(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp.

Financial statements

December 31, 2013 and 2012
(With Independent Auditor's Report)

Company address: 1F., No.166, Sec. 2, Minquan E. Rd., Zhongshan Dist., Taipei City 104, Taiwan

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Independent Auditor's Report

From the Board of Directors, Lungyen Life Service Corporation

We have audited the accompanying consolidated balance sheet of Lungyen Life Service Corporation as of December 31, 2013 and 2012 and January 1, 2012, and the related statements of income, retained earnings, and cash flows for the years then ended.These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.We have not audited the financial statements of some of the invested companies under the equity method of Lungyen Life Service Corporation, which were audited by the other independent auditors; therefore, our opinions expressed on those financial statements and the amounts reported were based on the other independent auditor's report.The investment in these invested companies under the equity method were NT$0, NT$30,024 thousand, and NT$29,305 thousand as of December 31, 2013 and 2012, and January 1, 2012, representing 0%, 0.08%, and 0.08 % of total assets, respectively. The earnings from the subsidiary under the equity method and affiliated company and joint venture were NT$151 thousand and NT$49 thousand on January 1 ~ December 31, 2013 and 2012, representing 0.007% and 0.002% of net income before tax, respectively.

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards to obtain reasonable assurance about whether the financial statements are free of material misstatement.An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.We believe that our audits and that of the other independent auditor's report provide a reasonable basis for our opinion.

In our opinion, based on our audit and the other independent auditor's reports, the financial statements referred to above present fairly, in all materials respects, the financial position of Lungyen Life Service Corporation as of December 31, 2013 and 2012, and January 1, 2012, and the results of its operations and its cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Firms.

The Significant Accounting Ledger of the 2013 financial statements is mainly for supplementary analysis and is also audited by the accountant using the audit procedure described in the first paragraph.In our opinion, the significant accounting ledger referred to above that is prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Firms present fairly, in all materials respects, corresponding to the Company's financial statements in the first paragraph.

KPMG Taiwan

CPA:

Securities and Futures Committee of the Ministry of Finance approval no.	:	(89) Tai.chai.jen(VI) No. 62474 FSC(I).tzi No. 1020000737

March 27, 2014

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp.

Balance Sheet

December 31, 2013 and 2012, and January 1, 2012

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

	Assets	2013.12.31 Amount	%	2012.12.31 Amount	%	2012.1.1 Amount	%
	Current assets						
1100	Cash and cash equivalent (Note 6(1) & (17))	$ 1,112,386	3	191,984	1	413,762	1
1110	Financial assets-current measured at fair value through profit or loss (Note 6(2) & (17))	796,585	2	310,292	1	623,890	2
1150	Notes receivable – net (Note 6(17))	19,929	-	13,774	-	41,648	-
1170	Accounts receivable – net (Note 6(17) & 7)	315,058	1	194,443	1	80,202	-
1320	Inventories (Note 6(4))	10,631,570	28	10,141,628	27	10,654,735	29
1410	Prepayments (Note 7 & 9)	8,257,412	22	8,228,991	21	8,277,869	22
1476	Other financial assets – current (Note 6(17), 7 & 9)	2,149,360	6	1,732,956	5	1,399,901	4
1479	Other current assets	2,372	-	17,109	-	8,847	-
		23,284,672	62	20,831,177	56	21,500,854	58
	Noncurrent assets						
1543	Financial assets carried at cost – non-current (Note 6(3) & (17))	56,333	-	521,819	1	65,471	-
1550	Investment under equity method (Note 6(5))	1,492,342	4	1,615,864	4	1,722,407	5
1600	Property, plant and equipment (Note 6(6))	5,096,228	13	4,604,554	13	4,251,751	11
1760	Investment property (Note 6(7))	6,177,305	16	7,572,418	21	7,787,156	21
1780	Intangible assets (Note 6(8))	777,315	2	777,676	2	781,653	2
1840	Deferred income tax assets (Note 6(12))	711,747	2	577,591	2	645,090	2
1915	Prepayment for equipment	40,324	-	42,618	-	36,534	-
1980	Other financial assets – noncurrent (Note 6(17))	36,253	-	25,955	-	41,601	-
1990	Other noncurrent assets	430,588	1	430,587	1	380,531	1
		14,818,435	38	16,169,082	44	15,712,194	42
	Total assets	$ 38,103,107	100	37,000,259	100	37,213,048	100

	Liabilities and equity	2013.12.31 Amount	%	2012.12.31 Amount	%	2012.1.1 Amount	%
	Current liabilities						
2100	Short-term loans (Note 6(9) & (17))	$ 1,002,000	3	1,940,000	5	3,040,000	8
2170	Payable notes and accounts (Note 6(17))	342,627	1	312,123	1	252,425	1
2180	Increase of accounts payable - related party (Note 6(17) & (7))	35,916	-	28,436	-	47,864	-
2200	Other payables (Note 7)	496,006	1	389,952	1	318,966	1
2230	Current income tax liabilities (Note 6(17))	159,316	-	84,189	-	311,959	1
2310	Advance receipts (Note 9)	27,572,944	73	26,480,574	72	26,363,562	71
2399	Other current liabilities	14,290	-	6,381	-	13,669	-
		29,623,099	78	29,241,655	79	30,348,445	82
	Non-current liabilities:						
2570	Deferred income tax liabilities (Note 6(12))	30,683	-	24,413	-	9,906	-
2640	Accrued pension liabilities (Note 6(11))	22,306	-	21,472	-	19,044	-
2645	Deposit received	50,420	-	42,994	-	46,074	-
		103,409	-	88,879	-	75,024	-
	Total liabilities	29,726,508	78	29,330,534	79	30,423,469	82
	Equity:						
3100	Capital stock (Note 13)	3,990,842	10	3,990,842	11	3,990,842	11
3200	Capital surplus (Note 6(13))	1,395,659	4	1,392,072	4	1,392,072	4
	Retained earnings						
3310	Legal reserves	467,987	1	263,270	1	77,142	-
3320	Special reserves	19,835	-	14,152	-	26,009	-
3350	Unappropriated retained earnings (Note 6(12) & (13))	2,517,500	7	2,029,224	5	1,317,666	3
		3,005,322	8	2,306,646	6	1,420,817	3
	Other equity:						
3410	Exchange differences from the translation of foreign institution's financial statements (Note 13)	(15,280)	-	(20,204)	-	(13,851)	-
3425	Unrealized gain or loss of the available-for-sale financial assets (Note 13)	56	-	369	-	(301)	-
		(15,224)	-	(19,835)	-	(14,152)	-
	Total equity	8,376,599	22	7,669,725	21	6,789,579	18
	Total liabilities and equity	$ 38,103,107	100	37,000,259	100	37,213,048	100

Lungyen Life Service Corp.

Comprehensive Income Statement

For The Twelve Months Ended December 31, 2013 and 2012

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

		2013		2012	
		Amount	**%**	**Amount**	**%**
4000	**Operating income (Note 6(15))**	$ 3,641,810	100	4,382,632	100
5000	**Operating costs**	1,146,767	31	1,218,764	28
5900	**Gross profits**	2,495,043	69	3,163,868	72
	Operating expenses				
6100	Marketing expenses	751,773	21	869,713	20
6200	Administrative expenses (Note 7)	357,723	10	296,971	7
6000	**Total operating expenses**	1,109,496	31	1,166,684	27
6500	Other income and expense - net (Note 6(7))	434,117	12	(429)	-
6900	**Net operating profits**	1,819,664	50	1,996,755	45
	Non-operating income and expenses (Note 6(16)):				
7010	Other income (Note 6(15))	274,243	8	238,301	6
7020	Other profit and loss	64,821	1	33,976	1
7050	Finance costs (Note 6(4))	(20,660)	(1)	(26,715)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6(5))	100,395	3	84,388	2
		418,799	11	329,950	8
7900	**Operating income before tax**	2,238,463	61	2,326,705	53
7950	**M Less: Income tax expense (Note 6(12))**	222,376	6	241,590	6
8200	**Net income**	**2,016,087**	**55**	**2,085,115**	**47**
8300	**Other comprehensive income (Note 6(13))**				
8310	Exchange differences on the translation of financial statements of foreign operations	4,924	-	(6,353)	-
8360	Actuarial gains (losses) of the defined benefit plan	(433)	-	(2,033)	-
8380	Shareholding in the other comprehensive profit or loss of the subsidiaries, affiliated companies, and joint ventures under the equity method	(313)	-	670	-
8399	Less: Income tax related to the other comprehensive profit or loss	-	-	-	-
8300	**Other comprehensive income, net (after tax)**	4,178	-	(7,716)	-
8500	**Total comprehensive income**	**$ 2,020,265**	**55**	**2,077,399**	**47**
	Basic earnings per share (NT) (Note 6(14))				
9750	**Basic earnings per share (Unit: NT)**	**$**	**5.05**		**5.22**
9850	**Diluted earnings per share (Unit: NT)**	**$**	**5.05**		**5.22**

Lungyen Life Service Corp.

Statements of Changes in Equity

For The Twelve Months Ended December 31, 2013 and 2012

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

			Retained earnings				Other equity			
	Common stock capital	Additional paid-in capital	Legal reserves	Special reserves	Unappropriated earnings	Total	Exchange differences from the translation of foreign institution's financial statements	Unrealized gain (loss) of the available-for-sale financial instruments	Total	Total equity
Balance – January 1, 2012	$ 3,990,842	1,392,072	77,142	26,009	1,317,666	1,420,817	(13,851)	(301)	(14,152)	6,789,579
Net income(loss)	-	-	-	-	2,085,115	2,085,115	-	-	-	2,085,115
Other comprehensive income	-	-	-	-	(2,033)	(2,033)	(6,353)	670	(5,683)	(7,716)
Other total comprehensive income	-	-	-	-	2,083,082	2,083,082	(6,353)	670	(5,683)	2,077,399
Appropriation and distribution of earnings (Note 1):										
Appropriation of legal reserves	-	-	186,128	-	(186,128)	-	-	-	-	-
Shareholders' dividend – cash, 3 per share	-	-	-	-	(1,197,253)	(1,197,253)	-	-	-	(1,197,253)
Special reserve reversed	-	-	-	(11,857)	11,857	-	-	-	-	-
Balance – December 31, 2012	3,990,842	1,392,072	263,270	14,152	2,029,224	2,306,646	(20,204)	369	(19,835)	7,669,725
Net income(loss)	-	-	-	-	2,016,087	2,016,087	-	-	-	2,016,087
Other comprehensive income	-	-	-	-	(433)	(433)	4,924	(313)	4,611	4,178
Other total comprehensive income	-	-	-	-	2,015,654	2,015,654	4,924	(313)	4,611	2,020,265
Appropriation and distribution of earnings (Note 2):										
Appropriation of legal reserves	-	-	204,717	-	(204,717)	-	-	-	-	-
Appropriation of special reserves	-	-	-	5,683	(5,683)	-	-	-	-	-
Shareholders' dividend – cash, 3.3 per share	-	-	-	-	(1,316,978)	(1,316,978)	-	-	-	(1,316,978)
Difference between the equity price and book value of the subsidiary's equity acquired or disposed	-	3,587	-	-	-	-	-	-	-	3,587
Balance – December 31, 2013	**$ 3,990,842**	**1,395,659**	**467,987**	**19,835**	**2,517,500**	**3,005,322**	**(15,280)**	**56**	**(15,224)**	**8,376,599**

Note1: Remuneration for directors and supervisors for NT$27,154, 000 and bonus to employees for NT$13,577,000 are deducted in the Income Statement.

Note2: Remuneration for directors and supervisors for NT$27,154, 000 and bonus to employees for NT$13,577,000 are deducted in the Income Statement.

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Lungyen Life Service Corp.

Statement of Cash Flow

For The Twelve Months Ended December 31, 2013 and 2012

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

		2013	2012
Cash flow from operating activities:			
Net income before tax	$	2,238,463	2,326,705
Adjustments:			
Income and expense that does not affect cash flows			
Depreciation expense		107,349	99,227
Amortization expense		8,074	7,806
Appropriation of bad debt expenses		10,755	17,089
Net earnings of financial assets and liabilities measured at fair value through profit or loss		(54,072)	(32,218)
Interest expense		20,660	26,715
Interest income		(23,350)	(11,784)
Dividend income		(18,477)	(21,574)
Shareholding in the profit or loss of the affiliated companies and joint ventures under the equity method		(100,395)	(84,388)
Disposal and obsolescence of property, plant, and equipment loss (gain)		170	(2,844)
Disposal of investment property (gain) loss		(434,117)	429
Disposal of investment gain		(33,745)	-
Total income and expense that does not affect cash flows		(517,148)	(1,542)
Changes in assets/liabilities related to operating activities:			
Net changes in assets related to operating activities:			
Held-for-sale financial assets		(432,221)	345,816
Notes and accounts receivable		(137,525)	(103,456)
Inventories		(340,362)	453,634
Prepayments		(58,706)	53,896
Other financial assets		(190,093)	(196,181)
Other current assets		14,737	(8,262)
Total net changes in assets related to operating activities		(1,144,170)	545,447
Net changes in liabilities related to operating activities:			
Notes and accounts payable – net		127,052	59,698
Accounts payable – related party		7,480	(19,428)
Other payables		108,349	64,902
Collections		1,092,369	117,012
Other current liabilities		7,908	(7,288)
Accrued pension liability		401	395
Total net changes in the liability related to operating activities		1,343,559	215,291
Total net changes in assets and liabilities related to operating activities		199,389	760,738
Total Adjustments		(317,759)	759,196
Cash inflow from operations		1,920,704	3,085,901
Interest received		23,350	11,784
Dividends received		31,242	21,574
Interest paid		(20,660)	(26,715)
Income taxes paid		(244,848)	(391,072)
Net cash inflow from operating activities		1,709,788	2,701,472

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Lungyen Life Service Corp.

