(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

Consolidated Financial Statements

For The 12 Months Ended December 31, 2013 and 2012

(Including an Independent Auditor's Audit Report)

Address: 1F., No. 166, Sec. 2, Minquan E. Rd., Taipei City
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Statement of Declaration

The Company is required to prepare consolidated financial statements 2013 (for the years ended December 31, 2013) with its subsidiaries under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”. Subsidiaries of the Company under the aforementioned legal rule are identical with the subsidiaries defined under IFRS No.27 on “Consolidated Financial Statements”. Information on Financial Status and operation performance of such subsidiaries has been included in the disclosure of the aforementioned consolidated financial statement between parent and subsidiaries and therefore will not be prepared separately.

We hereby make said statement accordingly.

Company name: Lungyen Life Service Corp.

Chairman: Lee Shih-Tsung

Date: March 27, 2014

Independent Auditor's Audit Report

To Board of Directors of Lungyen Life Service Corp.

We have audited the consolidated balance sheets of Lungyen Life Service Corp. as of December 31, 2013 and 2012, and the related consolidated statements of income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.The financial statements of some investees of Lungyen Life Service Corp. and its subsidiaries evaluated under equity method were audited by other auditors. All amounts related to investment income and the information about the investees presented in the foregoing financial statements were accounted for on the basis of the investee's financial statement audited by other auditors.The long-term equity investment under equity method of said investees were NT$0, NT$30,024 thousand and NT$29,305 thousand as of December 31, 2013 and 2012, accounting for 0%, 0.08% and 0.08% of the consolidated total assets, The investment loss, net recognized in 2012 and 2011, were NT$151 thousand and NT$49 thousand, accounting for 0.006% and 0.002%of the consolidated net income before income tax, respectively,.

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Those standards require that we plan and perform the audits 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 consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.We believe that our audits and the other auditors' report provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Lungyen Life Service Corp. (formerly known as Dahan Development Corp.) and its subsidiaries of December 31, 2013 and 2012, and the results of their consolidated operations and their consolidated cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

Lungyen Life Service Corp. has prepared standalone financial statement as of 2013 and 2012 and it has been audited by our audits, for your reference.

KPMG

CPA:

Approval Document issued by the competent securities authority:	(89) Tai-Tsai-Chen (6) No. 62474 FSC No. 1020000737

March 27, 2014

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

Consolidated Balance Sheets

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

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

		12.31.2013		12.31.2012		1.1.2012	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (Note 6 (1) & (18))	$ 1,382,339	4	372,427	1	1,565,112	4
1110	Financial assets at fair value through profit or loss - current (Note 6(2),&(19))	859,527	2	693,530	2	916,903	2
1150	Notes receivable, net (Note 6(19))	26,780	-	15,638	-	41,648	-
1170	Accounts receivable, net (Note 6(19)) & 7)	335,734	1	212,298	1	161,712	1
1190	Constructions contract receivable	8,492	-	632	-	-	-
1320	Inventories (Note 6(4))	12,698,018	32	12,033,365	31	12,173,632	31
1400	Biological assets – current (Note 6(5))	12,162	-	6,957	-	-	-
1410	Prepayments (Note 9)	8,270,464	21	8,368,806	22	8,411,531	21
1476	Other financial assets – current (Note 6(19), 7 and 9)	2,167,787	6	1,756,849	5	1,376,366	4
1479	Other current assets (Note 9)	5,420	-	18,530	-	9,762	-
		25,766,723	66	23,479,032	62	24,656,666	63
	Non-current assets:						
1543	Financial assets carried at cost – non-current (Note 6(3)&19)	58,883	-	524,819	1	68,471	-
1550	Investment under equity method (Note 6(6))	-	-	64,902	-	508,032	1
1600	Property, plant and equipment (Note 6(7))	5,182,831	13	4,644,862	12	4,260,803	11
1760	Investment property, net (Note 6(8))	6,184,139	16	7,579,213	20	7,793,947	20
1780	Intangible assets (Note 6(9))	785,148	2	777,676	2	781,684	2
1840	Deferred income tax assets (Note 6(13))	711,747	2	581,900	2	650,567	2
1915	Prepayment for equipment	40,324	-	42,618	-	36,534	-
1980	Other financial assets – non-current (Note 6(19))	41,891	-	27,032	-	61,092	-
1990	Other non-current assets (Note 9)	430,970	1	430,587	1	380,531	1
		13,435,933	34	14,673,609	38	14,541,661	37
	Total assets	$ 39,202,656	100	38,152,641	100	39,198,327	100

		12.31.2013		12.31.2012		1.1.2012	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term loan (Note 6(10) & (19))	$ 1,002,000	3	2,140,000	6	3,040,000	8
2170	Payable notes and accounts (Note 6(19))	462,026	1	450,986	1	1,521,114	4
2180	Payable accounts – related parties (Note 6(19)&7)	-	-	12,400	-	-	-
2190	Constructions contract payable	14,902	-	48,814	-	18,402	-
2200	Other payable accounts (Note 7)	498,677	1	365,720	1	322,445	1
2230	Current income tax liabilities (Note 6(19))	171,844	-	99,539	-	314,561	1
2310	Advance receipts (Note 9)	27,595,812	71	26,480,575	70	26,385,968	67
2399	Other current liabilities (Note 6(2)&9)	15,401	-	9,199	-	16,194	-
		29,760,662	76	29,607,233	78	31,618,684	81
	Non-current liabilities:						
2570	Deferred income tax liabilities (Note 6(13))	30,683	-	24,413	-	9,906	-
2640	Accrued pension liabilities (Note 6(13))	22,306	-	21,471	-	19,044	-
2645	Deposit received	50,420	-	42,995	-	46,075	-
2670	Other non-current liabilities (Note 6(2)&9)	2,981	-	2,981	-	2,981	-
		106,390	-	91,860	-	78,006	-
	Total liabilities	29,867,052	76	29,699,093	78	31,696,690	81
	Equity attributable to owners of parent (Note 6(14)):						
3100	Capital stock – common stock	3,990,842	10	3,990,842	10	3,990,842	10
3200	Capital surplus	1,395,659	4	1,392,072	4	1,392,072	4
	Retained earnings:						
3310	Legal reserve	467,987	1	263,270	1	77,142	-
3320	Special reserve	19,835	-	14,152	-	26,009	-
3350	Unappropriated retained earnings	2,517,500	7	2,029,224	5	1,317,666	3
3400	Other equity interest	(15,224)	-	(19,835)	-	(14,152)	-
	Total equity attributable to owners of parent	8,376,599	22	7,669,725	20	6,789,579	17
36xx	Non-controlling interest	959,005	2	783,823	2	712,058	2
	Total equity	9,335,604	24	8,453,548	22	7,501,637	19
	Total liabilities and equity	$ 39,202,656	100	38,152,641	100	39,198,327	100

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

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

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

Consolidated Statements of Comprehensive Income

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 revenue (Note 6(16) & 7)**	$ 4,151,854	100	4,842,343	100
5000	**Operating cost (Note 7)**	1,174,975	28	1,321,325	27
5900	**Operating gross profit (loss)**	2,976,879	72	3,521,018	73
	Operating expenses (Note 7):				
6100	Selling expenses	962,847	23	1,026,689	21
6200	Administration expenses	408,064	10	321,328	7
6000		1,370,911	33	1,348,017	28
6500	**Net other income (expenses)** (Note 6(17))	444,752	11	4,750	-
6900	**Operating income**	2,050,720	50	2,177,751	45
	Non-operating income and expenses (Note 6(3)(6)&(18))				
7010	Other income	258,125	6	219,432	5
7020	Other gains and losses	72,278	2	47,681	1
7050	Financial costs	(23,170)	(1)	(29,483)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	876	-	937	-
		308,109	7	238,567	5
7900	**Operating income before tax**	2,358,829	57	2,416,318	50
7950	**Less: Income tax expense (Note 6(12))**	250,291	6	259,438	6
8200	**Net income**	**2,108,538**	**51**	**2,156,880**	**44**
8300	**Other comprehensive income:**				
8310	Exchange differences on translation of foreign statements	4,924	-	(6,353)	-
8360	Determine the benefit plan actuarial losses	(433)	-	(2,033)	-
8370	Share of other comprehensive profit (loss) of associates and joint ventures accounted for using equity method	(313)	-	670	-
8399	Less: Income tax relating to the composition and part of other comprehensive income	-	-	-	-
8300	**Other comprehensive income, net**	4,178	-	(7,716)	-
8500	**Total comprehensive income**	**$ 2,112,716**	**51**	**2,149,164**	**44**
	Net income, attributable to:				
8610	Owners of parent	$ 2,016,087	49	2,085,115	43
8620	Non-controlling interest	92,451	2	71,765	1
		$ 2,108,538	51	2,156,880	44
	Total comprehensive income, attributable to:				
8710	Owners of parent	$ 2,020,265	49	2,077,399	43
8720	Non-controlling interest	92,451	2	71,765	1
		$ 2,112,716	**51**	**2,149,164**	**44**
	Earnings per share (Note 6(15))				
9750	**Basic earnings per share (NTD)**	**$**	**5.05**		**5.22**
9850	**Diluted earnings per share (NTD)**	**$**	**5.05**		**5.22**

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

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

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

Consolidated Statements of Changes in Equity

The Twelve Months Ended December 31, 2013 and 2012

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

	Equity attributable to owners of parent											
			Retained earnings				Other equity interest					
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on foreign translation	Unrealized gains (losses) on available-for-sale financial assets	Total	Total equity attributable to owners of parent	Non-controlling interest	Total equity
Balance – January 1, 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	712,058	7,501,637
Net profit	-	-	-	-	2,085,115	2,085,115	-	-	-	2,085,115	71,765	2,156,880
Other comprehensive income	-	-	-	-	(2,033)	(2,033)	(6,353)	670	(5,683)	(7,716)	-	(7,716)
Total comprehensive income	-	-	-	-	2,083,082	2,083,082	(6,353)	670	(5,683)	2,077,399	71,765	2,149,164
Allocation of earnings in 2011												
Legal reserve	-	-	186,128	-	(186,128)	-	-	-	-	-	-	-
Shareholders' bonus – cash, NT$3 per share	-	-	-	-	(1,197,253)	(1,197,253)	-	-	-	(1,197,253)	-	(1,197,253)
Reversal of special reserve	-	-	-	(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	783,823	8,453,548
Net profit	-	-	-	-	2,016,087	2,016,087	-	-	-	2,016,087	92,451	2,108,538
Other comprehensive income	-	-	-	-	(433)	(433)	4,924	(313)	4,611	4,178	-	4,178
Total comprehensive income	-	-	-	-	2,015,654	2,015,654	4,924	(313)	4,611	2,020,265	92,451	2,112,716
Allocation of earnings in 2012 (Note2)												
Legal reserve	-	-	204,717	-	(204,717)	-	-	-	-	-	-	-
Special reserve	-	-	-	5,683	(5,683)	-	-	-	-	-	-	-
Shareholders' bonus – cash, NT$3.3 per share	-	-	-	-	(1,316,978)	(1,316,978)	-	-	-	(1,316,978)	-	(1,316,978)
Acquisition or disposal of shares in subsidiaries difference between the price and the book value	-	3,587	-	-	-	-	-	-	-	3,587	(3,587)	-
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	86,318	86,318
Balance – December 31, 2013	**$ 3,990,842**	**1,395,659**	**467,987**	**19,835**	**2,517,500**	**3,005,322**	**(15,280)**	**56**	**(15,224)**	**8,376,599**	**959,005**	**9,335,604**

Note 1: The directors and supervisors 27,154 and $ 13,577 thousand was charged to the employee bonus combined consolidated income statement.

Note 2: The directors and supervisors 27,154 and $ 13,577 thousand was charged to the employee bonus combined consolidated income statement.

