

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries
Consolidated Financial Statements

For The Nine Months Ended September 30, 2014 and 2013
(Including an Independent Auditor's Audit Report)

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Independent Auditor's Audit Report

To Board of Directors of Lungyen Life Service Corp.:

We have audited the accompanying consolidated balance sheets of Lungyen Life Service Corp. and its subsidiaries as of September 30, 2014 and 2013, the related consolidated statements of comprehensive income as of July 1 to September 30, 2014 and 2013 and nine months ended September 30, 2014 and 2013, and consolidated statements of changes in equity and consolidated statement of cash flows as of nine months ended September 30, 2014 and 2013. The quarterly consolidated financial statements are the responsibility of the management. Our responsibility is to express an opinion on the quarterly consolidated financial statements based on our audits.

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

Lungyen Life Service Corp. has based on the unreviewed quarterly financial statements of the subsidiaries to prepare the quarterly consolidated financial statements. The total assets amounted to NT\$817,789 thousand and NT\$768,954 thousand, representing both 2% of total consolidated assets as of September 30, 2014 and 2013, respectively. The total liabilities amounted to NT\$125,041 thousand and NT\$53,572 thousand, representing both 0% of total consolidated liabilities as of September 30, 2014 and 2013, respectively. The comprehensive profit or loss was NT\$(1,080) thousand, NT\$(16,759) thousand, NT\$(3,786) thousand and NT\$(10,289) thousand, representing 0%, (4)%, 0% and (1)% of the consolidated profit or loss as of July 1 to September 30, 2014 and 2013, and January 1 to September 30, 2014 and 2013, respectively.

Except for the statements in paragraph 3, the investment under the equity method of Lungyen Life Service Corp. and its subsidiaries amounted to NT\$2,862 thousand as of September 30, 2013. The profit or loss under the equity method of the affiliated enterprise amounted to NT\$(816) thousand and NT\$(24) thousand as of July 1 to September 30 and January 1 to September 30, 2013. The financial statements were prepared in accordance with the unreviewed quarterly financial statements of the subsidiaries.

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

KPMG

CPA:

Approval Document issued by the competent securities authority : FSC VI. Tzi No. 0940129108
: FSC No. 1020000737
November 11, 2014

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

Consolidated Balance Sheets

September 30, 2014, December 31, 2013 and September 30, 2013

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

Assets	9.30.2014		12.31.2013		9.30.2013			Liabilities and Equity	9.30.2014		12.31.2013		9.30.2013	
	Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:						
1100 Cash and cash equivalents (Note 6(1) & (17))	\$ 250,844	1	1,382,339	4	756,179	2	2100	Short-term loan (Note 6(8))	\$ 2,553,500	6	1,002,000	3	2,688,000	7
1110 Financial assets at fair value through profit or loss – current (Note 6(2), (17), 8 & 9)	1,140,687	3	859,527	2	943,706	2	2170	Payable notes and accounts	522,339	1	462,026	1	516,407	1
1150 Notes receivable, net (Note 6(17))	48,740	-	26,780	-	29,629	-	2190	Constructions contract payable	42,910	-	14,902	-	-	-
1170 Accounts receivable, net (Note 6(17) & 7)	420,444	1	335,734	1	338,050	1	2200	Other payable accounts (Note 7)	560,038	1	498,677	1	274,986	1
1190 Constructions contract receivable	618	-	8,492	-	410	-	2230	Current income tax liabilities	111,457	-	171,844	-	128,489	-
1320 Inventories (Note 6(3) & 8)	12,921,092	31	12,698,018	32	12,284,948	31	2310	Advance receipts (Note 9)	28,048,745	69	27,595,812	71	27,285,742	70
1400 Biological assets – current	30,001	-	12,162	-	11,289	-	2399	Other current liabilities (Note 7)	28,963	-	15,401	-	18,220	-
1410 Prepayments (Note 9)	8,210,026	20	8,270,464	21	8,380,191	21			31,867,952	77	29,760,662	76	30,911,844	79
1461 Non current assets held to be sale (Note 6(6))	-	-	-	-	1,329,540	3	2570	Non-current liabilities:						
1476 Other financial assets – current (Note 6(17), 7, 8 & 9)	2,600,433	7	2,167,787	6	2,179,050	6	2640	Deferred income tax liabilities	37,772	-	30,683	-	28,320	-
1479 Other current assets	22,486	-	5,420	-	45,416	-	2645	Accrued pension liabilities	22,306	-	22,306	-	21,471	-
	25,645,371	63	25,766,723	66	26,298,408	66	2645	Deposit received	44,094	-	50,420	-	52,775	-
							2670	Other non-current liabilities	2,981	-	2,981	-	2,981	-
Non-current assets:									107,153	-	106,390	-	105,547	-
1524 Available-for-sale financial assets – non-current (Note 6(2))	1,368,405	3	-	-	-	-		Total liabilities	31,975,105	77	29,867,052	76	31,017,391	79
1544 Financial assets carried at cost – non-current (Note 6(2))	41,621	-	58,883	-	56,021	-		Equity attributable to owners of parent (Note 6(11) & (12)):						
1550 Investment under equity method (Note 6(4))	-	-	-	-	2,862	-	3100	Capital stock – common stock	3,990,842	10	3,990,842	10	3,990,842	10
1600 Property, plant and equipment (Note 6(5), 8 & 9)	5,974,462	14	5,223,155	13	5,061,271	13	3200	Capital surplus	1,392,072	3	1,395,661	4	1,395,716	4
1760 Investment property, net (Note 6(6), 8 & 9)	6,155,020	15	6,184,139	16	6,192,413	16		Retained earnings:						
1780 Intangible assets (Note 6(7))	775,376	2	785,148	2	778,127	2	3310	Legal reserve	669,595	2	467,987	1	467,987	1
1840 Deferred income tax assets	797,192	2	711,747	2	686,451	2	3320	Special reserve	15,224	-	19,835	-	19,835	-
1980 Other financial assets – non-current	37,012	-	41,891	-	28,890	-	3350	Unappropriated retained earnings	2,276,581	6	2,517,500	7	1,730,806	4
1990 Other non-current assets	431,179	1	430,972	1	436,936	1	3400	Other equity interest	(24,174)	-	(15,224)	-	(16,137)	-
	15,580,267	37	13,435,935	34	13,242,971	34		Total equity attributable to owners of parent	8,320,140	21	8,376,601	22	7,589,049	19
							36xx	Non-controlling interest	930,393	2	959,005	2	934,939	2
Total assets	\$ 41,225,638	100	39,202,658	100	39,541,379	100		Total equity	9,250,533	23	9,335,606	24	8,523,988	21
								Total liabilities and equity	\$ 41,225,638	100	39,202,658	100	39,541,379	100

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

Chairman :

General Manager :

Chief Accountant :

Lungyen Life Service Corp. and Subsidiaries
Consolidated Statements of Comprehensive Income

July 1 to September 30, 2014 and 2013; and The Nine Months Ended September 30, 2014 and 2013

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

(Reviewed, Not Audited)

	July to September 2014		July to September 2013		January to September 2014		January to September 2013	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue (Note 6(14) & 7)	\$ 1,509,493	100	1,107,038	100	3,746,387	100	3,145,099	100
5000 Operating cost (Note 7)	503,340	33	313,694	28	1,176,929	31	897,953	28
5900 Operating gross profit (loss)	1,006,153	67	793,344	72	2,569,458	69	2,247,146	72
Operating expenses:								
6100 Selling expenses	323,855	21	260,492	24	758,500	20	722,835	23
6200 Administration expenses (Note 6 & 7)	104,017	7	84,419	7	287,322	8	240,039	8
6000 Total operating expenses	427,872	28	344,911	31	1,045,822	28	962,874	31
6500 Other income and expenses (Note 6(15))	8,025	1	9,477	1	43,740	1	14,511	-
6900 Operating income (loss)	586,306	40	457,910	42	1,567,376	42	1,298,783	41
Non-operating income and expenses:								
7010 Other income (Note 6(16))	79,898	5	76,888	7	191,792	5	175,722	6
7020 Other gains and losses (Note 6(16))	44,621	3	(20,060)	(2)	44,229	1	66,520	2
7050 Financial costs (Note 6(3) & (16))	(5,508)	-	(6,609)	(1)	(9,444)	-	(16,479)	(1)
7060 Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6(4))	-	-	(816)	-	-	-	(24)	-
	119,011	8	49,403	4	226,577	6	225,739	7
7900 Operating income before tax	705,317	48	507,313	46	1,793,953	48	1,524,522	48
7950 Less: Income tax expense (Note 6(11))	55,320	4	62,890	6	160,722	4	228,255	7
Net income	649,997	44	444,423	40	1,633,231	44	1,296,267	41
Other comprehensive income:								
8310 Exchange differences on translation of foreign statements	2,093	-	(613)	-	2,423	-	4,011	-
8325 Unrealized losses on available-for-sale financial assets	(11,317)	(1)	-	-	(11,317)	-	-	-
8370 Share of other comprehensive profit (loss) of associates and joint ventures accounted for using equity method	-	-	92	-	(56)	-	(313)	-
8300 Other comprehensive income, net	(9,224)	(1)	(521)	-	(8,950)	-	3,698	-
8500 Total comprehensive income	\$ 640,773	43	443,902	40	1,624,281	44	1,299,965	41
Net income, attributable to:								
8610 Owners of parent	\$ 623,577	42	424,536	38	1,555,191	42	1,228,960	40
8620 Non-controlling interest	26,420	2	19,887	2	78,040	2	67,307	2
	\$ 649,997	44	444,423	40	1,633,231	44	1,296,267	41
Total comprehensive income, attributable to:								
8710 Owners of parent	\$ 614,353	41	424,015	38	1,546,241	42	1,232,658	39
8720 Non-controlling interest	26,420	2	19,887	2	78,040	2	67,307	2
	\$ 640,773	43	443,902	40	1,624,281	44	1,299,965	41
Earnings per share (Note 6(13))								
9750 Basic earnings per share (NTD)	\$ 1.56		1.06		3.90		3.08	
9850 Diluted earnings per share (NTD)	\$ 1.56		1.06		3.89		3.08	

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

Chairman :

General Manager :

Chief Accountant :

(English Translation of Financial Report Originally Issued in Chinese)

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

For The Nine Months Ended September 30, 2014 and 2013

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

(Reviewed, Not Audited)

