements of subsidiaries included in the consolidated financial statement were not reviewed. As of March 31, 2016 and 2015, the unreviewed assets were 14.44% (NT\$768,106 thousand) and 10.23% (NT\$504,771 thousand), respectively, of the consolidated total assets, and the unreviewed liabilities of these subsidiaries were 10.59% (NT\$317,923 thousand) and 12.32% (NT\$333,942 thousand), respectively, of the consolidated total liabilities; for the three months ended March 31, 2016 and 2015, the unreviewed comprehensive income were 5.91% (NT\$4,419 thousand) and 9.21% (NT\$12,136 thousand), respectively, of the consolidated total comprehensive income.
- b. Fujian Lion was established in September 2015.
- c. Although the Group holds only a 49% interest in Lion THA, the Group can direct Lion THA's activities and thus has control over this investee.
- d. Lion Holding (China) and Travel Around Investment were established in January 2015.
- e. Guangzhou Lion Technology completed liquidation in March 2016.
- f. Uplan Travel and Xingofly Travel were established in March 2015.
- g. Lion Travel Holding was established in August 2015.

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Computer Equipment	Transportation Equipment	Office Equipment	Total
<u>Cost</u>						
Balance at January 1, 2015	\$ 39,527	\$ 30,957	\$ 120,275	\$ 236,764	\$ 249,534	\$ 677,057
Additions	-	-	6,155	-	2,221	8,376
Disposal	-	-	(1,178)	-	(23,088)	(24,266)
Effect of foreign currency exchange differences	-	-	(125)	(23)	(689)	(837)
Balance at March 31, 2015	<u>\$ 39,527</u>	<u>\$ 30,957</u>	<u>\$ 125,127</u>	<u>\$ 236,741</u>	<u>\$ 227,978</u>	<u>\$ 660,330</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2015	\$ -	\$ 9,878	\$ 65,971	\$ 81,255	\$ 139,519	\$ 296,623
Depreciation charge for the period	-	138	6,982	5,649	10,709	23,478
Disposal	-	-	(1,178)	-	(20,656)	(21,834)
Effect of foreign currency exchange differences	-	-	(101)	(7)	(489)	(597)
Balance at March 31, 2015	<u>\$ -</u>	<u>\$ 10,016</u>	<u>\$ 71,674</u>	<u>\$ 86,897</u>	<u>\$ 129,083</u>	<u>\$ 297,670</u>
Carrying amounts at March 31, 2015	<u>\$ 39,527</u>	<u>\$ 20,941</u>	<u>\$ 53,453</u>	<u>\$ 149,844</u>	<u>\$ 98,895</u>	<u>\$ 362,660</u>
<u>Cost</u>						
Balance at January 1, 2016	\$ 39,527	\$ 30,957	\$ 124,294	\$ 236,177	\$ 180,309	\$ 611,264
Additions	-	-	26,585	-	5,416	32,001
Disposal	-	-	(3,341)	-	(5,058)	(8,399)
Effect of foreign currency exchange differences	-	-	17	65	563	645
Balance at March 31, 2016	<u>\$ 39,527</u>	<u>\$ 30,957</u>	<u>\$ 147,555</u>	<u>\$ 236,242</u>	<u>\$ 181,230</u>	<u>\$ 635,511</u>

(Continued)

	Land	Buildings	Computer Equipment	Transportation Equipment	Office Equipment	Total
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2016	\$ -	\$ 10,430	\$ 47,566	\$ 103,524	\$ 79,012	\$ 240,532
Depreciation charge for the period	-	138	7,706	5,577	7,214	20,635
Disposal	-	-	(3,299)	-	(4,901)	(8,200)
Effect of foreign currency exchange differences	-	-	17	18	498	533
Balance at March 31, 2016	<u>\$ -</u>	<u>\$ 10,568</u>	<u>\$ 51,990</u>	<u>\$109,119</u>	<u>\$ 81,823</u>	<u>\$253,500</u>
Carrying amounts at January 1, 2016	<u>\$ 39,527</u>	<u>\$ 20,527</u>	<u>\$ 76,728</u>	<u>\$132,653</u>	<u>\$101,297</u>	<u>\$370,732</u>
Carrying amounts at March 31, 2016	<u>\$ 39,527</u>	<u>\$ 20,389</u>	<u>\$ 95,565</u>	<u>\$127,123</u>	<u>\$ 99,407</u>	<u>\$382,011</u>

(Concluded)

No impairment assessment was performed as of March 31, 2016 and 2015 because there was no indication of impairment. Property, plant and equipment were depreciated on a straight-line basis over their estimated useful lives, as follows:

Buildings	55 years
Computer equipment	3-10 years
Transportation equipment	5-9 years
Office equipment	3-10 years

Refer to Note 28 for the carrying amounts of property, plant and equipment pledged as security for long-term borrowing.

13. OTHER ASSETS

	March 31, 2016	December 31, 2015	March 31, 2015
<u>Current</u>			
Prepayments			
Prepaid expenses	\$ 43,515	\$ 34,146	\$ 38,897
Prepaid tour costs	694,464	623,482	649,534
Inventory of supplies	93,130	108,623	112,957
Others	<u>2,982</u>	<u>1,174</u>	<u>456</u>
	<u>\$ 834,091</u>	<u>\$ 767,425</u>	<u>\$ 801,844</u>
<u>Non-current</u>			
Other assets	\$ 28,832	\$ 10,358	\$ 3,352
Prepayments for equipment			
Refundable deposits	174,205	164,344	107,076
Prepayments for investment	25,000	-	-
Others	<u>399</u>	<u>-</u>	<u>196</u>
	<u>\$ 228,436</u>	<u>\$ 174,702</u>	<u>\$ 110,624</u>

14. BORROWING

Short-term Borrowing

	March 31, 2016	December 31, 2015	March 31, 2015
<u>Unsecured borrowing</u>			
Line of credit borrowing	\$ <u> -</u>	\$ <u>25,000</u>	\$ <u> -</u>
Annual interest rate	-	1.60%	-

Long-term Borrowing

	March 31, 2016	December 31, 2015	March 31, 2015
<u>Secured borrowing</u>			
Bank loan	\$ 13,348	\$ 19,848	\$ 39,348
Less: Current portion	<u>(13,348)</u>	<u>(19,848)</u>	<u>(26,000)</u>
Long-term borrowing	\$ <u> -</u>	\$ <u> -</u>	\$ <u>13,348</u>
Annual interest rate	2.74%	2.74%	2.74%

Refer to Note 28 for information on the Group's long-term borrowing secured by the its freehold transportation equipment. The loan is due in October 24, 2016.