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

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

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Lungyen Life Service Corp. and Subsidiaries

Consolidated Statements of Cash Flows

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 flows from operating activities:			
Profit (loss) before tax	$	2,358,829	2,416,318
Adjustments:			
Adjustments to reconcile profit (loss)			
Depreciation expense		112,399	100,673
Amortization expense		10,755	7,837
Provision (reversal of provision) for bad debt expense		10,755	17,089
Net loss (gain) on financial assets or liabilities at fair value through profit or loss		(62,056)	(46,027)
Interest expense		23,170	29,483
Interest income		(34,133)	(15,329)
Dividend income		(19,057)	(23,176)
Share of loss (gain) of associates and joint ventures accounted for using equity method		(876)	(937)
Loss (gain) on disposal of property, plan and equipment		477	(2,844)
Loss (gain) on disposal of investment properties		(434,117)	429
Disposal of investment income		(33,745)	-
Total adjustments to reconcile profit (loss)		(426,428)	67,198
Changes in operating assets and liabilities:			
Changes in operating assets:			
Financial assets held for trading		(103,941)	269,400
Notes receivable, net		(11,142)	26,010
Accounts receivable, net		(134,191)	(67,675)
Receivables from construction contracts		(7,860)	(632)
Inventories		(664,653)	80,794
Biological assets		(6,102)	(6,957)
Prepayments		84,404	42,725
Other financial assets		63,647	(217,597)
Other current assets		13,110	(8,767)
Total changes in operating assets		(766,728)	117,301
Changes in operating liabilities:			
Accounts payable		11,040	(1,070,128)
Accounts payable to related parties		(12,400)	12,400
Construction contract receivable		(33,912)	30,412
Other payable		134,791	42,049
Advance receipts		1,115,237	87,924
Other current liability		6,202	(6,995)
Accrued pension liabilities		402	395
Total changes in operating liabilities		1,221,360	(903,943)
Total changes in operating assets and liabilities		454,632	(786,642)
Total adjustments		28,204	(719,444)
Cash inflow (outflow) generated from operations		2,387,033	1,696,874
Interest received		34,133	15,329
Dividend received		19,057	23,176
Interest paid		(23,170)	(29,483)
Income taxes refund (paid)		(271,286)	(395,424)
Net cash flows from (used in) operating activities		2,145,767	1,310,472

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Lungyen Life Service Corp. and Subsidiaries

Consolidated Statements of Cash Flows (Cont'd)

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 flows from (used in) investing activities:		
Proceeds from disposal of financial asset carried at cost	489,290	-
Proceeds from capital reduction of financial assets carried at cost	12,450	-
Acquisition of investments accounted for using equity method	-	(12,600)
Proceeds from disposal of investments accounted for using equity method	23,732	-
Proceeds from capital reduction of investments accounted for using equity method	27,000	-
Acquisition of property, plant and equipment	(575,695)	(302,853)
Proceeds from disposal of property, plant and equipment	113	3,063
Acquisition of intangible assets	(16,516)	(3,829)
Acquisition of subsidiaries cash flow	11,613	-
Acquisition of investment properties	(4,821)	(236)
Proceeds from disposal of investment properties	1,765,544	92,512
Decrease (increase) in other financial assets – non current	(489,444)	(128,826)
Decrease (increase) in other non-current assets	(383)	(50,055)
Net cash flows from (used in) investing activities	1,242,883	(402,824)
Cash flow from (used in) financing activities:		
Increase in short-term loans	2,421,000	3,860,000
Decrease in short-term loans	(3,559,000)	(4,760,000)
Increase in guarantee deposits received	7,425	(3,080)
Cash dividends	(1,316,978)	(1,197,253)
Change in non-controlling interests	68,815	-
Net cash flows from (used in) financing activities	(2,378,738)	(2,100,333)
Net increase (decrease) in cash and cash equivalents	1,009,912	(1,192,685)
Cash and cash equivalents at beginning of period	372,427	1,565,112
Cash and cash equivalents at end of period	$ 1,382,339	372,427

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

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

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Lungyen Life Service Corp. and Subsidiaries

Notes to Consolidated 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 Corp. (formerly known as Dahan Development Corp.) (hereinafter referred to as the "Company") was incorporated in March 1987. The consolidated financial statements of the Company as at and for the three months ended March 31, 2013 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in associates and jointly controlled entities. The Company is primarily engaged in funeral service, development and lease of interment premises, and development and lease of residential areas and buildings. Please refer to Note 14.

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

II. Approval and procedures of the consolidated financial statements

The quarterly consolidated financial statements were accepted and published by the Board of Directors on March 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 (referred to as the "IAS Board" hereinafter) published in November 2009 the IFRS No. 9 "Financial Instruments" that was effective on January 1, 2013 (the IAS Board in December 2011 had the effective date postponed to January 1, 2015).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).If the Consolidated Company begins to apply IFRS, it is expected to affect the classification and measurement of financial assets on the consolidated financial statements.

(II) Financial Supervisory Commission has not yet approved the new and revised standards and interpretations.

The following new and revised standards published by the IAS Board could be relevant to the Consolidated 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 and revised standards	Major revisions	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. • If using the above requirements may change on the part of the investee company is controlled by a judge, is expected to increase information on disclosure of interests in subsidiaries and associated companies.	2013.1.1
2013.5.29	Amendments to IAS 36 "Impairment of Assets"	• Adjusted version 2013.1.1 entry into force of the provisions, when companies determine the amount of goodwill or intangible assets with a useful life of materiality, the subject by exposing each share of the cash-generating unit recoverable amount of key assumptions. This provision is	2014.1.1 apply to use in advance

Published date	New and revised standards	Major revisions	The effective date published by the IAS Board
		amended, only set aside or reversal of the impairment loss, before such information should be disclosed. In addition, the new fair value less the costs to sell is calculated based on the recoverable amount shall disclose the fair value and a critical evaluation of assumptions (second or third grade) requirements. The use of the foregoing will change 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.	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.	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.	2013.1.1
2013.11.21	Amendment to IAS No. 19 "Employee Welfares"	The 2011 amended version requires all services and relevant provisions formally should be attributed to each service. The amended provisions allowed (but not required) who meet certain conditions, during service provided was set aside as a reduction in the cost of services. The amended provisions allowed (but not required) who meet certain conditions reduce the cost of service provision as a period in	2015.6.30， apply to use in advance

Published date	New and revised standards	Major revisions	The effective date published by the IAS Board
		which the service was provided. The use of the foregoing provision is based on the number of years employees provide services associated with the staff, there are different treatment.	
2013.12.12	• IFRS No. 1 "First-time adoption of International Financial Reporting Standards" • IFRS No. 2 "Share Based Payment" admendment • FRS No. 3 "Business Combination" admendment • IFRS No. 8 "Operating Division" admendment • IFRS No. 13 "Measurement at fair value" • IFRS No. 16 "Property, plant and equipment" admendment • IFRS No. 38 "Intangible assets" admendment • IFRS No. 24 "Related Party Disclosur" admendment • IFRS No. 40 "Investment Property"admendment	• Main amendment: announce "year 2010 - 2012 and 2011 - 2013 cycle improvement" • Clarify the definition of share-based payment "vesting conditions" (including performance conditions and service conditions). • Clarify the business combination or the classification and measurement of price • Express judgments management made shall be disclosed in the summary of the conditions applicable • Clarify the basis for measuring the scope of the net fair value of financial instruments contracts • Clarify the legal representative of key management personnel, including representative appointed by the directors • Express when obtain an investment property, there should be an evaluation whether it constitutes a business If choose to use the provision described previously, the disclosure of information will alter, but there is no significant impact on the Consolidated Company.	2014.7.1 apply to use in advance

IV. Summary of significant accounting policies

The quarterly consolidated financial report is prepared in accordance with Regulations Governing the Preparation of Financial Reports by Issuers (referred to as "the Regulations" hereinafter) and International Accounting Standard No. 34 "Interim Financial Report" approved by the FSC.The quarterly consolidated financial report does not include all the necessary information disclosed in the annual consolidated financial statements according to Regulations Governing the Preparation of Financial Reports by Issuers and the international financial reporting standard, international accounting standards, interpretation, and bulletin (referred to as "the IFRS approved by the FSC" hereinafter) approved by the FSC.

(I) Compliance Statement

The quarterly consolidated financial report is included in the period of the initial IFRS annual consolidated financial report that is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Issuers and the IFRS approved by the FSC; also, it is entitled to the IFRS No. 1 "Initial Application of the IFRS" that is approved by the FSC.For the impact of the conversion to the IFRS that is approved by the FSC on the Consolidated Company's financial status, financial performance, and cash flows, please refer to Note XV.

(II) Basis of consolidation

1. Basis of measurement

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

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

(2) Biological assets valued at fair value net of selling cost; and

(3) 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

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

(III) Basis of consolidation

1. Principle for preparation of consolidated financial statements

The Company and its subsidiaries are the business entity of the quarterly consolidated financial report prepared.

The financial statements of the subsidiaries are integrated into the consolidated financial statements from the day acquired control over the subsidiaries until the day loss control over the subsidiaries.The profit or loss of the non-controlling equity attributable to the subsidiaries should be classified as non-controlling equity even if the non-controlling equity is with a deficit balance.

The inter-company transaction, balance amount, and unrealized income and expense of the Consolidated Company are eliminated from the quarterly consolidated financial statements prepared.

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

2. The subsidiaries included in the quarterly consolidated financial statements

The subsidiaries included in the quarterly consolidated financial statements include:

Name of investment company	Name of subsidiary	Nature of business	Percentage of equity held 12.31.2013	12.31.2012	1.1.2012	Description
The Company	Jin Huang Construction Co., Ltd.	Architecture and Civil Engineering business operations	98.20%	98.20%	98.20%	-
The Company	Yuji Development Corp.	Funeral services business operations	56.25%	56.25%	56.25%	-
The Company	Longding Life Sciences Inc.	Flowers growing, wholesale, and retail business operations	42.11%	100.00%	100.00%	-
The Company	Dahan Property Management Co., Ltd.	Housing and building development and rental business operations, etc.	80.00%	80.00%	80.00%	-
The Company	Sea Dragon Traders Ltd. (BVI)	Investment business	100.00%	100.00%	100.00%	-
The Company	SINGAPORE LUNGYEN LIFE SERVICES PTE. LTD.	Funeral services business operations	100.00%	100.00%	- %	Invested and incorporated in October 2012.
The Company	ZEKAEN CO. LTD.(the original You Ka En Inc)	Flower and plant wholesale and retail business operations	73.85%	42.00%	- %	Invested and incorporated in April 2012.
Yuji Development Corp.	Lung Fu Company Limited	Funeral services business operations	77.75%	- %	- %	Invested and incorporated in March 2013.
ZEKAEN CO. LTD.	Longding Life Sciences Inc	Flowers growing, wholesale, and retail business operations	57.89%	- %	- %	-

3. The subsidiaries that are not included in the consolidated financial statements:

Name of investment company	Name of subsidiary	Nature of business	Shareholding ratio 102.12.31	101.12.31	101.1.1	Remarks
The Company	Beauty Kadan Co., Ltd.	Flower wholesale, retail, and landscape design business operations	- %	50.00%	50.00%	The Company does not own majority board voting rights of the invested company. Beauty Kadan Co., Ltd. (Japan) is the ultimate parent company of the invested company.

3. Changes in subsidiary:

(1) The Company has extended the funeral service business into the overseas Chinese communities to expand the scale of operations in October 2012 and to create greater return on investment and shareholders' equity. The Company has invested Singapore Dollars 10,000 thousand (equivalent to NT$239,800 thousand) to establish SINGAPORE LUNGYEN LIFE SERVICES PTE. LTD. with 100% shareholding.

(2) Yuji Development Corp., the subsidiary, had invested NT$700 thousand for 70% shareholding of Lung Fu Company Limited, the invested company, in March 2013 in order to expand the scale of operation. Additionally Yuji participate in August 2013 in the new issurance shares of Lung Fu to increase capital, at price of NT$210,000 thousands, Yuji now holds 21,070 thousand shares and its stake from 70% to 77.75%.

(3) In June 2013, our affiliates Zekaen Co. Ltd. (originally You Ka En Inc.) expanded the scale of operations, cash capital increased to NT$ 70,000 thousand, issued at par. The proportion of the Company's acquisition of shares held by non-original NT$ 61,250 thousand; the proportation has been increased from 42% to 73.85% and having the ability to control of the company's revenues and expenses in the consolidated statements.

(4) In June 2013, the subsidiary company Longding Life Sciences Inc. increase cash capital to 55,000 thousand, issued at par, the company's did not take up new shares as proportion previously held, the subsidiary Zekaen Co. Ltd. fully taken up 55,000 thousand company shares, this has caused the Company's ownership to decrease from 100% to 42.11%, Zekaen Co. Ltd. to increase to 57.89%.

(IV) Foreign currency

1. Transactions in foreign currencies

Foreign currency transactions are translated in accordance with the exchange rate on the transactions date as the functional currency. Foreign currency monetary items are translated in accordance with the prevailing exchange rates into the functional currency on the reporting date. 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 causing a loss of control, loss of joint control, or significant influence, the cumulative exchange difference related to the foreign operation is entirely reclassified as "Profit or loss."If some of the foreign institution's subsidiaries are disposed of, the related cumulative exchange difference is proportionally re-attributed to the non-controlling equity.If some of the foreign institution's affiliated enterprises or joint ventures are disposed of, the related cumulative exchange difference is proportionally re-attributed to the profit or loss.

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

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

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

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

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

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

(VI) Cash and cash equivalent

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

(VII) Financial instruments

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

1. Financial assets

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

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

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

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

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

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

C. Hybrid instruments contain embedded derivatives.

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

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

(2) 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."

(5) Elimination of financial assets

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

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

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

2. Financial liabilities

(1) Classification of liabilities or equity

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

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

(2) Other financial liabilities

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

(3) Elimination of financial liabilities

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

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

(4) Offsetting of financial assets and financial liabilities

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

3. Derivative financial instruments

Consolidated 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."