Equity attributable to owners of parent

	Retained earnings					Other equity interest			Total equity attributable to owners of parent	Non-controlling interest	Total equity	
	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
Balance – January 1, 2013	\$ 3,990,842	1,392,072	263,270	14,153	2,029,223	2,306,646	(20,204)	369	(19,835)	7,669,725	783,823	8,453,548
Net profit	-	-	-	-	1,228,960	1,228,960	-	-	-	1,228,960	67,307	1,296,267
Other comprehensive income	-	-	-	-	-	-	4,011	(313)	3,698	3,698	-	3,698
Total comprehensive income	-	-	-	-	1,228,960	1,228,960	4,011	(313)	3,698	1,232,658	67,307	1,299,965
Allocation of earnings in 2012:												
Legal reserve	-	-	204,717	-	(204,717)	-	-	-	-	-	-	-
Special reserve	-	-	-	5,682	(5,682)	-	-	-	-	-	-	-
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	-	3,644	-	-	-	-	-	-	-	3,644	(3,644)	-
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	87,453	87,453
Balance – September 30, 2013	\$ 3,990,842	1,395,716	467,987	19,835	1,730,806	2,218,628	(16,193)	56	(16,137)	7,589,049	934,939	8,523,988
Balance – January 1, 2014	\$ 3,990,842	1,395,661	467,987	19,835	2,517,500	3,005,322	(15,280)	56	(15,224)	8,376,601	959,005	9,335,606
Net profit	-	-	-	-	1,555,191	1,555,191	-	-	-	1,555,191	78,040	1,633,231
Other comprehensive income	-	-	-	-	-	-	2,423	(11,373)	(8,950)	(8,950)	-	(8,950)
Total comprehensive income	-	-	-	-	1,555,191	1,555,191	2,423	(11,373)	(8,950)	1,546,241	78,040	1,624,281
Allocation of earnings in 2013:												
Legal reserve	-	-	201,608	-	(201,608)	-	-	-	-	-	-	-
Special reserve	-	-	-	(4,611)	4,611	-	-	-	-	-	-	-
Shareholders' bonus – cash, NT\$4 per share	-	-	-	-	(1,596,337)	(1,596,337)	-	-	-	(1,596,337)	-	(1,596,337)
Acquisition or disposal of shares in subsidiaries difference between the price and the book value	-	(3,589)	-	-	(2,776)	(2,776)	-	-	-	(6,365)	6,365	-
Decrease in non-controlling interest	-	-	-	-	-	-	-	-	-	-	(113,017)	(113,017)
Balance – September 30, 2014	\$ 3,990,842	1,392,072	669,595	15,224	2,276,581	2,961,400	(12,857)	(11,317)	(24,174)	8,320,140	930,393	9,250,533

(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 Cash Flows

For The Nine Months Ended September 30, 2014 and 2013

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

(Reviewed, Not Audited)

	<u>2014Q3</u>	<u>2013Q3</u>
Cash flows from operating activities:		
Profit (loss) before tax	\$ 1,793,953	1,524,522
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	78,073	84,291
Amortization expense	8,885	6,250
Provision (reversal of provision) for bad debt expense	10,677	14,322
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(47,334)	(41,327)
Interest expense	9,444	16,479
Interest income	(60,304)	(19,924)
Dividend income	(21,709)	(11,431)
Share of loss (gain) of associates and joint ventures accounted for using equity method	-	24
Loss (gain) on disposal of property, plan and equipment	3,021	(2,690)
Loss (gain) on disposal of investment properties	(15,731)	(1,871)
Loss (gain) on disposal of intangible assets	2,950	-
Disposal of investment income	(207)	(33,745)
Total adjustments to reconcile profit (loss)	<u>(32,235)</u>	<u>10,378</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets held for trading	(233,826)	(213,635)
Decrease (Increase) in notes receivable and account receivable	(117,347)	(136,401)
Decrease (Increase) in construction contract receivable	7,874	222
Decrease (Increase) in inventories	(594,640)	(255,241)
Decrease (Increase) in biological assets	(18,134)	(6,571)
Decrease (Increase) in prepayments	60,438	(1,091)
Decrease (Increase) in other current assets	(17,065)	(26,873)
Decrease (Increase) in other financial assets - current	201,298	256,319
Total changes in operating assets	<u>(711,402)</u>	<u>(383,271)</u>
Changes in operating liabilities:		
Increase (Decrease) in accounts payable	60,313	57,804
Increase (Decrease) in accounts payable to related parties	-	(12,400)
Increase (Decrease) in construction contract receivable	28,008	(48,814)
Increase (Decrease) in other payable	(223,628)	(97,771)
Increase (Decrease) in advance receipts	452,933	805,166
Increase (Decrease) in other current liabilities	13,562	8,819
Total changes in operating liabilities	<u>331,188</u>	<u>712,804</u>
Total changes in operating assets and liabilities	<u>(380,214)</u>	<u>329,533</u>
Total adjustments	<u>(412,449)</u>	<u>339,911</u>
Cash inflow (outflow) generated from operations	1,381,504	1,864,433
Interest received	44,934	19,924
Dividend received	21,709	11,431
Interest paid	(7,771)	(16,479)
Income taxes refund	38,197	-
Income taxes (paid)	(300,517)	(299,950)
Net cash flows from (used in) operating activities	<u>1,178,056</u>	<u>1,579,359</u>

(English Translation of Financial Report Originally Issued in Chinese)

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

For The Nine Months Ended September 30, 2014 and 2013

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

(Reviewed, Not Audited)

	<u>2014Q3</u>	<u>2013Q3</u>
Cash flows from (used in) investing activities:		
Acquisition of available-for-sale financial assets – non-current	(1,217,656)	-
Proceeds from disposal of financial asset carried at cost	3,013	489,290
Proceeds from capital reduction of financial assets carried at cost	14,400	12,450
Proceeds from disposal of investment using equity method	-	23,732
Proceeds from capital reduction of investments accounted for using equity method	-	27,000
Acquisition of property, plant and equipment	(702,600)	(392,200)
Proceeds from disposal of property, plant and equipment	2,543	4,262
Acquisition of intangible assets	(2,251)	(4,851)
Proceeds from disposal of intangible assets	188	-
Acquisition of subsidiaries cash flow	-	11,613
Acquisition of investment properties	(1,019)	(38)
Proceeds from disposal of investment properties	32,393	3,530
Other financial assets	(361,185)	(601,855)
Other non-current assets	(207)	(2,136)
Net cash flows from (used in) investing activities	<u>(2,232,381)</u>	<u>(429,203)</u>
Cash flow from (used in) financing activities:		
Increase in short-term loans	3,211,000	2,236,000
Decrease in short-term loans	(1,659,500)	(1,688,000)
Increase (decrease) in guarantee deposits received	(6,326)	9,779
Cash dividends	(1,596,337)	(1,316,978)
Change in non-controlling interests	(26,007)	69,050
Net cash flows from (used in) financing activities	<u>(77,170)</u>	<u>(690,149)</u>
Net increase (decrease) in cash and cash equivalents	(1,131,495)	460,007
Cash and cash equivalents at beginning of period	1,382,339	296,172
Cash and cash equivalents at end of period	<u>\$ 250,844</u>	<u>756,179</u>

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

Chairman :

General Manager :

Chief Accountant :

Lungyen Life Service Corp. and Subsidiaries
Notes to Consolidated Financial Statements
For The Nine Months Ended September 30, 2014 and 2013
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)
(Reviewed, Not Audited)

I. Company profile

Lungyen Life Service Corp. (formerly known as Dahan Development Corp.) (hereinafter referred to as the “Company”) was incorporated in March 1987. The consolidated financial statements of the Company as at and for the nine months ended September 30, 2014 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 was 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 November 11, 2014.

III. Application of new and revised standards and interpretations

1. Impact from not yet adopting 2013 version of IFRS approved by Financial Supervisory Commission

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued by Financial Supervisory Commissions R.O.C. (“FSC”) on April 3, 2014, commencing 2015, companies with shares listed on the TWSE or traded on the Taiwan GreTai Securities Market or Emerging Stock Market shall adopt 2013 version of IFRS (not including IFRS No. 9 ‘Financial instruments’) as endorsed by FSC in preparing the consolidated financial statements. The related new, amended and revised standards as well as interpretations are listed as below:

<u>New / Amended / Revised Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS No. 1 “Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters”	7.1.2010
Amendments to IFRS No. 1 “Severe hyper-inflation and removal of fixed dates for first-time adopters”	7.1.2011

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

<u>New / Amended / Revised Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS No. 1 “Government Loans”	1.1.2013
Amendments to IFRS No. 7 “Disclosures – Transfers of Financial Assets”	7.1.2011
Amendments to IFRS No. 7 “ Disclosures – Offsetting Financial Assets and Financial Liabilities “	1.1.2013
IFRS No. 10 “Consolidated Financial Statements”	1.1.2013 (Investment entities were effective on January 1, 2012)
IFRS No. 11 “Joint Arrangements”	1.1.2013
IFRS No. 12 “Disclosure of Other Vehicle’s Equity”	1.1.2013
IFRS No. 13 “Fair Value Measurement”	1.1.2013
Amendments to IAS No. 1 “Presentation of items of other comprehensive income”	7.1.2012
Amendments to IAS No. 12 “Deferred Tax: Recovery of Underlying Assets”	1.1.2012
Amendments to IAS No. 19 “Employee Benefits”	1.1.2013
Amendments to IAS No. 27 “Separate financial statements”	1.1.2013
Amendments to IAS No. 32 “Offsetting Financial Assets and Financial Liabilities”	1.1.2014
Interpretations of IFRS No. 20 “Stripping Costs in the Production Phase of a Surface Mine”	1.1.2013

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

(1) IAS No. 1 “Presentation of Financial Statements”

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

(2) IFRS No. 13 “Fair Value Measurement”

This standard defines fair value, sets out a framework for measuring fair value, and specifies relevant disclosures about fair value measurements. Assessments show that this standard may not result in significant impacts toward the financial situations and operating results of the consolidated company. Thus, the relevant disclosures of fair value measurements will be increased in accordance with the regulations.

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

The following table depicts the new, amended, revised standards and interpretations of

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2013 IFRS issued by the IAS Board but not yet approved by the FSC:

<u>New / Amended / Revised Standards and Interpretations</u>	<u>Effective date per IASB</u>
IFRS No. 9 “Financial Instruments”	1.1.2018
Amendments to IFRS No. 10 & IAS No. 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	1.1.2016
IFRS No. 14 “Regulatory Deferral Accounts”	1.1.2016
IAS No. 15 “Revenue from Contracts with Customers”	1.1.2017
Amendments to IAS No.11 “Accounting for Acquisitions of Interests in Joint Operations”	1.1.2016
Amendments to IAS No. 16 & 38 “Clarification of Acceptable Methods of Depreciation and Amortisation”	1.1.2016
Amendments to IAS No. 16 & 41 “Agriculture: Bearer Plants”	1.1.2016
Amendments to IAS No. 19 “Defined Benefit Plans: Employee Contributions”	7.1.2014
Amendments to IAS No. 27 “Equity Method in Separate Financial Statements”	1.1.2016
Amendments to IAS No. 36 “Recoverable Amount Disclosures for Non-Financial Assets”	1.1.2014
Amendments to IAS No. 39 “Novation of Derivatives and Continuation of Hedge Accounting”	1.1.2014
IFRIC No. 21 “Levies”	1.1.2014

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

IV. Summary of significant accounting policies

(I) Compliance Statement

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

Except as described in the following paragraphs, the significant accounting policies applied in this quarterly consolidated financial report is consistent to the 2013 annual consolidated financial statements. Please refer to Note 4 of the 2013 annual consolidated financial statements for other related information.