15. OTHER LIABILITIES

	March 31, 2016	December 31, 2015	March 31, 2015
<u>Current</u>			
Other payables			
Accrued expense payable	\$ 177,350	\$ 239,673	\$ 165,764
Accrued remuneration to employees and directors	46,421	40,532	35,210
Sales tax payable	13,622	16,212	15,478
Others	<u>11,055</u>	<u>9,597</u>	<u>14,257</u>
	\$ <u>248,448</u>	\$ <u>306,014</u>	\$ <u>230,709</u>
Advance receipts			
Deposits received from package-tour customers	\$ 1,306,701	\$ 1,217,144	\$ 1,204,790
Deposits received on sold travel vouchers or gift certificates	77,549	73,906	61,205
Others	<u>9,786</u>	<u>1,420</u>	<u>6,890</u>
	\$ <u>1,394,036</u>	\$ <u>1,292,470</u>	\$ <u>1,272,885</u>

16. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group's defined benefit retirement plans were \$450 thousand and \$426 thousand, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2015 and 2014.

17. SHAREHOLDERS' EQUITY

a. Share capital

Ordinary shares

	March 31, 2016	December 31, 2015	March 31, 2015
Number of shares authorized (in thousands)	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>
Shares authorized	<u>\$ 800,000</u>	<u>\$ 800,000</u>	<u>\$ 800,000</u>
Number of shares issued and fully paid (in thousands)	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>
Shares issued	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>\$ 700,000</u>

b. Capital surplus

	March 31, 2016	December 31, 2015	March 31, 2015
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Arising from issuance of ordinary shares	\$ 815,850	\$ 815,850	\$ 815,850
<u>May be used to offset a deficit only</u>			
Arising from changes in percentage of ownership interest in subsidiary (2)	<u>4,540</u>	<u>-</u>	<u>-</u>
	<u>\$ 820,390</u>	<u>\$ 815,850</u>	<u>\$ 815,850</u>

1) When the Company has no deficit, capital surplus may be distributed as cash dividends, or may be transferred once a year to share capital within a certain percentage of the Company's capital surplus.

2) This capital surplus resulted from share transactions, not acquisition of ownership interests.

c. Retained earnings and dividend policy

The Company's current Articles of Incorporation provide that from earnings net of all outstanding and any accumulated deficit, these appropriations should be made: (a) a legal reserve at 10% of annual net income, and (b) special reserves, depending on the Company's business needs or requirements. The remaining net income plus any cumulative undistributed earnings should be distributed in the following order: (a) 1% or less as bonus to employees; (b) 5% or below as remuneration to directors and supervisors; and (c) and the final earnings balance, to be allocated in accordance with a resolution approved in a shareholders' meeting.

Based on the May 2015 amendments to the Company Act, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The consequential amendments to the Company's Articles of Incorporation were proposed by the Company's board of directors on November 10, 2015 and are subject to the shareholders' approval in their meeting on June 17, 2016. For information on the accrued employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to Note 19 (5) on employee benefits expense.

Under Rule No. 1010012865 and Rule No. 1010047490 issued by the Financial Supervisory Commission (FSC) and the directive titled "Questions and Answers on Special Reserves Appropriated Following Adoption of IFRS," the Company should appropriate a special reserve. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

Legal reserve should be appropriated until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve exceeds 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Except for non-ROC resident shareholders, all shareholders are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

The appropriations from the 2015 and 2014 earnings, including dividends per share, were proposed by the board of directors on March 24, 2016 and approved in the shareholders' meetings held on June 15, 2014, respectively, as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2015	2014	2015	2014
Legal reserve	\$ 45,016	\$ 38,391	\$ -	\$ -
Special reserve	10,223	-	-	-
Cash dividends	322,000	294,000	4.60	4.20

18. REVENUE

	For the Three Months Ended March 31	
	2016	2015
Tour revenue	\$ 4,391,153	\$ 4,094,873
FIT (Free Independent Traveler) revenue	91,465	96,361
Others	<u>102,196</u>	<u>104,723</u>
	<u>\$ 4,584,814</u>	<u>\$ 4,295,957</u>

19. NET PROFIT AND OTHER COMPREHENSIVE INCOME (LOSS)

a. Other income

	For the Three Months Ended March 31	
	2016	2015
Interest income	\$ 1,903	\$ 1,689
Rental income	1,662	2,312
Others	<u>10,838</u>	<u>17,856</u>
	<u>\$ 14,403</u>	<u>\$ 21,857</u>

b. Other gains and losses

	For the Three Months Ended March 31	
	2016	2015
Net foreign exchange gains	\$ 15,152	\$ 4,218
Loss on disposal of property, plant and equipment	-	(2,432)
Gain on disposal of subsidiary	3,485	-
Others	<u>(1,433)</u>	<u>(1,936)</u>
	<u>\$ 17,204</u>	<u>\$ (150)</u>

c. Finance costs

	For the Three Month Ended March 31	
	2016	2015
Interest on bank loans	<u>\$ 208</u>	<u>\$ 306</u>

d. Depreciation and amortization

	For the Three Months Ended March 31	
	2016	2015
Property, plant and equipment	\$ 20,635	\$ 23,478
Intangible assets	<u>580</u>	<u>1,108</u>
	<u>\$ 21,215</u>	<u>\$ 24,586</u>
An analysis of depreciation by function		
Operating costs	\$ 5,517	\$ 5,523
Operating expenses	<u>15,118</u>	<u>17,955</u>
	<u>\$ 20,635</u>	<u>\$ 23,478</u>