(VIII) Inventories

1. Building for sales

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

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

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

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

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

2. Invest and construct columbarium and cemetery for sale

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

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

(IX) Biological assets

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

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

(X) Construction contract

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

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

(XI) Investment in affiliated enterprises

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

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

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

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

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

(XII) Investment property

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

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

(XIII) Real property, plant, and equipment

1. Recognition and measurement

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

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

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

2. Reclassified to investment property

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

3. Subsequent cost

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

4. Depreciation

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

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

Land is not depreciated.

The estimated useful lives of the current year and the comparative period is as follows:

(1) House and building	3~55 years
(2) Office equipments	3~5 years
(3) Transportation equipment	5 years
(4) Other equipments	2~10 years
(5) Assets rented to others	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.

(XIV) 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.

(XV) Intangible assets

1. Goodwill

(1) Initial recognition

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

(2) Subsequent measurement

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

2. Other intangible assets

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

3. Subsequent expense

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

4. Amortization

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

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

(1) Computer software 1~10 years

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

(XVI) Non-financial assets impairment

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

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

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

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

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

(XVII) Income recognition

1. Invest and construct columbarium and cemetery for sale

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

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

2. Funeral service

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

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

3. Construction contract

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

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

4. Rent income

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

(XVIII) Employee welfare

1. Defined contribution plan

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

2. Defined benefit plan

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

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

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

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

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

The interim pension adopts the actuarial pension cost rate on the last day of the prior fiscal year for the period from the beginning of the year to the end; also, the significant market fluctuation, curtailment, liquidation, or material event incurred after the yearend are adjusted.

3. Short-term employee welfare

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

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

(XIX) Income tax

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

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

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

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

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

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

1. There is a legally enforceable right to set off current tax assets against current tax liabilities netted; and
2. Deferred tax assets and deferred tax liabilities and one of the following tax levied by the same taxation authority of the taxable entity;
   (1) the same taxable entity; or
   (2) different taxable entities, provided that each of the main intentions of each future period in which significant amounts of deferred tax assets and deferred tax liabilities are expected recovery is expected to be settled, the current income tax liabilities and assets in order to settle on a net basis, or to realize asset and settle the liability.
   For unused tax losses and unused tax credits handed turn late, and deductible temporary differences, within the range of probable future taxable income available for use, are recognized as deferred income tax assets. And date to be re-assessed at each reporting be reduced on the related income tax benefit is likely to fall within the scope of non-realized.

(XX) Business consolidation

When converted to the IFRS approved by the FSC, the Consolidated Company has the goodwill that was recognized due to enterprise consolidation prior to January 1, 2012 booked in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Firms" released by the FSC on January 10, 2009 and the ROC Accounting research and the finance and accounting standards and interpretations (referred to as "the previously generally accepted accounting principles" hereinafter) announced by the ROC Accounting Research and Development Foundation.

(XXI) Earnings per share

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

(XXII) Department information

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

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

When the management has the quarterly consolidated financial statements prepared in accordance with the International Accounting Standard No. 34 "Interim Financial Report" approved by the FSC, it is necessary to make judgments, estimates, and assumptions that are influential to the accounting policies adopted and the assets, liabilities, and income and expenses amount reported.Actual results may differ from those estimates.

When preparing the quarterly consolidated financial report, the major source of uncertainty for the judgments and estimates made by the management while adopting the accounting policies of the Consolidated Company is expected to be consistent with the first financial statements prepared in accordance with the IFRS approved by FSC.

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

(I) Note VI (VI), The classification of investment property

(II) Note VI (IX), The classification of leases

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

Note 6 (9), assessment of impairment of intangible assets

VI. Important accounting accounts

(I) Cash and cash equivalent

	12.31.2013	12.31.2012	1.1.2012
Cash on hand	$ 3,128	5,506	2,285
Check deposits	391,440	268,904	1,551,442
Time deposits	987,771	98,017	11,385
Cash and cash equivalent on the Consolidated Statement of Cash Flow	$ 1,382,339	372,427	1,565,112

1. Time deposits with maturities of within 3 months, which are used for short-term cash commitments instead of investment and are subject to an insignificant risk of changes in their fair value, are classified as cash and cash equivalents.

2. For the interest rate risk and sensitivity analysis disclosure of the Consolidated Company's financial assets and liabilities, please refer to Note 6 (19).

(II) Financial assets

1. Details are as follows:

	12.31.2013	12.31.2012	1.1.2012
Financial assets measured at fair value through profit or loss			
Domestic and foreign common stocks	$ 232,349	288,749	549,985
Bond investment	198,748	-	-
Beneficiary certificates	428,430	404,781	366,918
Total	$ 859,527	693,530	916,903
Financial liabilities held-for-trading (included in other current liabilities):			
Forward foreign exchange contracts	$ -	92	-

1. Sensitivity analysis - Equity price risk

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

Stock price on the reporting date	2013	2012
Increased by 10%	$ 19,285	23,961
Decreased by 10%	$ (19,285)	(23,961)

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

	12.31.2013			12.31.2012			1.1.2012		
	Foreign Currency	Exchange rate	NTD	Foreign Currency	Exchange rate	NTD	Foreign Currency	Exchange rate	NTD
USD	$ -	-	-	-	-	-	2,409	30.275	72,970
Japanese Yen	145,760	0.285	41,584	125,600	0.3364	42,252	-	-	-

2. Non-hedging derivatives

Engagement in derivative transactions is for hedging its exposure to exchange rate risk from investment activities. The Consolidated Company's derivatives of available-for-sale financial assets reported as of December 31, 2012 due to it is not entitled to the hedging accounting are as follows:

	12.31.2012		
	Contract Amount (NT$ Thousand)	Currency	Maturity
Forward foreign exchange sold	USD 6,000	USD against NTD	03.27.2013

3. The Consolidated Company has disclosed the credit, currency, and interest rate exposure related to the financial instruments on Note 6 (19).
4. As December 31, 2013 and 2012, and January 1, 2012 through part of a financial asset measured at fair value through profit or deliver trust case, please refer to Note 9.

5. For the Consolidated Company's financial assets pledged as collateral as of December 31, 2013 and 2012, and January 1, 2012, please refers to Note 8

III. Financial assets valued at cost

	12.31.2013	12.31.2012	1.1.2012
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 – Chen-Yuan Industry Co., Ltd.	2,550	3,000	3,000
Stock Investment－Ruei Da Venture Capital Co., Ltd.	2,862	-	-
Total	$ 58,883	524,819	68,471

1. The Consolidated Company's stock investment valued at cost referred to above is measured in accordance with the cost net of impairment on the reporting date. Due to the significant range of the reasonable estimate of the fair value and the probability of various estimates cannot be reasonably assessed; the Consolidated Company's management believes that its fair value cannot be reliably measured.
2. For the invested company PK Venture Capital Corp. and Chen-Yuan Industry Co., Ltd., the current capital has been decreased for the period, the Consolidated Company recieved capital reduction refund of NT$12,000 thousand and NT$450 thousand. The current situation of Ruei Da Venture Capital Co., Ltd.in the loss of significant influence, please refer to Note 6 (6)
3. 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 refer to note 6 (18)

(IV) Inventory

	12.31.2013	12.31.2012	1.1.2012
Real estate for sale	$ 5,837	5,837	8,648
Columbarium and cemetery for sale	1,666,043	1,656,832	2,041,738
Construction Site	1,230,794	1,094,244	1,094,244
Residential and building under construction	2,245,468	2,251,032	2,232,280
Columbarium and cemetery under construction	6,820,784	6,538,855	6,312,709
Prepayments for land	727,589	486,565	484,013
Agriculture Products	1,503	-	-
	$ 12,698,018	12,033,365	12,173,632
Expected to be recovered in more than twelve months	$ 12,505,070	11,766,185	11,971,522

1. In the year 2013 and the year 2012, total interest expense Consolidated Company and $ 29,483, respectively 23,170 thousand, and in the construction of residential buildings, as well as in the construction and burial place pagoda area of interest capitalized the amount is zero.
2. Consolidated Company discretionary portion of the land due to land acquisition integration consignee handle matters registered in the name part, the two sides signed the contract, agreed upon land consolidation has been completed, the property will be transferred to an unconditional merger companies, delegates should obtain rights Meanwhile, the right to apply for registration of transfer documents required by the appointment of people with print ready Receipt another matter consignee for such appointment has been opened with the cashier to register its name with the amount of land value delivered to appoint people Receipt.
3. For the consolidated company's inventories pledged as collateral as of December 31, 2013 and 2012, and January 1, 2012, please refers to Note VIII.

(V) Biological assets

	12.31.2013	12.31.2012	1.1.2012
Consumable biological assets	$ 10,961	4,859	-
Biological assets	1,201	2,098	-
	$ 12,162	6,957	-

1. Consumable biological assets

		2013	2012
Orchid seedlings			
Balance on January 1, 2013	$	4,859	-
Increase due to obtained		3,622	3,934
Decrease due to sold		(6,652)	(4,254)
Transferred seedlings into agriculture		(1,503)	-
The chanages in the fair value less estimated costs to sell		10,635	5,179
Balance on December 31, 2013	**$**	**10,961**	**4,859**

Changes in fair value less estimated costs to sell, presentation of gains and losses in other comprehensive income statement items, please refer to Note 6 (17).

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

2. Productive biological assets

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

For 2013 and 2012 annual production of biological assets, depreciation expense and $897, respectively 593 thousand.

3. The consolidated company is exposed to the Phalaenopsis planted and related risk:

(1) Regulatory and environmental risks

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

(2) Supply and demand risk

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

(3) Climate and other risks

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

(4) As of 2013 and December 31, 2012 and January 1, 2012, the Consolidated Company have no biological assets provided as collateral security for the situation.

(VI) The investment under equity method

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

	12.31.2013	12.31.2012	1.1.2012
Affiliated enterprises	$ -	64,902	508,032

1. Affiliated enterprises

The Consolidated Company's share of the affiliated enterprise's profit and loss as of 2013 and 2012 is summarized as follows:

	2013	2012
The Consolidated Company's share of the affiliated enterprise's profit and loss	$ 876	937

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

	12.31.2013	12.31.2012	1.1.2012
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) The Consolidated Company disposed the full ownership of the affiliated enterprises Beauty Kadan Co., Ltd. in August 2013 at a sales price of 23,732 thousands, and the recognized profit of the disposal of investment is 803 thousands.

(3) Zekaen Co. Ltd. as in April 2013, the Board resolved menstrual cash capital 70,000 thousand companies involved in the merger subscribe 61,250 thousand, shareholding ratio increased from 42% to 73.85%, and the company has the ability to control the future in the capital increase.

(4) Affiliated enterprises Ruei Da Venture Capital Co., Ltd. perform capital reduction refund 27,000 thousands in the second quarter of 2013 and the amount debited using the equity method of investment. In addition, Ruei Da Venture Capital Co., Ltd. In 2013 increase of cash capital application, the Consolidated Company was not involved in the subscription according to percentage of ownership, resulting in the Consolidated Company for Ruei Da Venture Capital Co., Ltd. to decreased from 47.62% to 15%, and the loss of significant influence by using the equity method investments into financial assets measured at cost, please refer to Note 6 (3).

2. The Consolidated Company's investment under equity method was without any collateral pledged as of December 31, 2013 and 2012 and January 1, 2012.

(VII) Property, plant, and equipment

The changes in the cost, depreciation, and impairment loss of the Consolidated Company's property, plant, and equipment 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	87,764	94,870	32,696	40,800	2,200,488	5,071,201
Subsidiaries		-	-	-	4,643	557	-	-	5,200
Additions		32,822	3,503	1,984	7,406	1,936	4,599	523,445	575,695
Disposal and scrap		-	-	-	(840)	(356)	(1,388)	(3,885)	(6,469)
Reclassification		370	149,234	-	-	447	(525)	(148,342)	1,184
Balance on December 31, 2013	$	2,007,959	792,553	89,748	106,079	35,280	43,486	2,571,706	5,646,811
Balance on January 1, 2012	$	2,671,636	714,976	45,750	92,954	30,856	35,669	1,083,496	4,675,337
Additions		-	200	55,069	2,969	1,841	4,510	238,264	302,853
Disposal and scrap		-	(4,567)	(13,055)	(432)	-	-	-	(18,054)
Reclassification		(696,869)	(70,793)	-	(621)	-	621	878,728	111,066
Balance on December 31, 2012	$	1,974,767	639,816	87,764	94,870	32,697	40,800	2,200,488	5,071,202
Depreciation and impairment loss:									
Balance on January 1, 2013	$	-	250,699	30,494	89,057	30,721	25,368	-	426,339
Subsidiaries		-	-	-	621	3	-	-	624
Current depreciation		-	17,507	11,585	3,182	1,933	4,942	-	39,149
Disposal		-	-	-	(840)	(49)	(1,104)	-	(1,993)
Reclassification		-	-	-	-	-	(139)	-	(139)
Balance on December 31, 2013	$	-	268,206	42,079	92,020	32,608	29,067	-	463,980
Balance on January 1, 2012	$	-	242,294	35,286	86,704	30,261	19,989	-	414,534
Current depreciation		-	9,709	8,203	2,760	461	5,379	-	26,512
Disposal		-	(4,435)	(12,995)	(407)	-	-	-	(17,837)
Reclassification		-	3,131	-	-	-	-	-	3,131
Balance on December 31, 2012	$	-	250,699	30,494	89,057	30,722	25,368	-	426,340
Book value:									
December 31, 2013	$	2,007,959	524,347	47,669	14,059	2,672	14,419	2,571,706	5,182,831
December 31, 2012	$	1,974,767	389,117	57,270	5,813	1,975	15,432	2,200,488	4,644,862
January 1, 2012	$	2,671,636	472,682	10,464	6,250	595	15,680	1,083,496	4,260,803

1. The Consolidated Company (referred to as "the principal" hereinafter) has part of the land registered in the name of the discretionary related party (referred to as "the trustee" hereinafter) for land acquisition matters. The contractual parties agree to have the land ownership transferred back to the Consolidated Company unconditionally upon the completion of land consolidation. Trustee at the time of acquiring the land ownership shall have the documents needed for ownership transfer prepared, signed and sealed, and then delivered to the principal for records. In addition, a promissory note issued by the trustee for an amount equivalent to the land value should be delivered to the principal for records.
2. As of 2013 and December 31, 2012 and January 1, 2012 has been a breakdown of the

amount of guarantees and other financing, please refer to Note 8.
3. December 31, 2013 and 2012 and January 1, 2012 part of property, plant and equipment in trust case, please refer to Note 9.