(II) Basis of consolidation

The principle for preparation of the consolidated financial statements is accordingly to the 2013 annual consolidated financial statements. For more information, please refer to Note 4(3) of the 2013 annual consolidated financial statements.

1. List of subsidiaries included in the consolidated financial statements

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The subsidiaries included in the quarterly consolidated financial statements include:

Name of investment company	Name of subsidiary	Nature of business	Shareholding ratio			Remarks
			9.30.2014	12.31.2013	9.30.2013	
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	60.71%	42.11%	42.11%	Note 4(2)3
The Company	Dahan Property Management Co., Ltd.	Housing and building development and rental business operations, etc.	80.00%	80.00%	80.00%	-
The Company	Sea Dragon Traders Ltd. (BVI)	Investment business	100.00%	100.00%	100.00%	-
The Company	SINGAPORE LUNGYEN LIFE SERVICES PTE. LTD.	Funeral services business operations	100.00%	100.00%	100.00%	-
The Company	ZEKAEN CO. LTD.(the original You Ka En Inc)	Flower wholesale, retail, and landscape design business operations	100.00%	73.85%	73.85%	Note 4(2)3
Yuji Development Corp.	Lung Fu Company Limited	Funeral services business operations	77.75%	77.75%	77.75%	Note 4(2)3
ZEKAEN CO. LTD	Longding Life Sciences Inc.	Flowers growing, wholesale, and retail business operations	39.29%	57.89%	57.89%	Note 4(2)3

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

3. Changes in subsidiary:

- (1) 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 participated in August 2013 in the new issuance shares of Lung Fu to increase capital, at price of NT\$210,000 thousand, Yuji now holds 21,070 thousand shares and its stake from 70% to 77.75%.
- (2) In June 2013, in order to expand the scale of operations, our affiliates Zekaen Co. Ltd. (originally You Ka En Inc.) increased cash capital 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 proportion 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. Additionally, in May 2014, the Company purchased shares of Zekaen Co. Ltd. from Japanese companies which are Fuji Kogyo Co., Ltd. and You Ka En Inc., and its stake from 73.85% to 100%.
- (3) In June 2013, the subsidiary company Longding Life Sciences Inc. increased cash capital to 55,000 thousand, issued at par, the Company 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%. Additionally, in March 2014, the subsidiary company Longding Life Sciences Inc. increased cash capital to 45,000 thousand, issued at par, the Company did not take up new shares as proportion previously held, this has caused the Company's ownership to increase from 42.11% to 60.71%, Zekaen Co. Ltd. to decrease to 39.29%.

(4) In August 2014, upon the resolution by the Annual Meeting of Shareholders, the subsidiary company Jin Huang Construction Co. Ltd. reduced cash capital in order to adjust capital structure and to improve the return on equity (ROE). The total amount was NT\$177,500 thousand and was returned based on the ordinary shareholding ratio of each shareholder. The capital reduction ratio was 88.75%. After the capital reduction, the paid-in capital of Jin Huang was NT\$22,500 thousand, and the reduction effective date was August 5, 2014.

(III) Income tax

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

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

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

(IV) Employee welfare

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

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

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

The bases of key accounting assumptions, judgments and estimation uncertainty used in preparing the quarterly consolidated quarterly financial statements are consistent with the Group’s 2013 annual consolidated financial statements (Note 5).

VI. Important accounting accounts

Except as described in the following paragraphs, there were no significant differences with those disclosed in the 2013 annual consolidated financial statements. Please refer to Note 6 of the 2013 annual consolidated financial statements.

(I) Cash and cash equivalent

	<u>9.30.2014</u>	<u>12.31.2013</u>	<u>9.30.2013</u>
Cash on hand	\$ 4,216	3,128	2,676
Check deposits	-	-	7,519
Demand deposits	235,258	391,440	226,331
Time deposits	<u>11,370</u>	<u>987,771</u>	<u>519,653</u>
Cash and cash equivalent on the Consolidated Statement of Cash Flow	<u>\$ 250,844</u>	<u>1,382,339</u>	<u>756,179</u>

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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(17).

(II) Financial assets

1. Details are as follows:

	9.30.2014	12.31.2013	9.30.2013
Financial assets measured at fair value through profit or loss			
Domestic and foreign common stocks	\$ 357,440	232,349	236,972
Bond investment	198,466	198,748	96,734
Beneficiary certificates	584,781	428,430	610,000
Total	\$ 1,140,687	859,527	943,706
Financial assets valued at cost			
Stock Investment - PK Venture Capital Corp.	\$ 27,855	42,255	42,255
Stock Investment - FORTUNE IC FUND I	11,216	11,216	11,216
Stock Investment – Chen-Yuan Industry Co., Ltd.	2,550	2,550	2,550
Stock investment –Ruei Da Venture Capital Co., Ltd.	-	2,862	-
Total	\$ 41,621	58,883	56,021
Available-for-sale financial assets – non-current			
Bond investment	\$ 1,368,405	-	-

- (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 in 2013, the consolidated company received capital reduction refund of NT\$12,000 thousand and NT\$450 thousand. On June 16, 2014, PK Venture Capital Corp. performed reduction of cash capital again, and received returning cash for NT\$14,400 thousand. In addition, the Company lost significant influence on Ruei Da Venture Capital Co., Ltd., please refer to Note 6(4) for more information.
 - (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.
 - (4) On May 15, 2014, the Company disposed shares of PK Venture Capital Corp. for an amount of NT\$3,013 thousand with an expected gain on disposal of NT\$207 thousand.
 - (5) The coupon rate range of the Company's available-for-sale financial assets – non-current on September 30, 2014, is 3.00%~7.875%, and the maturity year is 2015~2024.
 - (6) With respect to details of transferring from financial assets measured at fair value through profit or loss to the Trust as of September 30, 2014, December 31 and September 30, 2013, please refer to Note 9 for more information.
2. The consolidated company has disclosed the credit, currency, and interest rate exposure

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related to the financial instruments on Note 6(17).

(III) Inventory

	<u>9.30.2014</u>	<u>12.31.2013</u>	<u>9.30.2013</u>
Real estate for sale	\$ 4,968	5,837	5,837
Columbarium and cemetery for sale	1,467,160	1,666,043	1,715,026
Construction Site	2,051,272	1,230,794	1,094,244
Residential and building under construction	2,245,051	2,245,468	2,295,940
Columbarium and cemetery under construction	6,914,799	6,820,784	6,549,042
Prepayments for land	236,680	727,589	624,859
Agricultural products	1,162	1,503	-
	<u>\$ 12,921,092</u>	<u>12,698,018</u>	<u>12,284,948</u>
Expected to be recovered in more than twelve months	<u>\$ 12,548,527</u>	<u>12,505,070</u>	<u>12,092,001</u>

- As of July 1 to September 30, 2014 and 2013, and January 1 to September 30, 2014 and 2013, the total interest expense of the consolidated company is NT\$ 5,508 thousand, NT\$6,609 thousand, NT\$9,444 thousand and NT\$ 16,479 thousand, respectively. The amount of capitalized interest of residential and building under construction, as well as columbarium and cemetery under construction is zero.
- The consolidated Company discretionary portion of the land due to land acquisition integration consignee handle matters registered in the name part. The two sides signed the contract and agreed to have the land ownership transferred back to the consolidated company unconditionally upon the completion of land consolidation. Trustee at the time of acquiring the land ownership shall have the documents needed for ownership transfer prepared, signed, and sealed and then delivered to the principal for records. In addition, a promissory note issued by the trustee for an amount equivalent to the land value should be delivered to the principal for records.
- In May 2014, the Company acquired the foreclosed land on Huagang section, Shilin Dist. through public tender. The transaction price was NT\$451,114 thousand. The related legal registration procedure was completed on July 7, 2014.
- For the consolidated company's inventories pledged as collateral as of September 30, 2014, December 31 and September 30, 2013, please refer to Note 8.

(IV) The investment under equity method

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

	<u>9.30.2014</u>	<u>12.31.2013</u>	<u>9.30.2013</u>
Affiliated enterprises	\$ -	-	<u>2,862</u>

- The consolidated company's share of the affiliated enterprise's profit and loss as of January 1 to September 30, 2014 and 2013 is as follows:

	<u>July to September 2014</u>	<u>July to September 2013</u>	<u>January to September 2014</u>	<u>January to September 2013</u>
The Consolidated Company's share of the affiliated enterprise's profit and loss	\$ -	(816)	-	(24)

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2. The consolidated company disposed the full ownership of the affiliated enterprises Beauty Kadan Co., Ltd. in August 2013 at a sales price of NT\$23,732 thousand, and the recognized profit of the disposal of investment is NT\$803 thousand.
3. Affiliated enterprise Rwei Da Venture Capital Co., Ltd. performed capital reduction refund NT\$27,000 thousand in June 2013 and the amount debited using the equity method of investment. In addition, Rwei Da Venture Capital Co., Ltd. conducted capital injection in November 2013, the consolidated company's did not take up new shares as shareholding ratio, this has caused the Company's ownership to decrease from 47.62% to 15%, leading to loss of significant influence on this company. Hence, the investment under equity method is transferred to financial assets carried at cost using. Please refer to Note 6(2).
4. The consolidated company's investment under equity method was without any collateral pledged as of September 30, 2014.