Statement of Cash Flow (continued)

For The Twelve Months Ended December 31, 2013 and 2012

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

	2013	2012
Cash flow from investment activities		
Disposal of financial assets measured at cost	489,290	-
Refunds from decapitalization of financial assets measured at cost	12,000	-
Acquisition of investments under the equity method	(61,250)	(272,400)
Disposal of investments under the equity method	23,732	-
Refunds from decapitalization of the invested company under the equity method	254,810	-
Acquisition of property, plant, and equipment	(530,839)	(270,743)
Disposal of property, plant, and equipment	113	3,063
Acquisition of intangible assets	(7,713)	(3,829)
Acquisition of investment property	(4,782)	(236)
Disposal of investment property	1,765,544	92,512
Other financial assets	(482,738)	(121,228)
Other noncurrent assets	-	(50,056)
Net cash inflow (outflow) from investing activities	1,458,167	(622,917)
Cash flows from financing activities:		
Increase in short-term loans	2,421,000	3,660,000
Decrease in short-term loans	(3,359,000)	(4,760,000)
Increase (decrease) of guaranteed deposit and margin received	7,425	(3,080)
Distribution of cash dividends	(1,316,978)	(1,197,253)
Net cash outflow from financing activities	(2,247,553)	(2,300,333)
Current cash and cash equivalents Increase (decrease)	920,402	(221,778)
Balance of cash and cash equivalent – beginning	191,984	413,762
Balance of cash and cash equivalent – ending	**$ 1,112,386**	**191,984**

Lungyen Life Service Corp.
Notes to the Company's financial statements
For The Twelve Months Ended December 31, 2013 and 2012

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

I. Company profile

Lungyen Life Service Corporation (formerly known as "Dahan Construction Company Limited;" hereinafter referred to as "the Company") was established in March 1987. The Company is primarily engaged in funeral service, development and lease of interment premises, and development and lease of residential areas and buildings.

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

II. Approval and procedures of the consolidated financial statements

The Company's financial statements were approved by the Board of Directors for publication on March 27, 2014.

III. Application of new and revised standards and interpretations

(I) Not yet adopt the new and revised standards and interpretations approved by Financial Supervisory Commission

International Accounting Standards Board (hereinafter referred to as "the IASB") in November 2009 issued IFRS No. 9, "Financial Instruments" with an effective date set on January 1, 2013 (the IASB in December 2011 had the effective date of IFRS No. 9 postponed to January 1, 2015; then again, announced in November 2013 to lift the mandatory effective date of January 1, 2015 to grant the preparers of the financial statements with ample time to convert to the new requirements, and the new effective date is yet to be determined).IFRS had been approved by Financial Supervisory Commission (referred to as the "FSC" hereinafter). However, enterprises may not adopt it before schedule. The International Accounting Standards No. 39 "Financial Instruments" 2009 version shall be adopted; also, the effective date has not yet been published as of the end of the reporting period (referred to as the "reporting date" hereinafter).The Company's beginning to implement the Standards is expected to change the classification and measurement of the financial assets in the Company's financial statements.

(II) The new and revised standards and interpretations not yet approved by the Financial Supervisory Commission

The following new and revised standards published by the IAS Board could be relevant to the company. However, as of the reporting date, it has not yet been approved and the effective date and interpretations has not yet been published by the FSC.

Published date	New or revised standards	The main amendments and potential affect	The effective date published by the IAS Board
2011.5.12 2012.6.28	• IFRS No. 10 "Consolidated Financial Statements" • IFRS No. 11 "Joint Agreement" • IFRS No. 12 "Disclosure of Other Vehicle's Equity" • Amendment to IAS No. 27 "Separate Financial Statements" • Amendment to IAS No. 28 "Investments in Affiliated Enterprises and Joint Ventures"	• Published a series of new standards and amendments related to consolidation, affiliated enterprises, and joint ventures on May 12, 2011. The new standards provide a single control model to judge and analyze the control over the invested company (including specific vehicle).The original requirements and practices of consolidation process are maintained. In addition, joint agreement is divided into joint operations (integrated concept of former jointly controlled assets and jointly controlled operations) and joint ventures (similar to the former jointly controlled vehicle); also, removes the proportionate consolidation method. • Published amendments on June 28, 2012 to clarify the transitional provisions of these standards. • The implementation of the requirements referred to above may change the judgment on whether some of the invested companies are controlled and the information disclosure on the equity in subsidiaries and affiliated companies is expected to be enhanced.	2013.1.1
2013.5.29	Amendments to IAS 36 "Impairment of Assets"	• According to the amended version effective on 1.1.2013, when the amount of corporate goodwill or intangible assets with indefinite useful life is significant, the key assumptions for the recoverable amount of each amortized cash-generating unit must be disclosed. This requirement is amended to have such information disclosed only when impairment loss is appropriated or reversed. In addition, if the recoverable amount is calculated with the fair value net of the cost of goods sold, the	1.1.2014, applicable before schedule

Published date	New or revised standards	The main amendments and potential affect	The effective date published by the IAS Board
		requirements of the fair value level and key evaluation assumptions (Tier II or Tier III) shall be disclosed. The implementation of the requirements referred to above will change the related information disclosure.	
2011.5.12	IFRS No. 13 "Fair Value Measurement"	This standard will supersede other criteria for the fair value measurement of financial and non-financial items in order to integrate into a single criterion. The Company may require further analyzing the impact of implementing the requirements referred to above before schedule on the measurement of assets or liabilities. In addition, the amendment may also increase the information disclosures on fair value.	2013.1.1
2011.6.16	Amendment to IAS No. 1 "Presentation of Financial Statements"	The other comprehensive profits or losses that can or cannot be reclassified to profit or loss category should be expressed respectively. The implementation of the requirements referred to above will change the presentation of the comprehensive income statement and other comprehensive profit or loss.	2012.7.1
2011.6.16	Amendment to IAS No. 19 "Employee Welfares"	Mainly delete buffer method. Cancel all existing standards that allow enterprises to immediately recognize profit or loss of changes in defined benefit obligations and plan assets. In addition, the prior service cost is no longer amortized and shall be recognized immediately in profit or loss. The implementation of the requirements referred to above will change the measurement and presentation of the accrual pension liabilities and actuarial profit or loss.	2013.1.1
2013.11.21	Amendment to IAS No. 19 "Employee Welfares"	According to the amended version effective in 2011, all employee contributions related to services and stipulated in the final plan terms should be attributed as the negative benefits in each service period. This	6.30.2015, applicable before schedule

Published date	New or revised standards	The main amendments and potential affect	The effective date published by the IAS Board
		amendment allows (but not requires) those meet specific conditions to be debited to the service cost throughout the service period.If the requirements referred to above are applied, it will be handled differently depending on whether the employee contribution is associated with the number of years in service.	
2013.12.12	• Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" • Amendments to IFRS 2 "Share-based Payment" • Amendments to IFRS 3 "Corporate Merger" • Amendments to IFRS 8 "Operating Department" • IFRS No. 13 "Fair Value Measurement" • Amendments to IAS 16 "Property, Plant, and Equipment" • Amendment to IAS No. 38 "Intangible assets" • Amendments to IAS 24 "Related Party Disclosure" • Amendments to IAS 40 "Investment Property"	Released "2010－2012 and 2011－2013 Annual Improvements" with the main amendments made as follows: • Clarify the definition of share-based payment "vested conditions" (including performance conditions and service conditions). • Clarify the classification and measurement of corporate merger contingent considerations. • Define the disclosure of the judgments made by the management in the applicable summary of conditions. • Clarify the scope of the financial instruments contracts measured at the net fair value. • Clarify the key management, including the representatives assigned by the institutional director. • Define evaluating the acquired investment property whether it constitutes a business or not. If the requirements referred to above are applied, it will change the relevant information disclosure, but there is no significant impact on the Company.	7.1.2014, applicable before schedule

IV. Summary of significant accounting policies

The significant accounting policies adopted in the Company's financial statements are summarized below. Unless otherwise stated, the following accounting policies are applicable to all the reporting periods of the Company's financial statements and balance sheet prepared as of January 1, 2012 after the first-time adoption of IFRSs approved by the FSC.

(I) Compliance Statement

The Company's financial statements are the first financial statements prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms (hereinafter referred to as the "Regulations").

(II) Basis of presentation

1. Basis of measurement

In addition to the following important items in the balance sheet, the Company's financial statements are prepared in accordance with the historical cost basis:

(I) Financial instruments measured at fair value through profit or loss (including derivatives); and

(II) Defined benefit assets are recognized in accordance with the net present value of pension fund assets plus unrecognized prior service cost and unrecognized actuarial losses and less unrecognized actuarial interests and defined benefit obligation.

2. Functional currency and presentation currency

The Company is operated with the functional currency of the primary economic environment. The Company's financial statements are prepared in the Company's functional currency, NT Dollar. All financial information expressed in New Taiwan Dollar is with the monetary unit of NT$ Thousand.

(III) Foreign currency

1. Transactions in foreign currencies

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

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

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

2. Foreign operating agency

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

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

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

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

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

1. Expected to realize in the normal business cycle of the company, or with intent to sell or consume.
2. Primarily for trading purposes
3. Expected to be realized within 12 months after the balance sheet date.
4. Cash or cash equivalent, but does not include those to be used for exchange or settlement of liabilities within 12 months after the balance sheet date or the restricted cash or cash equivalent.

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

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

(V) Cash and cash equivalent

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

The bank time deposit with the initial maturity date within three months is for the purpose of meeting short-term cash commitments rather than investment or other purposes; also, it is readily convertible to known amounts of cash with small risk of changes in value, so it is booked in the cash and cash equivalents.

(VI) Financial instruments

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

1. Financial assets

The company's financial assets are classified as follows: Financial assets, loans, and receivables measured at fair value through profit or loss.

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

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

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

A. Eliminating or significantly minimizing the measurement or recognition inconsistency arising from measuring assets or liabilities on a different basis and recognizing the related gains and losses.

B. The performance of financial assets is measured at fair value.

C. Hybrid instruments contain embedded derivatives.

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

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

(2) Loans and receivables

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

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

(3) Financial assets impairment

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

Objective evidence of financial assets impairment includes significant financial difficulty of issuer or obligor, default (such as, interest or principal payments delay or non-performing), the debtor faces possible bankruptcy or other financial reorganization, and active financial assets market disappeared due to financial difficulty.

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

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

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

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

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

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

(4) Elimination of financial assets

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

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

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

2. Financial liabilities

(1) Classification of liabilities or equity

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

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

(2) Other financial liabilities

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

(3) Elimination of financial liabilities

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

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

(4) Offsetting of financial assets and financial liabilities

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

3. Derivative financial instruments

The company holds derivative financial instruments to hedge foreign currency and interest rate risk exposure. Initial recognition is based on the fair value measurement and transaction cost is recognized in profit or loss. Subsequent measurement is based on the fair value and the resulting gains and losses are measured and directly included in profit or loss; also, it is reported in the "Other gain and loss" of the "Non-operating income and expenses."

(VII) Inventories

1. Building for sales

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

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

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

2. Invest and construct columbarium and cemetery for sale

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

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

(VIII) Investment in affiliated enterprises

Affiliated enterprise is the one that the company has significant influence but not control over its financial and operating policies. If the consolidated company owns 20%~50% voting rights of the invested company, it is assumed to have significant influence.

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

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

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

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

(IX) Investments in subsidiaries

The Company has the controlled subsidiaries valued with the equity method in the preparation of the Company's financial statements. Under the equity method, the amortization amount of the profit or loss and other comprehensive profit or loss in the Company's financial statements and the profit or loss and other comprehensive profit or loss attributable to the shareholder's equity of the parent company in the financial statements prepared on a consolidated basis is the same, and the shareholder's equity in the Company's financial statements and the shareholder's equity of the parent company in the financial statements prepared on a consolidated basis is the same.

If the company's equity ownership change in a subsidiary does not result in loss of control, it is treated as equity transaction with the shareholders.

(X) Investment property

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

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

(XI) Real property, plant, and equipment

1. Recognition and measurement

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

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

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

2. Reclassified to investment property

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

3. Subsequent cost

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

4. Depreciation

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

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

Land is not depreciated.

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

(1)Building and structure	3~55 years
(2) Office equipment	3~5 years
(3) Transportation equipment	5 years
(4) Other equipment	2~10 years
(5) Leased assets	3~55 years

(6) Leased assets	3 years
(7) Leasehold improvement	2 years

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

(XII) Lease

1. Lessor

The rent income from operating leases is recognized as income over the period of the lease in accordance with the straight-line method. The total incentives provided to the lessee for achieving the lease arrangement is credited to the rent income over the period of the lease in accordance with the straight-line method.

2. Lessee

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

(XIII) Intangible assets

1. Goodwill

(1) Initial recognition

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

(2) Subsequent measurement

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

2. Other intangible assets

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

3. Subsequent expense

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

4. Amortization

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

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

Computer software 1~10 years

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

(XIV) Non-financial assets impairment

For the non-financial assets other than the assets generated from inventories, deferred income tax assets, and employee benefits, the Company at each reporting date assesses whether impairment occurred and estimates the recoverable amount of the assets with indication of impairment. If the recoverable amount of an individual asset cannot be estimated, the company estimates the recoverable amount of the cash-generating unit the asset belongs to in order to assess impairment.

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

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

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

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

(XV) Income recognition

1. Invest and construct columbarium and cemetery for sale

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

In addition, according to the "Ashes (Skeletal) Storage Units Right-to-use Standard Contracts Mandatory Disclosure and Nondisclosure" of the Ministry of the Interior, estimate the related liabilities reserve for future contract termination refunds and years of right-to-use commitments since the contracts signed after the decree in force on April 1, 2013.

2. Funeral service

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

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

3. Rental income

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

(XVI) Employee welfare

1. Defined contribution plan

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

2. Defined benefit plan

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

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

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

All actuarial gains and losses are recognized in retained earnings on the conversion date of the IFRS approved by the FSC since January 1, 2012.The company's actuarial gains and losses of the defined benefit plans arising subsequently is recognized immediately in the "Other comprehensive profit or loss."

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

3. Short-term employee welfare

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

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

(XVII) Income tax

Income tax expense includes current and deferred income tax. Except for those related to corporate merger and recognized directly in equity or other comprehensive profit or loss, current income tax and deferred income tax should be recognized in profit or loss.

Current income tax includes the estimated income tax payable or income tax refund receivable that is calculated in accordance with the taxable income (loss) at the statutory rate or the substantive legislative rate on the reporting date, including any adjustment made to tax payable of previous years.