(Continued)

	For the Three Months Ended March 31	
	2016	2015
An analysis of amortization by function		
Operating costs	\$ 2	\$ 81
Operating expenses	<u>578</u>	<u>1,027</u>
	<u>\$ 580</u>	<u>\$ 1,108</u>
		(Concluded)

e. Employee benefits expense

	For the Three Months Ended March 31	
	2016	2015
Post-employment benefits		
Defined contribution plans	\$ 17,913	\$ 21,531
Defined benefit plans	<u>450</u>	<u>426</u>
	<u>18,363</u>	<u>21,957</u>
Other employee benefits	<u>433,548</u>	<u>401,623</u>
Total employee benefits expense	<u>\$ 451,911</u>	<u>\$ 423,580</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 18,511	\$ 17,470
Operating expenses	<u>433,400</u>	<u>406,110</u>
	<u>\$ 451,911</u>	<u>\$ 423,580</u>

The current Articles of Incorporation of the Company stipulate the distribution of bonus to employees at rates of no less than 1% and remuneration to directors and supervisors at the rate of no higher than 5%, respectively, of net income (net of the bonus and remuneration). For the three months ended March 31, 2015, the bonus to employees and the remuneration to directors and supervisors were \$9,699 thousand and \$1,212 thousand, respectively, or 8% and 1%, respectively, of the base net income.

To be in compliance with the Company Act as amended in May 2015, the amendments to the Company's Articles of Incorporation of the Company were proposed by the Company's board of directors in November 2015. These amendments stipulate the distribution of employees' compensation and remuneration to directors and supervisors at rates of no less than 3% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors and supervisors. For the three months ended March 31, 2016, the employees' compensation and the remuneration to directors and supervisors were \$4,705 thousand and \$659 thousand, respectively, or 5% and 0.7%, respectively, of the base net profit.

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

Shown below are the appropriations of employees' compensation and remuneration to directors and supervisors for 2015, which were approved by the board of directors on March 24, 2016, and the appropriations of bonus to employees and remuneration to directors and supervisors for 2014, which were approved in the shareholders' meeting on June 15, 2015. The employees' compensation and remuneration to directors and supervisors for 2015 are subject to the approval of the amendments to the Company's Articles of Incorporation by the shareholders in their meeting on June 17, 2016, during which a report of compensation and remuneration distribution will be submitted.

	For the Year Ended December 31			
	2015		2014	
	Cash Dividends	Share Dividends	Cash Dividends	Share Dividends
Employees' compensation/ bonus to employees	\$ 34,992	\$ -	\$ 20,750	\$ -
Remuneration of directors and supervisors	4,665	-	3,350	-

The employees' compensation and the remuneration to directors and supervisors for 2015 approved by the board of directors on March 24, 2016, the bonus to employees and the remuneration to directors and supervisors for 2014 approved in the shareholders' meetings on June 15, 2015, and the corresponding amounts recognized in the consolidated financial statements as of and for the years ended December 31, 2015 and 2014, respectively, were as follows:

	For the Year Ended December 31			
	2015		2014	
	Employees' Compensation	Remuneration of Directors and Supervisors	Bonus to Employees	Remuneration of Directors and Supervisors
Amounts approved in shareholders' meetings and by the board of directors	\$ 34,992	\$ 4,665	\$ 20,750	\$ 3,350
Amounts recognized in respective financial statements	34,992	4,666	20,747	3,400

The differences were adjusted to profit and loss for the years ended December 31, 2016 and 2015.

Information on the employees' compensation and remuneration to directors and supervisors for 2015 that were approved by the Company's board of directors in 2016 and bonus to employees, directors and supervisors for 2014 approved at the shareholders' meeting in 2015 is available on the Market Observation Post System website of the Taiwan Stock Exchange.

f. Foreign exchange gains or loss

	For the Three Months Ended March 31	
	2016	2015
Foreign exchange gains	\$ 21,707	\$ 10,440
Foreign exchange losses	<u>(6,555)</u>	<u>(6,222)</u>
Net gains	<u>\$ 15,152</u>	<u>\$ 4,218</u>

20. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended March 31	
	2016	2015
Current tax		
Current period	\$ 17,038	\$ 28,266
Deferred tax		
Current period	<u>(1,679)</u>	<u>(1,094)</u>
Income tax expense recognized in profit or loss	<u>\$ 15,359</u>	<u>\$ 27,172</u>

b. Integrated income tax

	March 31, 2016	December 31, 2015	March 31, 2015
Unappropriated earnings			
Generated before January 1, 1998	\$ 523	\$ 523	\$ 523
Generated on and after January 1, 1998	<u>615,887</u>	<u>540,128</u>	<u>577,842</u>
	<u>\$ 616,410</u>	<u>\$ 540,651</u>	<u>\$ 578,365</u>
Imputation credit accounts	<u>\$ 69,426</u>	<u>\$ 69,426</u>	<u>\$ 66,888</u>

The creditable ratios for the distribution of the earnings of 2015 and 2014 were 12.85% (expected ratio) and 23.29%, respectively.

c. Income tax assessments

The tax returns through 2014 have been assessed by the tax authorities.

21. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended March 31	
	2016	2015
Basic earnings per share	<u>\$ 1.08</u>	<u>\$ 1.92</u>
Diluted earnings per share	<u>\$ 1.08</u>	<u>\$ 1.92</u>

The earnings and weighted average number of ordinary shares outstanding that were used in the computation of earnings per share were as follows:

Net Profit for the Period

	For the Three Months Ended March 31	
	2016	2015
Profit for the period attributable to owners of the Company	<u>\$ 75,759</u>	<u>\$ 134,696</u>

Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	For the Three Months Ended March 31	
	2016	2015
Weighted average number of ordinary shares used in the computation of basic earnings per share	70,000	70,000
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>336</u>	<u>279</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>70,336</u>	<u>70,279</u>

If the Company decides to settle compensation to employees in cash or shares, the Company will assume the entire amount of the compensation would be settled in shares; if the effect of this settlement is dilutive, the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. The dilutive effect of the potential shares will be included in the computation of diluted earnings per share until the number of shares to be distributed to employees is approved in the following year.