(V) Real property, plant, and equipment

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

	<u>Land</u>	<u>Houses and buildings</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leased assets and leasehold improvements</u>	<u>Other equipment</u>	<u>Construction in progress and equipment to be tested</u>	<u>Total</u>
Cost or identified cost:								
Balance on January 1, 2014	\$ 2,007,959	792,553	89,748	106,079	35,280	43,486	2,612,030	5,687,135
Additions	186	30,304	72	91	1,942	2,891	667,114	702,600
Disposal and scrap	-	-	(5,915)	(7,560)	(1,779)	(985)	(79)	(16,318)
Reclassification	91,454	326,298	-	104	1,929	-	(331,341)	88,444
Balance on September 30, 2014	<u>\$ 2,099,599</u>	<u>1,149,155</u>	<u>83,905</u>	<u>98,714</u>	<u>37,372</u>	<u>45,392</u>	<u>2,947,724</u>	<u>6,461,861</u>
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	32,023	5,055	1,210	6,417	2,384	2,591	342,520	392,200
Disposal	-	-	(981)	(840)	(356)	(400)	-	(2,577)
Reclassification	370	149,234	828	-	-	-	(100,576)	49,856
Balance on September 30, 2013	<u>\$ 2,007,160</u>	<u>794,105</u>	<u>88,821</u>	<u>105,090</u>	<u>35,281</u>	<u>42,991</u>	<u>2,442,432</u>	<u>5,515,880</u>
Depreciation and impairment loss:								
Balance on January 1, 2014	\$ -	268,206	42,079	92,020	32,608	29,067	-	463,980
Current depreciation	-	22,794	8,562	2,583	900	3,334	-	38,173
Disposal and scrap	-	-	(5,915)	(3,349)	(522)	(968)	-	(10,754)
Reclassification	-	(4,128)	-	-	128	-	-	(4,000)
Balance on September 30, 2014	<u>\$ -</u>	<u>286,872</u>	<u>44,726</u>	<u>91,254</u>	<u>33,114</u>	<u>31,433</u>	<u>-</u>	<u>487,399</u>
Balance on January 1, 2013	\$ -	250,699	30,494	89,057	30,721	25,368	-	426,339
Subsidiaries	-	-	-	621	3	-	-	624
Current depreciation	-	12,837	8,662	2,128	1,298	3,726	-	28,651
Disposal and scrap	-	-	-	(840)	(49)	(116)	-	(1,005)
Balance on September 30, 2013	<u>\$ -</u>	<u>263,536</u>	<u>39,156</u>	<u>90,966</u>	<u>31,973</u>	<u>28,978</u>	<u>-</u>	<u>454,609</u>
Book value:								
January 1, 2014	<u>\$ 2,007,959</u>	<u>524,347</u>	<u>47,669</u>	<u>14,059</u>	<u>2,672</u>	<u>14,419</u>	<u>2,612,030</u>	<u>5,223,155</u>
September 30, 2014	<u>\$ 2,099,599</u>	<u>862,283</u>	<u>39,179</u>	<u>7,460</u>	<u>4,258</u>	<u>13,959</u>	<u>2,947,724</u>	<u>5,974,462</u>
January 1, 2013	<u>\$ 1,974,767</u>	<u>389,117</u>	<u>57,270</u>	<u>5,813</u>	<u>1,975</u>	<u>15,432</u>	<u>2,200,488</u>	<u>4,644,862</u>
September 30, 2013	<u>\$ 2,007,160</u>	<u>530,569</u>	<u>49,665</u>	<u>14,124</u>	<u>3,308</u>	<u>14,013</u>	<u>2,442,432</u>	<u>5,061,271</u>

1. The consolidated company (referred to as "the principal" hereinafter) has part of the land registered in the name of the discretionary related party (referred to as "the trustee" hereinafter) for land acquisition matters. The contractual parties agree to have the land ownership transferred back to the consolidated company unconditionally upon the completion of land consolidation. Trustee at the time of acquiring the land ownership shall have the documents needed for ownership transfer prepared, signed and sealed, and

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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 record.

2. For the financing facilities pledged in details as of September 30, 2014 and December 31, September 30, 2013, please refer to Note 8.
3. As of September 30, 2014, December 31 and September 30, 2013 through part of real property deliver trust case, please refer to Note 9.

(VI) Investment property

	<u>Land and improvements</u>	<u>Building and structure</u>	<u>Total</u>
Cost or identified cost:			
Balance on January 1, 2014	\$ 4,593,821	1,874,815	6,468,636
Additions	-	1,019	1,019
Disposal	(9,063)	(10,982)	(20,046)
Reclassification	12,531	17,597	30,129
Balance on September 30, 2014	<u>\$ 4,597,289</u>	<u>1,882,449</u>	<u>6,479,738</u>
Balance on January 1, 2013	\$ 5,141,449	2,746,489	7,887,938
Additions	-	38	38
Disposal	(774)	(1,002)	(1,776)
Reclassified to non-current assets for sale	(547,681)	(874,070)	(1,421,751)
Balance on September 30, 2013	<u>\$ 4,592,994</u>	<u>1,871,455</u>	<u>6,464,449</u>
Depreciation and impairment loss:			
Balance on January 1, 2014	\$ 19,910	264,587	284,497
Current depreciation	-	39,604	39,604
Disposal	-	(3,383)	(3,383)
Reclassification	-	4,000	4,000
Balance on September 30, 2014	<u>\$ 19,910</u>	<u>304,808</u>	<u>324,718</u>
Balance on January 1, 2013	\$ 19,910	288,815	308,725
Current depreciation	-	55,640	55,640
Disposal	-	(118)	(118)
Reclassified to non-current assets for sale	-	(92,211)	(92,211)
Balance on September 30, 2013	<u>\$ 19,910</u>	<u>252,126</u>	<u>272,036</u>
Book value:			
January 1, 2014	<u>\$ 4,573,911</u>	<u>1,610,228</u>	<u>6,184,139</u>
September 30, 2014	<u>\$ 4,577,379</u>	<u>1,577,641</u>	<u>6,155,020</u>
January 1, 2013	<u>\$ 5,121,539</u>	<u>2,457,674</u>	<u>7,579,213</u>
September 30, 2013	<u>\$ 4,573,084</u>	<u>1,619,329</u>	<u>6,192,413</u>

1. In 2012, upon the board resolution, the consolidated company decided to sell part of the investment property and entrusted the asset management company to implement public tender through bundling sales in September 2013. Hence, on September 30, 2013, the consolidated company reclassified the investment property as non-current assets for sale, totaling NT\$1,329,540 thousand. Additionally, the consolidated company has completed the public tender of that property in October 2013, the payment amount was NT\$1,775,640 thousand (tax excluded). After deducting the book value of non-current assets for sale, relevant ancillary works and relevant tax, the recognized gain on disposal of assets was NT\$428,210 thousand.
2. Investment property contains a number of commercial properties leased to others. Please refer to Note 6(9).
3. There are no significant differences between the consolidated company investment

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property fair value and the disclosure information of the 2013 annual consolidated financial report Note 6(8).

4. For the financing facilities pledged in details as of September 30, 2014 and December 31, September 30, 2013, please refers to Note 8.

(VII) Intangible assets

	<u>Goodwill</u>	<u>Trademark</u>	<u>Computer software</u>	<u>Total</u>
Cost:				
Balance on January 1, 2014	\$ 542,428	192,750	94,571	829,749
Acquired separately	-	-	2,251	2,251
Disposal and scrap	-	-	(5,540)	(5,540)
Balance on September 30, 2014	<u>\$ 542,428</u>	<u>192,750</u>	<u>91,282</u>	<u>826,460</u>
Balance on January 1, 2013	\$ 542,428	192,750	76,126	811,304
Acquired separately	-	-	4,851	4,851
Reclassification	-	-	525	525
Subsidiaries	-	-	1,543	1,543
Balance on September 30, 2013	<u>\$ 542,428</u>	<u>192,750</u>	<u>83,045</u>	<u>818,223</u>
Amortization and impairment loss:				
Balance on January 1, 2014	\$ -	-	44,601	44,601
Current Amortization	-	-	8,885	8,885
Disposal and scrap	-	-	(2,402)	(2,402)
Balance on September 30, 2014	<u>\$ -</u>	<u>-</u>	<u>51,084</u>	<u>51,084</u>
Balance on January 1, 2013	\$ -	-	33,628	33,628
Current Amortization	-	-	6,250	6,250
Subsidiaries	-	-	218	218
Balance on September 30, 2013	<u>\$ -</u>	<u>-</u>	<u>40,096</u>	<u>40,096</u>
Book value:				
January 1, 2014	<u>\$ 542,428</u>	<u>192,750</u>	<u>49,970</u>	<u>785,148</u>
Balance on September 30, 2014	<u>\$ 542,428</u>	<u>192,750</u>	<u>40,198</u>	<u>775,376</u>
January 1, 2013	<u>\$ 542,428</u>	<u>192,750</u>	<u>42,498</u>	<u>777,676</u>
Balance on September 1, 2013	<u>\$ 542,428</u>	<u>192,750</u>	<u>42,949</u>	<u>778,127</u>

There were no significant additions, disposals, or recognitions and reversals of impairment losses of intangible assets for the nine months ended September 30, 2014 and 2013. Information on amortization for the period is discussed in Note 12(1). Please refer to 2013 annual consolidated financial report Note 6(9) for other related information.

(VIII) Short-term loan

	<u>9.30.2014</u>	<u>12.31.2013</u>	<u>9.30.2013</u>
Guaranteed bank loans	\$ 2,553,500	1,002,000	2,438,000
Unguaranteed bank loans	-	-	250,000
Total	<u>\$ 2,553,500</u>	<u>1,002,000</u>	<u>2,688,000</u>
Unused limit	<u>\$ 2,546,500</u>	<u>3,429,000</u>	<u>873,000</u>
Interest rate range	<u>0.72%~1.5%</u>	<u>0.62%~1.85%</u>	<u>0.62%~1.85%</u>

1. Issuance and repay of short-term loan

As of January 1 to September 30, 2014 and 2013, the increased amount is NT\$3,211,000 thousand and NT\$2,236,000 thousand, respectively. The maturity is July

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2015 and 2014, respectively. The repayable amount is NT\$1,659,500 thousand and NT\$1,688,000 thousand, respectively.

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

(IX) Operating lease

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

	9.30.2014	12.31.2013	9.30.2013
Within 1 year	\$ 237,612	215,679	223,642
1~5 years	473,618	482,340	501,020
Over 5 years	100,342	129,617	157,278
	\$ 811,572	827,636	881,940

(X) Employee welfare

1. Defined benefit plan

Management believes that in prior fiscal year, there was no material volatility of the market, no material reimbursement and settlement or other material one-time events. As a result, the consolidated company adopts the pension cost decided actuarially as of December 31, 2013 and 2012 to measure and disclose the pension cost during the interim period.