(VIII) Investment property

		Land and improvements	Building and structure	Total
Cost or identified cost:				
Balance on January 1, 2013	$	5,141,449	2,746,489	7,887,938
Additions		1,085	3,736	4,821
Disposal		(548,713)	(875,410)	(1,424,123)
Balance on December 31, 2013	$	4,593,821	1,874,815	6,468,636
Balance on January 1, 2012	$	5,286,287	2,749,656	8,035,943
Additions		-	236	236
Disposal		(65,534)	(31,114)	(96,648)
Reclassification		(79,302)	27,709	(51,593)
Balance on December 31, 2012	$	5,141,451	2,746,487	7,887,938
Depreciation and impairment loss:				
Balance on January 1, 2013	$	19,910	288,815	308,725
Current depreciation		-	72,353	72,353
Disposal		-	(96,581)	(96,581)
Balance on December 31, 2012	$	19,910	264,587	284,497
Balance on January 1, 2012	$	19,910	222,086	241,996
Current depreciation		-	73,568	73,568
Disposal		-	(3,708)	(3,708)
Reclassification		-	(3,131)	(3,131)
Balance on December 31, 2012	$	19,910	288,815	308,725
Book value:				
December 31, 2013	$	4,573,911	1,610,228	6,184,139
December 31, 2012	$	5,121,541	2,457,672	7,579,213
January 1, 2012	$	5,266,377	2,527,570	7,793,947
Fair value:				
December 31, 2013			$	7,669,681
December 31, 2012			$	9,082,586
January 1, 2012			$	9,175,104

1. Investment property contains a number of commercial properties leased to others.Please refer to Note VI (17).
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 Consolidated Company in October 2013 deal with investment property for sale by public tender, marked the price paid 1,775,640 thousand (before tax), the book value of investment property, net 1,325,338 thousand related ancillary works related taxes 18,207 3,885 thousand and one thousand after yuan, recognized gains on assets 428,210 thousand, please refer to Annex 6 (17).

4. As December 31, 2013 and 2012 and January 1, 2012 to deliver real estate investment trust case, please refer to Note 9.

5. As 2013 and December 31, 2012 and January 1, 2012, has details of guarantees for financing facilities provide, please refer to Note 8.

(IX) Intangible assets

The cost, depreciation, and impairment loss of the Consolidated 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	76,126	811,304
Acquired separately	-	-	16,516	16,516
Subsideries	-	-	1,543	1,543
Reclassification	-	-	386	386
Balance on December 31, 2013	**$ 542,428**	**192,750**	**94,571**	**829,749**
Balance on January 1, 2012	$ 542,428	192,750	72,297	807,475
Acquired separately	-	-	3,829	3,829
Balance on December 31, 2012	**$ 542,428**	**192,750**	**76,126**	**811,304**
Amortization and impairment loss:				
Balance on January 1, 2013	$ -	-	33,628	33,628
Current amortization	-	-	10,755	10,755
Subsideries	-	-	218	218
Balance on December 31, 2013	**$ -**	**-**	**44,601**	**44,601**
Balance on January 1, 2012	$ -	-	25,791	25,791
Current amortization	-	-	7,837	7,837
Balance on December 31, 2012	**$ -**	**-**	**33,628**	**33,628**
Book value:				
Balance on December 31, 2013	**$ 542,428**	**192,750**	**49,970**	**785,148**
Balance on December 31, 2012	**$ 542,428**	**192,750**	**42,498**	**777,676**
Balance on January 1, 2012	**$ 542,428**	**192,750**	**46,506**	**781,684**

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	$ 10,755	7,837

2. The Consolidated Company on February 5, 2010 in the capital increase by issuing new shares in exchange for ordinary shares in Lungyen Life Service Corp. (75% stake), and the purchase price allocation according to the report recognize goodwill 134,397 thousand. Also on February 1, 2011, the Consolidated Company to issue new shares in exchange for the capital increase ordinary shares Lungyen Human Services (shares) of the Company (25% stake), and the original Lungyen Life Service in the Consolidated Company while when together to destroy, according to the report recognize the purchase price allocation of goodwill 425,213 and $ 192,750 thousand trademark, and the other on December 31, 2011 and incorporated into the assessment of deferred tax liabilities related to the merger did not affect taxable income in the future number, so be reduced goodwill 17,182 thousand.
3. Consolidated Company executed annually at the reporting date for impairment assessment of goodwill and trademarks, in 2013 and December 31, 2012 and January 1, 2012 through the implementation of impairment testing, goodwill and trademark rights should be recognized without impairment losses. Hereby will calculate the recoverable amount is based key assumptions are summarized as follows:
   (1) Department of estimated future cash flows based on historical operating performance management authorities and planning future operations of the five-year budget forecast.
   (2) Pre-tax discount rate is calculated using the value system adopted in accordance with the industry weighted average cost of capital (WACC) for the estimation basis.

(X) Short-term loan

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

	12.31.2013	12.31.2012	1.1.2012
Guaranteed bank loans	$ 1,002,000	1,940,000	3,040,000
Unguaranteed bank loans	-	200,000	-
Total	$ 1,002,000	2,140,000	3,040,000
Unused limit	$ 3,429,000	2,736,000	1,431,000
Interest rate range	0.62%~1.5%	0.62%~2.10%	0.62%~2.03%

For the Consolidated Company's interest rate, foreign currency, and liquidity risk exposure information, please refers to Note 6 (19).
For the Consolidated Company's assets pledged as collateral for bank loans, please refer to Note 8.

(XI) Operating lease

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

	12.31.2013	12.31.2012	1.1.2012
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$223,270 thousand and NT$226,145 thousand as of 2013 and 2012, respectively.The repair and maintenance expense (booked in the "Operating cost") incurred from investment property is as follows:

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

(XII) Employee welfare

1. Defined benefit plan

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

	12.31.2013	12.31.2012	1.1.2012
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**

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

(1) Composition of plan assets

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

The Consolidated Company's labor pension fund account at the Bank of Taiwan is with a balance of NT$6,908 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 value of defined benefit obligation

The Consolidated Company's changes in value of defined benefit obligation for 2013 and 2012 as follows:

		2013	2012
Value of defined benefit obligation balance January 1	$	28,349	25,798
Current service cost and interest		567	596
Actuarial loss (gain)		394	1,955
Value of defined benefit obligation balance December 31	**$**	**29,310**	**28,349**

(3) Changes in the present value of plan assets

Annual Consolidated Company 2013 and 2012 changes in the present value of the defined benefit plan assets are as follows:

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

(4) Expenses through profit or loss

The Consolidated Company recognized gains and losses for year 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 expense	**$**	**439**	**453**
Actual return on plan assets	**$**	**88**	**66**

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

		2013	2012
January 1 cumulative balance	$	(2,033)	-
Recorginzed during this period		(433)	(2,033)
December 31 cumulative balance	**$**	**(2,466)**	**(2,033)**

(6) Actuarial assumptions

The Consolidated Company's principal actuarial assumptions (expressed as weighted average) in 2013 and 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 after adjustments

	12.31.2013	12.31.2012	1.1.2012
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 Consolidated 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 Consolidated 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 Consolidated 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 Consolidated 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 Consolidated 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 Consolidated Company appropriates a fixed amount to the Bureau of Labor Insurance and without any legal or constructive obligation to make additional contribution.

The Consolidated Company's pension expense as of 2013 and 2012 under the defined contribution plan amounted to NT$17,703 thousand and NT$13,067 thousand, respectively, and it has been appropriated to the Bureau of Labor Insurance already.

(XIII) Income tax

1. Income tax expense

The Consolidated Company's income tax expenses of 2013 and 2012 as follows：

		2013	2012
Current income tax expenses			
Current generated	$	231,149	123,907
Increase of land tax		30,288	1,772
Undistributed earnings to 10%		51,979	50,585
		313,416	176,264
Deferred income tax expense (income)			
Occurrence and reoccurrence of temporary differences		(63,125)	83,174
Income tax expense	$	250,291	259,438

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

		2013	2012
Pre-tax profit	$	2,358,829	2,416,318
Income tax rate calculation using the domestic tax rate		432,143	426,409
Tax-exempt income		(164,770)	(180,547)
Restoration of temporary management fee received in advance		(28,178)	(25,479)
Land appreciation tax		30,288	1,772
Undistributed earning to 10%		51,979	50,585
Other		(71,171)	(13,302)
	$	250,291	259,438

3. Deferred tax assets and liabilities

(1) Unrecognized deferred income tax liabilities

December 31, 2013 and 2012 temporary differences associated with investments in subsidiaries due to the Consolidated Company can control the timing of reversal of temporary differences, and the belief in the foreseeable future will not swing, so unrecognized deferred income tax liabilities. Related amounts are as follows:

		12.31.2013	12.31.2012	1.1.2012
Temporary differences associated with investments in subsidiaries aggregated amount	$	114,930	107,873	106,971
Amount not recognized as deferred tax liabilities	$	19,538	18,338	18,185

(2) Unrecognized deferred tax assets

The Company unrecognized deferred income tax assets as follows:

	12.31.2013	12.31.2012	1.1.2012
Deductible temporary differences	$ 3,524	959	755
Tax loss	9,898	2,550	271
	$ 13,422	3,509	1,026

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

Ended December 31, 2013, the Consolidated Company has not yet recognized as tax loss deferred tax asset, net of its period as follows:

Deductible Year	Losses yet to be deducted	Last Deductible Year
Authorized loss in 2006	$ 9,734	2016
Authorized loss in 2007	8,649	2017
Authorized loss in 2008	4,376	2018
Authorized loss in 2010	2,601	2020
Authorized loss in 2011	1,568	2021
Authorized loss in 2012	11,284	2022
Authorized loss in 2013	20,010	2023
	$ 58,222	

(3) Rcognized deferred tax assets and liabilities

Changes in assets and liabilities of the years ended 2013 and 2012 deferred income tax as follows:

Deferred income tax liabilities:

	Goodwill and trademark amortization	Other	Total
January 1, 2013	$ 18,116	6,297	24,413
Debit (credit) 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
Debit (credit) to income statement	12,481	2,026	14,507
December 31, 2012	$ 18,116	6,297	24,413

Deferred tax assets:

	Cemtery Revenue	Contract Revenue	Other	Total
January 1, 2013	$ 460,226	37,692	83,982	581,900
(Debit) credit to income statement	45,124	26,694	(2,423)	69,395
(Debit) credit to other	60,452	-	-	60,452
December 31, 2013	**$ 565,802**	**64,386**	**81,559**	**711,747**
January 1, 2012	$ 558,672	9,592	82,303	650,567
(Debit) credit to income statement	(98,446)	28,100	1,679	(68,667)
December 31, 2012	**$ 460,226**	**37,692**	**83,982**	**581,900**

4. The Company's income tax returns have been audited by the tax authorities up to 2010.The discontinued company after the consolidation - Lungyen Human Services Corporation's income tax returns has been audited by the tax authorities up to 2007.

5. The Company's imputation tax:

	12.31.2013	12.31.2012	1.1.2012
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 (Estimate)	2012 (Estimate)
The tax credit ratio granted to the earnings of the ROC residents.	23.15 %	20.48 %

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

(XIV) Capital and other equity

The Company's authorized capital was NT$6,000,000 thousand for 600,000 thousand shares to be issued at NT$10 Par and there were 399,084 thousand common stock shares issued as of December 31, 2013 and 2012, and January 1, 2012, respectively.