Deferred income tax is measured and recognized in accordance with the book value of assets and liabilities for reporting purpose and the temporary differences of the tax base. Temporary differences arising from the following circumstances shall not be recognized as deferred income tax:

1. Assets or liabilities initially recognized in the transactions other than corporate merger and the transactions at the time do not affect accounting profit and taxable income (loss).
2. It is resulted from the investments in subsidiaries and joint ventures equity; also, it is probable in the foreseeable future will not be reversed.
3. Initial recognition of goodwill

Deferred income tax is measured at the tax rate of the expected asset realization or the liability liquidation; also, it is based on the statutory tax rate or substantive legislative rate on the reporting date.

The merged company will have deferred income tax assets and deferred income tax liabilities offset only when meeting the following conditions:

1. There is a legally enforceable right to offset current income tax assets against current income tax liabilities; and
2. Deferred income tax assets and deferred income tax liabilities are related to one of the following taxable entities levied by the same tax authorities:
   (1) The same taxable entity; or
   (2) Different taxable entities, but each taxable entity intends to have current income tax liability and asset liquidated on a net amount basis or have assets and liability liquidated at the same time in each future period for the expected significant deferred income tax assets received and deferred income tax liabilities liquidated.

The outstanding income tax losses and outstanding income tax credit carry forwards, and deductible temporary differences, within the range of probable future taxable income available for use, are recognized as deferred income tax assets. For the reassessment performed in each reporting date, the income tax benefit that is unlikely to be realized should be adjusted down.

(XVIII) Business consolidation

1 The acquisition after January 1, 2012 (inclusive)

For the acquisitions after January 1, 2012 (inclusive), the Company bases on the fair value of the considerations transferred on the acquisition date to measure the fair value, including the non-controlling equity amount attributable to the acquired entity and net of the identifiable assets acquired and net liabilities assumed (usually it is the fair value).If the balance is a negative value, the Company reassesses whether the assets acquired and liabilities assumed are identified correctly before recognizing the gains of the bargain purchase in the profit or loss.

The Company uses the tick-by-tick transaction basis to measure the non-controlling equity at the fair value on the acquisition date, or the identifiable net assets at the non-controlling equity ratio.

In a corporate merger achieved in stages, the Company has the merged company's equity held prior to the merger measured at the fair value on the acquisition date and with the profit or loss, if any, recognized in profit or loss. The change in the merged company's equity that was recognized in the other comprehensive profit or loss prior to the acquisition date should be handled the same sway pursuant to the direct disposal of the previously held equity by the Company. If the disposal of the equity should be reclassified to profit or loss, the amounts are reclassified to profit or loss.

If the initial accounting process for corporate merger was not yet completed before the end of the reporting period of the corporate merger transaction, the Company may have the items that have not been completed in the accounting process reported at the estimated amounts and the estimated amounts should be adjusted retrospectively during the measurement period, or recognized as additional assets or liabilities to reflect the facts and circumstances existed on the acquisition date during the measurement period. The measurement period shall not go beyond one year from the acquisition date.

Except for those related to debt issuance or equity instruments, the transaction cost related to corporate merger should be recognized as an expense of the Company immediately upon occurrence.

2 The acquisition before January 1, 2012

Upon the conversion to IFRS approved by the FSC, the amount of goodwill arising from the corporate merger before January 1, 2012 was recognized by the Company in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms published by the Financial Supervisory Commission on January 10, 2009 and the financial accounting standards and interpretations (referred to as "generally accepted accounting principles") announced by the Accounting Research and Development Foundation.

(XIX) Earnings per share

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

(XX) Department information

The Company had segment information disclosed in the consolidated financial statements; therefore, segment information was not disclosed in the Company's financial statements.

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

When the management has financial statements prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Firms," judgments, estimates, and assumptions are made regarding its impact on the adoption of accounting policies and the reporting amount of the assets, liabilities, revenues, and expenses. Actual results may differ from those estimates.

Authorities continue to review estimates and assumptions. Changes in accounting estimates will be recognized in the period of change and future periods affected.

Accounting policies involve significant judgments and significantly affect the amounts recognized in the Company's financial statements. Please refer to the following notes in details:

(I) Note 6(7), The classification of investment property

(II) Note 6(10), The classification of leases

Assumptions and estimates involve uncertainty and there will be a significant risk of causing a material adjustment within the year. Please refer to the following notes in details:

(I) Note 6(8), Impairment assessment of intangible assets.

VI. Description of significant accounting items

(I) Cash and cash equivalent

	2013.12.31	2012.12.31	2012.1.1
Cash	$ 2,490	3,680	2,006
Demand deposits	236,421	188,304	411,756
Time deposits	873,475	-	-
Cash and cash equivalents listed in the Statement of Cash Flows:	$ 1,112,386	191,984	413,762

1. The bank time deposit with the initial maturity date within three months is for the purpose of meeting short-term cash commitments rather than investment or other purposes; also, it is readily convertible to known amounts of cash with small risk of changes in value, so it is booked in the cash and cash equivalents.
2. For the disclosure of exchange rate risk and sensitivity analysis of the Company's financial assets and liabilities, please refer to Note VI (XVII).

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

	2013.12.31	2012.12.31	2012.1.1
Financial assets measured at fair value through profit or loss			
Domestic and foreign common stock	$ 232,349	255,060	452,934
Bond Investment	198,748	-	-
Beneficiary certificates	365,488	55,232	170,956
Total	$ 796,585	310,292	623,890

The impact of changes in equity security price (the comparison of two terms is on the same basis, and assuming all other variables unchanged) on the reporting date, if any, on the net income (loss) of the comprehensive profit or loss is as follows:

Stock price on the reporting date	2013	2012
Increased by10%	$ 19,285	23,961
Decreased by10%	$ (19,285)	(23,961)

The significant foreign equity investment on the reporting date is as follows:

	2013.12.31			2012.12.31			2012.1.1		
	Foreign currency	Exchange rate	New Taiwan Dollar	Foreign currency	Exchange rate	New Taiwan Dollar	Foreign currency	Exchange rate	New Taiwan Dollar
USD	$ -	-	-	-	-	-	2,409	30.275	72,970
Japanese Yen	145,760	0.285	41,584	125,600	0.3364	42,252	-	-	-

Please refer to Note IX for the financial assets measured at fair value through profit or loss and placed in trust as of December 31, 2013 and 2012, and January 1, 2012.

(III) Financial assets valued at cost

	2013.12.31	2012.12.31	2012.1.1
Financial assets valued at cost			
Stock Investment - PK Venture Capital Corp.	$ 42,255	54,255	54,255
Stock Investment - FORTUNE IC FUND I	11,216	11,216	11,216
Stock Investment－Asia Best Healthcare Co., Ltd	-	456,348	-
Stock Investment – Ruei Da Venture Capital Co., Ltd.	2,862	-	-
Total	$ 56,333	521,819	65,471

(1) The company's stock investment valued at cost referred to above is measured in accordance with the cost net of impairment on the reporting date. Due to the significant range of the reasonable estimate of the fair value and the probability of various estimates cannot be reasonably assessed; the company's management believes that its fair value cannot be reliably measured.
(2) The invested company, Kun-Gi II Venture Capital Co., Ltd., had resolved to arrange cash capital reduction in 2013; therefore, the Company received a refund of NT$12,000 thousand.
(3) The Company had lost its significant influence on Rui-Da Venture Capital Co., Ltd. during the year. Please refer to Note 6(5) for details.
(4) The consolidated company's Board of Directors resolved in May 2013 to have the shareholding of Asia Best Healthcare Co., Ltd. sold entirely for an amount of NT$489,290 thousand with an expected gain on disposal of NT$32,942 thousand, please refers to Note 6 (16).

(IV) Inventories

	2013.12.31	2012.12.31	2012.1.1
Real estate for sale	$ 5,957	5,957	8,810
Columbarium and cemetery for sale	1,365,905	1,441,333	1,804,939
Construction Site	1,230,794	1,094,244	1,094,244
Residential and building under construction	2,257,441	2,251,032	2,232,280
Columbarium and cemetery under construction	5,043,883	4,862,497	5,030,449
Prepayments for land	727,590	486,565	484,013
	$ 10,631,570	10,141,628	10,654,735
Expected to be recovered in more than twelve months	$ 10,483,581	9,919,724	10,504,721

1. In 2013 and 2012, total interest expense Company was NT$20,660 thousand and NT$26,715 thousand, respectively. The interest capitalized amount of residential and building under construction and columbarium and cemetery under construction is zero.
2. Part of the Company's land is registered in the name of the discretionary consignee to handle the integration and purchase matter. The two parties have a contract signed agreeing to have the property ownership transferred back to the Company unconditionally upon the completion of land integration. The consignee upon receiving the rights will have the document and seal needed for the right transfer registration delivered to the consigner. In addition, for the consignment referred to above, the consignee has a check issued to the consignor for an amount equivalent to the value of

the land registered in the consignee's name.

3. Please refer to Note VIII for the Company's inventories pledged as collateral as of December 31, 2013 and 2012, and January 1, 2012.

(V) The investment under equity method

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

	2013.12.31	2012.12.31	2012.1.1
Subsidiaries	$ 1,492,342	1,550,962	1,214,375
Affiliated enterprises	-	64,902	508,032
	$ 1,492,342	1,615,864	1,722,407

1. Please refer to the 2013 consolidated financial statements for the subsidiaries in details.
2. Affiliated enterprises
   (1) The company's share of the affiliated enterprise's profit and loss as of 2013 and 2012 is summarized as follows:

	2013	2012
The company's share of the affiliated enterprise's profit	$ (24)	937

The company's affiliated enterprise's financial information is summarized as follows. The said financial information is not adjusted proportionally to the company's shareholding ratio:

	2013.12.31	2012.12.31	2012.1.1
Total assets	$ -	156,845	3,285,208
Total liabilities	$ -	19,540	385,222

	2013	2012
Income	$ 456	90,964
Net income	$ (33)	(1,840)

   (2) Zekaen had arranged cash capitalization for NT$70,000 thousand according to the resolution reached by the Board of Directors in April 2013. The Company had subscribed NT$61,250 thousand with the shareholding ratio increased from 42% to 73.85%, and gained control over the company after the capitalization base date.
   (3) The Company sold the entire shareholding in Beauty-Kadan for NT$23,732 thousand with the investment disposal gain of NT$803 thousand recognized in August 2013.
   (4) The affiliated company, Rui-Da Venture Capital Co., Ltd., arranged decapitalization and refund for NT$27,000 thousand in June 2013 and debited it to the investment under the equity method at the time of receiving the proceeds. In addition, Rui-Da Venture Capital Co., Ltd. arranged cash capitalization in November, 2013, but the Company did not participate in the subscription proportionally to the shareholding, causing the Company's shareholding in Rui-Da Venture Capital Co., Ltd. decreased from 47.62% to 15% and lost the significant influence over the company. Please refer to Note VI(III) for the investment under the equity method transferred to the financial assets measured at cost.
3. The Company's investment under the equity method was without any collateral pledged as of December 31, 2013 and 2012, and January 1, 2012.

(VI) Real property, plant, and equipment

The changes in the cost, depreciation, and impairment loss of the company's property, plant, and equipment as of 2013 and 2012 are as follows:

		Land	Houses and buildings	Transportation equipment	Office equipment	Leased assets and leasehold improvements	Other equipment	Construction in progress and equipment to be tested	Total
Cost or identified cost:									
Balance on January 1, 2013	$	1,974,767	639,816	86,757	91,210	30,856	38,612	2,166,028	5,028,046
Additions		32,822	3,503	1,564	846	-	3,893	488,211	530,839
Disposal and scrap		-	-	-	(840)	-	(1,388)	(3,885)	(6,113)
Reclassification		-	145,945	-	-	-	-	(145,945)	-
Balance on December 31, 2013	$	2,007,589	789,264	88,321	91,216	30,856	41,117	2,504,409	5,552,772
Balance on January 1, 2012	$	2,671,636	714,976	45,750	90,428	30,856	33,710	1,076,935	4,664,291
Additions		-	200	54,062	1,214	-	4,902	210,365	270,743
Disposal and scrap		-	(4,567)	(13,055)	(432)	-	-	-	(18,054)
Reclassification		(696,869)	(70,793)	-	-	-	-	878,728	111,066
Balance on December 31, 2012	$	1,974,767	639,816	86,757	91,210	30,856	38,612	2,166,028	5,028,046
Depreciation and impairment loss:									
Balance on January 1, 2013	$	-	250,699	30,354	87,341	30,379	24,719	-	423,492
Current depreciation		-	17,419	11,411	1,496	119	4,551	-	34,996
Disposal and scrap		-	-	-	(840)	-	(1,104)	-	(1,944)
Balance on December 31, 2013	$	-	268,118	41,765	87,997	30,498	28,166	-	456,544
Balance on January 1, 2012	$	-	242,294	35,286	85,127	30,261	19,572	-	412,540
Current depreciation		-	9,709	8,063	2,621	118	5,147	-	25,658
Disposal		-	(4,435)	(12,995)	(407)	-	-	-	(17,837)
Reclassification		-	3,131	-	-	-	-	-	3,131
Balance on December 31, 2012	$	-	250,699	30,354	87,341	30,379	24,719	-	423,492
Book value:									
Balance on December 31, 2013	$	2,007,589	521,146	46,556	3,219	358	12,951	2,504,409	5,096,228
Balance on December 31, 2012	$	1,974,767	389,117	56,403	3,869	477	13,893	2,166,028	4,604,554
January 1, 2012	$	2,671,636	472,682	10,464	5,301	595	14,138	1,076,935	4,251,751

1. The Company (referred to as "the principal" hereinafter) has part of the land registered in the name of the discretionary related party (referred to as "the trustee" hereinafter) for land acquisition matters. The contractual parties agree to have the land ownership transferred back to the company unconditionally upon the completion of land consolidation. Trustee at the time of acquiring the land ownership shall have the documents needed for ownership transfer prepared, signed and sealed, and then delivered to the principal for records. In addition, a promissory note issued by the trustee for an amount equivalent to the land value should be delivered to the principal for records.
2. Please refer to Note 8 for the details of the financing collateral as of December 31, 2013 and 2012, and January 1, 2012.
3. Please refer to Note 9 for the property, plant, and equipment placed in trust as of December 31, 2013 and 2012, and January 1, 2012.