22. EQUITY TRANSACTION WITH NON-CONTROLLING INTERESTS

On January 25, 2016, the Group subscribed for additional new shares of Uplan Travel Service Co., Ltd. at a percentage different from its prior ownership percentage, reducing its continuing interest from 80% to 62%.

The above transaction was accounted for as an equity transaction because the Group did not cease to have control over this subsidiary.

	Uplan Travel
Cash consideration paid	\$ (25,950)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>30,490</u>
Differences arising from equity transaction	<u>\$ 4,540</u>
<u>Line items adjusted for equity transaction</u>	
Capital surplus - changes in percentage of ownership interest in subsidiary	<u>\$ 4,540</u>

23. OPERATING LEASE ARRANGEMENTS

Operating leases relate to leases of buildings with terms of between 5 and 10 years. All operating lease contracts that exceed five years have clauses requiring market rental reviews every five years. The Group does not have a bargain purchase option to acquire the leased buildings at the expiration of the lease periods.

The future minimum lease payables on non-cancellable operating lease commitments are as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Not later than 1 year	\$ 269,655	\$ 277,989	\$ 168,189
Later than 1 year and not later than 5 years	725,497	723,079	307,886
Later than 5 years	<u>475,546</u>	<u>503,206</u>	<u>36,481</u>
	<u>\$ 1,470,698</u>	<u>\$ 1,504,274</u>	<u>\$ 512,556</u>

24. EXPLANATORY COMMENTS ABOUT THE SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS

The travel industry is highly seasonal in nature. Based on past experience, the Group's operations peak annually during the Chinese New Year holiday in the first quarter and the summer holidays in the third quarter. The Group recognizes revenue on completion of services.

In the fourth quarter of each year, the Group's expenditures increase because of tourism promotion. The Group cannot measure the future benefits of these expenditures, so it recognizes these expenditures as current expenses.

25. CAPITAL MANAGEMENT

The Groups' capital management strategy is based on its need for working capital and capital expenditure for product processing (e.g., advance ticket purchases or table reservations), sales promotion and marketing, and distribution of dividends.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

March 31, 2016

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Emerging market shares				
Equity securities	<u>\$ -</u>	<u>\$ 11,564</u>	<u>\$ -</u>	<u>\$ 11,564</u>

December 31, 2015

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Emerging market shares				
Equity securities	<u>\$ -</u>	<u>\$ 12,520</u>	<u>\$ -</u>	<u>\$ 12,520</u>

March 31, 2015

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Emerging market shares				
Equity securities	<u>\$ -</u>	<u>\$ 19,676</u>	<u>\$ -</u>	<u>\$ 19,676</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

- 2) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Level 2 inputs are inputs other than quoted prices that are directly or indirectly observable for the financial assets, which have standard terms and conditions.

b. Categories of financial instruments

	March 31, 2016	December 31, 2015	March 31, 2015
<u>Financial assets</u>			
Receivables (Note 1)	\$ 3,815,140	\$ 3,681,755	\$ 3,601,071
Available-for-sale financial assets (Note 2)	21,564	22,520	29,676
<u>Financial liabilities</u>			
Measured at amortized cost (Note 3)	1,447,058	1,398,012	1,303,702

Note 1: The balances included receivables measured at amortized cost: Cash and cash equivalents, notes receivable, accounts receivable, and other current monetary assets.

Note 2: The balances included the carrying amounts of available-for-sale financial assets measured at amortized cost.

Note 3: The balances included financial liabilities measured at amortized cost: Short-term borrowing, notes payable, accounts payable, other payables, and long-term borrowing.

c. Financial risk management objectives and policies

The financial risks on the Group's operations pertain to currency, interest rates, credit, and liquidity. For financial risk management, the Group not only identified and evaluated the market uncertainties but also applies a conservative approach to its operations. That is, the Group does not use or trade higher-risk derivative financial instruments and other complex financial instruments. This way, the Group protects itself from the effects of adverse market fluctuations.

1) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. However, the Groups' borrowing and demand deposits all have fixed interest rates, so there is no material cash flow risk due to interest rate changes. In addition, the Group's management assesses the operating environment to determine if derivative financial instruments may be used to reduce currency risk. (See (a) below for more currency risk information, and (b) below for interest rate information.)

a) Currency risk

The Group manages currency risk by using derivative financial instruments, i.e., the Group uses these instruments for hedging against adverse changes in exchange rates. In addition, there reserves have been set up for each foreign currency required for operations, and these reserves are reviewed regularly for adequacy.

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 30.

b) Sensitivity analysis

The Group was mainly exposed to the U.S. dollar, renminbi, and yen.

The following table shows the Group's sensitivity to a 5% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The 5% sensitivity rate is used when foreign currency risk is reported internally to key management personnel as well as represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency-denominated monetary items and forward contracts designated as cash flow hedges, and the translation of these items and contracts at the end of the reporting period is adjusted for a 5% change in foreign currency rates. A positive number below indicates an increase in pretax profit in New Taiwan dollars due to a 5% weakening against the relevant currency. For a 5% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pretax profit, and the balances below would be negative.

	For the Three Months Ended	
	March 31	
	2016	2015
U.S. dollar	\$ 13,249	\$ 6,769
Renminbi	1,361	808
Yen	(3,449)	(4,347)

These amounts were period-end balances of cash in banks, which had not been hedged as of the end of the reporting period.

2) Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations, resulting in uncollectible receivables that could bring financial loss to the Group. The Group manages credit risk as follows:

- a) For the maintenance or enhancement of the quality of receivables, the Group evaluates the creditworthiness of commercial customers and other travel service companies before transacting with them. The Group has also implemented a receivables management and collection system to reduce credit risk.
- b) The Group enters into financial instrument contracts only with banks that have good credit status; thus, the Group has no significant risk arising from breach of contracts.

Further, there is no concentration of credit risk because the Group diversifies its customer or financial transaction counterparty pool.

