

(English Translation of Financial Report Originally Issued in Chinese)

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

Consolidated Financial Statements

**For The Six Months Ended June 30, 2015 and 2014
(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 June 30, 2015 and 2014, the related consolidated statements of comprehensive income as of January 1 to June 30, 2015 and 2014, and consolidated statements of changes in equity and consolidated statement of cash flows as of three months ended June 30, 2015 and 2014. 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\$936,242 thousand and NT\$862,809 thousand, representing both 2% of total consolidated assets as of June 30, 2015 and 2014, respectively. The total liabilities amounted to NT\$276,616 thousand and NT\$107,158 thousand, representing 1% and 0.3% of total consolidated liabilities as of June 30, 2015 and 2014, respectively. The comprehensive profit or loss was NT\$(10,475) thousand, NT\$4,195 thousand, NT\$(17,450) thousand and NT\$(2,706) thousand, representing (6.6)%, 0.8%, (3.8%) and (0.3)% of the consolidated profit or loss as of April 1 to June 30, 2015 and 2014 and January 1 to June 30, 2015 and 2014, 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\$172,399 thousand as of June 30, 2015. The profit or loss under the equity method of the affiliated enterprise amounted to NT\$(2,090) thousand and NT\$(2,090) thousand as of April 1 to June 30 and January 1 to June 30, 2015. The financial statements were prepared in accordance with the unreviewed quarterly financial statements of the subsidiaries.

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

KPMG

CPA:

Approval Document issued by
the competent securities
authority
August 11, 2015

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

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

Consolidated Balance Sheets

June 30, 2015, December 31, 2014 and June 30, 2014

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

Assets	6.30.2015		12.31.2014		6.30.2014		Liabilities and Equity	6.30.2015		12.31.2014		6.30.2014	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current assets:							Current liabilities:						
1100 Cash and cash equivalents (Note 6(1) & (21))	\$ 258,449	1	372,338	1	548,639	1	2100 Short-term loan (Note 6(10) & (21))	\$ 5,611,000	12	2,589,000	6	1,212,000	3
1110 Financial assets at fair value through profit or loss – current (Note 6(2), (21) & 9)	1,179,337	3	910,703	2	1,273,821	3	2170 Payable accounts (Note 6(21))	405,747	1	509,398	1	421,944	1
1150 Notes receivable, net (Note 6(21))	33,179	-	46,749	-	54,645	-	2190 Constructions contract payable	134	-	36,577	-	38,249	-
1170 Accounts receivable, net (Note 6(21) & 7)	435,052	1	418,676	1	380,702	1	2200 Other payable accounts (Note 6(21) & 7)	1,973,597	4	385,934	1	2,030,933	5
1190 Constructions contract receivable	-	-	-	-	9,048	-	2230 Current income tax liabilities	211,473	-	91,444	-	139,635	-
1320 Inventories (Note 6(3) & 8)	12,973,198	28	12,762,840	31	13,000,929	32	2310 Advance receipts (Note 9)	28,608,584	63	27,784,097	67	28,167,424	70
1400 Biological assets – current	64,076	-	33,971	-	25,289	-	2399 Other current liabilities - others (Note 7)	12,680	-	26,582	-	18,087	-
1410 Prepayments (Note 9)	8,363,105	18	8,201,325	20	8,332,999	21		36,823,215	80	31,423,032	75	32,028,272	79
1476 Other financial assets – current (Note 6(3), (9), (21), 7, 8 & 9)	1,895,784	4	2,536,037	6	2,726,736	7	Non-current liabilities:						
1479 Other current assets	7,474	-	6,564	-	10,498	-	2540 Long-term loan (Note 6 (11) & (21))	172,700	-	-	-	-	-
	25,209,654	55	25,289,203	61	26,363,306	65	2570 Deferred income tax liabilities	20,755	-	50,224	-	35,409	-
Non-current assets:							2640 Net defined benefit liability – non-current	24,867	-	24,867	-	22,306	-
1524 Available-for-sale financial assets – non-current (Note 6(2), 8 & 9)	5,876,310	13	1,866,734	4	471,445	1	2645 Deposit received	76,093	-	50,016	1	39,359	-
1544 Financial assets carried at cost – non-current (Note 6(2))	26,670	-	27,435	-	41,621	-	2670 Other non-current liabilities - others	2,981	-	2,981	-	2,981	-
1550 Investment under equity method (Note 6(4))	172,399	-	-	-	-	-		297,396	-	128,088	1	100,055	-
1600 Property, plant and equipment (Note 6(6), 8 & 9)	6,485,272	14	6,222,940	15	5,729,029	14	Total liabilities	37,120,611	80	31,551,120	76	32,128,327	79
1760 Investment property, net (Note 6(7), 8 & 9)	6,083,166	13	6,141,719	15	6,167,297	15	Equity attributable to owners of parent (Note 6(14) & (15)):						
1780 Intangible assets (Note 6(8))	770,041	2	773,054	2	777,295	2	3100 Capital stock – common stock	3,990,842	9	3,990,842	10	3,990,842	10
1840 Deferred income tax assets	750,980	2	699,366	2	723,163	2	3200 Capital surplus	1,401,264	3	1,392,072	3	1,392,072	3
1980 Other financial assets – non-current	26,020	-	35,764	-	36,593	-	Retained earnings:						
1990 Other non-current assets - others	658,162	1	430,886	1	431,539	1	3310 Legal reserve	888,881	2	669,595	2	669,595	2
	20,849,020	45	16,197,898	39	14,377,982	35	3320 Special reserve	14,458	-	15,224	-	15,224	-
							3350 Unappropriated retained earnings (or deficit yet to be compensated)	1,783,603	4	2,912,259	7	1,653,004	4
							3400 Other equity interest	(131,492)	-	(14,458)	-	(14,950)	-
							Total equity attributable to owners of parent	7,947,556	18	8,965,534	22	7,705,787	19
							36xx Non-controlling interest (Note 6(5))	990,507	2	970,447	2	907,174	2
							Total equity	8,938,063	20	9,935,981	24	8,612,961	21
Total assets	\$ 46,058,674	100	41,487,101	100	40,741,288	100	Total liabilities and equity	\$ 46,058,674	100	41,487,101	100	40,741,288	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

April 1 to June 30, 2015 and 2014; and the six months ended June 30, 2015 and 2014

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

(Reviewed, Not Audited)