(VII) Investment property

		Land and improvements	Building and structure	Total
Cost or identified cost:				
Balance on January 1, 2013	$	5,133,615	2,746,619	7,880,234
Additions		1,085	3,697	4,782
Disposal		(548,713)	(875,410)	(1,424,123)
Balance on December 31, 2013	$	4,585,987	1,874,906	6,460,893
Balance on January 1, 2012	$	5,251,897	2,776,345	8,028,242

	Land and improvements	Building and structure	Total
Additions	-	236	236
Disposal	(65,534)	(31,117)	(96,651)
Reclassification	(79,302)	27,709	(51,593)
Balance on December 31, 2012	$ 5,107,061	2,773,173	7,880,234
Depreciation and impairment loss:			
Balance on January 1, 2013	$ 19,001	288,815	307,816
Current depreciation	-	72,353	72,353
Disposal	-	(96,581)	(96,581)
Balance on December 31, 2013	$ 19,001	264,587	283,588
Balance on January 1, 2012	$ 19,001	222,085	241,086
Current depreciation	-	73,569	73,569
Disposal	-	(3,708)	(3,708)
Reclassification	-	(3,131)	(3,131)
Balance on December 31, 2012	$ 19,001	288,815	307,816
Book value:			
Balance on December 31, 2013	$ 4,566,986	1,610,319	6,177,305
Balance on December 31, 2012	$ 5,088,060	2,484,358	7,572,418
Balance on January 1, 2012	$ 5,232,896	2,554,260	7,787,156
Fair value:			
Balance on December 31, 2013			$ 7,662,847
Balance on December 31, 2012			$ 9,075,791
Balance on January 1, 2012			$ 9,168,313

1. Investment property contains a number of commercial properties leased to others. Please refer to Note 6(10).
2. The fair value of investment property is based on the evaluation of an independent evaluator (is with relevant professional qualification and has relevant experience recently in the location and type of the investment property).This evaluation is based on market value. If the current price in an active market is not available, the evaluation takes into consideration of the estimated total cash flows expected to be received from the property leased; also, it is discounted at the yield rate that reflects the specific risks inherent in the net cash flows to determine the value of the property.
3. The Company arranged the investment property auction in October, 2013 for an amount of NT$1,775,640 thousand (before tax), including the deduction of NT$1,325,338 thousand from the book value of the investment property, related ancillary engineering of NT$3,885 thousand, and related taxes expense of NT$18,207 thousand; also, an asset disposal gain of NT$428,210 thousand.
4. The Company recognized net profit of NT$434,117 thousand and net loss of NT$429 thousand from the disposal of investment property in 2013 and 2012, respectively, and it was booked in the other income and expense – net.
5. Please refer to Note IX for the investment in property and placed in trust as of December 31, 2013 and 2012, and January 1, 2012.
6. Please refer to Note VIII for the details of the financing collateral as of December 31, 2013 and 2012, and January 1, 2012.

(VIII) Intangible assets

The cost, depreciation, and impairment loss of the company's intangible assets as of 2013 and 2012 are as follows:

		Goodwill	Trademark	Computer software	Total
Cost:					
Balance on January 1, 2013	$	542,428	192,750	76,094	811,272
Acquired separately		-	-	7,713	7,713
Balance on December 31, 2013	**$**	**542,428**	**192,750**	**83,807**	**818,985**
Balance on January 1, 2012	$	542,428	192,750	72,266	807,444
Acquired separately		-	-	3,829	3,829
Balance on December 31, 2012	**$**	**542,428**	**192,750**	**76,095**	**811,273**
Amortization and impairment loss:					
Balance on January 1, 2013	$	-	-	33,596	33,596
Current amortization		-	-	8,074	8,074
Balance on December 31, 2013	**$**	**-**	**-**	**41,670**	**41,670**
Balance on January 1, 2012	$	-	-	25,791	25,791
Current amortization		-	-	7,806	7,806
Balance on December 31, 2012	**$**	**-**	**-**	**33,597**	**33,597**
Book value:					
Balance on December 31, 2013	**$**	**542,428**	**192,750**	**42,137**	**777,315**
Balance on December 31, 2012	**$**	**542,428**	**192,750**	**42,498**	**777,676**
Balance on January 1, 2012	**$**	**542,428**	**192,750**	**46,475**	**781,653**

1. The intangible assets amortization expense reported in the Consolidated Comprehensive Income Statement as of 2013 and 2012 is as follows:

		2013	2012
Operating expenses	**$**	**8,074**	**7,806**

2. The Company on February 5, 2010 had stock issued for capitalization in exchange for the common stock (75% shareholding) of Lungyen Life Service Corporation, and with goodwill recognized for NT$134,397 thousand proportionally to the purchase price. In addition, the Company on February 1, 2011 had stock issued for capitalization in exchange for the common stock (25% shareholding) of Lungyen Life Service Corporation; also, the original stock shares of Lungyen Life Service Corporation Ltd. were offset after the merger, and with goodwill recognized for NT$425,213 thousand and trademark for NT$192,750 thousand proportionally to the purchase price. In addition, the incorporated deferred income tax liabilities did not generate taxable income effect as of December 31, 2011, so the goodwill was adjusted down by NT$17,182 thousand.
3. The Company has goodwill and trademark assessed for impairment on the reporting date every year. The goodwill and trademark tested for impairment on December 31, 2013 and 2012, and January 1, 2012 were without any impairment loss recognized. The key assumptions applied for calculating the recoverable amount are summarized as follows:
   (1) The management has future cash flow estimated in accordance with the historical operating performance and the five-year financial budget forecast of the future operation plan.
   (2) The pre-tax discount rate used to calculate the value in use is based on the weighted average cost of capital (WACC) of the industry.

(IX) Short-term loan

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

	2013.12.31	2012.12.31	2012.1.1
Guaranteed bank loans	$ 1,002,000	1,940,000	3,040,000
Outstanding quota	$ 3,429,000	2,531,000	1,431,000
Range of interest rates	0.62%~1.5%	0.62%~2.10%	0.62%~2.03%

For the company's assets pledged as collateral for bank loans, please refer to Note VIII.

Please refer to Note VI (XVII) for the information on interest rate and liquidity risk exposure.

(X) Operating lease

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

	2013.12.31	2012.12.31	2012.1.1
Within 1 year	$ 215,679	176,887	204,709
1~5 years	482,340	317,944	446,096
Over 5 years	129,617	175,261	235,338
	$ 827,636	670,092	886,143

The rent income arising from the investment property amounted to NT$227,686 thousand and NT$229,710 thousand as of 2013 and 2012, respectively. The maintenance and repair expense, land tax, and administrative expense of the investment property (booked in the "Operating cost") is as follows:

	2013	2012
Rent income generated	$ 60,097	58,957
Rent income not generated	-	-
	$ 60,097	58,957

(XI) Employee welfare

1. Defined benefit plan

The adjustment of the Company's defined benefit obligations present value and the plan asset fair value is as follows:

	2013.12.31	2012.12.31	2012.1.1
Total present value of obligations	$ 29,310	28,349	25,798
The fair value of plan assets	(7,004)	(6,877)	(6,754)
Plans shortage	$ 22,306	21,472	19,044
Recognized defined benefit obligations liability	$ 22,306	21,472	19,044

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

(1) Composition of plan assets

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

The company's labor pension fund account at the Bank of Taiwan is with a balance of NT$7,004 thousand as of the reporting date. Labor Pension Fund Asset Management information includes fund yield rate and pension asset allocation. Please refer to the website of the Pension Fund Supervisory Committee of the Council of Labor.

(2) Changes in the present value of the defined benefit obligations

Changes in the Company's 2013 and 2012 defined benefit obligation present value are as follows:

		2013	2012
Defined benefit obligations on December 1	$	28,349	25,798
Current service cost and interest		567	596
Actuarial loss (gain)		394	1,955
Defined benefit obligations on December 12	$	**29,310**	**28,349**

(3) Changes in the present value of the plan assets

Changes in the Company's 2013 and 2012 defined benefit assets present value are as follows:

		2013	2012
Fair value of plan assets on January 1	$	6,877	6,754
The amount appropriated to the plan		38	57
Expected return on plan assets		128	144
Actuarial loss (gain)		(39)	(78)
Fair value of plan assets on December 31	$	**7,004**	**6,877**

(4) Expenses recognized in profit or loss

The Company had expense recognized in the profit of loss in 2013 and 2012 as follows:

		2013	2012
Current service cost	$	142	146
Interest cost		425	451
Expected return on plan assets		(128)	(144)
	$	**439**	**453**
Operating expenses	$	**439**	**453**
Actual return on plan assets	$	**88**	**66**

(5) Actuarial gain or loss recognized in other comprehensive profit or loss

		2013	2012
Accumulated amount on December 1	$	(2,033)	-

		2013	2012
Recognized in current period		(433)	(2,033)
Accumulated amount on December 31	$	(2,466)	(2,033)

(6) Actuarial assumptions

The company's principal actuarial assumptions (expressed as weighted average) in 2012 are as follows:

	2013	2012
Discount rate as of December 31	2.00%	1.50%
Expected return on plan assets as of January 1	1.75%	1.75%
Future salary increases	2.00%	2.00%

Expected long-term return on assets is based on the overall portfolio not the sum of individual asset. This return rate is based purely on the historical return rate without any adjustment made.

(7) Historical information on experience adjustments

		2013.12.31	2012.12.31	2012.1.1
Present value of defined benefit obligation	$	29,310	28,349	25,798
The fair value of plan assets		(7,004)	(6,877)	(6,754)
Net liability of defined benefit obligation	$	22,306	21,472	19,044
Adjustment to the present value of defined benefit plans made by experience	$	667	763	-
Adjustment to the fair value of plan assets by experience	$	(40)	(78)	-

The company plans to pay NT$36 thousand for the defined benefit plan within one year after the reporting date as of 2013.

(8) When calculating the present value of the defined benefit obligation, the company must exercise judgment and estimate to determine the relevant actuarial assumptions on the balance sheet date, including employee turnover, future salary changes, etc. Any changes in actuarial assumptions are likely to materially affect the company's defined benefit obligation amount.

The consolidated company's pension liabilities book value amounted to NT$22,306 thousand as of 2013 reporting date. When the staff turnover rate adopted is with 10% fluctuation, the company's recognized accrued pension liabilities accrual would be reduced by NT$484 thousand or increased by NT$495 thousand, respectively.

2. Defined contribution plan

The company's defined contribution plan is based on Labor Pension Act. An amount equivalent to 6% of the monthly wages is appropriated to the Labor Pension personal accounts of the Bureau of Labor Insurance. In this project, the company appropriates a fixed amount to the Bureau of Labor Insurance and without any legal or constructive obligation to make additional contribution.

The company's pension expense as of 2013 and 2012 under the defined contribution plan amounted to NT$14,373 thousand and NT$10,939 thousand, respectively, and it has been appropriated to the Bureau of Labor Insurance already.

(XII) Income tax

1. Income tax expenses

The Company's income tax expense (income) recognized in 2013 and 2012 as follows:

	2013	2012
Current income tax expense		
Current	$ 207,543	108,837
Land incremental tax	30,288	1,772
Additional 10% tax levied on the unappropriated earnings	51,979	48,975
	289,810	159,584
Deferred income tax expense (benefit)		
Temporary differences occurred and reversed	(67,434)	82,006
Income tax expenses	$ 222,376	241,590

2. The relationship between the Company's income tax expense (benefit) and net income before tax is adjusted as follows:

	2013	2012
Net income before tax	$ 2,238,463	2,326,705
Income tax calculated in accordance with the income tax rate of the country the Company operates	396,212	395,540
Tax-exempted income and dividend income	(150,416)	(172,042)
Land incremental tax	30,288	1,772
Management fees received in advance offset and reversed	(20,279)	(18,354)
Additional 10% tax levied on the unappropriated earnings	51,979	48,975
Others	(85,408)	(14,301)
	$ 222,376	241,590

3. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax liabilities

For the temporary difference associated with the investments in subsidiaries as of December 31 2013 and 2012, the Company can control the timing of the temporary difference reversal and confirm that it will not be reversed in the foreseeable future; therefore, deferred income tax liability is not recognized. The related amounts are as follows:

	2013.12.31	2012.12.31	2012.1.1
The total amount of the temporary differences related to the investment in subsidiaries	$ 114,930	107,873	106,971
The amount not recognized as deferred income tax liabilities	$ 19,538	18,338	18,185

(2) Recognized deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities recognized in 2013 and 2012 are as follows:

Deferred income tax liabilities:

	Goodwill and trademark amortization	Others	Total
January 1, 2013	$ 18,116	6,297	24,413
Debited (credited) to income statement	9,452	(3,182)	6,270
December 31, 2013	$ 27,568	3,115	30,683
January 1, 2012	$ 5,635	4,271	9,906
Debited (credited) to income statement	12,481	2,026	14,507
December 31, 2012	$ 18,116	6,297	24,413

Deferred income tax assets:

	Cemetery income	Contract income	Others	Total
January 1, 2013	$ 460,226	37,692	79,673	577,591
Debited (credited) to income statement	45,124	26,694	1,886	73,704
Debited (credited) to others	60,452	-	-	60,452
December 31, 2013	$ 565,802	64,386	81,559	711,747
January 1, 2012	$ 558,672	9,592	76,826	645,090
Debited (credited) to income statement	(98,446)	28,100	2,847	(67,499)
December 31, 2012	$ 460,226	37,692	79,673	577,591

4. The Company's income tax returns have been audited by the tax authorities up to 2010.The discontinued company after the consolidation - Lungyen Funeral Service Co., Ltd.'s income tax returns has been audited by the tax authorities up to 2008.

5. The Company's imputation tax:

	2013.12.31	2012.12.31	2012.1.1
Undistributed earnings before 1997	$ -	-	-
Undistributed earnings after 1998	2,517,500	2,029,224	1,317,666
	$ 2,517,500	2,029,224	1,317,666
Imputed tax credit account balance	$ 453,453	621,619	514,858

	2013 (Estimated)	2012 (Actual)
The tax credit ratio granted to the earnings of the ROC residents.	23.15%	20.48%

The two-in-one tax information referred to above is processed in accordance with the Tai-Chai-Shay No. 10204562810 Letter dated October 17, 2013 by the Ministry of Finance.

(XIII) Capital and other equity

The total authorized capital of the Company were NT$6,000,000 thousand at NT$10 par value with 600,000 thousand shares authorized and 399,084 thousand common stock shares issued as of December 1, 2013 and 2012, and January 1, 2012.