3) Liquidity risk

The main objective of the Group's liquidity risk management—specifically in relation to cash, cash equivalents, banking facilities and so on - is to ensure that the Group has sufficient funds for its daily operations and activities. In addition, the receivable collection periods are similar to those in the market. For example, the Group requires that the settlement of check payments should be within one month after the check issue date. Payments for credit cards and other receivables should be settled within one month of the statement dates. Accounts payable should be settled within 90 days after the transaction. Further, the Group sees to it that funds are sufficient to cover daily operations as well as meet its bank borrowing obligation

27. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. In addition to those disclosed in other notes, transactions between the Group and its related parties are disclosed below:

a. Operating transactions

	For the Three Months Ended March 31	
	2016	2015
<u>Operating revenue</u>		
Others	<u>\$ 6,184</u>	<u>\$ 4,336</u>
<u>Operating costs</u>		
Others	<u>\$ 8,018</u>	<u>\$ 5,638</u>

The balances of accounts receivable from related parties were as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Others	<u>\$ 5,231</u>	<u>\$ 552</u>	<u>\$ 1,322</u>

The balances of accounts payable from related parties were as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Others	<u>\$ 1,144</u>	<u>\$ 1,455</u>	<u>\$ 1,930</u>

The outstanding accounts payable from related parties were unsecured and payable in cash. For the three months ended March 31, 2016 and 2015, no impairment loss was recognized for accounts receivable from related parties. The selling and purchase prices in related-party transactions were not significantly different from those for transactions with third parties.

b. Other transactions with related parties

1) Revenue from administration services

The Group provided administrative service to related parties, and recognized the revenue on these services as a reduction of operating expenses.

	For the Three Months Ended March 31	
	2016	2015
Others	<u>\$ 6,606</u>	<u>\$ 6,691</u>

The balances of other receivables from related parties were as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Others	<u>\$ 1,887</u>	<u>\$ 2,132</u>	<u>\$ 2,261</u>

2) Lease transactions

The revenues from and expenses for lease transactions with related parties were based on market conditions and were not significantly different from those for transactions with third parties. For the three months ended March 31, 2015, rental expenses were recognized under operating expenses, and the rental revenues were recognized under other revenues. On the buildings leased to related parties, the receipt of payments started on January 1, 2016. Rental revenue recognized as a reduction of operating expenses. As of March 31, 2016, December 31, 2015 and March 31, 2015, guarantee deposits for leases were \$0 thousand, \$10,016 thousand and \$10,016 thousand, respectively.

	For the Three Months Ended March 31	
	2016	2015
<u>Rental revenue</u>		
Others	<u>\$ 4,902</u>	<u>\$ 1,415</u>
<u>Rental expense</u>		
Others	<u>\$ -</u>	<u>\$ 15,051</u>

The balances of other lease receivables from related parties were as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Others	<u>\$ 570</u>	<u>\$ 1,046</u>	<u>\$ 455</u>

3) Advertising, video production and travel magazine expenses

Related parties produced advertisements and travel videos for the Group, and the Group subscribed to travel magazines published by related parties, and related expenses were recognized as advertising expenses and miscellaneous expenses, respectively.

	For the Three Months Ended March 31	
	2016	2015
Others	<u>\$ 13,356</u>	<u>\$ 19,213</u>

c. Compensation of key management personnel

	For the Three Months Ended March 31	
	2016	2015
Short-term employee benefits	\$ 48,870	\$ 26,701
Post-employment benefits	<u>1,222</u>	<u>759</u>
	<u>\$ 50,092</u>	<u>\$ 27,460</u>

The remunerations of directors and key executives were determined by the remuneration committee on the basis of individual performance and market trends.

28. ASSETS PLEDGED AS COLLATERALS OR FOR SECURITY

	March 31, 2016	December 31, 2015	March 31, 2015
Certificate deposits and demand deposits	\$ 58,257	\$ 65,649	\$ 43,485
Property, plant and equipment, net	<u>93,742</u>	<u>98,003</u>	<u>110,786</u>
	<u>\$ 151,999</u>	<u>\$ 163,652</u>	<u>\$ 154,271</u>

Under the regulations of the Tourism Bureau of the Ministry of Transportation and Communications, time deposits had been pledged as guarantee deposits for the operation of credit card machines and as part of meeting requirements for daily operations. These pledged time deposits were recognized as other current monetary assets.

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of March 31, 2016, December 31, 2015 and March 31, 2015 consisted of letters of guarantee issued by banks for hotel and transportation reservations, which amounted to \$1,599,763 thousand, \$1,638,145 thousand and \$1,311,799 thousand, respectively.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information is an aggregation of foreign currencies other than the functional currencies of the Group and includes the exchange rates between foreign currencies and respective functional currencies. The significant assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>March 31, 2016</u>			
<u>Financial assets</u>			
Monetary items			
USD	\$ 11,145	32.22 (USD:NTD)	\$ 359,092
JPY	288,039	0.29 (JPY:NTD)	83,531
RMB	14,328	4.98 (RMB:NTD)	71,353
EUR	1,607	36.62 (EUR:NTD)	58,848
AUD	833	24.66 (AUD:NTD)	20,542
HKD	3,604	4.16 (HKD:NTD)	14,993
CAD	97	24.86 (CAD:NTD)	2,411
GBP	49	46.30 (GBP:NTD)	2,269
THB	2,427	0.92 (THB:NTD)	<u>2,233</u>
			<u>\$ 615,272</u>
<u>Financial liabilities</u>			
Monetary items			
JPY	525,916	0.29 (JPY:NTD)	\$ 152,516
USD	2,921	32.22 (USD:NTD)	94,115
EUR	1,353	36.62 (EUR:NTD)	49,547
RMB	8,864	4.98 (RMB:NTD)	44,143
HKD	6,186	4.16 (HKD:NTD)	25,734
AUD	408	24.66 (AUD:NTD)	10,061
THB	9,159	0.92 (THB:NTD)	8,426
NZD	297	22.25 (NZD:NTD)	6,608
CAD	258	24.86 (CAD:NTD)	<u>6,414</u>
			<u>\$ 397,564</u>