	April to June 2015		April to June 2014		January to June 2015		January to June 2014	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue (Note 6(17) & 7)	\$ 931,632	100	1,126,938	100	1,794,258	100	2,236,894	100
5000 Operating cost (Note 7)	323,252	35	315,459	28	617,841	34	673,589	31
5900 Operating gross profit (loss)	608,380	65	811,479	72	1,176,417	66	1,563,305	69
Operating expenses:								
6100 Selling expenses	159,785	17	225,705	20	328,031	18	434,645	19
6200 Administration expenses (Note 6 & 7)	87,125	9	102,846	9	168,618	9	183,305	8
6000 Total operating expenses	246,910	26	328,551	29	496,649	27	617,950	27
6500 Other income and expenses (Note 6(19))	22,232	2	26,672	2	35,897	2	35,715	2
6900 Operating income (loss)	383,702	41	509,600	45	715,665	41	981,070	44
Non-operating income and expenses:								
7010 Other income (Note 6(20))	53,159	6	66,531	6	117,184	7	111,894	5
7020 Other gains and losses (Note 6(20))	(36,927)	(4)	(5,764)	(1)	(77,886)	(4)	(392)	-
7050 Financial costs (Note 6(3) & (20))	(16,499)	(2)	(2,231)	-	(26,610)	(1)	(3,936)	-
7060 Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6(4))	(2,090)	-	-	-	(2,090)	-	-	-
	(2,357)	-	58,536	5	10,598	2	107,566	5
7900 Operating income before tax	381,345	41	568,136	50	726,263	43	1,088,636	49
7950 Less: Income tax expense (Note 6(14))	104,262	11	65,291	6	146,332	8	105,402	5
Net income	277,083	30	502,845	44	579,931	35	983,234	44
8300 Other comprehensive income:								
8360 Items that may be subsequently reclassified to profit or loss:								
8361 Exchange differences on translation of foreign statements	(246)	-	(2,238)	-	(235)	-	330	-
8362 Unrealized losses on available-for-sale financial assets	(117,195)	(13)	-	-	(116,799)	(7)	-	-
8370 Share of other comprehensive profit (loss) of associates and joint ventures accounted for using equity method - items that may be reclassified to profit or loss	-	-	(56)	-	-	-	(56)	-
Total items that may be subsequently reclassified to profit or loss	(117,441)	(13)	(2,294)	-	(117,034)	(7)	274	-
8300 Other comprehensive income, net	(117,441)	(13)	(2,294)	-	(117,034)	(7)	274	-
Total comprehensive income	\$ 159,642	17	500,551	44	462,897	28	983,508	44
Net income, attributable to:								
Owners of parent	\$ 251,769	27	470,578	41	526,567	32	931,614	42
8620 Non-controlling interest	25,314	3	32,267	3	53,364	3	51,620	2
	\$ 277,083	30	502,845	44	579,931	35	983,234	44
Total comprehensive income, attributable to:								
Owners of parent	\$ 134,328	14	468,284	41	409,533	25	931,888	42
Non-controlling interest	25,314	3	32,267	3	53,364	3	51,620	2
	\$ 159,642	17	500,551	44	462,897	28	983,508	44
Earnings per share (Note 6(16))								
9750 Basic earnings per share (NTD)	\$ 0.63		1.18		1.32		2.33	
9850 Diluted earnings per share (NTD)	\$ 0.63		1.18		1.32		2.33	

(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 Six Months Ended June 30, 2015 and 2014

(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	Exchange differences on foreign translation	Unrealized gains (losses) on available-for-sale financial assets	Total				
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	-	-	-	-	931,614	931,614	-	-	-	931,614	51,620	983,234
Other comprehensive income	-	-	-	-	-	-	330	(56)	274	274	-	274
Total comprehensive income	-	-	-	-	931,614	931,614	330	(56)	274	931,888	51,620	983,508
Legal reserve	-	-	201,608	-	(201,608)	-	-	-	-	-	-	-
Special reserve	-	-	-	(4,611)	4,611	-	-	-	-	-	-	-
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	-
Increase/decrease in non-controlling interest	-	-	-	-	-	-	-	-	-	-	(109,816)	(109,816)
Shareholders' bonus – cash, NT\$4 per share	-	-	-	-	(1,596,337)	(1,596,337)	-	-	-	(1,596,337)	-	(1,596,337)
Balance – June 30, 2014	\$ 3,990,842	1,392,072	669,595	15,224	1,653,004	2,337,823	(14,950)	-	(14,950)	7,705,787	907,174	8,612,961
Balance – January 1, 2015	\$ 3,990,842	1,392,072	669,595	15,224	2,912,259	3,597,078	(8,162)	(6,296)	(14,458)	8,965,534	970,447	9,935,981
Net profit	-	-	-	-	526,567	526,567	-	-	-	526,567	53,364	579,931
Other comprehensive income	-	-	-	-	-	-	(235)	(116,799)	(117,034)	(117,034)	-	(117,034)
Total comprehensive income	-	-	-	-	526,567	526,567	(235)	(116,799)	(117,034)	409,533	53,364	462,897
Legal reserve	-	-	219,286	-	(219,286)	-	-	-	-	-	-	-
Special reserve	-	-	-	(766)	766	-	-	-	-	-	-	-
Shareholders' bonus – cash	-	-	-	-	(1,436,703)	(1,436,703)	-	-	-	(1,436,703)	-	(1,436,703)
Acquisition or disposal of shares in subsidiaries difference between the price and the book value	-	9,192	-	-	-	-	-	-	-	9,192	(9,192)	-
Increase/decrease in non-controlling interest	-	-	-	-	-	-	-	-	-	-	(24,112)	(24,112)
Balance – June 30, 2015	\$ 3,990,842	1,401,264	888,881	14,458	1,783,603	2,686,942	(8,397)	(123,095)	(131,492)	7,947,556	990,507	8,938,063

(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 Three Months Ended June 30, 2015 and 2014

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

(Reviewed, Not Audited)

	<u>2015H1</u>	<u>2014H1</u>
Cash flows from operating activities:		
Profit (loss) before tax	\$ 726,263	1,088,636
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	58,519	51,403
Amortization expense	5,026	6,292
Provision (reversal of provision) for bad debt expense	-	3,464
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	33,417	(51,712)
Interest expense	26,610	3,936
Interest income	(60,582)	(36,777)
Dividend income	(6,899)	-
Share of loss (gain) of associates and joint ventures accounted for using equity method	2,090	-
Loss (gain) on disposal of property, plan and equipment	1,617	3,021
Loss (gain) on disposal of investment properties	-	(15,731)
Loss (gain) on disposal of investment	-	(207)
Loss (gain) on disposal of intangible assets	-	2,524
Exchange loss on disposal of financial assets	40,314	-
Gain on disposal of available-for-sale financial assets	(6,579)	-
Total adjustments to reconcile profit (loss)	<u>93,533</u>	<u>(33,787)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets held for trading	(302,051)	(362,582)
Decrease (Increase) in notes receivable	13,570	(27,865)
Decrease (Increase) in accounts receivable	(16,376)	(48,306)
Decrease (Increase) in construction contract receivable	-	(556)
Decrease (Increase) in inventories	(236,283)	(421,468)
Decrease (Increase) in biological assets	(30,301)	(13,390)
Decrease (Increase) in prepayments	(161,780)	(47,240)
Decrease (Increase) in other current assets	(774)	(20,373)
Decrease (Increase) in other financial assets - current	316,228	(213,782)
Total changes in operating assets	<u>(417,767)</u>	<u>(1,155,562)</u>
Changes in operating liabilities:		
Increase (Decrease) in accounts payable	(77,926)	(40,082)
Increase (Decrease) in construction contract receivable	(36,443)	23,347
Increase (Decrease) in other payable	(28,736)	(151,793)
Increase (Decrease) in advance receipts	824,487	571,612
Increase (Decrease) in other current liabilities	(13,865)	2,686
Total changes in operating liabilities	<u>667,517</u>	<u>405,770</u>
Total changes in operating assets and liabilities	<u>249,750</u>	<u>(749,792)</u>
Total adjustments	<u>343,283</u>	<u>(783,579)</u>
Cash inflow (outflow) generated from operations	1,069,546	305,057
Interest received	66,280	24,027
Dividend received	6,899	-
Interest paid	(25,508)	(1,570)
Income taxes refund	-	38,197
Income taxes (paid)	(110,947)	(179,201)
Net cash flows from (used in) operating activities	<u>1,006,270</u>	<u>186,510</u>