1. Additional paid-in capital

The Company's additional paid-in capital balance:

	2013.12.31	2012.12.31	2012.1.1
Stock premium	$ 1,392,072	1,392,072	1,392,072
Changes in the net equity of the affiliated company and joint venture are recognized in accordance with the equity method.	3,587	-	-
Total	**$ 1,395,659**	**1,392,072**	**1,392,072**

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

2. Retained earnings

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

a. Common stock dividend and bonus may not be less than 97%;
b. Remuneration to directors may not exceed 2%;
c. Bonus to employees may not be less than 1%;

If the distribution of bonus to employees is paid with stock shares, the recipients shallinclude the qualified employees of the subsidiaries.

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

(1) Legal reserve

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

(2) Special reserve

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

(3) Distribution of earnings

The Company's bonus to employees as of 2013 and 2012 is estimated to be NT$13,577 thousand and NT$27,154 thousand, respectively. The remuneration to directors and supervisors is estimated to be NT$8,140 thousand and NT$6,600 thousand, respectively. The estimated bonus payable to employees and remuneration payable to directors is based on the experience in distribution to calculate, having the net income after deducting the bonus to employees, remuneration to directors and supervisors, legal (special) reserve, and retained earnings multiplied 1% and 2%, respectively; also, it is reported as operating cost or operating expense as of 2013 and 2012.

The bonus to employees and remuneration to directors and supervisors in 2013 are yet to be proposed by the Board of Directors and resolved in the shareholder's meeting. Please visit the Market Observation Posting System (MOPS) for information after the relevant meetings convened. If the actual distribution amount resolved in the shareholder's meeting differs from the estimated amount, it is to be recognized in the profit or loss.

The Company's 2012 and 2011 earnings distribution proposals were resolved in the general shareholder's meeting on June 4, 2013 and June 6, 2012, respectively. The distribution of dividends to the shareholders is as follows:

	2012		2011	
	Share distribution rate (NT$)	**Amount**	**Share distribution rate (NT$)**	**Amount**
Dividends distributed to common stock shareholders:				
Cash	$ 3.30	**1,316,978**	3.00	**1,197,253**

The Company's bonus to employees and remuneration to directors and supervisors recognized in the 2012 and 2011 financial statements are no different from the actual amount distributed.

3. Other equity

	Exchange differences from the translation of foreign institution's financial statements	**Available-for-sale investment**	**Total**
January 1, 2013	$ (20,204)	369	(19,835)
Currency translation differences (after tax):			
Subsidiaries	4,924	-	4,924
Unrealized gain or loss of the available-for-sale financial assets			
Affiliated enterprises	-	(313)	(313)
Balance on December 31, 2013	**$ (15,280)**	**56**	**(15,224)**
January 1, 2012	$ (13,851)	(301)	(14,152)
Currency translation differences (after tax):			
Subsidiaries	(6,353)	-	(6,353)
Unrealized gain or loss of the available-for-sale financial assets			
Affiliated enterprises	-	670	670
Balance on December 31, 2012	**$ (20,204)**	**369**	**(19,835)**

(XIV) Earnings per share

The company's basic earnings per share and diluted earnings per share as of 2013 and 2012 are calculated as follows:

		2013	2012
Basic earnings per share			
Net income attributable to the Company's common stock shareholders:	$	2,016,087	2,085,115
Weighted average outstanding common stock shares		399,084	399,084
	$	5.05	5.22
Diluted earnings per share			
Net income attributable to the Company's common stock shareholders (after adjusting the potential dilutive effect of the common stock shares)	$	2,016,087	2,085,115
The impact of common stock shares with potential dilutive effect of the weighted average outstanding common stock shares	$	399,084	399,084
The impact of stock bonus to employees		228	211
Weighted average outstanding common stock shares (after adjusting the potential dilutive effect of the common stock shares)	$	399,312	399,295
	$	5.05	5.22

(XV) Income

The company's income as of 2013 and 2012 is as follows:

		2013	2012
Columbarium and cemetery income	$	1,991,194	2,859,008
Funeral services income		1,342,399	1,215,347
Rent income from investment property		227,686	229,710
Other operating income		80,531	78,567
	$	3,641,810	4,382,632

(XVI) Non-operating income and expense

1. Other income

The company's other income as of 2013 and 2012 is as follows:

		2013	2012
Interest income	$	23,350	11,784
Dividend income		18,477	21,574
Service charge income		24,000	24,000
Fines income		183,092	167,243
Other income		25,324	13,700
	$	274,243	238,301

2. Other profit and loss

The company's other gain and loss as of 2013 and 2012 is as follows:

		2013	2012
Foreign exchange gain (loss)	$	5,700	(408)
Disposal of investment gain		33,745	-

	2013	2012
Net financial assets measured at fair value through profit or loss	54,072	32,218
Gain (loss) of property, plant, and equipment	(170)	2,844
Other expense	(28,526)	(678)
	$ 64,821	33,976

3. Finance cost

The company's finance cost as of 2013 and 2012 is as follows:

	2013	2012
Interest expense		
Bank loan	$ 20,660	26,715

(XVII) Financial instruments

1. Type of financial instruments

(1) Financial assets

	2013.12.31	2012.12.31	2012.1.1
Financial assets measured at fair value through profit or loss:			
Held-for-sale (included the financial assets measured at cost)	$ 852,918	832,111	689,361
Loans and receivables:			
Cash and cash equivalent	1,112,386	191,984	413,762
Notes and accounts receivable	334,987	208,217	121,850
Other financial assets	2,185,613	1,758,911	1,441,502
Subtotal	3,632,986	2,159,112	1,977,114
Total	$ 4,485,904	2,991,223	2,666,475

(2) Financial liabilities

	2013.12.31	2012.12.31	2012.1.1
Financial liabilities measured at amortized cost:			
Short-term loan	1,002,000	1,940,000	3,040,000
Notes payable and accounts payable (including related party)	378,543	340,559	300,289
Other payables	496,006	389,952	318,966
Current income tax liabilities:	159,316	84,189	311,959
Total	$ 2,035,865	2,754,700	3,971,214

2. Credit risk

(1) Credit risk exposure

The book value of financial assets represents the maximum credit risk exposure amount. The maximum credit exposure amount were NT$4,485,904 thousand, NT$2,991,223 thousand, and NT$2,666,475 thousand as of December 31, 2013 and 2012, and January 1, 2012, respectively.

(2) Concentration of credit risk

The Company has a broad customer base, does not have business conducted significantly focusing on one customer, and sales regions are dispersed; therefore, there is no significant and concentrated credit risk in accounts receivable. The Company continues to regularly assess the financial condition of customers in order to reduce credit risk, but usually does not require customers to provide collateral.

(3) Impairment loss

Loans and receivables aging analysis on the reporting date:

	2013.12.31		2012.12.31		2012.1.1	
	Total	Impairment	Total	Impairment	Total	Impairment
Not overdue	$ 253,385	24,755	191,354	14,743	106,462	-
Overdue 31~60 days	17,176	966	12,327	1,056	-	-
Overdue 61~90 days	9,871	584	7,039	610	-	-
Overdue 91~120 days	8,349	143	1,989	173	-	-
Overdue more than 120 days	89,676	17,022	28,223	16,133	31,014	15,626
	$ 378,457	43,470	240,932	32,715	137,476	15,626

Changes in allowance for bad debt of accounts receivable are as follows:

	2013	2012
Balance on January 1	$ 32,715	15,626
Recognized impairment loss	10,755	17,089
Balance on December 31	$ 43,470	32,715

Allowance for bad debt of accounts receivable is used to estimate the amount cannot be recovered. However, if the Company is convinced that an amount may not be recoverable, the allowance for bad debt will be applied to offset accounts receivable when the receivables are considered uncollectible. The Company's accounts receivable were without any collection impairment as of December 31, 2013 and 2012, and January 1, 2012.

3. Liquidity risk

The contractual maturities of financial liabilities are illustrated in the following table, excluding the estimated interest and the impact of net agreement amount.

	Book value	Contractual cash flows	6 months Within	6-12 months	1-2 year(s)	2-5 year(s)	Over 5 years
December 31, 2013							
Non-derivative financial liabilities							
Guaranteed bank loans	$ 1,002,000	1,002,000	1,002,000	-	-	-	-
Notes and accounts payable	378,543	378,543	228,529	26,144	48,696	18,370	56,804
Other payables	496,006	496,006	496,006	-	-	-	-
Current income tax liabilities:	159,316	159,316	159,316	-	-	-	-
	$ 2,035,865	2,035,865	1,885,851	26,144	48,696	18,370	56,804
December 31, 2012							
Non-derivative financial liabilities							
Guaranteed bank loans	$ 1,940,000	1,940,000	1,940,000	-	-	-	-
Notes and accounts payable	340,559	340,559	289,488	11,632	21,907	17,532	-
Other payables	389,952	389,952	389,952	-	-	-	-
Current income tax liabilities:	84,189	84,189	84,189	-	-	-	-
	$ 2,754,700	2,754,700	2,703,629	11,632	21,907	17,532	-
January 1, 2012							
Non-derivative financial liabilities							
Guaranteed bank loans	$ 3,040,000	3,040,000	3,040,000	-	-	-	-

	Book value	Contractual cash flows	6 months Within	6-12 months	1-2 year(s)	2-5 year(s)	Over 5 years
Notes and accounts payable	300,289	300,289	268,074	484	24,077	7,654	-
Other payables	318,966	318,966	318,966	-	-	-	-
Current income tax liabilities:	311,959	311,959	311,959	-	-	-	-
	$ 3,971,214	3,971,214	3,938,999	484	24,077	7,654	-

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

4. Exchange rate risk

(1) Exchange rate risk exposure

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

	2013.12.31			2012.12.31			2012.1.1		
	Foreign currency	Exchange rate	New Taiwan Dollar	Foreign currency	Exchange rate	New Taiwan Dollar	Foreign currency	Exchange rate	New Taiwan Dollar
Financial assets									
Monetary items									
RMB/NTD	$ 230,812	4.900	1,130,977	18	4.660	84	5	4.807	24
USD/NTD	2,875	29.72	85,445	1,866	29.04	54,179	331	30.275	10,076
Japanese yen / NTD	10,916	0.285	3,111	5,794	0.3364	1,949	26	0.391	10

(2) Sensitivity analysis

The company's exchange rate risk is mainly from foreign currency denominated cash and cash equivalent and financial assets measured at fair value through profit or loss. Foreign exchange gain and loss arises from the translation. When the exchange rate of NTD-USD and RMB-Yen was valued or devalued by 10% (the comparison of two terms is on the same basis, and assuming all other variables unchanged) as of December 31, 2013 and 2012, the net income of 2013 and 2012 would have increased or decreased by NT$101,230 thousand and NT$4,666 thousand, respectively. The comparison of two terms is on the same basis.

5. Interest rate analysis

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

The following sensitivity analyzes are based on the interest rate risk exposure of the derivative and non-derivative instruments on the reporting date. The analysis of floating rate liabilities is by assuming the outstanding liability amount on the reporting date stays outstanding the entire year. In addition, interest rate is assessed within the reasonable and possible range of change. If interest rate is increased or decreased by 0.5%, with all other variables held constant, the company's net income as of 2013 and 2012 is decreased by NT$1,253 thousand and increased by NT$2,425 thousand, respectively.

6. Fair value

(1) Fair value and book value

The Company's management believes that the book value of the Company's financial assets and financial liabilities measured at amortized cost in the financial statements is close to the fair value.

(2) Evaluation techniques and assumptions used in determining the fair value

The Company has the fair value of financial assets and financial liabilities determined as follows:

Listed (OTC) stock, beneficiary certificate, and corporate bonds are financial assets and financial liabilities with standard terms and conditions and traded in an active market, therefore, the fair value is based on the market price quoted.

The fair value of the financial assets and financial liabilities other than the ones referred to above is determined in accordance with the generally accepted pricing models based on the cash flow discount analysis.

(3) The fair value hierarchy

The financial instruments measured at fair value are analyzed in accordance with the valuation method illustrated in the table below. The fair value hierarchy are defined as follows:

Class I: The price (unadjusted) of equivalent assets or liabilities quoted in market.

Class II: In addition to the quote included in Class I, the input parameter of the asset or liability can be observed directly (i.e. prices) or indirectly (i.e. derived from prices).

Class III: The input parameter of the asset or liability is not based on the observable market data (unobservable parameter).

	Class I	Class II	Class III	Total
December 31, 2013				
Financial assets measured at fair value through profit or loss	$ 796,585	-	-	796,585
December 31, 2012				
Financial assets measured at fair value through profit or loss	$ 310,292	-	-	310,292
January 1, 2012				
Financial assets measured at fair value through profit or loss	$ 623,890	-	-	623,890

No financial asset was transferred as of 2013 and 2012.

(XVIII) Financial risk management

1. Summary

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

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

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

2. Risk management structure

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

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

3. Credit risk

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

(1) Accounts receivable and other receivables

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

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

(2) Investments

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

(3) Guaranteed

The company regulated by the company policies can only provide financial guarantee to the subsidiaries. The Company did not provide endorsement and guarantee to any non-subsidiaries as of December 31, 2013 and 2012, and January 1, 2012.

4. Liquidity risk

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

The company's unused loan facilities amounted to NT$3,429,000 thousand as of December 31, 2013.

5. Market risk

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

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

(1) Exchange rate risk

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

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

(2) Interest rate risk

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

(XIX) Capital management

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

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

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

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

	2013.12.31	2012.12.31	2012.1.1
Total liabilities	$ 29,726,508	29,330,534	30,423,469
Minus: Cash and cash equivalent	(1,112,386)	(191,984)	(413,762)
Net liabilities	28,614,122	29,138,550	30,009,707
Total equity	8,376,599	7,669,725	6,789,579
Adjusted capital	**$ 36,990,721**	**36,808,275**	**36,799,286**
Debt to equity ratio	**77%**	**79%**	**82%**

The company's capital management method has not been changed as of December 31, 2013.