1. Additional paid-in capital

The Company's additional paid-in capital balance:

	12.31.2013	12.31.2012	1.1.2012
Stock premium	$ 1,392,072	1,392,072	1,392,072
Recognized under the equity method and the associated number of changes in net equity of a business venture	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. The remuneration to directors and supervisors is estimated to be NT$27,154 thousand. 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 2013 distribution of bonus to employees and remuneration to directors and supervisors is yet to be resolved in the shareholders' meeting. The relevant information can be obtained from the MOPS after the shareholders' meeting convened. If the distribution amount resolved in the shareholders' meeting differs from the estimated amount, the difference is recognized in the 2013 profit or loss.

The Company's distribution of 2012 earnings was proposed by the board of directors on March 14, 2013; also, the distribution of 2011 earnings was resolved in the general shareholders' meeting on June 6, 2012. The distribution of dividends to shareholders is as follows:

The company's distribution of 2012 earnings was proposed by the board of directors on June 4, 2013; also, the distribution of 2011 earnings was resolved in the general shareholders' meeting on June 6, 2012. The distribution of dividends to shareholders is as follows:

The company's distribution of 2012 earnings was proposed by the board of directors on June 4, 2013; also, the distribution of 2011 earnings was resolved in the general shareholders' meeting on June 6, 2012. The distribution of dividends to 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 2012 and 2011 annual bonus to employees, directors and supervisors of financial reporting amounts recognized no difference between the actual distributions.

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):			
Consolidated Company	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):			
Consolidated Company	(6,353)	-	(6,353)
Unrealized gain or loss of the available-for-sale financial assets Affiliated enterprises	-	670	670
December 31, 2012	**$ (20,204)**	**369**	**(19,835)**

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

(XV) Earnings per share

The Consolidated 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

(XVI) Income

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

	2013	2012
Columbairum and cemetery income	$ 2,472,492	3,203,301
Funeral services income	1,342,442	1,215,347
Rent income from investment property	223,270	226,145
Construction contract income	33,712	89,644
Other operating income	79,938	107,906
	$ 4,151,854	4,842,343

(XVII) Other profit and loss

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

	2013	2012
Disposition of real estate investment income (loss)	$ 434,117	(429)
Changes in fair value of biological assets interests	10,635	5,179
	$ 444,752	4,750

(XVIII) Non-operating income and expense

1. Other income

The Consolidated Company's other income as follows:

	2013	2012
Interest income	$ 34,133	15,329
Dividend income	19,057	23,176
Fines income	183,092	167,243
Other income	21,843	13,684
	$ 258,125	219,432

2. Other profit and loss

The Consolidated Company's other gain and loss:

	2013	2012
Foreign exchange gain (loss)	$ 7,831	(408)
Gains and losses on disposal of investments and financial liabilities	33,745	-
Net financial assets measured at fair value through profit or loss	62,056	46,027
Disposal of property, plant, and equipment	(477)	2,844
Other expense	(30,877)	(782)
	$ 72,278	47,681

3. Finance cost

Consolidated Company's finance cost a of 2013 and 2012 is as follows:

	2013	2012
Interest expense		
Bank loan	$ 23,170	29,483

(XIX) Financial instruments

1. Types of financial instruments

(1) Financial assets

	12.31.2013	12.31.2012	1.1.2012
Financial assets at fair value through profit or loss:			
Financial assets held for trading (included at cost)	$ 918,410	1,218,349	985,374
Loans and receivables：			
Cash and cash equivalent	1,382,339	372,427	1,565,112
Notes receivable and accounts receivable	362,514	227,936	203,360
Other financial assets	2,209,678	1,783,881	1,437,458
Subtotal	3,954,531	2,384,244	3,205,930
Grand total	**$ 4,872,941**	**3,602,593**	**4,191,304**

(2) Financial liabilities

	12.31.2013	12.31.2012	1.1.2012
Financial liabilities at amortized cost:			
Short term loan	1,002,000	2,140,000	3,040,000
Note and account payable	462,026	463,386	1,521,114
Other payables	498,677	365,720	322,445
Current income tax liabilities	171,844	99,539	314,561
Grand Total	**$ 2,134,547**	**3,068,645**	**5,198,120**

2. Credit risk

(1) Credit risk exposure

The book value of financial assets represents the maximum credit risk exposure amount.The maximum credit risk exposure amounted to NT$4,872,941 thousand, NT$3,602,593 thousand, and NT$4,191,304 thousand as of December 31, 2013 and 2012, and January 1, 2012, respectively.

(2) Concentration of credit risk

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

(3) Impairment loss

Loans and receivables aging analysis on the reporting date:

	12.31.2013		**12.31.2012**		**1.1.2012**	
	Total	**Impairment**	**Total**	**Impairment**	**Total**	**Impairment**
Not overdue	$ 288,135	24,755	211,421	14,743	196,820	-
Overdue 31~60 days	10,193	966	12,183	1,056	-	-
Overdue 61~90 days	6,884	584	7,040	610	-	-
Overdue 91~120 days	8,352	143	1,988	173	-	-
Overdue more than 120 days	92,500	17,102	28,099	16,213	22,246	15,706
	$ 406,064	**43,550**	**260,731**	**32,795**	**219,066**	**15,706**

Changes in allowance for doubtful accounts receivable is as follows:

	2013	**2012**
Balance at 1 January	$ 32,795	15,706
Impairment losses recognized	10,755	17,089
Balance at December 31	**$ 43,550**	**32,795**

The allowance for bad debt of accounts receivable is for estimating the irrecoverable amounts. However, if the Consolidated Company is convinced that the relevant amount cannot be recovered, the allowance for bad debt is applied to write off financial assets upon identifying the uncollectible.

The company's receiveable in December 31, 2013 and 2012 and January 1, 2012 there has been no recovery of impairment.

3. Liquidity risk

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

	Book value	Contract Cash flow	6 months Within	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2013							
Non-derivative financial liabilities							
Guaranteed bank loans	$ 1,002,000	1,002,000	1,002,000	-	-	-	-
Notes payable and accounts payable	462,026	462,026	306,100	30,495	48,696	19,931	56,804
Other payables	498,677	498,677	498,677	-	-	-	-
Current income tax liabilities	171,844	171,844	171,844	-	-	-	-
	$ 2,134,547	2,134,547	1,978,621	30,495	48,696	19,931	56,804
December 31, 2012							
Non-derivative financial liabilities							
Guaranteed bank loans	$ 2,140,000	2,140,000	2,140,000	-	-	-	-
Notes payable and accounts payable	463,386	463,386	312,917	32,552	42,085	75,832	-
Other payables	365,720	365,720	365,720	-	-	-	-
Current income tax liabilities	99,539	99,539	99,539	-	-	-	-
Other forward exchange contracts:							
Outflow	92	92	92	-	-	-	-
	$ 3,068,737	3,068,737	2,918,268	32,552	42,085	75,832	-
January 1, 2012							
Non-derivative financial liabilities							
Secured bank loans	$ 3,040,000	3,040,000	3,040,000	-	-	-	-
Notes payable and accounts payable	1,521,114	1,521,114	1,464,051	10,604	37,186	9,273	-
Other payables	322,445	322,445	322,445	-	-	-	-
Current income tax liabilities	314,561	314,561	314,561	-	-	-	-
	$ 5,198,120	5,198,120	5,141,057	10,604	37,186	9,273	-

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

4. Exchange rate risk

(1) Exchange rate risk exposure

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

	12.31.2013			12.31.2012			1.1.2012		
	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	4.90	1,130,977	18	4.66	84	5	4.807	24
RMB/ Singapore Dollar	772	0.208	3,795	9,162	0.196	42,768	-	-	-
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	1,365	0.391	528
Non-monetary items									
USD/NTD	-	-	-	6,000	29.04	92	-	-	-

(2) Sensitivity analysis

The Consolidated Company's exchange rate risk is mainly from foreign currency denominated cash and cash equivalent and financial assets measured at fair value through profit or loss. Foreign exchange gain and loss arises from the translation.When the exchange rate of NT Dollars against Singapore Dollars, RMB, and Japanese Yen depreciated or appreciated by 10% (the analysis of two terms is completed by using the same basis, and assuming all other variables held constant) as of December 31, 2013 and 2012, the net income was increased by NT$101,536 thousand and decreased by NT$8,215 thousand, respectively as of 2013 and 2012.

5. Interest rate analysis

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

The following sensitivity analyzes are based on the interest rate risk exposure of the derivative and non-derivative instruments on the reporting date.The analysis of floating rate liabilities is by assuming the outstanding liability amount on the reporting date stays outstanding the entire year.In addition, interest rate is assessed within the reasonable and possible range of change. If interest rate is increased or decreased by 0.5%, with all other variables held constant, the Consolidated Company's net income as of 2013 and 2012 is increased by NT$1,253 thousand and decreased by NT$2,675 thousand, respectively.

6. Fair value

(1) Fair value and book value

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

(2) 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	$ 859,527	-	-	859,527
December 31, 2012				
Financial assets measured at fair value through profit or loss	$ 693,530	-	-	693,530
Derivative financial liabilities (included in other current liabilities)	-	92	-	92
January 1, 2012				
Financial assets measured at fair value through profit or loss	$ 916,903	-	-	916,903

No financial asset was transferred as of 2013 and 2012.

(XX) Financial risk management

1. Summary

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

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

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

2. Risk management structure

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

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

3. Credit risk

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

(1) Accounts receivable and other receivables

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

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

(2) Investment

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

(3) Guarantees

The Consolidated Company regulated by the company policies can only provide financial guarantee to the subsidiaries. The Consolidated Company offers no endorsement and guarantee to non-subsidiary as of December 31, 2013 and 2012 and January 1, 2012.

4. Liquidity risk

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

The Consolidated Company's unused loan facilities amounted to NT$3,629,000 thousand as of December 31, 2013.

5. Market risk

Market risk is the risk the Consolidated Company's yield or financial instrument value affected by changes in market prices, such as, exchange rates, 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 Consolidated Company conducts derivative instruments transactions for managing market risk with financial liabilities then resulted.

(1) Exchange rate risk

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

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

(2) Interest rate risk

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

(XXI) Capital management

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

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

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

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

	12.31.2013	12.31.2012	1.1.2012
Total liabilities	$ 29,867,052	29,699,093	31,696,690
Minus: Cash and cash equivalent	(1,382,339)	(372,427)	(1,565,112)
Net liabilities	28,484,713	29,326,666	30,131,578
Total equity	9,335,604	8,453,548	7,501,637
Adjusted capital	$ 37,820,317	37,780,214	37,633,215
Debt to equity ratio	75.3%	77.6%	80.1%

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

VII. Related Party Transactions

(I) Parent company and ultimate controller

The Company is the ultimate controller of the Consolidated Company

(II) Other related party transactions

1. Sales

	Sales		Receivables from related parties (booked in "Accounts receivable – net")		
	2013	2012	12.31.2013	12.31.2012	1.1.2012
Other related party	$ 1,706	47,914	20,031	17,854	22,747

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

2. Purchase goods from related party

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

	Purchase		Payable to related arty		
	2013	2012	12.31.2013	12.31.2012	1.1.2012
Affiliated enterprises	$ 42,286	46,567	-	12,400	-

The Consolidated Company's purchase price from the companies referred to above is not significantly different from the purchase price from general manufacturers.Payment term is approximately 30 days after acceptance and it is not significantly different from the payment term of general manufacturers.

3. Lease

(1) Lessee:

The Consolidated Company leases transport equipment from the related party for a rent expense of NT$3,539 thousand and NT$8,222 thousand paid as of 2013 and 2012, respectively.

(2) Lessor

The Consolidated Company has office building and parking space rented to the related party with a rent income of NT$34 thousand and NT$3,037 thousand as of 2013 and 2012, respectively.

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

4. Contract projects

Name of related party	Project Name	Contract Price	Current Price	Accumulated Price
2013				
Other related party	Gu Gong Case	$ 252,950	-	216,709
2012				
Other related party	Gu Gong Case	$ 252,950	114,586	216,709

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

5. Others:

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

	102.12.31	101.12.31	101.1.1
Other related party	$ 100	2,468	503

(2) Other payables

	102.12.31	101.12.31	101.1.1
Other related party	$ 925	2,519	2,508

(3) And payment (included in other current assets)

	102.12.31	101.12.31	101.1.1
Other related party	$ 557	-	-

6. Trust contract

Part of the Consolidated Company's land is trusted and registered in the name of the related party as of December 31, 2013. Please refer to Note 6 (4) and 4 (7).

7. Financing

The company's 2012 annual financing to related parties as follows:

	2012				
Other payables - related parties Name of related party	Actual Amount	Ending balance Note 1	Highest balance (Note 1, 2)	Interest rate (%)	Interest expense
Other related party	$ -	-	300,000	6	2,449

(Note 1) The maximum balance and ending balance for the amount.

(Note 2) Maximum Balance: accumulated to a maximum when the ending balance for the year.