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

For The Three Months Ended June 30, 2015 and 2014

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

(Reviewed, Not Audited)

	<u>2015H1</u>	<u>2014H1</u>
Cash flows from (used in) investing activities:		
Acquisition of available-for-sale financial assets	(4,714,087)	(473,811)
Proceeds from disposal of available-for-sale financial assets	629,941	3,013
Proceeds from capital reduction of financial assets carried at cost	765	14,400
Acquisition of investment using equity method	(173,646)	-
Acquisition of property, plant and equipment	(271,552)	(444,103)
Proceeds from disposal of property, plant and equipment	-	2,108
Acquisition of intangible assets	(2,013)	(1,150)
Proceeds from disposal of intangible assets	-	187
Proceeds from disposal of investment properties	-	32,394
Decrease in other financial assets	339,705	(327,245)
Increase in other non-current assets	(227,276)	(568)
Net cash flows from (used in) investing activities	<u>(4,418,163)</u>	<u>(1,194,775)</u>
Cash flow from (used in) financing activities:		
Increase in short-term loans	6,080,850	315,000
Decrease in short-term loans	(3,058,850)	(105,000)
Increase in long-term loans	172,700	-
Increase (decrease) in guarantee deposits received	26,077	(11,061)
Change in non-controlling interests	79,410	(22,806)
Net cash flows from (used in) financing activities	<u>3,300,187</u>	<u>176,133</u>
Effects of foreign exchange rates changes on cash and cash equivalents	(2,183)	(1,568)
Net increase (decrease) in cash and cash equivalents	(113,889)	(833,700)
Cash and cash equivalents at beginning of period	<u>372,338</u>	<u>1,382,339</u>
Cash and cash equivalents at end of period	<u><u>\$ 258,449</u></u>	<u><u>548,639</u></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 Six Months Ended June 30, 2015 and 2014
(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 six months ended June 30, 2015 comprise the Company and its subsidiaries (together referred to as the ‘Group’ and individually as ‘Group entities’) and the Group’s interest in associates and jointly controlled entities. The Company is primarily engaged in funeral service, development and lease of interment premises, and development and lease of residential areas and buildings. Please refer to Note 14.

II. Approval and procedures of the consolidated financial statements

The quarterly consolidated financial statements were accepted and published by the Board of Directors on August 11, 2015.

III. Application of new and revised standards and interpretations

1. Impact from adopting new version of IFRS approved by Financial Supervisory Commission

Commencing 2015, the Consolidated Company fully adopts 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
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, 2014)
IFRS No. 11 “Joint Arrangements”	1.1.2013
IFRS No. 12 “Disclosure of Other Vehicle’s Equity”	1.1.2013

(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>
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 did 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. 12 “Disclosure of Other Vehicle’s Equity”

In accordance with the standard, the Consolidated Company increased information disclosure of subsidiaries (Note 6(4)) and affiliate enterprise (Note 6(5)).

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

The standard changed definition of fair value, established measurement structure of fair value, and regulated relevant disclosure of fair value measurement. The Consolidated Company has disclosed relevant information of fair value measurement (Note 6(20)). Additionally, the revision of this standard did not cause significant impact on fair value measurement under the Consolidated Company’ assets and liabilities items.

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 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

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<u>New/Amended/Revised Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS No. 10, IFRS No. 12 and IAS No. 28 “Investment Entities: Applying the Consolidation Exception”	1.1.2016
Amendments to IFRS No. 11 “Accounting for Acquisitions of Interests in Joint Operations”	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. 1 “Disclosure Initiative”	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
Annual Improvements cycle 2010-2012 & 2011-2013	7.1.2014
Annual Improvements cycle 2012-2014	1.1.2016
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 2014 annual consolidated financial statements. Please refer to Note 4 of the 2014 annual consolidated financial statements for other related information. In addition, commencing 2015, the Consolidated Company fully adopts 2013 version of IFRS as endorsed by FSC. Please refer to Note 3(1) for related changes.

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(II) Basis of consolidation

The principle for preparation of the consolidated financial statements is accordingly to the 2014 annual consolidated financial statements. For more information, please refer to Note 4(3) of the 2014 annual consolidated financial statements.

1. List of subsidiaries included in the consolidated financial statements

The subsidiaries included in the quarterly consolidated financial statements include:

Name of investment company	Name of subsidiary	Nature of business	Shareholding ratio			Remarks
			6.30.2015	12.31.2014	6.30.2014	
The Company	Jin Huang Construction Co., Ltd.	Architecture and Civil Engineering business operations	98.20%	98.20%	98.20%	Note 4(2).3(2)
The Company	Yuji Development Corp.	Funeral services business operations	54.61%	56.25%	56.25%	Note 4(2).3(1)
The Company	Longding Life Sciences Inc.	Flowers growing, wholesale, and retail business operations	60.71%	60.71%	60.71%	
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 Service 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%	100.00%	100.00%	Note 4(2).3(3)
Yuji Development Corp.	Lung Fu Company Limited	Funeral services business operations	77.75%	77.75%	77.75%	-
Zekaen Co. Ltd.	Longding Life Sciences Inc.	Flowers growing, wholesale, and retail business operations	31.75%	31.75%	39.29%	Note 4(2).3(4)

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

3. Changes in subsidiary:

- (1) In order to expand the scale of operations, Yuji Development Corp., the subsidiary, increased cash capital for NT\$79,410 thousand, issued at par in February 2015. The Company did not take up new shares as proportion previously held, and this has caused the Company's ownership to decrease from 56.25% to 54.61%.
- (2) 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.
- (3) 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%.
- (4) In December 2014, Zekaen Co. Ltd., the subsidiary, sold shares of Longding to Japanese company Fuji Kogyo Co., Ltd., leading to its stake decreased to 31.75%.