VII. Related Party Transactions

(I) The relationship between parent company and subsidiaries

The Company's subsidiaries are as follows:

	Shareholder's equity (Shareholding ratio; %)		
Name of subsidiary	**2013.12.31**	**2012.12.31**	**2012.1.1**
Jin Huang Construction Co., Ltd. (Jin Huang)	98.20%	98.20%	98.20%
Dahan Property Management Co., Ltd. (Dahan)	80.00%	80.00%	80.00%
Yuji Development Corp. (Yuji)	56.25%	56.25%	56.25%
Sea Dragon Traders Ltd. (BVI) (Sea Dragon)	100.00%	100.00%	100.00%
Longding Life Sciences Inc. (Longding)	42.11%	100.00%	100.00%
SINGAPORE LUNGYEN LIFE SERVICES PTE. LTD. (SINGAPORE LUNGYEN)	100.00%	100.00%	- %
Zekaen Co., Ltd. (Zekaen)	73.85%	42.00%	- %

(II) Parent company and ultimate controller

The Company is the ultimate controller of the Company and the Company's subsidiaries.

(III) Significant transactions with related parties

1. Sales

	Sales		Receivables from related parties (booked in "Accounts receivable – net")		
	2013	2012	2013.12.31	2012.12.31	2012.1.1
Other related party	$ -	47,914	100	-	-

Trading price is determined by bilateral agreement. The receivables are collected in accordance with the contract signed that is equivalent to the general practice.

2. Purchase goods from related party

The company's purchase amount and the outstanding balance to the related party is as follows:

	Purchase		Payable to related arty		
	2013	2012	2013.12.31	2012.12.31	2012.1.1
Subsidiaries	$ 153,683	54,794	35,916	28,436	47,864
Affiliated enterprises	-	12,616	-	-	-

The Company's purchase price from the related party is negotiated and agreed upon by both parties. Payment term is 30-day after passing incoming inspection. The purchase price and payment term is not significantly different from the general vendors.

3. Contracted engineering project

Name of related party	Project name	Total contract price	Current amount denominated	Accumulated amount denominated
2013				
Subsidiaries	Sanjhih New Little Keelung Section	$ 482,761	64,252	459,183
〃	Neihu Logistics Center	149,869	-	124,718
		$ 632,630	64,252	583,901
2012				
Subsidiaries	Tung Shi, Hsichih	$ 240,467	16,662	240,467
〃	Sanjhih New Little Keelung Section	459,184	48,737	394,931
〃	Neihu Logistics Center	131,388	71,950	124,718
		$ 831,039	137,349	760,116

(1) The contract price of the Company's engineering project contracted to the related parties is based on the project budget plus reasonable administrative fees and profits approved by the authority. The Company had unrealized income arising from a countercurrent transaction in 2013 and 2012 due to the engineering poject contracted to the subsidiary for an amount of NT$1,813 thousand and NT$11,351 thousand that had been adjusted to the investment profit or loss.

(2) The Company for the commissioned engineering project referred to above had received guarantee notes from the related party for an amount of NT$216,711 thousand as of December 31, 2013 and 2012, and January 1, 2012.

(3) Xizhi Dongshih Project had been contracted to another construction company since October 2012 and the contract with the subsidiary was terminated.

4. Lease

(1) Lessee:

The company leases transport equipment from the related party for a rent expense of NT$1,177 and NT$4,745 thousand paid as of 2013 and 2012, respectively.

(2) Lessor:

The rent income received from the lease of the Company's office buildings and parking spaces to the related party in 2013 and 2012 were as follows:

	2013	2012
Subsidiaries	$ 4,083	3,565
Affiliated enterprises	-	3,003
Other related party	34	34
	$ 4,117	**6,602**

The lease terms referred to above are negotiated by the two parties that are not significantly different from the transactions conducted with the non-related party.

5. Others

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

	2013.12.31	2012.12.31	2012.1.1
Subsidiaries	$ 3,028	3,169	6,323
Other related party	-	2,468	503
	$ 3,028	**5,637**	**6,826**

(2) Other payables

	2013.12.31	2012.12.31	2012.1.1
Subsidiaries	$ 23,210	34,585	2,770
Other related party	826	2,454	2,508
	$ 24,036	**37,039**	**5,278**

(3) Prepayment (booked as prepayments)

	2013.12.31	2012.12.31	2012.1.1
Subsidiaries	**$ 5,962**	**-**	**-**

6. Loaning of funds to related parties

The Company's loaning of funds to the related party is applied as follows:

	2013.12.31	2012.12.31	2012.1.1
Subsidiaries	**$ -**	**-**	**-**

It was resolved in the Company's board meeting on April 26, 2012 to have the loaning of funds and making of endorsements/guarantees to a subsidiary limited to NT$500 million. In addition, it was resolved in the Company's board meeting on June 14, 2013 to cancel the aforementioned loaning of funds to the subsidiaries.

The Company's loaning of funds to the related party is with interest accrued at the average interest rate of short-term loans received from financial institutions, and are unsecured loans without bad debt expense appropriated after assessment.

7. Endorsements and guarantees

It was resolved in the Company's board meeting on April 26, 2012 to have the loaning of funds and making of endorsements/guarantees to a subsidiary for bank loans limited to NT$500 million. The actual disbursed amount was NT$200 million as of December 31, 2012.In addition, it was resolved in the Company's board meeting on June 14, 2013 to have the aforementioned making of endorsements/guarantees limited to NT$300 million. The Company had recognized service fee income of NT$5,147 thousand and NT$672 thousand arising from the endorsement and guarantees provided for the subsidiaries in 2013 and 2012, respectively.

8. Trust contract

Part of the company's land is trusted and registered in the name of the related party as of December 31, 2013. Please refer to Note VI (IV) and VI (VI).

9. Others

(1) The Company commissioned the discretionary related party to handle the matters related to the land reserved for integrated engineering project within the range of NT$668,016 thousand for the acquisition of construction land and the construction project as of December 31, 2013 and 2012, and January 1, 2012.

(2) The Company had recognized sales income of NT$2,325 thousand for the columbarium products exchanged with the related party in 2012.

(3) The Company sold the financial assets measured at fair value through profit or loss to subsidiaries for an amount of NT$147,837 thousand in 2012.

(4) The Company recognized income arising from providing operation and management assistance and counseling to subsidiaries for an amount of NT$24,000 thousand in 2013 and 2012, respectively.

(IV) Key management personnel transactions

Key management personnel compensation includes:

	2013	2012
Short-term employee benefits	$ 25,833	20,677
Retirement benefits	844	662
	$ 26,677	21,339

VIII. Pledged Assets

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

Assets name	Purpose of collateral	2013.12.31	2012.12.31	2012.1.1
Other financial assets - current	The transaction service of trust accounts and credit accounts; also, the guarantee of forward exchange transactions	$ 136,046	194,476	195,922
Financial assets-current measured at fair value through profit or loss	The guarantee for the transaction service of the credit account	-	-	287,438
Inventories	The guarantee for the transaction service of the loan account and credit account	2,864,063	4,030,177	4,030,177
Property, plant, and equipment – book value	Collateral for loan	581,031	581,031	581,031
Investment property – book value	The guarantee for the transaction service of the loan account and credit account	2,991,069	4,344,653	4,387,420
		$ 6,572,209	9,150,337	9,481,988

IX. Significant contingent liabilities and unrecognized contractual commitments

(I) Significant unrecognized contractual commitments

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

	2013.12.31	2012.12.31	2012.1.1
Contracted project	$ 48,729	70,923	633,262
Acquisition of construction site	318,358	288,363	304,987
Individual construction project	814,501	1,250,247	1,258,308

(II) Contingent liabilities:

1. The Company purchased land at Li Ho Section, Hsin Yi District in February 2007. Notwithstanding, in March 2007, the joint owners of said land initiated a proceeding for "Declaration of non-existence of land transaction" with the courts and, therefore, the registration of land transfer was hindered. Later, Taipei District Court rendered a judgment in favor of the Company. The opposing parties, in disagreement with the judgment, filed an appeal. However, the opposing parties withdrew the appeal in June 2009. Therefore, the judgment in favor of the Company became final and irrevocable. In view of the fact that the action was withdrawn in March 2010 the Company filed an action with the court in April 2009, claiming registration of title transfer. However, the joint owners of said land also filed an action in June 2009 claiming that the registration should be prohibited. The lawsuit case is in the proceedings at Taipei District Court with the (2009) Shen-Sue Zi No. 672 issued. However, the ownership of the land referred to above had been transferred to the Company gradually since January 2014. The Company after completing the registration of change of ownership will withdraw the lawsuit.
2. The Company had purchased the land and building at Suiduizi Section, Tamsui Town, Taipei County, but the original owner and the construction company had been sued by the contractor, Jao-Yang Construction Co., Ltd. for a claim of NT$215,256 thousand to be paid off from September 20, 1996 to the settlement date with interest accrued at the statutory rate. The merged company was also sued as a defendant in 2008. Taiwan Shihlin District Court had dismissed the Plaintiff on October 23, 2008. Jao-Yang Construction Co., Ltd. had appealed for a claim of NT$80,000 thousand; however, Taiwan High Court had the case ruled against Jao-Yang Construction Co., Ltd.

(III) Others

1. The Company (hereinafter referred to as the Principal) has begun to appropriate trust since the year of 2002 for enhancing the service quality of funeral rites and ensuring the ability of performance. A trust agreement was signed with Taiwan Industrial Bank Co., Ltd. (hereinafter referred to as the trustee) in April 2010. According to the trust agreement signed, the Principal from the date of the agreement signed is to have 75% of each preneed funeral contract sales price (tax included) transferred to the trustee and have the estate delivered and transferred to the trustee. However, the trustee referred to above was changed to Chang Hwa Commercial Bank, Ltd. on December 28, 2012. In addition, the trust assets amount as of December 31, 2013 and 2012, and January 1, 2012 were as follows:

	2013.12.31	2012.12.31	2012.1.1
Bank deposits			
Demand deposits	$ 11,519	316,059	
Time deposits	816,324	-	240,000
Financial assets-current measured at fair value through profit or loss	497,032	-	

	2013.12.31	2012.12.31	2012.1.1
Property, plant, and equipment (Note)	2,277,914	2,277,914	1,227,389
Investment property (Note)	1,962,845	1,962,845	3,272,534
	$ 5,565,634	4,556,818	4,739,923

Note: It was the book value of the assets transferred to the Trust.

The trust assets amount referred to above has been used to purchase financial instruments and property that is delivered and transferred to the Trustee. The Trustee in accordance with the Principal's instructions is to have the trust property managed and disposed.

2. The Company has a bank account specially setup for the administrative fees income collected from consumers in a lump sum or periodically to maintain the safety and cleanness of funeral facilities, organize ceremonial activities, and perform administrative management. The account balance amounted to NT$1,006,758 thousand, NT$977,374 thousand, and NT$915,113 thousand as of December 31, 2013 and 2012, and January 1, 2012, respectively, and recorded in the "Other financial assets – current" account.
3. The Company had contracts signed with clients for the sale of columbarium of True Dragon Tower and funeral service as of December 31, 2013 and 2012, and January 1, 2012. The preneed funeral contract signed and the related deferred marketing expenses are as follows:

	2013.12.31	2012.12.31	2012.1.1
Total contract price	$ 34,168,389	33,674,577	34,822,823
Outstanding proceeds	(7,630,962)	(8,173,134)	(9,350,196)
Advanced receipts	$ 26,537,427	25,501,443	25,472,627
Deferred marketing expense	$ 8,046,357	8,025,971	8,128,163
Expected to be reclassified for more than twelve months	$ 23,812,512	22,300,562	23,834,937

X. Significant disaster loss: None

XI. Significant post events

Under the consideration of the Group's overall operation, the Company's board of directors had resolved on March 27, 2014 to acquire the equity of Zekaen Co., Ltd. from Nissho Fuji Kogyo Co., Ltd. and Nissho Excellent Garden Corporation. The Company's shareholding in Zekaen Co., Ltd. was increased from 73.85% to 100% with control after the acquisition.

XII. Others

(I) Classification of employee benefits, depreciation, depletion, and amortization expenses by function is summarized as follows:

By function	2013				2012			
By nature	Classified as operating cost	Classified as operating expense	Others (Note 1)	Total	Classified as operating cost	Classified as operating expense	Others (Note 1)	Total
Employee welfare expense								
Salary expense	182,977	197,182	49,998	430,157	180,847	164,388	39,379	384,614
Labor and health insurance expense	11,783	11,178	4,055	27,016	12,353	(539)	3,098	14,912
Pension expense	7,019	5,591	2,202	14,812	7,060	2,508	1,824	11,392
Other employee welfare expense	4,220	11,456	2,588	18,264	4,455	9,812	2,533	16,800

By function / By nature	2013				2012			
	Classified as operating cost	Classified as operating expense	Others (Note 1)	Total	Classified as operating cost	Classified as operating expense	Others (Note 1)	Total
Depreciation expense	91,026	12,212	4,111	107,349	86,810	8,943	3,474	99,227
Depletion expense	-	-	-	-	-	-	-	-
Amortization expense	-	7,477	597	8,074	-	7,097	709	7,806

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

Note 2: The Company’s estimated bonus to employees and remuneration to directors and supervisors amounted to NT$13,577 thousand and NT$27,154 thousand in 2013 and 2012, respectively.

(II) In 2013 Sun Lung Asset Management Company Limited and Quan An Tai Corporation signed the "Kaohsiung Quan An Tai Cemetery entrust cooperation operation contract" Since the effective date of the contract, the subject of joint venture investments commissioned the construction of the required amount, according to the contract agreed upon by the three parties funded ratio of investment and registered in accordance with the proportion of total funding, and all merchandising and management cooperation is the subject of co-ordination by the Company.

The capital amount contributed by the described 3 parties is considered as working capital, working capital at the commencement of the contract will be deposited in a special account for future management and co-ordination by the Company's management, utilization and management during the Company may only be stored by the owner of the tomb and the other in management fees charged by funeral regulations and in accordance with established account management fees and earmarking.

(III) Several items in the 2012 financial statements were reclassified to be in line with the presentation of the 2013 financial statements. The reclassification had no significant impact on the presentation of the 2012 financial statements.