(Continued)

<u>December 31, 2015</u>	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 9,432	32.81 (USD:NTD)	\$ 309,464
JPY	172,165	0.27 (JPY:NTD)	47,001
RMB	8,872	5.00 (RMB:NTD)	44,360
AUD	462	24.01 (AUD:NTD)	11,093
EUR	276	35.89 (EUR:NTD)	<u>9,906</u>
			<u>\$ 421,824</u>

Financial liabilities

Monetary items			
JPY	391,193	0.27 (JPY:NTD)	\$ 106,796
USD	2,301	32.81 (USD:NTD)	75,496
EUR	1,542	35.89 (EUR:NTD)	55,342
RMB	7,658	5.00 (RMB:NTD)	38,290
HKD	8,207	4.24 (HKD:NTD)	34,798
NZD	600	22.53 (NZD:NTD)	13,518
THB	10,781	0.91 (THB:NTD)	<u>9,811</u>
			<u>\$ 334,051</u>

March 31, 2015

Financial assets

Monetary items			
USD	7,307	31.30 (USD:NTD)	\$ 228,709
JPY	91,169	0.26 (JPY:NTD)	23,704
EUR	737	33.65 (EUR:NTD)	24,800
RMB	10,061	5.04 (RMB:NTD)	50,707
HKD	2,866	4.04 (HKD:NTD)	<u>11,579</u>
			<u>\$ 339,499</u>

Financial liabilities

Monetary items			
JPY	425,578	0.26 (JPY:NTD)	\$ 110,650
USD	2,982	31.30 (USD:NTD)	93,337
EUR	1,172	33.65 (EUR:NTD)	39,438
RMB	6,855	5.04 (RMB:NTD)	34,549
HKD	7,304	4.04 (HKD:NTD)	29,508
THB	13,632	0.97 (THB:NTD)	13,223
NZD	464	23.38 (NZD:NTD)	10,848
CAD	207	24.57 (CAD:NTD)	5,086
AUD	182	23.82 (AUD:NTD)	<u>4,335</u>

\$ 340,974
(Concluded)

The Group is mainly exposed to the USD, JPY and EUR. Based on the above currency information, the significant realized and unrealized net foreign exchange gains were as follows:

Functional Currencies	For the Three Months Ended March 31, 2016		For the Three Months Ended March 31, 2015	
	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Gain
NTD	1 (NTD:NTD)	<u>\$ 15,152</u>	1 (NTD:NTD)	<u>\$ 4,218</u>

31. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and investees:

- 1) Financing provided to others. (None)
- 2) Endorsements/guarantees provided. (Table 1)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures). (Table 2)
- 4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital. (None)
- 5) Acquisition of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital. (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 3)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)
- 9) Trading in derivative instruments. (None)
- 10) Intercompany relationships and significant intercompany transactions. (Table 4)
- 11) Information on investees. (Table 5)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 7)
- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

32. SEGMENT INFORMATION

The information provided to the chief operating decision makers is for resource allocation and the assessment of segment performance focuses on the types of goods and services to be delivered. For the three months ended March 31, 2016 and 2015, the Group's revenues and income by segment, i.e., by each business division, were as follows:

	Travel Department	Others	Elimination	Total
<u>For the three months ended March 31, 2016</u>				
Revenues from external customers	\$ 4,569,696	\$ 15,118	\$ -	\$ 4,584,814
Inter-segment revenues	<u>-</u>	<u>61,533</u>	<u>(61,533)</u>	<u>-</u>
Segment revenues	<u>\$ 4,569,696</u>	<u>\$ 76,651</u>	<u>\$ 61,533)</u>	<u>\$ 4,584,814</u>
Segment income	<u>\$ 52,729</u>	<u>\$ 5,434</u>	<u>\$ 1,322</u>	\$ 59,485
Non-operating income				<u>31,399</u>
Profit before income tax				<u>\$ 90,884</u>

(Continued)

	Travel Department	Others	Elimination	Total
<u>For the three months ended March 31, 2015</u>				
Revenues from external customers	\$ 4,282,770	\$ 13,187	\$ -	\$ 4,295,957
Inter-segment revenues	<u>-</u>	<u>63,649</u>	<u>(63,649)</u>	<u>-</u>
Segment revenues	<u>\$ 4,282,770</u>	<u>\$ 76,836</u>	<u>\$ (63,649)</u>	<u>\$ 4,295,957</u>
Segment income	<u>\$ 131,728</u>	<u>\$ 6,113</u>	<u>\$ 2,977</u>	\$ 140,818
Non-operating income				<u>21,401</u>
Profit before income tax				<u>\$ 162,219</u> (Concluded)

LION TRAVEL SERVICE CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2016

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee Receiver		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/Guar- anteed During the Period (Note 2)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 3)	Actual Borrowing Amount	Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 1)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Lion Travel Service Co., Ltd.	Uplun Travel Service Co., Ltd. Lion International Travel Service (Shanghai) Co., Ltd.	Subsidiary Subsidiary	\$ 456,559 456,559	\$ 139,000 49,840	\$ 139,000 49,840	\$ 28,425 49,840	\$ - -	1.25 2.18	\$ 2,282,795 2,282,795	Y Y	N N	N Y	

Note 1: The maximum balance of the aggregate endorsement/guarantee should not exceed 100% of the endorser's net value as shown in its most recent financial statements. The maximum balance of the endorsement/guarantee to an individual counterparty should not exceed 20% of the endorser's net value as shown in its most recent financial statements.

Note 2: The balance of the period as the highest guarantee of endorsement.

Note 3: By the end of the period, if the bank guarantee amount of the contract or endorsement of the company is approved, it shall be assumed endorsement or guarantee liability; if they have other endorsement or relevant guaranteed circumstances, they shall be calculated as ensure balance.