Consolidated company's expenses as follows:

	July to September 2014	July to September 2013	January to September 2014	January to September 2013
Administrative expenses	\$ 12	10	26	28

2. Defined contribution plan

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

	July to September 2014	July to September 2013	January to September 2014	January to September 2013
Operating cost	\$ 896	2,003	5,421	5,520
Administrative expenses	2,357	2,331	7,026	6,367
	\$ 3,253	4,334	12,447	11,887

(XI) Income tax

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

2. The consolidated company's income tax expenses as follows:

	July to September 2014	July to September 2013	January to September 2014	January to September 2013
Current income tax expenses				
Current generated	\$ 54,788	62,094	136,162	146,020
Additional 10% surtax on	-	-	22,275	51,979

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	July to September 2014	July to September 2013	January to September 2014	January to September 2013
undistributed retained earnings				
Increase of land tax	532	796	2,285	30,256
	\$ 55,320	62,890	160,722	228,255

3. The Company's income tax returns have been audited by the tax authorities up to 2010. The discontinued company after the consolidation - Lungyen Life Service Co., Ltd.'s income tax return has been audited by the tax authorities up to 2010, while in 2009 it still needs further auditing.

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

	9.30.2014	12.31.2013	9.30.2013
Undistributed earnings before 1997	\$ -	-	-
Undistributed earnings after 1998	2,276,581	2,517,500	1,730,806
	\$ 2,276,581	2,517,500	1,730,806
Imputed tax credit account balance	\$ 287,828	567,641	409,618
	2013 (Actual)	2012 (Actual)	
Creditable ratio for distribution of earnings for ROC residents	23.14%	20.48%	

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

(XII) Capital and other equity

Except as described below, there were no significant changes in the equity capital and other equity accounts of the consolidated company during the three months ended in September 30, 2014 and 2013, for more information please refer to Note 6(14) of the 2013 annual consolidated financial statements.

1. Additional paid-in capital

The Company's additional paid-in capital balance:

	9.30.2014	12.31.2013	9.30.2013
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	-	3,589	3,644
	\$ 1,392,072	1,395,661	1,395,716

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

2. Retained earnings

According to the Company's Articles of Incorporation, the total annual earnings, if any, should be applied to pay tax, make up losses of prior years, then appropriated 10% legal reserve, and if necessary, appropriated special reserve, the remaining amount

thereafter, if any, is deposited as retained earnings partially and the rest amount is allocated as follows:

- a. Remuneration to directors may not exceed 2%;
- b. Bonus to employees may not be less than 1%;

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

After deducting the aforementioned amount, the shareholders bonus was distributable earnings plus cumulative unappropriated earnings, and distributed or retained in accordance with the total shareholding ratio of the Company's dividend policy by the Board of Directors. The distribution plan was proposed by the Board of Directors to the general shareholders' meeting for resolution. Retained earnings can be distributed in the form of stock dividends or cash 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 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 July 1 to September 30, and January to September 2014 and 2013 is estimated to be NT\$5,733 thousand, NT\$3,000 thousand, NT\$14,175 thousand and NT\$11,000 thousand, respectively. The remuneration to directors and supervisors is estimated to be NT\$11,466 thousand, NT\$6,000 thousand, NT\$28,350 thousand and NT\$22,000 thousand, respectively. The Company's bonus payable to employees and remuneration payable to directors and supervisors as of July to September and January to September 2013 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. However, as of July to September and January to September 2014, the estimated base is changed to be after-tax net income of the specific period multiply by the distribution fractional ratio of bonus to employees and remuneration to directors and supervisors of the Company's Articles of association; also, the bonus to employees and the remuneration to directors and supervisors are reported as current operating cost.

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. It is based on the 2013 and 2012 net income, earnings distribution method, priority, and percentage of bonus to employees and remuneration

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to directors and supervisors defined in the Company's Articles of Incorporation; also, it is reported as operating cost or operating expense as of 2013 and 2012. The actual distribution information of aforementioned bonus to employees and remuneration to directors and supervisors can be obtained from the MOPS.

The Company's distribution of 2013 earnings was proposed by the board of directors on June 17, 2014; also, the distribution of 2012 earnings was resolved in the general shareholders' meeting on June 4, 2013. The distribution of dividends to shareholders is as follows:

	2013		2012	
	Share distribution rate (NT\$)	Amount	Share distribution rate (NT\$)	Amount
Dividends distributed to common stock shareholders:				
Cash	\$ 4.00	<u>1,596,337</u>	3.30	<u>1,316,978</u>

The Company's 2012 annual bonus to employees, directors and supervisors of financial reporting amounts recognized no difference between the actual distributions. On June 17, 2014, annual shareholders meeting resolved the change in 2013 cash dividend distribution from NT\$3.3 per share to NT\$4.0 per share. Hence, the actual distribution of bonus to employees is changed from NT\$13,577 thousand to NT\$16,457 thousand, and the actual distribution of remuneration to directors and supervisors is changed from NT\$27,154 thousand to NT\$32,914 thousand. Additionally, the difference between estimated and actual distribution of bonus to employees and remuneration to directors and supervisors is NT\$8,640 thousand which is listed as current profit or loss in 2014.

3. Other equity

	Exchange differences from the translation of foreign institution's financial statements			Available-for- sale investment	Total
	\$	(15,280)	56	(15,224)	
January 1, 2014					
Currency translation differences (after tax):					
Consolidated company		2,423	-	2,423	
Unrealized gain or loss of the available-for-sale financial assets:					
Consolidated company	\$ -		(11,317)	(11,317)	
Affiliated enterprises	-		(56)	(56)	
Balance on September 30, 2014	<u>\$</u>	<u>(12,857)</u>	<u>(11,317)</u>	<u>(24,174)</u>	
January 1, 2013	\$	(20,204)	369	(19,835)	
Currency translation differences (after tax):					
Consolidated company		4,011	-	4,011	
Unrealized gain or loss of the					

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	Exchange differences from the translation of foreign institution's financial statements	Available-for- sale investment	Total
available-for-sale financial assets:			
Affiliated enterprises	-	(313)	(313)
Balance on September 30, 2013	\$ (16,193)	56	(16,137)

(XIII) Earnings per share

The consolidated company's basic earnings per share and diluted earnings per share are calculated as follows:

	July to September 2014	July to September 2013	January to September 2014	January to September 2013
Basic earnings per share				
Net income attributable to the Company's common stock shareholders:	\$ 623,577	424,536	1,555,191	1,228,960
Weighted average outstanding common stock shares	399,084	399,084	399,084	399,084
	\$ 1.56	1.06	3.90	3.08
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)	\$ 623,577	424,536	1,555,191	1,228,960
Weighted average outstanding common stock shares	399,084	399,084	399,084	399,084
The impact of common stock shares with potential dilutive effect of the weighted average outstanding common stock shares				
The impact of stock bonus to employees	176	214	267	198
Weighted average outstanding common stock shares (after adjusting the potential dilutive effect of the common stock shares)	399,260	399,298	399,351	399,282
	\$ 1.56	1.06	3.89	3.08

(XIV) Income

The consolidated company's income is as follows:

	July to September 2014	July to September 2013	January to September 2014	January to September 2013
Columbarium and cemetery income	\$ 1,054,161	657,846	2,341,663	1,835,912

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	July to September 2014	July to September 2013	January to September 2014	January to September 2013
Funeral services income	365,882	378,329	1,106,552	1,032,627
Rent income from investment property	58,428	54,509	157,831	167,242
Construction contract income	5,422	3,438	16,802	26,228
Other operating income	25,600	12,916	123,539	83,090
	\$ 1,509,493	1,107,038	3,746,387	3,145,099

(XV) Other profit and loss

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

	July to September 2014	July to September 2013	January to September 2014	January to September 2013
Gain (loss) on disposal of investment property interests	\$ -	644	15,731	1,871
Gain (loss) on change in fair value of biological assets	8,025	8,833	28,009	12,640
	\$ 8,025	9,477	43,740	14,511

(XVI) Non-operating income and expense

1. Other income

The consolidated company's other income is as follows:

	July to September 2014	July to September 2013	January to September 2014	January to September 2013
Interest income	\$ 23,527	11,185	60,304	19,924
Dividend income	21,709	7,269	21,709	11,431
Service charge income	2,420	2,474	7,231	7,552
Fines income	31,865	55,056	93,467	134,427
Other income	377	904	9,081	2,388
	\$ 79,898	76,888	191,792	175,722

2. Other profit and loss

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

	July to September 2014	July to September 2013	January to September 2014	January to September 2013
Foreign exchange gain (loss)	\$ 50,147	(18,501)	7,400	(9,058)
Gains and losses on disposal of investments and financial assets				
Disposal of financial assets carried at cost	-	803	207	33,745
Net financial assets measured at fair value through profit or loss	(4,378)	(2,003)	47,334	41,327

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	<u>July to September 2014</u>	<u>July to September 2013</u>	<u>January to September 2014</u>	<u>January to September 2013</u>
Disposal of property, plant, and equipment	-	(191)	(3,021)	2,690
Loss on scrapping of intangible asset	(426)	-	(2,950)	-
Other expense	(722)	(168)	(4,741)	(2,184)
	\$ 44,621	(20,060)	44,229	66,520

3. Finance cost

Consolidated company's finance cost is as follows:

	<u>July to September 2014</u>	<u>July to September 2013</u>	<u>January to September 2014</u>	<u>January to September 2013</u>
Interest expense	\$ 5,508	6,609	9,444	16,479

(XVII) Financial instruments

Except as described in the following paragraph, there were no significant changes in the Group's fair value of financial instruments exposed to credit risk, liquidity risk, and market risk. For other information, please refer to Note 6(19) in the 2013 annual consolidated financial statements.