XIII. Supplementary disclsoure

(I) Information on significant transactions

The company should have the following material transactions disclosed as of 2013 in accordance with Regulations Governing the Preparation of Financial Reports by Securities Firms:

1. Loaning of funds:

Unit: NT Thousands

Serial No.	Lending company	Borrowing company	Current account	A related party or not	Current maximum amount	Balance – ending	The actual amounts disbursed	Range of interest rates	Nature of loaning of funds	Business transaction amount	Reasons for the need of short-term financing	Appropriated allowance for bad debt	Collateral Name	Collateral Value	Limit of loaning of funds to individual borrower	Limit of total loaning of funds
0	Lungyen Life Service Corp.	Yuji Development Corp.	Other receivables - related party	Yes	500,000	-	-	6%	2	6,356	Revolving funds	-		-	1,675,320	3,350,640

Note 1: The total loaning of funds is limited to 40% of the Company’s net worth in the most recent financial statements. The loaning of funds to a single borrower who is a business associate is limited to the amount of business transactions and shall not exceed 20% of the net worth in the Company’s most recent financial statements. For short-term financing, it shall not exceed the needed working capital or 70% of the purchase amount of land, buildings, and operating equipment; also, it shall not exceed 20% of the net worth in the Company’s most recent financial statements.

Note 2: Description of the loaning of funds is as follows:
1. A business associate;
2. Needs for short-term financing;

Note 3: It was resolved in the board meeting on April 26, 2012 to have the total making of endorsements/guarantees and loaning of funds limited to NT$500,000 thousand. In addition, it was resolved in the Company's board meeting to cancel the quota amount referred to above on June 14, 2013.

2.

3. Making of endorsements/guarantees for others:

Unit: NT Thousands

Serial No.	Endorsing/ guaranteeing company	Endorsed/ guaranteed company: Company name	Endorsed/ guaranteed company: Relationship	Limits on individual endorsements /guarantees	Current maximum guarantee /guarantee amount	Current endorsement /guarantee - ending	The actual amounts disbursed	Endorsements /guarantees secured with property as collateral	Ratio of the cumulative endorsements /guarantees amount to the net worth in the most recent financial statements	Maximum endorsements /guarantees	Endorsements /guarantees made by the parent company for its subsidiaries	Endorsements /guarantees made by the subsidiaries for its parent company	Endorsements /guarantees made for the operations in Mainland China
0	Lungyen Life Service Corp.	Yuji Development Corp.	2	1,675,320	500,000	300,000	-	-	3.58%	4,188,300	Y	-	-

Note 1: The total endorsements/guarantees amount is limited to 50% of the Company's net worth in the most recent financial statements.
The endorsements/guarantees amount to a single borrower is limited to 20% of the net worth in the Company's most recent financial statements.

Note 2: The relationship between the endorser/guarantee and endorsee/guarantee is classified into six categories as follows:
(1) A business associated company;
(2) A company with over 50% common stock shareholding directly;
(3) An invested company with over 50% common stock shareholding held by the parent company and its subsidiaries together;
(4) A parent company with over 50% common stock shareholding of the Company directly or indirectly through subsidiaries;
(5) A company signed a mutual guarantee agreement within the industry for the need of undertaking engineering projects;
(6) A company received endorsements/guarantee from the shareholders proportionally to their shareholding ratio due to a joint venture relationship;

Note 3: It was resolved in the Company's board meeting on April 26, 2012 to have the endorsements/guarantees and loaning of funds together limited to NT$500,000 thousand. In addition, it was resolved in the Company's board meeting on June 14, 2013 to have the endorsements/guarantees and loaning of funds together limited to NT$300,000 thousand and to cancel the loaning of funds to the subsidiaries.

3. Marketable securities held at yearend (excluding investments in subsidiaries, affiliated companies, and joint venture):

Holding company	Marketable Securities Type and Name	Relationship with the securities issuers	Ledger account	Year end: Shares (Thousand)/Unit	Year end: Book value	Year end: Shareholding	Year end: Fair value	Remarks:
The Company	Chang Hwa Commercial Bank stock	-	Financial assets-current measured at fair value through profit or loss	2,030	37,244	- %	18.35	
The Company	Lumax Internatoinal Corp., Ltd. stock	-	Financial assets-current measured at fair value through profit or loss	242	17,351	- %	71.70	
The Company	eMemory Technology Inc. stock	-	Financial assets-current measured at fair value through profit or loss	155	12,245	- %	79.00	
The Company	Chenbro stock	-	Financial assets-current measured at fair value	1,173	40,347	- %	34.40	

Holding company	Marketable Securities Type and Name	Relationship with the securities issuers	Ledger account	Year end: Shares (Thousand)/Unit	Book value	Shareholding	Fair value	Remarks:
			through profit or loss					
The Company	Jin-Mar	-	Financial assets-current measured at fair value through profit or loss	3,000	48,960	- %	16.32	
The Company	Chinatrust Financial Holding Co., Ltd. stock	-	Financial assets-current measured at fair value through profit or loss	1,153	23,464	- %	20.35	
The Company	Rotam Global AgroSciences Limited stock	-	Financial assets-current measured at fair value through profit or loss	169	11,154	- %	66.00	
The Company	Sun Life Corporation stock	-	Financial assets-current measured at fair value through profit or loss	160	41,584	- %	260.00	
The Company	CITIC primary financial bond	-	Financial assets-current measured at fair value through profit or loss	200	98,748	- %	493.74	
The Company	Fubon bonds	-	Financial assets-current measured at fair value through profit or loss	100	100,000	- %	100,000.00	
The Company	Yuanta Manhattan Money Market Funds	-	Financial assets-current measured at fair value through profit or loss	2,386	35,338	- %	14.81	
The Company	Allianz Four-Seasons Return Bond Portfolio	-	Financial assets-current measured at fair value through profit or loss	15,426	213,073	- %	13.81	
The Company	Chinatrust Emerging Markets Bond Fund	-	Financial assets-current measured at fair value through profit or loss	1,000	10,001	- %	10.00	
The Company	Cathay Pacific China Emerging Bond Fund	-	Financial assets-current measured at fair value through profit or loss	4,900	49,735	- %	10.15	
The Company	Erenstar sub‐Fundl Segregated Portfolio	-	Financial assets-current measured at fair value through profit or loss	1	57,341	- %	57,341	
The Company	FORTUNE IC FUND I	-	Financial assets valued at cost - noncurrent	600	11,216	4.86 %	22.73	
The Company	Kun-Gi II Venture Capital Co., Ltd. stock	-	Financial assets valued at cost - noncurrent	4,800	42,255	8.57 %	10.51	
The Company	Kuo Hua Life Insurance Company stock	-	Financial assets valued at cost - noncurrent	44	-	0.01 %	-	
The Company	Rui-Da Venture Capital Co., Ltd. stock	-	Financial assets valued at cost - noncurrent	300	2,862	15.00 %	9.54	Note
Jin Huang Construction Co., Ltd.	Cathay Pacific Taiwan Money Market Fund	-	Financial assets-current measured at fair value through profit or loss	1,345	16,398	- %	12.19	
Jin Huang Construction Co., Ltd.	Cathay Pacific R2	-	Financial assets-current measured at fair value through profit or loss	2,687	44,470	- %	16.55	
Jin Huang Construction Co., Ltd.	Chen-Yuan business	-	Financial assets valued at cost - noncurrent	-	2,550	5.00 %	11.84	
Dahan Property Management Co., Ltd.	Allianz Global Investors Taiwan Money Market Fund	-	Financial assets-current measured at fair value through profit or loss	170	2,074	- %	12.23	

Note: The Company lost significant influence over the company in 2013; therefore, the investment under the equity method was transferred to the financial assets measured at cost. Please refer to Note VI (V).

4. The cumulative purchase or sale of the same securities for an amount over NT$300 million or 20% of paid-in capital:

Unit: NT$ Thousand / Thousand shares

Buying / selling company	Marketable Securities Type and Name	Ledger account	Counter party	Relationship	Beginning of the period: Quantity of shares	Beginning of the period: Amount	Buy: Quantity of shares	Buy: Amount	Sell: Quantity of shares	Sell: Selling price	Sell: Book cost	Sell: Disposal gain or loss	Yearend: Quantity of shares	Yearend: Amount
The Company	Allianz Four-Seasons Return Bond Portfolio	Financial assets-current measured at fair value through profit or loss	-	-	-	-	18,998	262,949	3,571	49,004	49,438	(434)	15,426	213,511
The Company	Jih Sun Money Market Fund	Financial assets-current measured at fair value through profit or loss	-	-	-	-	8,436	121,250	8,436	121,518	121,500	268	-	-
The Company	Fubon	Financial assets-current measured at fair value through profit or loss			-	-	100	100,000	-	-	-	-	100	100,000
The Company	Asia Best Healthcare	Financial assets valued at cost	-	-	112	456,348	-	-	112	489,290	456,348	32,942	-	-

Buying / selling company	Marketable Securities Type and Name	Ledger account	Counter party	Relationship	Beginning of the period		Buy		Sell				Yearend	
					Quantity of shares	Amount	Quantity of shares	Amount	Quantity of shares	Selling price	Book cost	Disposal gain or loss	Quantity of shares	Amount
	Co., Ltd.													

5. Acquisition of property for an amount over NT$300 million or 20% of paid-in capital: None.
6. Disposal of property for an amount over NT$300 million or 20% of paid-in capital:

Unit: NT Thousands

The company disposing property	Property name	Date of the event	Original acquisition date	Book value	Transaction amount	Collection status	Disposal gain or loss	Counter-party	Relationship	The purpose of disposal	Reference for price determination	Other terms and conditions
The Company	HI-CITY Tamsui compound school building	2013.10.31	98.09.01	1,329,223	1,775,640	Paid in full	428,210	Shin Kong Life Insurance Co., Ltd.	Non-related parties	Assets energizing	The appraisal reports issued by Sinyi Real Estate Appraisers Firm and HBA Real Estate Group.	None

7. The purchase and sales conducted with the related parties for an amount over NT$100 million or 20% of paid-in capital:

Unit: NT Thousands

Purchasing (selling) company	Name of the counterparty	Relationship	Transactions				The circumstances of and reasons for the trading conditions different from general transactions		Notes and accounts receivable (payable)		Remarks:
			Purchase (sale)	Amount	Percentage of total purchase (sale)	Credit period	Unit price	Credit period	Balance	Percentage of total notes and accounts receivable (payable)	
The Company	Zekaen Co., Ltd.	Invested company under the equity method	Purchase	104,581 (Note)	9.12 %	O/A 60days	-	-	(17,520)	3.69%	
Zekaen Co., Ltd.	The Company	Investing company adopted the equity method	Sales	(104,739)	(96.54)%	O/A 60days	-	-	17,520	86.23%	

Note: Includes other expense NT$158 thousand

8. The receivables from related party for an amount over NT$100 million or 20% of paid-in capital: None
9. Engaged in derivative transactions: None

(II) Information on the invested business:

The company's reinvestment as of 2013 is as follows:

Unit: NT Thousands

Name of investment company	Name of the invested company	Location	Main business line	Original investment amount		Held at yearend			Net income of the invested company	Investment gains and losses recognized in the current period	Remarks:
				End of the period	Last year	Quantity of shares	Ratio	Book value			
The Company	Jin Huang Construction Co., Ltd.	Taiwan	Civil engineering operations	204,332	204,332	19,639	98.20%	166,375	(280)	1,538	Subsidiaries
The Company	Yuji Development Corp.	Taiwan	Funeral service	990,000	900,000	99,000	56.25%	1,127,556	222,571	125,196	Subsidiaries
The Company	Dahan Property Management Co., Ltd.	Taiwan	Residents and buildings development and rental	3,870	3,870	400	80.00%	3,600	(4)	(3)	Subsidiaries
The Company	Sea Dragon Traders Ltd. (BVI)	British Virgin Islands	Investment Industry	114,529	114,529	1	100.00%	115,270	4,187	4,187	Subsidiaries
The	Longding Life	Taiwan	Floriculture	40,000	40,000	4,000	42.11%	24,918	(21,693)	(14,677)	Subsidiaries

Name of investment company	Name of the invested company	Location	Main business line	Original investment amount		Held at yearend			Net income of the invested company	Investment gains and losses recognized in the current period	Remarks:
				End of the period	Last year	Quantity of shares	Ratio	Book value			
Company	Sciences Inc.,		industry								
The Company	Singapore Lungyen Life Service Corp.	Singapore	Funeral service	11,990	239,800	500	100.00%	4,183	(3,373)	(3,373)	Subsidiaries
The Company	Beauty Kadan Co., Ltd.	Taiwan	Floriculture industry	20,534	20,534	-	- %	-	(350)	(175)	
The Company	Ruei Da Venture Capital Co., Ltd.	Taiwan	Investment Industry	3,000	30,000	-	- %	-	318	151	Note
The Company	Zekaen Co., Ltd.	Taiwan	Floriculture industry	73,850	12,600	7,385	73.85%	50,441	(16,009)	(12,449)	Subsidiaries
Yuji Development Corp.	Lung Fu Company Limited	Taiwan	Funeral service	210,700	700	21,070	77.75%	210,181	(668)	(519)	Sub-subsidiary
Zekaen Co., Ltd.	Longding Life Sciences Inc.,	Taiwan	Floriculture industry	55,000	-	5,500	57.89%	34,259	(21,693)	(7,019)	Subsidiaries

Note: The Company lost significant influence over the company in 2013; therefore, the investment under the equity method was transferred to the financial assets measured at cost. Please refer to Note VI (V).

(III) Investment in Mainland China:

1. Information on the name of the invested company and main business operation in Mainland China:

Unit: NT$/Foreign currency in Thousand

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

2. Limits on investment in Mainland China

Cumulative amount of investment remittance from Taiwan to Mainland China - Ending	Investment amount approved by Investment Commission MOEA	The limits on investment in Mainland China approved by the Investment Commission MOEA
-	1,192,200 USD 40,000	5,025,959

US Dollar Exchange Rate: closing rate: 29.805

Note 1: Investment is divided into the following three categories. Please specify the type of investment as follows:
- (I) Engaged in direct investment in Mainland China;
- (II) Invested in Mainland China through the third country companies (please specify the investment companies in the third country);
- (III) Others

Note 2: The current amount is recognized in the investment column:
- (I) It should be specified if the investment is in preparation without any investment gain or loss resulted.
- (II) The recognition bases for investment gains and losses are classified into three categories and it should be specified.
  1. The financial statements audited and attested by the international accounting firm associated with the ROC CPA Firms;

2. The financial statements audited and attested by the CPA Firms of the parent company in Taiwan;
3. Others.

Note 3: The amounts in the financial statements are denominated in NTD. Those involving foreign currency should be translated into NTD at the exchange rate on the reporting date.