(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 2014 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 2014 annual consolidated financial statements. Please refer to Note 6 of the 2014 annual consolidated financial statements.

(I) Cash and cash equivalent

	6.30.2015	12.31.2014	6.30.2014
Cash on hand	\$ 3,712	3,450	2,969
Check deposits	364	-	-
Demand deposits	247,473	366,888	252,629
Time deposits	6,900	2,000	293,041
Cash and cash equivalent on the Consolidated Statement of Cash Flow	\$ 258,449	372,338	548,639

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(21).

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(II) Financial assets

1. Details are as follows:

	<u>6.30.2015</u>	<u>12.31.2014</u>	<u>6.30.2014</u>
Financial assets measured at fair value through profit or loss			
Domestic and foreign common stocks	\$ 745,361	536,032	362,613
Bond investment	98,724	201,769	196,220
Beneficiary certificates	335,252	172,902	714,988
Total	<u>\$ 1,179,337</u>	<u>910,703</u>	<u>1,273,821</u>
Financial assets valued at cost			
Stock Investment – PK Venture Capital Corp.	\$ 20,855	20,855	27,855
Stock Investment – FORTUNE IC FUND I	4,030	4,030	11,216
Stock Investment – Chen-Yuan Industry Co., Ltd.	1,785	2,550	2,550
Total	<u>\$ 26,670</u>	<u>27,435</u>	<u>41,621</u>
Available-for-sale financial assets – non-current			
Bond investment	\$ 1,506,220	1,866,734	471,445
Domestic common stock	4,370,090	-	-
Total	<u>\$ 5,876,310</u>	<u>1,866,734</u>	<u>471,445</u>

- (1) The consolidated company's stock investment valued at cost referred to above is measured in accordance with the cost net of impairment on the reporting date. Due to the significant range of the reasonable estimate of the fair value and the probability of various estimates cannot be reasonably assessed; the consolidated company's management believes that its fair value cannot be reliably measured.
- (2) On June 16, 2014, PK Venture Capital Corp. performed reduction of cash capital, and received returning cash for NT\$14,400 thousand.
- (3) On June 16, 2015, the invested company Chen-Yuan Industry Co., Ltd. performed reduction of cash capital, and the Consolidated Company received returning cash for NT\$765 thousand.
- (4) The Consolidated Company disposed shares of Rwei Da Venture Capital Co., Ltd. on May 15, 2014, the disposal value was NT\$3,013 thousand, and recognized gain from disposal for NT\$207 thousand.
- (5) The invested company FORTUNE IC FUND I resolved to return cash from additional paid-in capital and earnings based on the shareholding ratio 40% in 2014. The Consolidated Company received the returning cash for NT\$7,186 thousand.
- (6) The Consolidated Company's available-for-sale financial assets – non-current is classified as bond investment. The coupon rate range was 3.00%~5.00% and 1.42%~7.875% on June 30, 2015 and 2014, and the maturity date is 2016 to 2028.
- (7) In order to acquire long-term stable dividend income, the Consolidated Company invested stocks of domestic listed companies for total NT\$4,681,897 thousand in 2015, without any control ability and significant influence, and recognized it under available-for-sale in accordance with holding intention.
- (8) With respect to details of transferring from financial assets measured at fair value through profit or loss to the Trust as of June 30, 2015, December 31 and June 30, 2014, please refer to Note 9 for more information.

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- (9) As of June 30, 2015, December 31 and June 30, 2014, the Consolidated Company did not have its financial assets pledged as collateral.
2. The Consolidated Company has disclosed the credit, currency, and interest rate exposure related to the financial instruments on Note 6(20).

(III) Inventory

	<u>6.30.2015</u>	<u>12.31.2014</u>	<u>6.30.2014</u>
Real estate for sale	\$ 4,968	4,968	4,968
Columbarium and cemetery for sale	1,469,569	1,517,073	1,554,685
Construction Site	2,440,675	2,051,423	1,593,347
Residential and building under construction	2,245,766	2,245,766	2,244,875
Columbarium and cemetery under construction	6,811,217	6,692,341	6,922,102
Prepayments for land	-	249,738	679,726
Agricultural products	1,003	1,531	1,226
	<u>\$ 12,973,198</u>	<u>12,762,840</u>	<u>13,000,929</u>
Expected to be recovered in more than twelve months	<u>\$ 12,867,497</u>	<u>12,676,867</u>	<u>12,807,981</u>

- As of January 1 to June 30, 2015 and 2014, the total interest expense of the consolidated company is NT\$16,499 thousand, NT\$2,231 thousand, NT\$26,610 thousand and NT\$3,936 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.
- As a mortgagee, the Consolidated Company appealed to conduct auction of non-performing loans for NT\$252,510 thousand. 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 and the related legal registration procedure was completed. Additionally, so far, the Company's non-performing loans are still in the progress of distribution by the court.
- For the consolidated company's inventories pledged as collateral as of June 30, 2015, December 31 and June 30, 2014, please refer to Note 8.

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(IV) The investment under equity method

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

	6.30.2015	12.31.2014	6.30.2014
Affiliated enterprises	\$ 172,399	-	-

1. As of April 1 to June 30, 2015 and 2014, and January 1 to June 30, 2015 and 2014, the Consolidated Company's share of current profit of affiliated enterprises summarized as below.

	April to June 2015	April to June 2014	January to June 2015	January to June 2014
The Consolidated Company's share of current profit of affiliated enterprises	\$ 2,090	-	2,090	-

2. In March 2015, the Consolidated Company participated in the cash capital increase of Witty Dragon Limited (BVI), the investment amount was US\$5,264 thousand, and the shareholding ratio was 26.32%, with significant influence.
3. In June 2015, the Consolidated Company invested in RIA AWANA SDN. BHD. The investment amount was RM\$980 thousand and shareholding ratio was 49.00%, with significant influence.
4. As of June 30, 2015, the book value of equity of individual non-significant affiliated enterprises was NT\$631,556 thousand.
5. As of June 30, 2015, December 31 and June 30, 2014, the Consolidated Company did not have its investment using equity method pledged as collateral.