8. Others:

(1) The Consolidated Company commissioned other related party to acquire land for construction for a total price of NT$668,016 thousand as of December 31, 2013 and 2012, respectively. The discretionary trustee is to handle the land combination matter on behalf of the Company.

(2) In 2012, the company engaged with other inter-related party to the exchange of columbarium and recorgnized revenue 2,325 thousand.

(III) Key management personnel transactions

Key management personnel remuneration includes:

	2013	2012
Short-term employee benefits	$ 28,879	28,383
Retirement benefits	844	860
	$ 29,723	**29,243**

VIII. Pledged Assets

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

Assets name	Purpose of collateral	12.31.2013	12.31.2012	1.1.2012
Other financial assets - current	The transaction service of trust accounts and credit accounts; also, the guarantee of forward exchange transactions	$ 136,046	215,482	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 (Note)	2,870,063	4,030,177	4,030,177
Property, plant, and equipment – book value	Loans as collateral	581,031	581,031	581,031
Investment property – book value	As a guarantee of borrowings and letters received single-user transaction services industry	2,991,069	4,344,653	4,387,420
		$ 6,578,209	**9,171,343**	**9,481,988**

Note: Subsidiary in May 29, 2013 for land cover cash capital to issue new shares at a price of land to offset the monies already on June 6, 2013 to complete the transfer of ownership transfer registration procedures, some of which 6,000 thousand land value has mortgage.

IX. Significant contingent liabilities and unrecognized contractual commitments

(I) Significant unrecognized contractual commitments

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

	102.12.31	101.12.31	101.1.1
Contracted projects	$ 131,540	131,896	245,126
Acquisition of columbarium and cemetery	37,707	51,440	1,179,772
Acquisition of construction site	318,358	288,363	304,987
Individual construction project	1,053,253	1,250,555	1,439,228

2. The subsidiaries and National Chiayi University entered into a non-exclusive license agreement with respect to plant/strain selection of relevant phalaenopsis specimens, requiring that the subsidiaries should pay the royalty to National Chiayi University on a pro rata basis from the revenue of products generated from the selected plant/strain on a yearly basis for the duration of the agreement (five years as of the effective date of the agreement) as of December 31, 2013 and 2012 and January 1, 2012, respectively.
3. In September 2013 the company entered into a merger with Tainan City Government Economic Development Board ", Tainan local industrial R & D Promotion Program project contract" to perform in accordance with the relevant technical research program set out in the project plan to contract content and applications in accordance with the agreed schedule grants, contracts executed during the period from the signing date to April 30, 2014. Ended December 31, 2013, but has not yet been received up to timing of revenue recognition of grants total 390 thousand recorded as deferred revenue (other current liabilities).

   Combined with NCKU Research and Development Foundation Foundation signed a contract R & D program guidance, counseling and during the same period of the previous project contract execution, ending December 31, 2013 in accordance with the contract fee paid tutoring count 101 thousand in other current assets under.

(II) Contingent liabilities:

1. The Company purchased the land at Li Ho Section, Hsin Yi District in February 2007. Notwithstanding, in March 2007, the joint owners of said land initiated the proceeding for "Declaration of non-existence of land transaction" with the court and, therefore, the registration of land transfer was hindered. Later, Taipei District Court rendered a judgment in favor of the Company. The adverse parties, in disagreement with the judgment, filed an appeal. However, the adverse parties withdrew the appeal in June 2009. Therefore, the judgment in favor of the Company became final and irrevocable. Notwithstanding, 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. Investigations by the Taipei District Court to re-examine the 2009 Zi No. 672 v. Case No. Department of the genus, but the aforementioned title of the land in January 2014 has been gradually transferred to handle the Company, the Company has completed the change of ownership at after the withdrawal of the registration handle litigation.

2.The Company acquired the land and building at Dui Tzu Section, Tamsui Township, Taipei County. Notwithstanding, the contractor, Chao Yang Construction Co., Ltd., claimed damages, $215,256 thousand plus the interest accruing at the statutory interest rate from September 20, 1996 until the date of payment, against the original owner and subcontractor, and also included the Company into its claim as an additional defendant in 2008. The claim was revoked upon the judgment rendered by Shihlin District Court on October 23, 2009. Disagreeing with the judgment, Chao Yang filed an appeal and claimed damages in the amount of $80,000 thousand, the Taiwan High Court has determined Chao Yang lost the lawsuit.

(III) Others

1.The Consolidated Company (referred to as "the principal" hereinafter) for enhancing the quality of funeral service and ensuring the ability of performance had a trust contract signed with Taiwan Industrial Bank Co., Ltd. (referred to as "the trustee" hereinafter) in April 2010. According to the trust contract signed, 75% selling price (tax included) of each pre-need contract sold should be transferred to the trustee, including the delivery and transfer of the trust property. However, the trustee referred to above was replaced by Chang Hwa Commercial Bank Co., Ltd. on December 28, 2012. In addition, the trust assets as of December 31, 2013 and 2012 and January 1, 2012 are as follows:

	12.31.2013	12.31.2012	1.1.2012
Bank deposits			
Demand deposits	$ 11,519	316,059	
Time deposits	816,324	-	240,000
Financial assets measured at fair value through profit or loss - current	497,032	-	
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: The carrying value of the asset at the time of delivery of the Trust.

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

2. The Consolidated Company has an administration fee account setup for the fees collected in a lump sum or periodically from the clients to maintain funeral facilities safety and cleanness, and to organize ceremony activities and internal administration. The administration fee account was with a balance of NT$1,024,617 thousand, NT$982,380 thousand, and NT$915,113 thousand, as of December 31, 2013 and 2012, and January 1, 2012, respectively; also, it is booked in the "Other financial assets – current."

3. The Consolidated Company had contracts signed with clients for the sale of columbarium of True Dragon Tower and funeral service as of December 31, 2013 and 2012, and January 1, 2012. The pre-need contract signed and the related deferred marketing expenses are as follows:

	12.31.2013	12.31.2012	1.1.2012
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 subsequesnt events:

Based on the Group's overall operational considerations and decision, the company Board of Directors resoluted on March 27, 2014 to aquisite Zekaen Co. Ltd. from Japan Fuji Industrial Co. Ltd and Japan Yu Garden Co. Ltd and the company acquisition of the stake in Zekaen Co. Ltd increases from 73.85% to 100%, and remains control of the firm.

XII. Others

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

By function / By item	2013				2012			
	Classified as Operating Costs	Classified as Selling Expenses	Other (Note 1)	Total	Classified as Operating Costs	Classified as Selling Expenses	Other (Note 1)	Total
Employee benefits								
Salary	213,549	228,509	67,382	509,440	190,013	113,753	130,402	434,168
Labor and health insurance	14,628	12,726	5,701	33,055	12,516	2,359	4,098	18,973
Pension	8,505	6,589	3,048	18,142	7,174	4,006	2,340	13,520
Others	4,693	12,972	3,694	21,359	4,544	10,748	4,331	19,623
Depreciation	94,610	12,852	4,937	112,399	86,834	10,360	3,479	100,673
Depletion	-	-	-	-	-	-	-	-
Amortization	2,262	7,766	727	10,755	-	7,128	709	7,837

Note 1: It includes the related fees of the cemetery management center-related expenses (stated as less item-advance receipts).

(2) 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.

(3) 2012 annual consolidated financial statements with the presentation of certain amounts of the consolidated financial statements for the year 2013 have been reclassified way, the reclassification had no significant impact on the expression of 2012 annual consolidated financial statements.

XIII. Other disclosures

(1) Information on significant transactions

The Consolidated 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. Fund financing to other parties:

Unit: Thousand NTD

Number	Name of Lenders	Name of Borrowers	Account name	Related Party	Highest balance of financing to other parties during the period	Ending Balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrowers	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limitation on fund financing
													Name	Value		
0	Lungyen Life Service Corp.	Yuji Development Corp.	Other receivables related parties	Yes	500,00	-	-	6%	2	6,356	Working fund	-		-	1,675,320	3,350,640

Note 1: The maximum amount of total loans to others shall not exceed 40% of the Company's net assets. The total amount of loans granted to a single business partner of the Company shall be limited to the total amount of business transactions between the Company and the business partner and shall be no more than 20% of the Company's latest net value. The short-term financing shall be no more than the working fund as needed or 70% of the amount of the land, buildings or operating equipments purchased and no more than 20% of the Company's latest net value.

Note 2: Nature of financing:

(1) For transactions.

(2) For short-term financing.

Note 3: Upon the board resolution on April 26, 2012, the total amount for guarantees and endorsement and lending to other parties shall not exceed $500,000 thousand. The board agreed to cancel lending limit on June 14, 2013.

Note 4: The transaction had been written-off when the Company made the consolidated financial statements.

2. Guarantees and endorsements for other parties:

Unit: Thousand NTD

Number	Name of the Company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent Company Endorses /guarantees to third parties on behalf of subsidiary	Subsidiary Endorses /guarantees to third parties on behalf of Parent Company	Endorsements /guarantees to the third parties on behalf of the Companies in Mainland China
		Name of Company	Relationship										
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 amount of guarantees and endorsements shall not exceed 50% of the net worth in the current period.

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

Note 2: There are six kind of conditions in which the Company may have guarantees or endorsements for the receiving parties.

(1) The Company has business with the receiving parties.

(2) The Company holds directly more than 50% of the common stock of the subsidiaries.

(3) In aggregate, the Company and its subsidiaries hold more than 50% of the investee.

(4) In aggregate, the Company holds directly or its subsidiaries hold indirectly more than 50% of the investee.

(5) The Company is required to make guarantees or endorsements for the construction project based on the construction contract.

(6) The stockholders of the Company make guarantees or endorsements for the investee in proportion to their stockholding percentage.

Note 3: According to the original Board resolutions on April 26, 2012, endorsement and lending to other parties shall not exceed $500,000 thousand, however upon Board resolutions on June 14, 2013, endorsements has been set to a maximum amount to $ 300,000.

Note 4: The transaction had been written-off when the Company made the consolidated financial statements.

3. Information regarding securities held at balance sheet date:

Holder of Securities	Type and Name of Securities	Relationship with Securities Issuer	Account Title	Ending				Maximum shareholding or funding situation	Remark
				Quantity of shares (thousand shares)/unit	Book Value	% of Ownership	Fair value		
The Company	Stock of Chang Hwa Bank	－	Financial assets at fair value through profit or loss - current	2,030	37,244	- %	18.35	- %	
The Company	LUMAX securities	－	Financial assets at fair value through profit or loss - current	242	17,351	- %	71.70	- %	
The Company	eMemory Technology securities	－	Financial assets at fair value through profit or loss - current	155	12,245	- %	79.00	- %	
The Company	Chenbro securities	－	Financial assets at fair value through profit or loss - current	1,173	40,347	- %	34.40	- %	
The Company	Gallop No. 1	－	Financial assets at fair value through profit or loss - current	3,000	48,960	- %	16.32	- %	
The Company	Stock of CTBC	－	Financial assets at fair value through profit or loss - current	1,153	23,464	- %	20.35	- %	
The Company	Rotam Global AgroSciences Limited	－	Financial assets at fair value through profit or loss - current	169	11,154	- %	66.00	- %	
The Company	Stock of Sun Life Corporation	－	Financial assets at fair value through profit or loss - current	160	41,584	- %	260.00	- %	
The Company	CITIC primary financial bond	－	Financial assets at fair value through profit or loss - current	200	98,748	- %	493.74	- %	
The Company	Fubon Securities	－	Financial assets at fair value through profit or loss - current	-	100,000	- %	100,000.00	- %	
The Company	Yuanta Manhattan Money Market Funds	－	Financial assets at fair value through profit or loss - current	2,386	35,338	- %	14.81	- %	
The Company	Allianz Global Investors All Seasons Return Fund of Bond Funds	－	Financial assets at fair value through profit or loss - current	15,426	213,073	- %	13.81	- %	
The Company	CTBC Emerging Market	－	Financial assets at fair value through profit or loss - current	1,000	10,001	- %	10.00	- %	
The Company	Cathay Emerging China Bond	－	Financial assets at fair value through profit or loss - current	4,900	49,735	- %	10.15	- %	
The Company	Erenstar sub-Fundl Segregated Portfolio	－	Financial assets at fair value through profit or loss - current	1	57,341	- %	57,341	- %	
The Company	FORTUNE IC FUND I	－	Financial assets carried at cost – non-current	600	11,216	4.86 %	22.73	- %	
The Company	PK Venture Capital Corp.	－	Financial assets carried at cost – non-current	4,800	42,255	8.57 %	10.51	- %	
The Company	Cathay insurance stock	－	Financial assets carried at cost – non-current	44	-	0.01 %	-	- %	
The Company	Ruei Da Venture Capital Co., Ltd.	－	Financial assets carried at cost – non-current	300	2,862	15.00 %	9.54	- %	Note
Ching Huang	Cathay Taiwan Money	－	Financial assets at	1,345	16,398	- %	12.19	- %	

Construction Co., Ltd.	Market Fund		fair value through profit or loss - current						
Ching Huang Construction Co., Ltd.	Cathay R2 Fund	–	Financial assets at fair value through profit or loss - current	2,687	44,470	- %	16.55	- %	
Ching Huang Construction Co., Ltd.	J-Garden Corp.	–	Financial assets carried at cost – non-current	-	2,550	5.00 %	11.84	- %	
Dahan Property Management Co., Ltd.	Allianz Global Investors Taiwan Money Market Fund	–	Financial assets at fair value through profit or loss - current	170	2,074	- %	12.23	- %	

Note: The Consolidated Company in the year 2013 lost its significant influence on this company, the investment under the equity method and therefore transferred financial assets carried at cost using, please refer to Note 6 (6).