1. Credit risk

The consolidated company past due without the impairment of notes receivable, account receivables, and other receivables. The analysis is as follows:

	<u>9.30.2014</u>		<u>12.31.2013</u>		<u>9.30.2013</u>	
	<u>Total</u>	<u>Impairment</u>	<u>Total</u>	<u>Impairment</u>	<u>Total</u>	<u>Impairment</u>
Not overdue	\$ 424,745	29,528	288,135	24,755	309,387	22,273
Overdue 31~60 days	32,602	1,631	10,193	966	18,197	1,053
Overdue 61~90 days	10,415	899	6,884	584	10,216	816
Overdue 91~120 days	2,958	245	8,352	143	2,881	118
Overdue more than 120 days	52,691	21,924	92,500	17,102	74,115	22,857
	\$ 523,411	54,227	406,064	43,550	414,796	47,117

	<u>January to September 2014</u>	<u>January to September 2013</u>
Balance on January 1	\$ 43,550	32,795
Impairment loss recognized	10,677	14,322
Balance on September 30	\$ 54,227	47,117

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

2. Exchange rate risk

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

	<u>9.30.2014</u>			<u>12.31.2013</u>			<u>9.30.2013</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>New Taiwan Dollar</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>New Taiwan Dollar</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>New Taiwan Dollar</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
RMB/NTD	\$ 319,884	4.934	1,578,308	230,812	4.900	1,228,979	236,338	4.833	1,142,489
RMB/USD	26,540	0.162	130,949	23,292	0.165	114,132	3,773	0.163	18,442

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	9.30.2014			12.31.2013			9.30.2013		
	Foreign currency	Exchange rate	New Taiwan Dollar	Foreign currency	Exchange rate	New Taiwan Dollar	Foreign currency	Exchange rate	New Taiwan Dollar
USD/NTD	23,293	30.420	708,554	2,875	29.720	85,445	1,653	29.570	96
Japanese yen / NTD	13,401	0.278	3,725	10,916	0.285	3,111	8,420	0.302	2,544
HKD/NTD	22,349	3.918	87,563	-	-	-	-	-	-
<u>Non -monetary items</u>									
Japanese yen / NTD	157,440	0.278	43,768	145,760	0.285	41,584	143,306	0.302	43,309
USD/NTD	2,171	30.420	66,061	1,929	29.720	57,341	1,761	29.570	52,070

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 US Dollars, Singapore Dollars, RMB and Japanese Yen depreciated or appreciated by 10%, assuming all other variables held constant, as of September 30, 2014 and 2013. The net income was increased by NT\$208,255 thousand and decreased by NT\$96,576 thousand, respectively, as of the nine months ended September 30, 2014 and 2013; the equity was increased by 9,116 thousand or decreased by 7,916 thousand, respectively. The analysis of two terms are completed by using the same basis

3. 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. Each fair value hierarchy is 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 parameters of the asset or liability are not based on the observable market data (unobservable parameter).

	Class I	Class II	Class III	Total
9.30.2014				
Financial assets measured at fair value through profit or loss	\$ 1,140,687	-	-	1,140,687
Available-for-sale financial assets	1,368,405	-	-	1,368,405
	\$ 2,509,092	-	-	2,509,092
12.31.2013				
Financial assets measured at fair value through profit or loss	\$ 859,527	-	-	859,527
9.30.2013				
Financial assets measured at fair value through profit or loss	\$ 943,706	-	-	943,706

No financial asset was transferred as of the nine months ended September 30, 2014 and 2013.

(XVIII) Financial risk management

There were no significant differences of the consolidated company's financial risk management and policies with those disclosed in Note 6(20) of the 2013 annual

consolidated financial statements.

(XIX) Capital management

Management believes that the objectives, policies, and processes of capital management of the Group have been applied consistently with those described in the 2013 annual consolidated financial statements. Additionally, management believes that there were no significant changes between the total quantitative information of capital management and those disclosed in the 2013 annual consolidated financial statements. For related information, please refer to Note 6(21) in 2013 annual consolidated financial statements.

VII. Related Party Transactions

(I) Parent company and ultimate controller

The Company is the ultimate controller of the consolidated company.

(II) Other related party transactions

1. Sales

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

	Sales				Receivables from related parties (booked in "Accounts receivable – net")		
	July to September 2014	July to September 2013	January to September 2014	January to September 2013	9.30.2014	12.31.2013	9.30.2013
Other related party	\$ -	-	6,284	-	-	20,031	17,854
Affiliates	-	-	-	699	-	-	-
	<u>\$ -</u>	<u>-</u>	<u>6,284</u>	<u>699</u>	<u>-</u>	<u>20,031</u>	<u>17,854</u>

Transaction price is 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 are as follows:

	Purchase				Payable to related party		
	July to September 2014	July to September 2013	January to September 2014	January to September 2013	9.30.2014	12.31.2013	9.30.2013
Affiliated enterprises	\$ -	-	-	42,286	-	-	-

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 to 60 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\$1,279 thousand, NT\$1,851 thousand, NT\$3,922 thousand and NT\$3,041 thousand paid as of July 1 to September 30 2014 and 2013, respectively; and for the nine months ended September 30 2014 and 2013.

(2) Lessor:

The consolidated company has office building and parking space rented to the related party for a rent income of NT\$8 thousand, NT\$8 thousand, NT\$25 thousand and

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NT\$1,653 thousand as of July 1 to September 30, 2014 and 2013; and the nine months ended September 30 2014 and 2013, respectively.

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

4. Contract projects

<u>Name of related party</u>	<u>Project Name</u>	<u>Contract Price</u>	<u>Current Price</u>	<u>Accumulated Price</u>
January to September 2014				
Other related party	Gu Gong Case	\$ <u>288,013</u>	<u>34,431</u>	<u>251,140</u>
January to September 2013				
Other related party	Gu Gong Case	\$ <u>347,249</u>	<u>-</u>	<u>216,709</u>

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 assets – current)

	<u>9.30.2014</u>	<u>12.31.2013</u>	<u>9.30.2013</u>
Affiliated enterprises	\$ <u>-</u>	<u>100</u>	<u>-</u>

(2) Other payables

	<u>9.30.2014</u>	<u>12.31.2013</u>	<u>9.30.2013</u>
Other related party	\$ <u>664</u>	<u>925</u>	<u>-</u>

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

	<u>9.30.2014</u>	<u>12.31.2013</u>	<u>9.30.2013</u>
Other related party	\$ <u>-</u>	<u>557</u>	<u>-</u>

6. Trust contract

Part of the Consolidated Company's land is trusted and registered in the name of the related party as of September 30, 2014. Please refer to Note 6(3) and (5).

7. Others

The Consolidated Company commissioned other related party to acquire land for construction for a total price of NT\$668,016 thousand as of September 30, 2014 and 2013, respectively. The discretionary trustee is to handle the land combination matter on behalf of the Company.

(III) Key management personnel transactions

Key management personnel remuneration includes:

	<u>July to September 2014</u>	<u>July to September 2013</u>	<u>January to September 2014</u>	<u>January to September 2013</u>
Short-term employee benefits	\$ 7,241	5,531	26,280	17,030
Retirement benefits	240	220	799	574
	<u>\$ 7,481</u>	<u>5,751</u>	<u>27,079</u>	<u>17,604</u>

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VIII. Pledged Assets

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

<u>Assets name</u>	<u>Purpose of collateral</u>	<u>9.30.2014</u>	<u>12.31.2013</u>	<u>9.30.2013</u>
Other financial assets - current	The transaction service of trust accounts and credit accounts; also, the guarantee of forward exchange transactions	\$ 586,695	136,046	305,856
Inventories	The guarantee for the transaction service of the loan account and credit account	3,099,297	2,870,063	2,730,177
Property, plant, and equipment – book value	Collateral for loan	581,031	581,031	581,031
Investment property – book value	The guarantee for the transaction service of the loan account and credit account	<u>2,976,169</u>	<u>2,991,069</u>	<u>2,996,127</u>
		<u>\$ 7,243,192</u>	<u>6,578,209</u>	<u>6,613,191</u>

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:

	<u>9.30.2014</u>	<u>12.31.2013</u>	<u>9.30.2013</u>
Contracted projects	\$ 36,873	36,241	130,540
Acquisition of columbarium and cemetery	26,707	37,707	37,707
Acquisition of construction site	343,258	171,919	286,813
Individual construction project	529,077	1,144,392	990,591

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 September 30, 2014, December 31 and September 30, 2013, respectively

(II) 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 September 30, 2014, December 31 and September 30, 2013 are as follows :

	<u>9.30.2014</u>	<u>12.31.2013</u>	<u>9.30.2013</u>
Bank deposits			
Demand deposits	\$ 195,213	11,519	125,100

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	<u>9.30.2014</u>	<u>12.31.2013</u>	<u>9.30.2013</u>
Time deposits	292,874	816,324	538,487
Financial assets measured at fair value through profit or loss - current	557,484	497,032	422,434
Available-for-sale financial assets – non-current	890,610	-	-
Property, plant and equipment (Note)	2,277,914	2,277,914	2,277,914
Investment property (Note)	1,962,845	1,962,845	1,962,845
	<u>\$ 6,176,940</u>	<u>5,565,634</u>	<u>5,326,780</u>

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

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

- The Consolidated Company has an administration fee account setup for the fees collected in a lump sum or periodically from the clients to maintain funeral facilities safety and cleanness, and to organize ceremony activities and internal administration. The administration fee account was with a balance of NT\$1,089,398 thousand, NT\$1,024,617 thousand, and NT\$1,033,095 thousand, as of September 30, 2014, December 31 and September 30, 2013, respectively; also, it is booked in the “Other financial assets – current.”
- The Consolidated Company had contracts signed with clients for the sale of columbarium of True Dragon Tower and funeral service as of September 30, 2014, December 31 and September 30, 2013. The pre-need contract signed and the related deferred marketing expenses are as follows:

	<u>9.30.2014</u>	<u>12.31.2013</u>	<u>9.30.2013</u>
Total contract price	\$ 34,525,350	34,168,389	33,873,144
Outstanding proceeds	(7,579,279)	(7,630,962)	(7,638,351)
Advanced receipts	<u>\$ 26,946,071</u>	<u>26,537,427</u>	<u>26,234,793</u>
Deferred marketing expense	<u>\$ 7,996,635</u>	<u>8,046,357</u>	<u>8,044,754</u>
Expected to be reclassified for more than twelve months	<u>\$ 24,221,156</u>	<u>23,812,512</u>	<u>23,509,878</u>

X. Significant disaster loss: None

XI. Significant subsequent events: None

XII. Others

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

By item	July to September 2014				July to September 2013			
	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	54,330	32,618	15,309	102,257	52,752	53,708	16,049	122,509
Labor and health insurance	3,965	3,120	1,031	8,116	3,460	2,613	2,013	8,086
Pension	896	1,616	753	3,265	2,003	1,369	972	4,344

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By item	July to September 2014				July to September 2013			
	Classified as Operating Costs	Classified as Selling Expenses	Other (Note 1)	Total	Classified as Operating Costs	Classified as Selling Expenses	Other (Note 1)	Total
Others	2,097	4,017	976	7,090	1,040	2,298	1,413	4,751
Depreciation	22,082	2,899	1,689	26,670	24,189	3,274	1,402	28,865
Depletion	-	-	-	-	-	-	-	-
Amortization	317	2,081	195	2,593	549	1,772	259	2,580

By item	January to September 2014				January to September 2013			
	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	164,071	159,623	46,405	370,099	147,185	167,428	45,363	359,976
Labor and health insurance	11,869	11,019	4,307	27,195	9,399	9,366	4,115	22,880
Pension	5,421	4,829	2,223	12,473	5,520	4,207	2,188	11,915
Others	3,924	9,684	2,844	16,452	3,193	7,108	2,839	13,140
Depreciation	65,153	8,533	4,387	78,073	70,568	10,446	3,277	84,291
Depletion	-	-	-	-	-	-	-	-
Amortization	1,936	6,338	611	8,885	579	5,140	531	6,250

Note: 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) Seasonality of operations

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

- (4) 2013Q3 quarterly consolidated financial statements with the presentation of certain amounts of the 2014Q3 quarterly consolidated financial statements have been reclassified way, the reclassification had no significant impact on the expression of 2013Q3 consolidated financial statements.