(V) Subsidiaries in which the Company has significant influence but not control

Subsidiaries in which the Company has significant influence but not control as below:

Name of subsidiaries	Main operation location /Country of registration	Proportion of shareholdings held by non-controlling interest and voting rights		
		6.30.2015	12.31.2014	6.30.2014
Yuji	Taiwan	45.39%	43.75%	43.75%

Financial information of abovementioned subsidiary is summarized as the followings, in accordance with IFRS approved by FSC. The financial information is based on amount with the Consolidated Company before transaction eliminated:

1. Summarized financial information of Yuji:

	6.30.2015	12.31.2014	6.30.2014
Current asset	\$ 2,124,088	2,011,442	2,069,075
Non-current asset	376,982	322,157	290,702
Current liability	(470,636)	(274,634)	(432,938)
Equity	\$ 2,030,434	2,058,965	1,926,839
Book value of ending non-controlling interests	\$ 921,608	900,797	842,992

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	April to June 2015	April to June 2014	January to June 2015	January to June 2014
Operating revenue	\$ 102,657	101,202	205,471	241,826
Net income	\$ 56,566	73,332	119,946	121,174
Total comprehensive income	<u>\$ 56,566</u>	<u>73,332</u>	<u>119,946</u>	<u>121,174</u>
Net income, attributable to non-controlling interest	<u>\$ 25,675</u>	<u>32,083</u>	<u>54,037</u>	<u>53,014</u>
Total comprehensive income, attributable to non-controlling interest	<u>\$ 25,675</u>	<u>32,083</u>	<u>54,037</u>	<u>53,014</u>
	April to June 2015	April to June 2014	January to June 2015	January to June 2014
Cash flows from operating activities	\$ 80,647	66,157	51,778	85,061
Cash flows from investing activities	(82,968)	(65,206)	(125,334)	(69,109)
Cash flows from financing activities	-	-	49,410	-
Net cash flow increase (decrease)	<u>\$ (2,321)</u>	<u>951</u>	<u>(24,146)</u>	<u>15,952</u>

(VI) Real property, plant, and equipment

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

	Land	Houses and buildings	Transportation equipment	Office equipment	Leased assets and leasehold improvements	Other equipment	Construction in progress and equipment to be tested	Total
Cost or identified cost:								
Balance on January 1, 2015	\$ 2,099,599	1,146,399	83,905	97,357	37,519	46,631	3,210,360	6,721,770
Additions	-	5,706	-	541	-	1,423	263,882	271,552
Disposal and scrap	-	-	-	(210)	(2,033)	(124)	-	(2,367)
Reclassification	48,223	152,067	-	9,911	-	9,507	(195,591)	24,117
Balance on June 30, 2015	<u>\$ 2,147,822</u>	<u>1,304,172</u>	<u>83,905</u>	<u>107,599</u>	<u>35,486</u>	<u>57,437</u>	<u>3,278,651</u>	<u>7,015,072</u>
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	3,676	72	91	1,605	1,611	436,862	444,103
Disposal and scrap	-	-	(5,915)	(6,957)	(1,749)	(985)	(79)	(15,685)
Reclassification	90,954	320,838	-	-	1,929	-	(325,989)	87,732
Balance on June 30, 2014	<u>\$ 2,099,099</u>	<u>1,117,067</u>	<u>83,905</u>	<u>99,213</u>	<u>37,065</u>	<u>44,112</u>	<u>2,722,824</u>	<u>6,203,285</u>
Depreciation and impairment loss:								
Balance on January 1, 2015	\$ -	295,425	47,508	90,804	32,625	32,468	-	498,830
Current depreciation	-	21,415	5,662	1,635	514	2,494	-	31,720
Disposal and scrap	-	-	-	(210)	(416)	(124)	-	(750)
Balance on June 30, 2015	<u>\$ -</u>	<u>316,840</u>	<u>53,170</u>	<u>92,229</u>	<u>32,723</u>	<u>34,838</u>	<u>-</u>	<u>529,800</u>
Balance on January 1, 2014	\$ -	268,206	42,079	92,020	32,608	29,067	-	463,980
Current depreciation	-	14,260	5,730	1,968	629	2,245	-	24,832
Disposal and scrap	-	-	(5,915)	(3,163)	(510)	(968)	-	(10,556)
Reclassification	-	(4,128)	-	-	128	-	-	(4,000)
Balance on June 30, 2014	<u>\$ -</u>	<u>278,338</u>	<u>41,894</u>	<u>90,825</u>	<u>32,855</u>	<u>30,344</u>	<u>-</u>	<u>474,256</u>
Book value								
January 1, 2015	<u>\$ 2,099,599</u>	<u>850,974</u>	<u>36,397</u>	<u>6,553</u>	<u>4,894</u>	<u>14,163</u>	<u>3,210,360</u>	<u>6,222,940</u>
June 30, 2015	<u>\$ 2,147,822</u>	<u>987,332</u>	<u>30,735</u>	<u>15,370</u>	<u>2,763</u>	<u>22,599</u>	<u>3,278,651</u>	<u>6,485,272</u>
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>
June 30, 2014	<u>\$ 2,099,099</u>	<u>838,729</u>	<u>42,011</u>	<u>8,388</u>	<u>4,210</u>	<u>13,768</u>	<u>2,722,824</u>	<u>5,729,029</u>

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1. The Consolidated Company (referred to as “the principal” hereinafter) has part of the land registered in the name of the discretionary related party (referred to as “the trustee” hereinafter) for land acquisition matters. The contractual parties agree to have the land ownership transferred back to the consolidated company unconditionally upon the completion of land consolidation. Trustee at the time of acquiring the land ownership shall have the documents needed for ownership transfer prepared, signed and sealed, and then delivered to the principal for records. In addition, a promissory note issued by the trustee for an amount equivalent to the land value should be delivered to the principal for record.
2. For the financing facilities pledged in details as of June 30, 2015 and December 31, June 30, 2014, please refers to Note 8.
3. As of June 30, 2015 and December 31, June 30, 2014 through part of real property deliver trust case, please refer to Note 9.

(VII) Investment property

	Land and improvements	Building and structure	Total
Cost or identified cost:			
Balance on January 1, 2015	\$ 4,597,290	1,882,448	6,479,738
Reclassification	(31,950)	-	(31,950)
Balance on June 30, 2015	<u>\$ 4,565,340</u>	<u>1,882,448</u>	<u>6,447,788</u>
Balance on January 1, 2014	\$ 4,593,821	1,874,815	6,468,636
Disposal	(9,064)	(10,982)	(20,046)
Reclassification	12,531	17,598	30,129
Balance on June 30, 2014	<u>\$ 4,597,288</u>	<u>1,881,431</u>	<u>6,478,719</u>
Depreciation and impairment loss:			
Balance on January 1, 2015	\$ 19,910	318,109	338,019
Current depreciation	-	26,603	26,603
Balance on June 30, 2015	<u>\$ 19,910</u>	<u>344,712</u>	<u>364,622</u>
Balance on January 1, 2014	\$ 19,910	264,587	284,497
Current depreciation	-	26,308	26,308
Disposal	-	(3,383)	(3,383)
Reclassification	-	4,000	4,000
Balance on June 30, 2014	<u>\$ 19,910</u>	<u>291,512</u>	<u>311,422</u>
Book value:			
January 1, 2015	<u>\$ 4,577,380</u>	<u>1,564,339</u>	<u>6,141,719</u>
June 30, 2015	<u>\$ 4,545,430</u>	<u>1,537,736</u>	<u>6,083,166</u>
January 1, 2014	<u>\$ 4,573,911</u>	<u>1,610,228</u>	<u>6,184,139</u>
June 30, 2014	<u>\$ 4,577,378</u>	<u>1,589,919</u>	<u>6,167,297</u>

1. Investment property contains a number of commercial properties leased to others. Please refer to Note 6(12).
2. There are no significant differences between the consolidated company investment property fair value and the disclosure information of the 2014 annual consolidated financial report Note 6(7).