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

Unit: Thousand shares; Thousand of NTD

Name of Company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning balance		Purchases		Sales				Ending balances	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Selling price	Cost	Disposal gain or loss	Shares/Units	Amount
The Company	Allianz Global Investors All Seasons Return Fund of Bond Funds	Financial assets at fair value through profit or loss - current	-	-	-	-	18,998	262,949	3,571	49,004	49,438	(434)	15,427	213,511
The Company	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	8,436	121,250	8,436	121,518	121,500	268	-	-
The Company	Fubon	Financial assets at fair value through profit or loss - current			-	-	100	100,000	-	-	-	-	100	100,000
The Company	Asia Best Healthcare Co., Ltd.	Financial assets carried at cost – non-current	–	–	112	456,348	-	-	112	489,290	456,348	32,942	-	-

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

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

Unit: Thousand NTD

Disposal of real estate (Company)	Property Name	Orrourance Date	Original Acquisition Date	Book Value	Transaction Amount	Transaction Status	Profit/Loss	Transaction Party	Relation	Purpose of Disposal	Price Setting Reference	Other Terms
The Company	Dan-shui Student Residence Hall	10.31.2013	09.01.2009	1,329,223	1,775,640	Received	428,210	Shin Kong Life Insurance Company	Non related	Asset Activation	Xinyi and Hongbang Real Estate Appraisers Firm Valuation Report	N/A

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

Unit: Thousand NTD

Sales Company	Name of Transaction Party	Relation	Transaction Status				Difference in Trading conditions and general trading and condition		Receivable (payable), accounts		Note
			Type of sales	Amount	Total Sales of Goods	Period of Credit	Price	Period of Credit	Remaining Balance	Total receivable (payable) ratio notes, accounts payable	
The Company	Zekaen Co. Ltd.	The Company's equity method investee	Purchase	$104,581 (Note)	9.12%	Monthly Statement60Days	-		(17,520)	3.69%	
Zekaen Co. Ltd.	The Company	The Company's equity	Sell	(104,739)	(96.54)%	Monthly Statement60Days	-		17,520	86.23%	

		method investee										

Note: Including other costs 158 thousand dollars.

8. Receivables from related parties amounting to NT $ 100 million or 20% of paid-in capital: None.

9 Engage in derivatives trading: None.

10. Business relationships and significant intercompany transactions:

Number	Name of the Company	Name of the counter-party	Existing relationship with the counter-party (Note 2)	Transaction Details			
				Account name	Amount	Terms of trading	Percentage of the total consolidated revenue or total assets
0	Lungyen Life Service Corp.	Ching Huang Construction Co., Ltd.	1	Payable accounts – related parties	$ 13,256	100% 30-day postdated check	0.03%
0	〃	〃	1	Other payable accounts	23,210	-	0.06%
0	〃	〃	1	Operating revenue	459	-	- %
0	〃	Yuji Development Corp.	1	Other financial assets – current	2,183	-	0.01%
0	〃	〃	1	Payable accounts – related parties	4,836	100% 30-day postdated check	0.01%
0	〃	〃	1	Prepayments	5,962	-	0.02%
0	〃	〃	1	Operating revenue	47,470	-	1.14%
0	〃	〃	1	Other revenue	29,065	-	0.70%
0	〃	Lungding Life Science Co., Ltd.	1	Payable accounts – related parties	303	-	- %
0	〃	〃	1	Operating cost	1,712	-	0.04%
0	〃	Zekaen Co. Ltd.	1	Cost of goods sold	104,581	-	2.52%
0	〃	〃	1	Operating expenses	158	-	- %
0	〃	〃	1	Accounts Payable	17,520	-	0.04%
0	〃	〃	1	Other income	3,907	-	0.09%
1	〃	〃	1	Finance costs	9	-	- %
1	Ching Huang Construction Co., Ltd.	Lungyen Life Service Corp.	2	Accounts Receivable	36,466	100% 30-day postdated check	0.09%
1	〃	〃	2	Administrative expenses	459	–	- %
2	Yuji Development Corp.	Lungyen Life Service Corp.	2	Accounts Receivable	4,836	–	0.01%
2	〃	〃	2	Accounts payable - related parties	2,183	–	0.01%
2	〃	〃	2	Advances from customers	5,962	–	0.02%
2	〃	〃	2	Operating income	47,470	–	1.14%
2	〃	〃	2	Administrative expenses	29,065		0.70%
3	Lungding Life Science Co., Ltd	Lungyen Life Service Corp.	2	Accounts Receivable	303	–	- %
3	〃	〃	2	Operating income	1,712	–	0.04%
3	〃	Zekaen Co. Ltd.	3	Sales	1,025	–	0.02%
3	〃	〃	3	Accounts Receivable	790	–	- %
2	Zekaen Co. Ltd.	Lungyen Life Service Corp.	2	Sales	104,739	–	2.52%
2	〃	〃	2	Accounts Receivable	17,520	–	0.04%
2	〃	〃	2	Administrative expenses	3,907	–	0.09%
2	〃	〃	2	Interest Income	9	–	- %
2	〃	Lungding Life Science Co., Ltd	3	Cost of goods sold	1,025	–	0.02%
2	〃	〃	3	Accounts Payable	790		- %

Note 1: Said transactions shall be numbered as follows:

1. "0" for parent company
2. Subsidiaries are numbered from "1"

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

(2) Information on investees:

The Consolidated Company's reinvestment as of 2013 is as follows:

Unit: Thousand NTD

Name of the investor	Name of investee	Location	Major operations	Initial investment (Amount		Ending balance			Maximum shareholding or funding situation	Investee company Net income	Current recognized Investment gains and losses	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value				
The Compnay	Ching Huang Construction Co., Ltd.	Taiwan	Civil engineering	204,332	204,332	19,639	98.20%	166,375	98.20%	(280)	1,538	Subsidiary
The Compnay	Yuji Development Corp.	Taiwan	Funeral Service	990,000	900,000	99,000	56.25%	1,127,556	56.25%	222,571	125,196	Subsidiary
The Compnay	Dahan Property Management Co., Ltd.	Taiwan	Development, lease and sale of residential areas and building	3,870	3,870	400	80.00%	3,600	80.00%	(4)	(3)	Subsidiary
The Compnay	Sea Dragon Traders Ltd. (BVI)	British Virgin Islands.	Invesstment	114,529	114,529	1	100.00%	115,270	100.00%	4,187	4,187	Subsidiary
The Compnay	Lungding Life Science Co., Ltd.	Taiwan	Flower and plant cultivation	40,000	40,000	4,000	42.11%	24,918	100.00%	(21,693)	(14,677)	Subsidiary
The Compnay	Singapore Lungyen Life Services Pte., Ltd.	Singapore	Funeral Service	11,990	239,800	500	100.00%	4,183	100.00%	(3,373)	(3,373)	Subsidiary
The Compnay	Beauty Kadan Co., Ltd.	Taiwan	Flower and plant cultivation	20,534	20,534	-	- %	-	50.00%	(350)	(175)	
The Compnay	Ruei Da Venture Capital Co., Ltd.	Taiwan	Invesstment	3,000	30,000	-	- %	-	47.62%	318	151	Note 1
The Compnay	Zekaen Co. Ltd.	Taiwan	Flower and plant cultivation	73,850	12,600	7,385	73.85%	50,441	73.85%	(16,009)	(12,449)	Subsidiary
Yuji Development Corp.	Lung Fu Company Limited	Taiwan	Funeral Service	210,700	700	21,070	77.75%	210,181	77.75%	(668)	(519)	Sub-subsidiary
Zekaen Co. Ltd.	Lungding Life Science Co., Ltd.	Taiwan	Flower and plant cultivation	55,000	-	5,500	57.89%	34,259	57.89%	(21,693)	(7,019)	Subsidiary

Note 1: The Consolidated Company in the year 2013 lost its significant influence, so the use of the equity method investments transferred financial assets carried at cost, please refer to Note 6 (6).

Note 2: The Company holds equity industry to write off these subsidiaries in the consolidated financial report.

(3)China investment information:

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

Unit: Thousand NTD/Foreign Currency

China investee company name	Business operation	Received Capital	Type of investment (Note 1)	Current Beginning Period of Taiwan Accumulated Export	Current Export or Return of Investment Amount		Current Ending Period of Taiwan Accumulated Export	Company Direct or Indirect Investment Proportion of Holding	Recorgnized Investment Profit and Loss Note 2	Ending Period of Investment Book Value Value	Amount Remitted Current Ending Period Investment Income
					Export	Return					
Wenzhou Lungyen Trading Co. Ltd	Wholesale and export operations	-	Sea Dragon Traders Ltd. (BVI)	-	-	-	-	100.00%	-	-	-

2.Mainland China investment limits：

End of this period the cumulative remittance from Taiwan Amount of investment in Mainland China	Investment Amount Approved by Ministry of Economic Affairs	The limitation on investment areas in accordance with the provisions of the Investment Commission of Ministry of Economic Affairs
-	1,192,200 USD 40,000	5,025,959

US Dollar Exchange Rate: closing rate: 29.805

Note 1: an investment is divided into the following three ways, list out the type of the category:

(A) Directly engaged in investment in Mainland China

(B) re- invest in the mainland through a third country companies (please specify in the third area of investment companies)
(C) Other method

Note 2: the current investment income recognized:
(A) During the stage of preparations, note that there is no investment income.
(B) The gain or loss recognized on the basis of the investment is divided into the following three types with note:

1 Financial statements to be prepared by international CPA audit that is in cooperation with ROC CPA audit
2 By the parent company in Taiwan audited financial statements.
3 Other.

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

Note 4: The Consolidated Company on March 31, 2011 by the Board of Directors resolved to the amount of U.S. $ 4,000 million, investment in the mainland established Lungyen (China) Co., Ltd. and in July 1, 2011 as approved by the Investment Commission of Ministry of Economic Affairs, Sea Dragon Traders Ltd. (BVI) currently intends reinvestment Lungyen (Cayman) Limited and Lungyen (Hong Kong) Limited to invest in the mainland funeral business, but is not actually exercised investment. The combined company on June 14, 2013 preceding the mainland investment undertaking intends to change the resolution by the Board as an operating base in Wenzhou, Zhejiang, engaged in the operation of funeral services and other advisory services, in October 28, 2013 Ministry of Economic Affairs of the investment project investment by industry Commission approval documented.

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

XIV. Financial Information by Department

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

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

2. Departmental profit and loss, assets, liabilities, measurements and adjustment should be reported

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

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

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

2013

	Columbarium and cemetery for sale	Funeral services	Property leasing	Cemetery operation and others	Construction for sales	Adjustments and written-off	Total
Income:							
Income from external customers	$ 2,367,753	1,342,442	223,270	184,677	33,712	-	4,151,85
Inter-segment income	152,209	-	4,417	43,998	158,638	(359,262)	-
Total income	$ 2,519,962	1,342,442	227,687	228,675	192,350	(359,262)	4,151,85
Interest expense	$ -	-	-	(23,170)	-	-	(23,17
Depreciation and amortization	-	(21,921)	(74,951)	(26,282)	-	-	(123,15
Share of associated companies and joint ventures using the equity method gain or loss	-	-	-	876	-	-	87
Reportable segment profit or loss	**$ 1,357,155**	**168,973**	**61,584**	**722,823**	**157,265**	**(359,262)**	**2,108,53**
Asset:							
Capital expenditures of non-current assets	-	-	-	597,032	-	-	597,03
Reportable segment assets	**$ 13,403,823**	**3,547,931**	**6,184,139**	**722**	**4,230,153**	**11,835,888**	**39,202,65**
Reportable segment liabilities	**$ 15,655,531**	**10,593,902**	**62,357**	**951,629**	**289**	**2,603,344**	**29,867,05**

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	Columbarium and cemetery for sale	Funeral services	Property leasing	Cemetery operation and others	Constructi on for sales	Adjustments and written-off	Total
Income:							
Revenue from external customers	$ 3,203,301	1,215,347	217,773	116,278	89,644	-	4,842,34
Inter-segment revenue	20,843	-	3,565	154,793	-	(179,201)	-
Total revenue	$ 3,224,144	1,215,347	221,338	271,071	89,644	(179,201)	4,842,34
Interest expense	$ -	-	-	(29,483)	-	-	(29,48
Depreciation and amortization	-	(9,989)	(76,845)	(21,676)	-	-	(108,51
Share of associated companies and joint ventures using the equity method gain or loss	-	-	-	937	-	-	93
Reportable segment profit or loss	**$ 1,730,453**	**151,132**	**62,326**	**237,535**	**154,635**	**(179,201)**	**2,156,88**
Assets:							
Investments accounted for under the equity method	$ -	-	-	64,902	-	-	64,90
Capital expenditures of non-current assets	-	-	-	306,918	-	-	306,91
Reportable segment assets	**$ 12,468,434**	**3,460,024**	**7,793,947**	**-**	**3,742,721**	**10,687,515**	**38,152,64**
Reportable segment liabilities	**$ 14,857,548**	**10,416,842**	**14,096**	**901,807**	**144**	**3,508,656**	**29,699,09**

3. Regional Information

The Consolidated Company geographic information are listed as following, the income of customers are based on the classification of the geographical location, instead of classified based on the geographical location of the non-current assets.