XIII. Other disclosures

- (1) Information on significant transactions

The consolidated company should have the following material transactions disclosed as of January 1 to September 30 2014 in accordance with Regulations Governing the Preparation of Financial Reports by Securities Firms:

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1. Fund financing to other parties:

Unit: Thousand NTD

Number	Name of Lenders	Name of Borrowers	Account name	Related Party	Highest balance of financing to other parties during the period	Ending Balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrowers	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limitation on fund financing
													Name	Value		
0	Lungyen Life Service Corp.	Lung Fu Company Limited	Other receivables-related parties	Yes	20,000	20,000	-	8%	2	-	Working fund	-	-	-	1,664,028	3,328,056
0	Lungyen Life Service Corp.	Longding Life Science Co., Ltd.	Other receivables-related parties	Yes	202,000	202,000	152,000	6%	2	-	Working fund	-	-	-	1,664,028	3,328,056

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

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

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

2. Guarantees and endorsements for other parties:

Unit: Thousand NTD

Number	Name of Lenders	Counter-party of guarantee and endorsement		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.	Longding Life Sciences Inc	2	1,664,028	216,000	-	-	-	- %	4,160,070	Y	N	
0	Lungyen Life Service Corp.	Yuji Development Corp.	2	1,664,028	300,000	300,000	-	-	3.61%	4,160,070	Y	N	N
0	Lungyen Life Service Corp.	Lung Fu Company Limited	3	1,664,028	200,000	180,000	-	180,000	2.16%	4,160,070	Y	N	N

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

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

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

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

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proportion to their stockholding percentage.

Note 3: Upon the board resolution on June 14, 2013, the maximum amount of endorsements to Yuji Company Limited has been set to \$300,000 thousand.

Note 4: According to the original Board resolutions on March 27, 2014, endorsement to Lung Fu Company Limited shall not exceed \$200,000 thousand. However, upon Board resolutions on May 28, 2014, the maximum amount of endorsements to Lung Fu Company has been set to \$180,000 thousand.

Note 5: Upon the board resolution of interim meeting on September 9, 2014, the maximum amount of \$216,000 thousand of endorsements to Longding Life Sciences Inc has been canceled.

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

Holder of Securities	Type and Name of Securities	Relationship with Securities Issuer	Account Title	Ending			Remark
				Quantity of shares (thousand shares)/unit	Book Value	% of Ownership	
The Company	Stock of Chang Hwa Ban	-	Financial assets at fair value through profit or loss - current		47,170	- %	47,170
The Company	LUMAX securities	-	Financial assets at fair value through profit or loss - current		17,255	- %	17,255
The Company	Gallop No. 1	-	Financial assets at fair value through profit or loss - current		56,700	- %	56,700
The Company	Stock of CTBC FINANCIAL HOLDING CO., LTD.	-	Financial assets at fair value through profit or loss - current		49,835	- %	49,835
The Company	Stock of Asia Cement Corporation	-	Financial assets at fair value through profit or loss - current		20,844	- %	20,844
The Company	Stock of CHINA LIFE INSURANCE COMPANY, LTD.	-	Financial assets at fair value through profit or loss - current		17,946	- %	17,946
The Company	Stock of Cheng Shin Rubber Ind., Co., Ltd.	-	Financial assets at fair value through profit or loss - current		16,440	- %	16,440
The Company	Stock of Sun Life Corporation	-	Financial assets at fair value through profit or loss - current		43,674	- %	43,674
The Company	CITIC primary financial bond	-	Financial assets at fair value through profit or loss - current	2	98,468	- %	98,468
The Company	Fubon Securities bond	-	Financial assets at fair value through profit or loss - current	10	99,998	- %	99,998
The Company	Allianz Global Investors All Seasons Return Fund of Bond Funds	-	Financial assets at fair value through profit or loss - current	1	170,653	- %	170,653
The Company	CTBC Emerging Market Bond Fund	-	Financial assets at fair value through profit or loss - current		10,376	- %	10,376
The Company	Cathay Emerging China Bond (Trust)	-	Financial assets at fair value through profit or loss - current		51,314	- %	51,314
The Company	Cathay Emerging China Bond Fund	-	Financial assets at fair value through profit or loss - current		102,069	- %	102,069
The Company	Erenstar sub-Fundl Segregated Portfolio	-	Financial assets at fair value through profit or loss - current		66,061	- %	66,061
The Company	Stock of China Construction Bank	-	Financial assets at fair value through profit or loss - current		44,765	- %	44,765
The Company	Stock of Jiangsu Expressway Company Limited	-	Financial assets at fair value through profit or loss - current		42,811	- %	42,811
The Company	Fuh Hwa Emerging Market RMB Fixed Inc	-	Financial assets at fair value through profit or loss - current		49,475	- %	49,475
The Company	FORTUNE IC FUND I	-	Financial assets carried at cost - non-current		11,216	4.86 %	11,216
The Company	PK Venture Capital Corp	-	Financial assets carried at cost - non-current		27,855	8.57 %	27,855
The Company	Cathay insurance stock	-	Financial assets carried at cost - non-current		-	- %	-
The Company	AVIC International Finance & Investment Limited - Bond	-	Available-for-sale financial assets - non-current	1	50,116	- %	50,116

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Holder of Securities	Type and Name of Securities	Relationship with Securities Issuer	Account Title	Ending			Remark	
				Quantity of shares (thousand shares)/unit	Book Value	% of Ownership		Market Value (NTD) per Unit
The Company	China Unicom Bond	-	Available-for-sale financial assets – non-current	1	49,191	- %	49,191	
The Company	CNOOC Nexen Finance [2014] ULC - Bond	-	Available-for-sale financial assets – non-current		46,488	- %	46,488	
The Company	Petronas Capital Ltd - Bond	-	Available-for-sale financial assets – non-current		47,450	- %	47,450	
The Company	Republic of Poland Government Bond	-	Available-for-sale financial assets – non-current		50,323	- %	50,323	
The Company	Saudi Electricity Global - Bond	-	Available-for-sale financial assets – non-current		48,192	- %	48,192	
The Company	Bank of China/Luxembourg Bond	-	Available-for-sale financial assets – non-current	1	49,111	- %	49,111	
The Company	China Construction Bank Asia Dim-sum Bond	-	Available-for-sale financial assets – non-current		24,536	- %	24,536	
The Company	China Construction Bank Frankfurt Dim-sum Bond	-	Available-for-sale financial assets – non-current	1	49,136	- %	49,136	
The Company	Republic of Poland Government Bond	-	Available-for-sale financial assets – non-current		49,156	- %	49,156	
The Company	Sinochem Offshore Capital Company Ltd.-Bond	-	Available-for-sale financial assets – non-current	1	49,167	- %	49,167	
The Company	Sichuan Development Holding Co., Ltd. RMB Bond	-	Available-for-sale financial assets – non-current	1	49,551	- %	49,551	
The Company	State Grid Corporation of China Bond	-	Available-for-sale financial assets – non-current		46,779	- %	46,779	
The Company	Emirates Telecom Corp. Corp. Bond	-	Available-for-sale financial assets – non-current		48,723	- %	48,723	
The Company	Guotai Junan Corp. Bond	-	Available-for-sale financial assets – non-current		48,941	- %	48,941	
The Company	Ping An Insurance (Group) Company of China, Ltd. Bond	-	Available-for-sale financial assets – non-current		47,727	- %	47,727	
The Company	Bank of China 2-year Senior Unsecured RMB Callable Financial Bond	-	Available-for-sale financial assets – non-current		14,718	- %	14,718	
The Company	Bank of China 5-year Senior Unsecured RMB Callable Financial Bond	-	Available-for-sale financial assets – non-current		44,499	- %	44,499	
The Company	Beijing Infrastructure Investment (Hong Kong) Ltd. 3-year Senior Unsecured RMB Callable Financial Bond	-	Available-for-sale financial assets – non-current	1	49,315	- %	49,315	
The Company	China Construction Bank Asia Dim-sum Bond	-	Available-for-sale financial assets – non-current		46,583	- %	46,583	
The Company	PetroChina Company Limited Corporate Bond	-	Available-for-sale financial assets – non-current		49,953	- %	49,953	
The Company	PetroChina Company Limited Corporate Bond	-	Available-for-sale financial assets – non-current		49,379	- %	49,379	
The Company	Abu Dhabi National Energy Company 10-year Senior Unsecured USD Callable Corporate Bond	-	Available-for-sale financial assets – non-current		48,031	- %	48,031	
The Company	Abu Dhabi National Energy Company 10-year Senior Unsecured USD Callable Corporate Bond	-	Available-for-sale financial assets – non-current		48,208	- %	48,208	
The Company	Bank of China 5-year Senior Unsecured RMB Callable Financial Bond	-	Available-for-sale financial assets – non-current		24,886	- %	24,886	
The Company	CNOOC Limited USD Callable Corporate Bond	-	Available-for-sale financial assets – non-current		45,439	- %	45,439	
The Company	Rizhao Port Co., Ltd. RMB Callable Corporate Bond	-	Available-for-sale financial assets – non-current		48,584	- %	48,584	
The Company	Tsinlien Group Company Limited Corporate Bond	-	Available-for-sale financial assets – non-current	1	49,491	- %	49,491	
The Company	21Vianet Group Inc Corporate Bond	-	Available-for-sale financial assets – non-current	1	46,385	- %	46,385	
The Company	VTB Bank	-	Available-for-sale financial assets – non-current	1	48,347	- %	48,347	
Yuji Development Corp.	CTBC Hwa-win Money Market Fund	-	Financial assets at fair value through profit or loss - current		105,510	- %	105,510	
Ching Huang Construction Co., Ltd.	J-Garden Corp.	-	Financial assets carried at cost – non-current		2,550	5.00 %	2,550	
Ching Huang Construction Co., Ltd.	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current		27,241	- %	27,241	

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Holder of Securities	Type and Name of Securities	Relationship with Securities Issuer	Account Title	Ending			Remark
				Quantity of shares (thousand shares)/unit	Book Value	% of Ownership	
Dahan Property Management Co., Ltd.	Allianz Global Investors Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current		2,082	- %	2,082

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

Unit: Thousand shares; Thousand of NTD

Name of Company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning balance		Purchases		Sales			Ending balances		
					Shares/Units	Shares/Units	Shares/Units	Amount	Shares/Units	Amount	Book Value	Gain(loss) from disposal	Shares/Units	Amount
The Company	Beneficiary Certificate - Mega Diamond Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	24,889	305,000	24,889	305,132	305,000	132	-	-
The Company	Beneficiary Certificate - CTBC Hwa-win Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	58,731	633,000	58,731	633,138	633,000	138	-	-