LION TRAVEL SERVICE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2016

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2016			Note
				Shares	Carrying Amount (Note 1)	Percentage of Ownership	
Lion Travel Service Co., Ltd.	Stock Development of cultural and creative value of Venture Capital Co., Ltd.	Cost-method investee	Financial assets measured at cost	1,000	\$ 10,000	0.67%	\$ - No price information
Shuangshi Investment	Vigor Kobo Co., Ltd.	None	Available-for-sale financial assets	200	11,564	0.83%	11,564 Note 2

Note 1: Showing at carrying amounts with adjustments for fair value and deducted accumulated impairment loss; otherwise, showing at their original carrying amounts on amortized cost deducted the accumulated impairment loss.

Note 2: The fair value of emerging stock is the average transaction price in March 2016.

LION TRAVEL SERVICE CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE THREE MONTHS ENDED MARCH 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details (Note 1)			Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	
Lion Travel Service Co., Ltd. (the "Company")	Lion Shanghai	Grandson company valued at fair value	Purchase	\$ 111,424	2.95	Same as those for unrelated parties	No significant difference	No significant difference	\$ (26,926)	2.57
Lion Shanghai	The Company	Parent company	Sales	111,424	31.37	Same as those for unrelated parties	No significant difference	No significant difference	26,926	44.75

Note 1: The transactions between the Company and investee companies have already been eliminated in the preparation of the consolidated financial statements.

LION TRAVEL SERVICE CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2016
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company	Counterparty	Flow of Transactions (Note 2)	Financial Statement Account	Amount (Note 4)	Transaction Details		% to Total Sales or Assets (Note 3)
						Payment Terms		
0	Lion Travel Service Co., Ltd. (the "Company")	Uplan Travel	2	Operating revenue	\$ 11,288	Without significant difference from transactions with unrelated parties		0.25
		Fujian Lion	1	Operating revenue	5,922	Without significant difference from transactions with unrelated parties		0.13
		Lion Shanghai	2	Operating costs	111,424	Without significant difference from transactions with unrelated parties		2.43
		Lion SYD	2	Operating costs	43,128	Without significant difference from transactions with unrelated parties		0.94
		Lion Express	2	Operating costs	26,950	Without significant difference from transactions with unrelated parties		0.59
		Lion AKL	2	Operating costs	26,250	Without significant difference from transactions with unrelated parties		0.57
		Lion THA	2	Operating costs	21,469	Without significant difference from transactions with unrelated parties		0.47
		Lion Beijing	2	Operating costs	20,513	Without significant difference from transactions with unrelated parties		0.45
		US Lion	2	Operating costs	19,250	Without significant difference from transactions with unrelated parties		0.42
		Lion YVR	2	Operating costs	18,999	Without significant difference from transactions with unrelated parties		0.41
		Lion HK	2	Operating costs	4,063	Without significant difference from transactions with unrelated parties		0.08
		Uplan Travel	2	Accounts receivable	20,812	Without significant difference from transactions with unrelated parties		0.39
		Fujian Lion	1	Accounts receivable	3,577	Without significant difference from transactions with unrelated parties		0.07
		Lion Shanghai	2	Accounts payable	26,926	Without significant difference from transactions with unrelated parties		0.51
		Uplan Travel	2	Accounts payable	20,248	Without significant difference from transactions with unrelated parties		0.38
		Lion SYD	2	Accounts payable	15,883	Without significant difference from transactions with unrelated parties		0.30
		Lion AKL	2	Accounts payable	6,616	Without significant difference from transactions with unrelated parties		0.12
		Lion YVR	2	Accounts payable	5,415	Without significant difference from transactions with unrelated parties		0.10

(Continued)

No. (Note 1)	Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			% to Total Sales or Assets (Note 3)
				Financial Statement Account	Amount (Note 4)	Payment Terms	
0	Lion Travel Service Co., Ltd. (the "Company")	Lion Express US Lion Lion THA Lion Information Lion Shanghai Lion Information	2 2 2 2 2 2	Accounts payable Accounts payable Accounts payable Other payables Prepayments Advance receipts	\$ 2,850 2,781 2,330 7,031 14,109 6,207	Without significant difference from transactions with unrelated parties Without significant difference from transactions with unrelated parties Without significant difference from transactions with unrelated parties Without significant difference from transactions with unrelated parties Without significant difference from transactions with unrelated parties Without significant difference from transactions with unrelated parties	0.05 0.05 0.04 0.13 0.27 0.12
1	Travel Trend	Lion Express	4	Operating costs	3,204	Without significant difference from transactions with unrelated parties	0.07
2	Lion Information	The Company	2	Operating revenue	30,055	Without significant difference from transactions with unrelated parties	0.66
1	Travel Trend	Fujian Lion	3	Operating revenue	16,267	Without significant difference from transactions with unrelated parties	0.35
2	Ansett Tour	Lion Express	5	Operating revenue	3,420	Without significant difference from transactions with unrelated parties	0.07

Note 1: Companies are identified by number, as follows:

- a. "0" represents the parent company.
- b. "1" represents the subsidiary.
- c. "2" represents the grandson company.

Note 2: The flow of transactions is as follows:

- a. 1 - from the parent company to the subsidiary.
- b. 2 - from the parent company to the grandson company.
- c. 3 - between subsidiaries.
- d. 4 - from the subsidiary to the grandson company.
- e. 5 - between grandson companies.

Note 3: Percentage of consolidated operating revenues or consolidated total assets: If the account is in the balance sheet account, it was calculated by dividing the ending balance by the consolidated total assets; if the account is in the income statement, it was calculated by dividing the interim cumulative balance by the consolidated operating revenue.

Note 4: The transactions between the Company and investee companies have already been eliminated in the preparation of the consolidated financial statements.