District		**2013**	**2012**
Revenue from external customers:			
Taiwan	$	4,150,365	4,842,206
Other countries		1,489	137
Total	**$**	**4,151,854**	**4,842,343**
Non-current assets:			
Taiwan	**$**	**12,152,118**	**13,001,751**

Non-current assets included property, plant and equipment, investment property and intangible assets, but does not include financial instruments and deferred tax assets.

4. Major Customers Information

The consolidated income statement for the Consolidated Company 2013 and 2012 financial statements accounted no more than the combined net operating income of 10% of the customers.

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

The Consolidated Company's consolidated financial report as of December 31, 2012 was prepared in conformity with generally accepted accounting principles. As described in Note 4 (1), the quarterly consolidated financial report is included in the period of the initial annual consolidated financial report that is prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Issuers and the IFRS approved by the FSC; also, it is entitled to the IFRS No. 1 "Initial Application of the IFRS" that is approved by the FSC.

The accounting policies stated in Note 5 are applicable for the preparation of the consolidated financial report as of 2012, consolidated balance sheet as of December 31, 2012, and initial IFRS consolidated balance sheet as of January 1, 2012 (the Consolidated Company's conversion date).

In preparing the 2012 relevant reports, the Consolidated 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.

(1) Regulation of the consolidated balance sheet items

	12.31.2012			1.1.2012		
	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	$ 372,427	-	372,427	1,563,112	-	1,563,112
Financial assets at fair value through profit or loss - current	693,530	-	693,530	916,903	-	916,903
Accounts receivable and other accounts receivable	227,936	-	227,936	203,360	-	203,360
Construction contract receivable	-	632	632	-	-	-
Inventories	11,647,248	386,117	12,033,365	11,782,024	391,608	12,173,632
Biological assets - current	-	6,957	6,957	-	-	-
Prepayments	9,088,943	(720,137)	8,368,806	9,162,024	(750,493)	8,411,531
Other financial assets – current	1,738,524	18,325	1,756,849	1,368,413	9,953	1,378,366
Other current assets	26,344	(7,814)	18,530	15,685	(5,923)	9,762
Total current assets	23,794,952	(315,920)	23,479,032	25,011,521	(354,855)	24,656,666
Financial assets carried at cost – non-current	524,819	-	524,819	68,471	-	68,471
Investment accounted for suing equity method	64,902	-	64,902	508,032	-	508,032
Property, plant and equipment	12,254,313	(7,609,451)	4,644,862	12,076,805	(7,816,002)	4,260,803
Investment property	-	7,579,213	7,579,213	-	7,793,947	7,793,947
Intangible assets	735,178	42,498	777,676	735,178	46,506	781,684
Deferred income tax assets	499,694	82,206	581,900	570,130	80,437	650,567
Prepayment for equipment	-	42,618	42,618	-	36,534	36,534
Other financial assets – non-current	27,032	-	27,032	61,092	-	61,092
Other non-current assets	879,171	(448,584)	430,587	833,124	(452,593)	380,531
Total non-current assets	14,985,109	(311,500)	14,673,609	14,852,832	(311,171)	14,541,661
Total assets	$ 38,780,061	(627,420)	38,152,641	39,864,353	(666,026)	39,198,327
Liabilities						
Short-term loan	$ 2,140,000	-	2,140,000	3,040,000	-	3,040,000
Payable accounts and other payable accounts	823,720	5,386	829,106	1,837,870	5,689	1,843,559
Constructions contract payable	-	48,814	48,814	-	18,402	18,402
Current income tax liabilities	99,539	-	99,539	314,561	-	314,561
Advance receipts	26,529,389	(48,814)	26,480,575	26,404,370	(18,402)	26,385,968
Other current liabilities	9,199	-	9,199	16,194	-	16,194
Total current liabilities	29,601,847	5,386	29,607,233	31,612,995	5,689	31,618,684
Deferred income tax liabilities	21,298	3,115	24,413	8,214	1,692	9,906
Accrued pension liabilities	20,314	1,157	21,471	19,460	(416)	19,044
Deposit received	42,995	-	42,995	46,075	-	46,075
Other non-current liabilities	2,981	-	2,981	2,981	-	2,981
Total non-current liabilities	87,588	4,272	91,860	76,730	1,276	78,006
Total liabilities	29,689,435	9,658	29,699,093	31,689,725	6,965	31,696,690
Equity attributable to owners of parent						
Capital stock – common stock	3,990,842	-	3,990,842	3,990,842	-	3,990,842
Capital surplus	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 interest	(19,835)	-	(19,835)	(14,152)	-	(14,152)
Total equity attributable to owners of parent	8,306,803	(637,078)	7,669,725	7,462,570	(672,991)	6,789,579
Non-controlling interest	783,823	-	783,823	712,058	-	712,058
Total equity	9,090,626	(637,078)	8,453,548	8,174,628	(672,991)	7,501,637
Total liabilities and equity	$ 38,780,061	(627,420)	38,152,641	39,864,353	(666,026)	39,198,327

(2) Regulation of the consolidated statement of comprehensive income statement items

	2012		
	Previous generally accepted accounting principle	**Conversion to IFRSs effect**	**IFRSs**
Operating revenue	$ 4,837,206	5,137	4,842,343
Operating cost	(1,319,381)	(1,944)	(1,321,325)
Operating gross profit	3,517,825	3,193	3,521,018
Selling expenses	(1,057,045)	30,356	(1,026,689)
Administration expenses	(323,863)	2,535	(321,328)
Total operating expenses	2,136,917	32,891	(1,348,017)
Other income and expenses, net	(429)	5,179	4,750
Operating income (loss)	2,136,488	41,263	2,177,751
Non-operating income and expenses:			
Other income	219,432	-	219,432
Other gains and losses	47,681	-	47,681
Financial costs	(29,483)	-	(29,483)
Operating income before tax	937	-	937
Income tax expense	2,375,055	41,263	2,416,318
Continuing operating income before tax	(256,121)	(3,317)	(259,438)
Net income	2,118,934	37,946	2,156,880
Other comprehensive income			
Exchange differences on translation of foreign statements	(6,353)	-	(6,353)
Share of other comprehensive profit (loss) of associates and joint ventures accounted for using equity method	-	(2,033)	(2,033)
Actuarial losses of defined benefit plan	670	-	670
Other comprehensive income, net	(5,683)	(2,033)	(7,716)
Total comprehensive income	**$ 2,113,251**	**35,913**	**2,149,164**
Net income, attributable to:			
Owners of parent	2,047,169	37,946	2,085,115
Non-controlling interest	71,765	-	71,765
Net income	**$ 2,118,934**	**37,946**	**2,156,880**
Total comprehensive income, attributable to:			
Owners of parent	2,041,486	35,913	2,077,399
Non-controlling interest	71,765	-	71,765
Total comprehensive income	**$ 2,113,251**	**35,913 $**	**2,149,164**
Earnings per share			
Basic earnings per share (NTD)	**$ 5.13**	**0.09**	**5.22**
Diluted earnings per share (NTD)	**$ 5.13**	**0.09**	**5.22**

(3) Significant adjustments of the cash flow statement

The Consolidated Company in December 31, and January 1, 2013 according to the FSC approved the consolidated cash flow statement with International Financial Reporting Standards and in accordance with generally accepted accounting principles, there is no significant differences with the previous version.

(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:

		12.31.2012	1.1.2012
Consolidated Balance Sheet			
Investment property	$	7,579,213	7,793,947
Property, plant, and equipment		(7,564,735)	(7,779,468)
Other noncurrent assets		(14,478)	(14,479)

2. The Consolidated Company follows the IFRS provisions of the FSC approved the reclassification of deferred income tax assets and deferred tax liabilities under non-current assets and non-current liabilities, and there is only legally enforceable right to set off current tax assets and when when offsetting of tax liability and other related conditions, deferred tax assets should start and deferred income tax liabilities netted. Accordingly, deferred tax assets at December 31, 2012 and January 1, according to the ROC accounting standards, net after offsetting expression of the Consolidated Company - current reclassified to deferred income tax assets - non-current amounts, respectively 7,814 and $ 5,923, respectively.
3. The Consolidated Company had the items related to the construction contract in conformity with generally accepted accounting principle reclassified by their nature to the construction contracts receivable and construction contracts payable in accordance with IAS No. 11 "Construction Contracts."

		12.31.2012	1.1.2012
Consolidated Balance Sheet			
Construction contracts receivable	$	632	-
Inventories		(632)	-
Construction contracts payable		48,814	18,402
Advanced receipts		(48,814)	(18,402)

4. The Consolidated Company had the inventories and items related to agricultural activity in conformity with generally accepted accounting principle reclassified by their nature to biological assets in accordance with IAS No. 41 "Agriculture."

		2012
Consolidated comprehensive income statement		
Operating revenue	$	3,235
Operating cost		(1,944)
Other income and loss		5,179
Net income before tax adjustment	$	-

		12.31.2012	**1.1.2012**
Consolidated Balance Sheet			
Inventories	$	(4,859)	-
Biological assets		6,957	-
Property, plant, and equipment		(2,098)	-

5. The Consolidated 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:

		12.31.2012	**1.1.2012**
Property, plant, and equipment	$	(42,618)	(36,534)
Prepayment for equipment		42,618	36,534
Other noncurrent assets		(434,106)	(438,114)
Inventories		391,608	391,608
Intangible assets		42,498	46,506

6. 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 Consolidated 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:

		12.31.2012	**1.1.2012**
Consolidated Balance Sheet			
Additional paid-in capital – long-term equity investment	$	(59,736)	(59,736)
Retained earnings adjustment	**$**	**(59,736)**	**(59,736)**

7. The Consolidated 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 Consolidated 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:

	2012
Consolidated comprehensive income statement	
Administrative expenses	$ (460)
Actuarial losses of defined benefit plan	2,033
Net income before tax adjustment	**$ 1,573**

	12.31.2012	1.1.2012
Consolidated Balance Sheet		
Employee welfare	$ 1,157	(416)
Related income tax effects	149	71
Retained earnings adjustment	**$ 1,306**	**(345)**

8. The Consolidated Company has a present legal or constructive obligation to pay for the services rendered and paid leave accumulated by employees. Therefore, the Consolidated 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
Consolidated comprehensive income statement	
Salary expense	$ (303)
Net income before tax adjustment	**$ (303)**

	12.31.2012	1.1.2012
Consolidated Balance Sheet		
Salary payable	$ 5,386	5,689
Related income tax effects	(916)	(967)
Retained earnings adjustment	**$ 4,470**	**4,722**

9. Consolidated Company IFRSs norms, land transactions, the tax burden arising from land is sold, should be listed under the income tax expenses.

The impact of this change is hereby summarized as follows:

	2012
Consolidated Statement of Comprehensive Income Statement	
Administrative expenses	$ (1,772)
Adjustments after tax	**$ (1,772)**

10. The Consolidated 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
Consolidated comprehensive income statement		
Marketing expenses	$	(30,356)
Net income before tax adjustment	**$**	**(30,356)**

		12.31.2012	1.1.2012
Consolidated Balance Sheet			
Deferred marketing expense	$	720,137	750,493
Related income tax effects		(73,625)	(73,618)
Retained earnings adjustment	**$**	**646,512**	**676,875**

11. 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
Consolidated comprehensive income statement		
Rental income	$	(8,372)
Net income before tax adjustment	**$**	**(8,372)**

		12.31.2012	1.1.2012
Consolidated 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)**

12. 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:

		12.31.2012	1.1.2012
Consolidated Balance Sheet			
Employee welfare	$	(149)	(71)
Cost of paid leave		916	967
Deferred marketing expense		73,625	73,618
Increase of deferred income tax assets	**$**	**74,392**	**74,514**

		12.31.2012	1.1.2012
Consolidated Balance Sheet			
Rent receivable	$	3,115	1,692
Increase of deferred income tax liability	**$**	**3,115**	**1,692**

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

	12.31.2012	1.1.2012
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**