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3. With respect to details of transferring from investment property to the Trust as of June 30, 2015, December 31 and June 30, 2014, please refer to Note 9 for more information.
4. For the financing facilities pledged in details as of June 30, 2015 and December 31, June 30, 2014, please refers to Note 8.

(VIII) Intangible assets

	<u>Goodwill</u>	<u>Trademark</u>	<u>Computer software</u>	<u>Total</u>
Cost:				
Balance on January 1, 2015	\$ 542,428	192,750	89,969	825,147
Acquired separately	-	-	2,013	2,013
Balance on June 30, 2015	<u>\$ 542,428</u>	<u>192,750</u>	<u>91,982</u>	<u>827,160</u>
Balance on January 1, 2014	\$ 542,428	192,750	94,571	829,749
Acquired separately	-	-	1,150	1,150
Disposal and scrap	-	-	(4,608)	(4,608)
Balance on June 30, 2014	<u>\$ 542,428</u>	<u>192,750</u>	<u>91,113</u>	<u>826,291</u>
Amortization and impairment loss:				
Balance on January 1, 2015	\$ -	-	52,093	52,093
Current Amortization	-	-	5,026	5,026
Balance on June 30, 2015	<u>\$ -</u>	<u>-</u>	<u>57,119</u>	<u>57,119</u>
Balance on January 1, 2014	\$ -	-	44,601	44,601
Current Amortization	-	-	6,292	6,292
Disposal and scrap	-	-	(1,897)	(1,897)
Balance on June 30, 2014	<u>\$ -</u>	<u>-</u>	<u>48,996</u>	<u>48,996</u>
Book value:				
January 1, 2015	<u>\$ 542,428</u>	<u>192,750</u>	<u>37,876</u>	<u>773,054</u>
Balance on June 30, 2015	<u>\$ 542,428</u>	<u>192,750</u>	<u>34,863</u>	<u>770,041</u>
January 1, 2014	<u>\$ 542,428</u>	<u>192,750</u>	<u>49,970</u>	<u>785,148</u>
Balance on June 30, 2014	<u>\$ 542,428</u>	<u>192,750</u>	<u>42,117</u>	<u>777,295</u>

There were no significant additions, disposals, or recognitions and reversals of impairment losses of intangible assets for the three months ended June 30, 2015 and 2014. Information on amortization for the period is discussed in Note 12(1). Please refer to 2014 annual consolidated financial report Note 6(8) for other related information.

(IX) Other financial assets - current

The Consolidated Company's other financial assets as below:

	<u>6.30.2015</u>	<u>12.31.2014</u>	<u>6.30.2014</u>
Time deposit – trust account	\$ 109,322	111,945	582,224
Time deposit	-	-	607,197
Current deposit – trust account and management account	1,463,429	1,198,659	1,206,386
Other receivables	258,039	390,619	255,931

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	<u>6.30.2015</u>	<u>12.31.2014</u>	<u>6.30.2014</u>
Securities sales receivables	-	172,179	-
Rental receivables	33,108	31,735	26,791
Bond interest receivables	11,620	17,317	14,629
Limited assets	1,111	602,173	26,458
Others	19,155	11,410	7,120
Total	<u>\$ 1,895,784</u>	<u>2,536,037</u>	<u>2,726,736</u>

(X) Short-term loan

	<u>6.30.2015</u>	<u>12.31.2014</u>	<u>6.30.2014</u>
Guaranteed bank loans	\$ 3,698,000	2,402,500	1,212,000
Unguaranteed bank loans	1,913,000	186,500	-
Total	<u>\$ 5,611,000</u>	<u>2,589,000</u>	<u>1,212,000</u>
Unused limit	<u>\$ 2,034,000</u>	<u>3,961,000</u>	<u>3,219,000</u>
Interest rate range	<u>1.2%~1.7%</u>	<u>0.72%~1.5%</u>	<u>0.62%~1.85%</u>

1. Issuance and repayment of short term loan

As of January 1 to June 30, 2015 and 2014, the increase amount was NT\$6,080,850 thousand and NT\$315,000 thousand, the maturity date was January 2016 and 2014, respectively; the repayment was NT\$3,058,850 thousand and NT\$105,000 thousand, respectively.

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

(XI) Long-term loan

	<u>6.30.2015</u>	<u>12.31.2014</u>	<u>6.30.2014</u>
Unguaranteed bank loans	\$ 172,000	-	-
Less: current portion of long-term loans payable	-	-	-
Total	<u>\$ 172,000</u>	-	-
Unused limit	<u>\$ 29,300</u>	-	-
Interest rate range	<u>4.5%</u>	-	-

1. Issuance and repayment of short term loan

As of January 1 to June 30, 2015 and 2014, the increase amount was NT\$172,000 thousand and NT\$0, the maturity date was December 2029.

(XII) Operating lease

The Consolidated Company signed a lease agreement with an unrelated party on April 29, 2015, to lease the whole building at No. 371, Subsec. 1, Dunhua section, Songshan Dist., Taipei City. The leasing period is 20 years, from December 1, 2015 to November 30, 2035, and estimated rental income is NT\$7,000 thousand per month. As of January 1 to June 30, 2014, the Consolidated Company did not have any new significant operating lease agreement.

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Please refer to Note 6(11) in 2014 consolidated financial report for relevant information.

(XII) 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, 2014 and 2013 to measure and disclose the pension cost during the interim period.

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

	April to June 2015	April to June 2014	January to June 2015	January to June 2014
Administrative expense	<u>\$ 9</u>	<u>10</u>	<u>17</u>	<u>14</u>

2. Defined contribution plan

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

	April to June 2015	April to June 2014	January to June 2015	January to June 2014
Operating cost	\$ 2,291	2,213	4,654	4,525
Administrative expenses	<u>2,416</u>	<u>2,329</u>	<u>4,638</u>	<u>4,669</u>
	<u>\$ 4,707</u>	<u>4,542</u>	<u>9,292</u>	<u>9,194</u>

(XIV) Income tax

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

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

	April to June 2015	April to June 2014	January to June 2015	January to June 2014
Current income tax expenses				
Current generated	\$ 49,804	42,424	91,599	81,374
10% surtax on undistributed earnings	53,764	22,275	53,764	22,275
Increase of land tax	332	592	607	1,753
Others	<u>362</u>	<u>-</u>	<u>362</u>	<u>-</u>
	<u>\$ 104,262</u>	<u>65,291</u>	<u>146,332</u>	<u>105,402</u>

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 it has been audited and determined that the supplementary payment of tax in 2009 should be made by the Company. The Company has filed an application for administrative remedy.