(Concluded)

LION TRAVEL SERVICE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company (Note 1)	Location	Main Business and Product	Original Investment Amount		As of March 31, 2016		Carrying Amount	Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2016	December 31, 2015	Shares	%				
Lion Travel Service Co., Ltd. (the "Company")	Shuangshi Investment	Taiwan	Investments	\$ 270,000	\$ 210,000	27,000	100	\$ 270,996	\$ 5,663	\$ 5,663	Subsidiary (Note 3)
	Lion Holding	Hong Kong	Investments	509,137	509,137	128,040	100	503,073	(7,183)	(7,183)	Subsidiary
	Travel Trend	Taiwan	Travel industry	27,980	27,980	3,000	100	50,370	6,833	6,833	Subsidiary (Note 3)
Shuangshi Investment	Lion Information	Taiwan	Information technology industry	14,301	14,301	3,000	100	29,448	6,404	6,404	Grandson company (Note 3)
	Lion Express	Taiwan	Tour bus transportation industry	110,336	80,336	11,500	100	113,757	1,840	1,840	Grandson company (Note 3)
	Ansett Tour	Taiwan	Tour bus transportation industry	40,517	40,517	5,000	100	44,782	392	392	Grandson company (Note 3)
	Travel Around Investment	Taiwan	Investments	90,000	60,000	9,000	100	68,977	(2,899)	(2,899)	Grandson company (Note 3)
Lion Information	Lion Technology	Samoa	Investments	6,216	6,216	200	100	(197)	3,450	3,450	Grandson company of subsidiary (Note 3)
	Lion YVR	Canada	Travel industry	19,548	19,548	100	100	36,362	612	612	Grandson company (Note 3)
Lion Holding	Lion SYD	Australia	Travel industry	1,961	1,961	44	100	4,888	(624)	(624)	Grandson company (Note 3)
	Lion AKL	New Zealand	Travel industry	2,527	2,527	0.1	100	3,890	(76)	(76)	Grandson company (Note 3)
	Lion HK	Hong Kong	Travel industry	63,780	63,780	3	100	64,513	(796)	(796)	Grandson company (Note 3)
	US Lion	United States	Travel industry	37,182	37,182	1,200	100	30,352	(1,509)	(1,509)	Grandson company (Note 3)
	Lion JPN	Japan	Travel industry	26,427	26,427	7	100	19,246	857	857	Grandson company (Note 3)
	Lion THA	Thailand	Travel industry	5,131	5,131	637	49	5,209	(456)	(456)	Grandson company (Note 3)
	Uplun Travel	Taiwan	Travel industry	49,950	24,000	4,995	62	33,844	(2,287)	(1,838)	Grandson company of subsidiary (Note 3)
	Xingofly Travel	Taiwan	Travel industry	10,000	6,000	1,000	100	5,235	(1,033)	(1,033)	Grandson company of subsidiary (Note 3)

Note 1: Information on investments in Mainland China, please refer to Table 7.

Note 2: The investee company was merged into the Group.

Note 3: The financial statements of some subsidiaries included in the consolidated financial statement were not reviewed.

LION TRAVEL SERVICE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2016	Remittance of Funds		Accumulated Outward Investment from Taiwan as of March 31, 2016	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2016	Accumulated Repatriation of Investment Income as of March 31, 2016	Note
					Outward	Inward							
Lion (Fujian) International Travel Service Co., Ltd.	Travel industry	\$ 65,098 (US\$ 2,000)	The Company reinvested in Mainland China	\$ 58,588 (US\$ 1,800)	\$ - (US\$ -)	\$ - (US\$ -)	\$ 58,588 (US\$ 1,800)	\$ 4,501 (RMB 889)	90	\$ 4,051 (RMB 800)	\$ 60,804	\$ -	
Lion International Travel Service (Shanghai) Co., Ltd.	Travel industry	32,046 (US\$ 1,000)	Lion HK reinvested in Mainland China	32,046 (US\$ 1,000)	-	-	32,046 (US\$ 1,000)	(3,553) (RMB (704))	100	(3,553) (RMB (704))	41,976	-	
Lion International Travel Service (Beijing) Co., Ltd.	Travel industry	15,010 (US\$ 500)	Lion HK reinvested in Mainland China	15,010 (US\$ 500)	-	-	15,010 (US\$ 500)	(843) (RMB (167))	100	(843) (RMB (167))	4,002	-	
Lion International Holding (China) Limited	Management consulting	312,700 (US\$ 10,000)	Lion Holding reinvested in Mainland China	312,700 (US\$ 10,000)	-	-	312,700 (US\$ 10,000)	(2,303) (RMB (455))	100	(2,303) (RMB (455))	309,712	-	
Lion Travel International Holding Limited	Travel industry	152,850 (RMB 30,000)	Lion International (China) reinvested in Mainland China	152,850 (RMB 30,000)	-	-	152,850 (RMB 30,000)	161 (RMB 32)	100	161 (RMB 32)	149,759	-	
				Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA									
				Investment Amounts Authorized by Investment Commission, MOEA									
				\$ 994,235 (Note 3)									
				US\$ 31,700									

Note 1: Investment is divided into the following three categories which can be marked:

- Direct investment in Mainland China.
- Reinvestment in Mainland China companies through the third region (please indicated the third area of investment company).
- Others.

Note 2: In addition to Shuangshi Investment Co., Ltd. in accordance with the financial statements for the period by the Scrutiny of accountants reviewed. The other financial statements of some subsidiaries included in the consolidated financial statement were not reviewed with the same period.

Note 3: Investment commission approved the foreign currency limit the amount of investment. As of the current period, the Group didn't exceed the limit.

Note 4: The investee company was merged into the Group.

LION TRAVEL SERVICE CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES

FOR THE THREE MONTHS ENDED MARCH 31, 2016

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Purchase/Sales Amount	Price	Payment Term	Transaction Details Comparison with Normal Transaction	Notes/Accounts Receivable (Payable)		Unrealized Gain (Loss)	Note
						Ending Balance	%		
Lion Shanghai	Purchase	\$ 111,424	Transactions with non-related party fairly	Normal	Fairly the same as transactions with non-related parties	\$ (26,926)	2.57	\$ -	
Lion Beijing	Purchase	20,513	Transactions with non-related party fairly	Normal	Fairly the same as transactions with non-related parties	(1,420)	0.14	-	
Fujian Lion	Sales	22,189	Transactions with non-related party fairly	Normal	Fairly the same as transactions with non-related parties	4,484	0.58	-	

Note: The transactions between the Company and investee companies have already been eliminated in the preparation of the consolidated financial statements.