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

Unit: Thousand shares; Thousand of NTD

Name of Company	Name of Property	Date of Event	Transaction Amount	Payout Status	Name of counter-party	Relationship with the Company	Previous transfer data of the counter-party which is related party				Reference Basis for the Decision on Price	Concrete purpose or use of the acquisition	Other Agreement Terms
							Owner	Relationship with the Issuer	Date of Transfer	Amount			
The Company	Huangang section, Shilin Dist.	5.14.2014	451,111	Paid	Public tender	-	-	-	-	-	Open market price and publicly announced land value	Construction site	
The Company	Sanzhi Dist., New Taipei City	6.12.2014	420,871	30% of signing amount paid	Zheng-An Jiang, New Taipei City, Corporation in the ancestor worship related business	-	-	-	-	-	Decision-making department of board of directors and Property Appraisers Joint Firm	Original profession	

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

7. Amount of sales amounted to NT\$100 million or 20% of paid-in capital or more with related parties: None.

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

9. Engage in derivatives trading: None.

10. Business relationships and significant intercompany transactions:

Number (Note 1)	Name of the Company	Name of the counter-party	Existing relationship with the counter-party (Note 2)	Transaction Details			Percentage of the total consolidated revenue or total assets
				Account name	Amount	Terms of trading	
0	Lungyen Life Service Corp.	Ching Huang Construction Co., Ltd.	1	Payable accounts	\$ 13,256	Equivalent to unrelated party transactions	0.03%
0	"	"	1	Other payable accounts	16,662	-	0.04%
0	"	Yuji Development Corp.	1	Payable accounts	31,664	-	0.08%
0	"	"	1	Prepayments	5,080	-	0.01%

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Number (Note 1)	Name of the Company	Name of the counter-party	Existing relationship with the counter- party (Note 2)	Transaction Details			Percentage of the total consolidated revenue or total assets
				Account name	Amount	Terms of trading	
0	"	"	1	Operating cost	65,355	-	1.74%
0	"	"	1	Other revenue	18,118	-	0.48%
0	"	"	1	Receipts under custody	10,425	-	0.03%
0	"	Longding Life Science Co., Ltd.	1	Other financial assets – current	152,329	-	0.37%
0	"	"	1	Operating cost	1,900	-	0.05%
0	"	Zekaen Co. Ltd.	1	Operating cost	61,749	-	1.65%
0	"	"	1	Payable accounts	7,765	-	0.02%
0	"	"	1	Operating income	2,740	-	0.07%
0	"	Lung Fu Company Limited	1	Payable accounts	5,799	-	0.01%
0	"	"	1	Prepayment for purchases	30,267	-	0.07%
1	Ching Huang Construction Co., Ltd.	Lungyen Life Service Corp	2	Payable accounts	29,918	-	0.07%
2	Yuji Development Corp.	Lungyen Life Service Corp	2	Accounts Receivable	31,664	-	0.08%
2	"	"	2	Advance receipts	5,080	-	0.01%
2	"	"	2	Operating income	65,355	-	1.74%
2	"	"	2	Administrative expenses	18,118	-	0.48%
2	"	"	2	Accounts Receivable	10,425	-	0.03%
3	Longding Life Science Co., Ltd.	Lungyen Life Service Corp	2	Other current liability - other	152,329	-	0.37%
3	"	"	2	Operating income	1,900	-	0.05%
3	"	Zekaen Co. Ltd.	3	Operating income	1,116	-	0.03%
4	Zekaen Co. Ltd.	Lungyen Life Service Corp	2	Operating income	61,749	-	1.65%
4	"	"	2	Accounts Receivable	7,765	-	0.02%
4	"	"	2	Operating cost	2,740	-	0.07%
4	"	Longding Life Science Co., Ltd.	3	Operating cost	1,116	-	0.03%
5	Lung Fu Company Limited	Lungyen Life Service Corp	2	Accounts Receivable	5,799	-	0.01%
5	"	"	2	Prepayment for purchases	30,267	-	0.07%

Note 1: Said transactions shall be numbered as follows:

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

Note 2: Transactions with stakeholders are divided into three categories as follows:

1. Parent company to subsidiaries;
2. Subsidiaries to parent company;
3. Subsidiaries to subsidiaries

(2) Information on investees:

The Consolidated Company's reinvestment as of the nine months ended September 30, 2014 is as follows:

Unit: Thousand NTD

Name of the investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Maximum shareholding or funding situation	Current recognized investment gains and losses	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
The Company	Ching Huang Construction Co., Ltd.	Taiwan	Civil engineering	30,032	204,332	2,209	98.20%	(5,261)	2,772	2,664	Subsidiary
The Company	Yuji Development Corp.	Taiwan	Funeral Service	990,000	990,000	99,000	56.25%	1,118,021	181,928	102,335	Subsidiary
The Company	Dahan Property Management Co., Ltd.	Taiwan	Development, lease and sale of residential areas and building	3,870	3,870	400	80.00%	3,621	26	21	Subsidiary
The Company	Sea Dragon Traders Ltd. (BVI)	British Virgin Islands	Investment	114,529	114,529	1	100.00%	116,235	(1,399)	(1,399)	Subsidiary
The Company	Longding Life Science Co., Ltd.	Taiwan	Flower and plant cultivation	85,000	40,000	8,500	60.71%	63,991	1,218	2,253	Subsidiary
The Company	Singapore Lungyen Life Services Pte., Ltd.	Singapore	Funeral Service	11,990	11,990	500	100.00%	3,745	(496)	(496)	Subsidiary
The Company	Zekaen Co. Ltd.	Taiwan	Flower and plant cultivation	96,656	73,850	10,000	100.00%	69,310	(7,171)	(5,751)	Subsidiary

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Name of the investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Maximum shareholding or funding situation	Current recognized investment gains and losses	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
Yuji Development Corp.	Lung Fu Company Limited	Taiwan	Funeral Service	210,700	210,700	21,070	77.75%	209,521	(849)	(660)	Sub-subsidiary
Zekaen Co. Ltd.	Longding Life Science Co., Ltd.	Taiwan	Flower and plant cultivation	55,000	55,000	5,500	39.29%	41,406	1,218	(1,035)	Subsidiary

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

Note2: The China investee company of the consolidated company is still in the preparation phase, please refer to Note 13(3) for related information.

(3) China investment information:

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

Unit: Thousand NTD/Foreign Currency

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

2. Mainland China investment limits:

End of this period the cumulative remittance from Taiwan Amount of investment in Mainland China	Investment Amount Approved by Ministry of Economic Affairs	The limitation on investment areas in accordance with the provisions of the Investment Commission of Ministry of Economic Affairs
-	1,216,800 USD 40,000	4,992,084

US Dollar Exchange Rate: closing rate: 30.42

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

- (A) Directly engaged in investment in Mainland China
- (B) Re-invest in the mainland through a third country company (please specify in the third area of investment companies)
- (C) Other methods.

Note 2: the current investment income recognized:

- (A) During the stage of preparations, note that there is no investment income.
- (B) The gain or loss recognized on the basis of the investment is divided into the following 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

(I) General information

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

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

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

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

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

	July to September, 2014						
	Columbarium and cemetery for sale	Funeral services	Property leasing	Cemetery operation and others	Construction for sales	Adjustments and written-off	Total
Income:							
Income from external customers	\$ 1,054,161	365,882	58,428	25,600	5,422	-	1,509,493
Inter-segment income	37,042	-	960	16,338	-	(54,340)	-
Total income	\$ 1,091,203	365,882	59,388	41,938	5,422	(54,340)	1,509,493
Reportable segment profit or loss	\$ 448,098	78,243	26,496	151,582	(82)	(54,340)	649,997

	July to September, 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	\$ 657,846	378,329	54,509	12,916	3,438	-	1,107,038
Inter-segment income	18,757	-	1,099	70,034	881	(90,771)	-
Total income	\$ 676,603	378,329	55,608	82,950	4,319	(90,771)	1,107,038
Reportable segment profit or loss	\$ 267,888	112,351	24,458	86,433	44,064	(90,771)	444,423

	January to September, 2014						
	Columbarium and cemetery for sale	Funeral services	Property leasing	Cemetery operation and others	Construction for sales	Adjustments and written-off	Total

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	July to September, 2014						
	Columbarium and cemetery for sale	Funeral services	Property leasing	Cemetery operation and others	Construction for sales	Adjustments and written-off	Total
Income:							
Income from external customers	\$ 2,341,663	1,106,552	157,831	123,539	16,802	-	3,746,387
Inter-segment income	65,355	-	3,162	64,765	-	(133,282)	-
Total income	<u>\$ 2,407,018</u>	<u>1,106,552</u>	<u>160,993</u>	<u>188,304</u>	<u>16,802</u>	<u>(133,282)</u>	<u>3,746,387</u>
Reportable segment profit or loss	<u>\$ 1,116,534</u>	<u>218,604</u>	<u>67,768</u>	<u>364,497</u>	<u>(890)</u>	<u>(133,282)</u>	<u>1,633,231</u>

	January to September, 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	\$ 1,835,912	1,032,627	167,242	83,090	26,228	-	3,145,099
Inter-segment income	39,525	-	1,672	78,533	42,921	(162,651)	-
Total income	<u>\$ 1,875,437</u>	<u>1,032,627</u>	<u>168,914</u>	<u>161,623</u>	<u>69,149</u>	<u>(162,651)</u>	<u>3,145,099</u>
Reportable segment profit or loss	<u>\$ 885,345</u>	<u>201,203</u>	<u>55,947</u>	<u>231,299</u>	<u>85,124</u>	<u>(162,651)</u>	<u>1,296,267</u>

	Columbarium and cemetery for sale	Funeral services	Property leasing	Cemetery operation and others	Construction for sales	Adjustments and written-off	Total
Reportable segment assets							
September 30, 2014	<u>\$ 12,905,110</u>	<u>3,674,337</u>	<u>6,148,186</u>	<u>48,744</u>	<u>4,550,604</u>	<u>13,898,657</u>	<u>41,225,638</u>
December 31, 2013	<u>\$ 13,403,823</u>	<u>3,547,931</u>	<u>6,184,139</u>	<u>12,884</u>	<u>4,230,155</u>	<u>11,823,726</u>	<u>39,202,658</u>
September 30, 2013	<u>\$ 13,164,496</u>	<u>3,572,944</u>	<u>6,192,413</u>	<u>13,690</u>	<u>3,982,044</u>	<u>12,615,792</u>	<u>39,541,379</u>