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

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	6.30.2015	12.31.2014	6.30.2014
Undistributed earnings before 1997	\$ -	-	-
Undistributed earnings after 1998	1,783,603	2,912,259	1,653,004
	\$ 1,783,603	2,912,259	1,653,004
Imputed tax credit account balance	\$ 528,941	438,123	702,654
	2014 (Estimated)	2013 (Actual)	
Creditable ratio for distribution of earnings for ROC residents	18.16%	23.14%	

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

(XV) Capital and other equity

Except as described below, there were no significant changes in the equity capital and other equity accounts of the consolidated company during the six months ended in June 30, 2015 and 2014, for more information please refer to Note 6(14) of the 2014 annual consolidated financial statements.

1. Additional paid-in capital

The Company's additional paid-in capital balance:

	6.30.2015	12.31.2014	6.30.2014
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	9,192	-	-
	\$ 1,401,264	1,392,072	1,392,072

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

2. Retained earnings

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

- a. Remuneration to directors may not exceed 2%;
- b. Bonus to employees may not be less than 1%. If the distribution of bonus to employees is paid with stock shares, the recipients shall include the qualified employees of the subsidiaries. Deducting the previous amount, the available balance which pluses prior period accumulative unappropriated earnings can be the shareholders bonus. The Board of Directors decides to appropriate or retain in proportion with total shares based on the Company's dividend policy, and formulates

the proposal for distribution of profits to shareholder meeting for resolution.

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

According to the Company Law amended in May 2015, bonus to employees and remuneration to directors no longer classified as retained earnings distribution items. The Company will amend Memorandum of Association accordingly within the authority required period.

(1) Legal reserve

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

(2) Special reserve

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

(3) Distribution of earnings

The Company's bonus to employees as of January 1 to June 30 2015 and 2014 is estimated to be NT\$5,410 thousand and NT\$8,442 thousand. The remuneration to directors and supervisors as of January 1 to June 30 2015 and 2014 is estimated to be NT\$10,821 thousand and NT\$16,884 thousand. The estimated base of bonus payable to employees and remuneration payable to directors is after-tax net income of the specific period multiply by the distribution fractional ratio of the Company's Articles of association; also, the bonus to employees and the remuneration to directors and supervisors are reported as operating cost or operating expense as of 2014.

The Company's bonus to employees as of 2014 and 2013 is estimated to be NT\$19,736 thousand and NT\$13,577 thousand, respectively. The remuneration to directors and supervisors is estimated to be NT\$39,471 thousand and NT\$27,154 thousand.

The Company's distribution of 2014 earnings was proposed by the board of directors on June 18, 2015; also, the distribution of 2013 earnings was resolved in the general shareholders' meeting on June 17, 2014. The distribution of dividends to shareholders is as follows:

	2014		2013	
	Share distribution rate (NT\$)	Amount	Share distribution rate (NT\$)	Amount
Dividends distributed to common stock shareholders:				
Cash	\$ 3.60	<u>1,436,703</u>	4.00	<u>1,596,337</u>

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The Company's 2014 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. The actual distribution information of aforementioned bonus to employees and remuneration to directors and supervisors can be obtained from the MOPS.

3. Other equity

	Exchange differences from the translation of foreign institution's financial statements	Available-for- sale investment	Total
January 1, 2015	\$ (8,162)	(6,296)	(14,458)
Currency translation differences:			
Consolidated company	(235)	-	(235)
Unrealized gain or loss of the available-for-sale financial assets:			
Consolidated company	-	(116,799)	(116,799)
Balance on June 30, 2015	<u>\$ (8,397)</u>	<u>(123,095)</u>	<u>(131,492)</u>
Balance on January 1, 2014	\$ (15,280)	56	(15,224)
Currency translation differences:			
Consolidated company	330	(56)	274
Balance on June 30, 2014	<u>\$ (14,950)</u>	<u>-</u>	<u>(14,950)</u>

4. Non-controlling equity

	January to June 2015	January to June 2014
Balance at beginning of period	\$ 970,447	959,005
Non-controlling equity		
Net profit of non-controlling equity	53,364	51,620
Differences between actual price acquisition or disposal of subsidiaries and book value	(9,192)	6,365
Cash dividends paid by subsidiaries	(103,522)	(87,010)
Capital increase to subsidiaries	79,410	-

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	January to June 2015	January to June 2014
Capital reduction to subsidiaries	-	(22,806)
Balance at end of period	\$ 990,507	907,174

(XVI) Earnings per share

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

	April to June 2015	April to June 2014	January to June 2015	January to June 2014
Basic earnings per share				
Net income attributable to the Company's common stock shareholders:	\$ 251,769	470,578	526,567	931,614
Weighted average outstanding common stock shares	399,084	399,084	399,084	399,084
	\$ 0.63	1.18	1.32	2.33
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)	\$ 251,769	470,578	526,567	931,614
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	203	171	277	233
Weighted average outstanding common stock shares (after adjusting the potential dilutive effect of the common stock shares)	399,287	399,255	399,361	399,317
	\$ 0.63	1.18	1.32	2.33

(XVII) Income

The consolidated company's income is as follows:

	April to June 2015	April to June 2014	January to June 2015	January to June 2014
Columbarium and cemetery income	\$ 466,734	674,605	831,510	1,287,502
Funeral services income	375,510	371,016	759,500	740,670
Rent income from investment property	52,872	48,736	106,968	99,403
Construction contract income	1,210	3,073	1,232	11,380
Other operating income	35,306	29,508	95,048	97,939
	\$ 931,632	1,126,938	1,794,258	2,236,894

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(XVIII) Bonus to employees and remuneration to directors and supervisors

As of April 1 to June 30 and January 1 to June, 2015, the Company's bonus to employees is estimated to be NT\$2,493 thousand and NT\$4,986 thousand, the remuneration to directors and supervisors is estimated to be NT\$39,471 thousand and NT\$9,972 thousand. The estimated bonus payable to employees and remuneration payable to directors is based on the experience in distribution to calculate, having the before-tax net income of the specific period after deducting the bonus to employees, remuneration to directors and supervisors, multiplied by the distribution fractional ratio of the Company's Articles of association respectively; also, it is reported as operating cost or operating expense as of April 1 to June 30 and January 1 to June, 2015. If there is any change in the next year, it will be revised based on changes in accounting estimates, and reported as profit or loss for the next year.