Note 4: The consolidated company's board of directors had resolved on March 31, 2011 to invest not more than US$40 million to setup Lungyen (China) Co., Ltd. and it was approved by the Investment Commission, MOEA on July 1, 2011. The current plan is to invest in Lungyen (Cayman) Limited and Lungyen (Hong Kong) Co., Ltd. through Sea Dragon Traders Ltd. (BVI) and then reinvest in the funeral services in China, but has not yet actually exercised investments. It was resolved in the merged company's board meeting on June 14, 2013 to change the investment in Mainland China referred to above to base in Wenzhou, Zhejiang Province and engage in the operation of funeral services and other advisory services. The investment project was authorized by the Investment Commission MOEA on October 28, 2013.

3. Significant transactions with the invested company in Mainland China: None

XIV. Department information

Please refer to the 2013 consolidated financial statements.

XV. Initial adoption of International Financial Reporting Standard (IFRS)

The Company's financial statements as of December 31, 2012 were prepared in conformity with generally accepted accounting principles. As stated in Note IV (I), the Company's financial statements were the first financial statements prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms and IFRSs approved by the FSC, and is entitled to the application of the IFRS 1 "First-time Adoption of International Financial Reporting Standards" approved by the FSC.

The accounting policies stated in Note IV were applicable for the preparation of the 2012 comparative financial statements, the balance sheet as of December 31, 2012, and the initial balance sheet as of January 1, 2012 (the conversion date of the Company) after the conversion to IFRS.

In preparing the 2012 relevant reports, the company has based on the financial statements prepared in conformity with generally accepted accounting principles for the adjustment. The impact of converting from generally accepted accounting principles to the IFRS recognized by the FSC on the consolidated company's financial position, financial performance, and cash flow at the time and during the period is illustrate and explained in the following table and notes.

(I) Adjustment of balance sheet

	2012.12.31			2012.1.1		
	Previous generally accepted accounting principle	Conversion to IFRSs effect	IFRSs	Previous generally accepted accounting principle	Conversion to IFRSs effect	IFRSs
Assets						
Cash and cash equivalent	$ 191,984	-	191,984	413,762	-	413,762
Financial assets-current measured at fair value through profit or loss	310,292	-	310,292	623,890	-	623,890
Accounts receivable and other receivables	413,401	-	413,401	133,545	-	133,545

	2012.12.31			2012.1.1		
	Previous generally accepted accounting principle	**Conversion to IFRSs effect**	**IFRSs**	**Previous generally accepted accounting principle**	**Conversion to IFRSs effect**	**IFRSs**
Inventories	9,750,020	391,608	10,141,628	10,263,127	391,608	10,654,735
Prepayments	8,949,128	(720,137)	8,228,991	9,028,362	(750,493)	8,277,869
Other financial assets - current	1,509,447	18,325	1,527,772	1,378,253	9,953	1,388,206
Other current assets	20,614	(3,505)	17,109	9,293	(446)	8,847
Total current assets	21,144,886	(313,709)	20,831,177	21,850,232	(349,378)	21,500,854
Financial assets valued at cost - Noncurrent	$ 521,819	-	521,819	65,471	-	65,471
The investment under equity method	1,615,864	-	1,615,864	1,722,407	-	1,722,407
Property, plant, and equipment	12,212,037	(7,607,483)	4,604,554	12,067,888	(7,816,137)	4,251,751
Investment property	-	7,572,418	7,572,418	-	7,787,156	7,787,156
Intangible assets	735,178	42,498	777,676	735,178	46,475	781,653
Deferred income tax assets	499,694	77,897	577,591	570,130	74,960	645,090
Prepayment for equipment	-	42,618	42,618	-	36,534	36,534
Other financial assets – noncurrent	25,955	-	25,955	41,601	-	41,601
Other noncurrent assets	872,246	(441,659)	430,587	826,167	(445,636)	380,531
Total noncurrent assets	16,482,793	(313,711)	16,169,082	16,028,842	(316,648)	15,712,194
Total assets	$ 37,627,679	(627,420)	37,000,259	37,879,074	(666,026)	37,213,048
Liabilities						
Short-term loan	$ 1,940,000	-	1,940,000	3,040,000	-	3,040,000
Accounts payable and other payable	725,125	5,386	730,511	613,566	5,689	619,255
Current income tax liabilities:	84,189	-	84,189	311,959	-	311,959
Collections	26,480,574	-	26,480,574	26,363,562	-	26,363,562
Other current liabilities	6,381	-	6,381	13,669	-	13,669
Total current liabilities	29,236,269	5,386	29,241,655	30,342,756	5,689	30,348,445
Deferred income tax liabilities	21,298	3,115	24,413	8,214	1,692	9,906
Accrued pension liability	20,314	1,157	21,471	19,459	(416)	19,043
Guaranteed deposit and margin received	42,995	-	42,995	46,075	-	46,075
Total noncurrent liabilities	84,607	4,272	88,879	73,748	1,276	75,024
Total liabilities	29,320,876	9,658	29,330,534	30,416,504	6,965	30,423,469
Equity						
Common stock	3,990,842	-	3,990,842	3,990,842	-	3,990,842
Additional paid-in capital	1,451,808	(59,736)	1,392,072	1,451,808	(59,736)	1,392,072
Retained earnings	2,883,988	(577,342)	2,306,646	2,034,072	(613,255)	1,420,817
Other equity	(19,835)	-	(19,835)	(14,152)	-	(14,152)
Total equity	8,306,803	(637,078)	7,669,725	7,462,570	(672,991)	6,789,579
Total liabilities and equity	$ 37,627,679	(627,420)	37,000,259	37,879,074	(666,026)	37,213,048

(II) Adjustment of the comprehensive income statement

	2012		
	Previous generally accepted accounting principle	**Conversion to IFRSs effect**	**IFRSs**
Operating income	$ 4,374,260	8,372	4,382,632
Operating costs	(1,218,764)	-	(1,218,764)

	2012		
	Previous generally accepted accounting principle	**Conversion to IFRSs effect**	**IFRSs**
Gross profits	3,155,496	8,372	3,163,868
Marketing expenses	(900,069)	30,356	(869,713)
Administrative expenses	(299,506)	2,535	(296,971)
Total operating expenses	(1,199,575)	32,891	(1,166,684)
Other income and expenses - net	(429)	-	(429)
Operating income	1,955,492	41,263	1,996,755
Non-operating income and expenses:			
Other income	238,301	-	238,301
Other profit and loss	33,976	-	33,976
Finance cost	(26,715)	-	(26,715)
Shareholding in the profit or loss of the subsidiaries, affiliated companies, and joint ventures under the equity method	84,388	-	84,388
	329,950	-	329,950
Net income before tax	2,285,442	41,263	2,326,705
Income tax expenses	(238,273)	(3,317)	(241,590)
Net income	2,047,169	37,946	2,085,115
Other comprehensive profit or loss:			
Exchange differences from the translation of foreign institution's financial statements	(6,353)	-	(6,353)
Shareholding in the comprehensive profit or loss of the affiliated companies under the equity method	670	-	670
Actuarial losses of defined benefit plan	-	(2,033)	(2,033)
Other comprehensive income (net of tax)	(5,683)	(2,033)	(7,716)
Other total comprehensive income	$ 2,041,486	35,913	2,077,399
EPS			
Basic earnings per share (NT)	$ 5.13	0.09	5.22
Diluted earnings per share (NT)	$ 5.13	0.09	5.22

(III) Significant adjustments of Statement of Cash Flows

There is no other significant difference between the Statement of Cash Flows as of December 31 and January 1, 2012 prepared in accordance with IFRSs approved by the Financial Supervisory Commission and the Statement of Cash Flows prepared in conformity with generally accepted accounting principles.

(IV) Adjustment instructions

1. According to the IFRS recognized by the FSC, the property definition in conformity with the investment property bulletin is classified to the "Investment Property" account.

According to generally accepted accounting principles, the property is classified to the "Fixed assets" and "Other assets" account. On January 1, 2012, the conversion date, select identified cost exemption in accordance with the IFRS recognized by the FSC. The booked cost is the identified cost of the asset on the conversion date; also, the asset is measured at cost subsequently.

The effect of the change is hereby summarized as follows:

		2012.12.31	2012.1.1
Balance Sheet			
Investment property	$	7,572,418	7,787,156
Property, plant, and equipment		(7,564,865)	(7,779,603)
Other noncurrent assets		(7,553)	(7,553)

2. The company has the deferred income tax assets and deferred income tax liabilities classified as noncurrent assets and noncurrent liabilities in accordance with the IFRS recognized by the FSC; moreover, income tax assets and income tax liabilities can offset against each other only when the consolidated company has legal right to conduct offsetting and in compliance with the related conditions. Therefore, the Company had the net deferred income tax assets – current after offsetting in accordance with the R.O.C. Accounting Standards as of December 31, and January 1, 2012 reclassified to deferred income tax assets - noncurrent for an amount of NT$3,505 thousand and NT$446 thousand, respectively.

3. The company had the prepaid premises (booked in the "Property, plant, and equipment") reclassified to the prepaid equipment in accordance with the IFRS recognized by the FSC. The land ownership registered in the name of others (booked in the "Other noncurrent assets" account) had been reclassified to the premise in construction (booked in the "Inventory" account). The unamortized expenses and other assets had been reclassified by their nature to the "Computer software cost" (booked in the "Intangible assets" account).

   The effect of the change is hereby summarized as follows:

		2012.12.31	2012.1.1
Property, plant, and equipment	$	(42,618)	(36,534)
Prepayment for equipment		42,618	36,534
Other noncurrent assets		(434,106)	(438,083)
Inventories		391,608	391,608
Intangible assets		42,498	46,475

4. According to generally accepted accounting principle, the investment company that has failed to subscribe new shares proportionally to its shareholding ratio resulting in the investment company's net equity value changed should have the changes adjusted to the additional paid-in capital.

   The company chose not to retroactively adjust the consolidation completed before the conversion date. The additional paid-in capital that does not involve Company Law and is not in conformity with the FIRS recognized by the FSC is booked in the "Retained earnings" account on the conversion date.

   The effect of the change is hereby summarized as follows:

		2012.12.31	2012.1.1
Balance Sheet			
Additional paid-in capital – long-term equity investment	$	(59,736)	(59,736)
Retained earnings adjustment	**$**	**(59,736)**	**(59,736)**

5. The company's accounting policy in conformity with the IFRS recognized by the FSC is to have all actuarial gains and losses recognized in the "Other comprehensive profit or loss" account. According to generally accepted accounting principle, the company has the actuarial gains and losses recognized in profit or loss throughout the employees' remaining service period. On conversion date, all previously unrecognized cumulative actuarial gains and losses are recognized in retained earnings and reversed in the consolidated income statement of previous years.
   The effect of the change is hereby summarized as follows:

		2011
Comprehensive Income Statement		
Administrative expenses	$	(460)
Actuarial losses of defined benefit plan		2,033
Income tax expenses		78
Net income after tax adjustment	**$**	**1,651**

		2012.12.31	2012.1.1
Balance Sheet			
Employee welfare	$	1,157	(416)
Related income tax effects		149	71
Retained earnings adjustment	**$**	**1,306**	**(345)**

6. The company has a present legal or constructive obligation to pay for the services rendered and paid leave accumulated by employees. Therefore, the company has the expected cost of payment for accumulating paid leave recognized as accrued liabilities.
   The effect of the change is hereby summarized as follows:

		2012
Comprehensive Income Statement		
Salary expense	$	(303)
Income tax expenses		51
Net income after tax adjustment	**$**	**(252)**

		2012.12.31	2012.1.1
Balance Sheet			
Salary payable	$	5,386	5,689
Related income tax effects		(916)	(967)
Retained earnings adjustment	**$**	**4,470**	**4,722**

7. According to the International Financial Reporting Standards approved by the FSC, the Company is to have the land disposal tax of the land incremental tax arising from the land sold recognized in the income tax expenses.

The effect of the change is hereby summarized as follows:

		2012
Comprehensive Income Statement		
Administrative expenses	$	(1,772)
Net income after tax adjustment	$	(1,772)

8. The company's project sale expense includes advertising and sales personnel salaries and other project related expenditures. According to the IFRSs, incurred expenses that are not directly attributable to a particular contract and the inflow of future economic benefits cannot be realized should be expensed when incurred.

The effect of the change is hereby summarized as follows:

		2012
Comprehensive Income Statement		
Marketing expenses	$	(30,356)
Income tax expenses		(7)
Net income after tax adjustment	$	(30,363)

		2012.12.31	2012.1.1
Balance Sheet			
Deferred marketing expense	$	720,137	750,493
Related income tax effects		(73,625)	(73,618)
Retained earnings adjustment	$	646,512	676,875

9. According to the IFRSs recognized by the FSC, the consolidated company's office rental is an operating lease and the contracted rent amount or the rent increase amount should be amortized and recognized as expense throughout the lease period in accordance with the straight-lie method.

The effect of the change is hereby summarized as follows:

		2012
Comprehensive Income Statement		
Rental income	$	(8,372)
Income tax expenses		1,423
Net income after tax adjustment	$	(6,949)

		2012.12.31	2012.1.1
Balance Sheet			
Other financial assets - current	$	(18,325)	(9,953)
Related income tax effects		3,115	1,692
Retained earnings adjustment	$	(15,210)	(8,261)

10. The changes referred to above are charged with 17% income tax and its impact on the increase (decrease) of deferred income tax assets and liabilities is as follows:

		2012.12.31	2012.1.1
Balance Sheet			
Employee welfare	$	(149)	(71)
Cost of paid leave		916	967
Deferred marketing expense		73,625	73,618
Rent receivable		(3,115)	(1,692)
Increase of deferred income tax assets	$	71,277	72,822

11. Decrease (increase) of retained earnings due to the changes referred to above is summarized as follows:

		2012.12.31	2012.1.1
Employee welfare	$	1,306	(345)
Additional paid-in capital – long-term equity investment		(59,736)	(59,736)
Cost of paid leave		4,470	4,722
Deferred marketing expense		646,512	676,875
Rent receivable		(15,210)	(8,261)
Decrease (increase) of retained earnings	**$**	**577,342**	**613,255**