(XIX) Other profit and loss

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

	<u>April to June 2015</u>	<u>April to June 2014</u>	<u>January to June 2015</u>	<u>January to June 2014</u>
Gain (loss) on disposal of investment property interests	\$ -	5,625	-	15,731
Gain (loss) on change in fair value of biological assets	22,232	21,047	35,897	19,984
	<u>\$ 22,232</u>	<u>26,672</u>	<u>35,897</u>	<u>35,715</u>

(XX) Non-operating income and expense

1. Other income

The consolidated company's other income is as follows:

	<u>April to June 2015</u>	<u>April to June 2014</u>	<u>January to June 2015</u>	<u>January to June 2014</u>
Interest income	\$ 28,958	22,347	60,582	36,777
Dividend income	3,462	-	6,899	-
Service charge income	2,928	2,468	4,978	4,811
Fines income	15,672	33,399	38,357	61,602
Other income	2,139	8,317	6,368	8,704
	<u>\$ 53,159</u>	<u>66,531</u>	<u>117,184</u>	<u>111,894</u>

2. Other profit and loss

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

	<u>April to June 2015</u>	<u>April to June 2014</u>	<u>January to June 2015</u>	<u>January to June 2014</u>
Foreign exchange gain (loss)	\$ (22,708)	(33,819)	(49,370)	(42,747)
Gain from disposal of investment and financial assets				
— Gain from disposal of financial assets measured at cost	-	207	-	207
Net financial assets measured at fair value through profit or loss	(15,757)	30,774	(33,417)	51,712
Gain from disposal of available-for-sale financial asset	3,191	-	6,579	-

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	<u>April to June 2015</u>	<u>April to June 2014</u>	<u>January to June 2015</u>	<u>January to June 2014</u>
Disposal of property, plant, and equipment	(1,617)	(1,651)	(1,617)	(3,021)
Loss on scrapping of intangible asset	-	(1,398)	-	(2,524)
Other expense	(36)	123	(61)	(4,019)
	<u>\$ (36,927)</u>	<u>(5,764)</u>	<u>(77,886)</u>	<u>(392)</u>

3. Finance cost

Consolidated company's finance cost is as follows:

	<u>April to June 2015</u>	<u>April to June 2014</u>	<u>January to June 2015</u>	<u>January to June 2014</u>
Interest expense	<u>\$ 16,499</u>	<u>2,231</u>	<u>26,610</u>	<u>3,936</u>

(XXI) Financial instruments

Except as described in the following paragraph, there were no significant changes in the Group's fair value of financial instruments exposed to credit risk, liquidity risk, and market risk. For other information, please refer to Note 6(19) in the 2014 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>6.30.2015</u>		<u>12.31.2014</u>		<u>6.30.2014</u>	
	<u>Total</u>	<u>Impairment</u>	<u>Total</u>	<u>Impairment</u>	<u>Total</u>	<u>Impairment</u>
Not overdue	\$ 701,755	29,332	827,059	29,519	657,463	27,723
Overdue 31~60 days	14,864	1,272	20,320	1,762	20,238	1,003
Overdue 61~90 days	8,884	760	10,882	943	14,990	629
Overdue 91~120 days	6,050	518	2,509	218	4,418	156
Overdue more than 120 days	51,853	25,254	52,410	24,694	48,030	24,350
	<u>\$ 783,406</u>	<u>57,136</u>	<u>913,180</u>	<u>57,136</u>	<u>745,139</u>	<u>53,861</u>

	<u>2015H1</u>	<u>2014H1</u>
Balance on January 1	\$ 57,136	50,427
Impairment loss recognized	-	3,464
Write-off of uncollectible during the current year	-	(31)
Balance on June 30	<u>\$ 57,136</u>	<u>53,860</u>

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:

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	6.30.2015			12.31.2014			6.30.2014			
	Foreign currency	Exchange rate	New Taiwan Dollar	Foreign currency	Exchange rate	New Taiwan Dollar	Foreign currency	Exchange rate	New Taiwan Dollar	
<u>Financial assets</u>										
<u>Monetary items</u>										
RMB/NTD	\$	23,894	4.973	118,826	147,679	5.092	752,768	284,726	4.811	1,369,817
RMB/USD		442	0.161	2,200	23,618	0.161	120,261	23,310	0.158	112,146
USD/NTD		3,382	30.860	104,369	2,717	31.650	84,162	1,715	29.86	51,232
Japanese yen / NTD		27,963	0.252	7,058	32,899	0.265	8,705	25,607	0.294	7,544
HKD/NTD		15,688	3.980	62,440	-	-	-	-	-	-
<u>Non -monetary items</u>										
HKD/NTD		75,517	3.980	300,557	25,730	4.080	104,991	12,188	3.853	46,959
Japanese yen / NTD		160,640	0.252	40,546	157,280	0.265	41,569	119,136	0.294	35,026
USD/NTD		31,347	30.860	967,377	29,185	31.650	925,677	9,649	29.860	288,114
RMB/NTD		160,277	4.973	797,058	218,968	5.092	1,114,198	78,129	4.811	375,878

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 June 30, 2015 and 2014, the net income was increased by NT\$119,236 thousand or decreased by NT\$189,797 thousand, respectively. The analysis of two terms is completed by using the same basis.

Due to the variety of the Consolidated Company's functional currencies, the exchange gain or loss of currency items are disclosed in summary. As of April 1 to June 30, 2015 and 2014, and January 1 to June 31, 2015 and 2014, the foreign currency exchange gain (loss) was NT\$(22,708) thousand, NT\$(33,819) thousand, NT\$(49,370) thousand and NT\$(42,747) thousand, respectively.

3. Fair value

(1) Fair value and book value

The Consolidated Company's book value and fair value (including fair value hierarchy information, but the book value of financial instruments' which is not measured by fair value and reasonably similar to fair value, as well as the equity method investments without active market price and of which fair value cannot be reliably invested, it is not necessary to disclose their fair value information accordingly to regulation) of the financial assets and financial liabilities are listed as below:

	6.30.2015				
	Book value	Fair Value			Total
		Class I	Class II	Class III	
Financial assets measured at fair value through profit or loss	\$ 1,179,337	1,179,337	-	-	1,179,337
Available-for-sale financial assets	5,876,310	5,876,310	-	-	5,876,310
Loans and receivables					
Cash and cash equivalents	258,449	-	-	-	-
Note receivables and account receivables	468,231	-	-	-	-
Other receivables	258,039	-	-	-	-
Total	\$ 8,040,366	7,055,647	-	-	7,055,647
Financial liability measured at amortized cost					
Short-term loan	\$ 5,611,000	-	-	-	-
Note payables and account payables	405,747	-	-	-	-
Other payables	1,973,597	-	-	-	-

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		6.30.2015				
		Fair Value				
	Book value	Class I	Class II	Class III	Total	
Long-term loan	172,700	-	-	-	-	
Total	\$ 8,163,044	-	-	-	-	
		12.31.2014				
		Fair Value				
	Book value	Class I	Class II	Class III	Total	
Financial assets measured at fair value through profit or loss	\$ 910,703	910,703	-	-	910,703	
Available-for-sale financial assets	1,866,734	1,866,734	-	-	1,866,734	
Loans and receivables						
Cash and cash equivalents	372,338	-	-	-	-	
Note receivables and account receivables	465,425	-	-	-	-	
Other receivables	390,619	-	-	-	-	
Total	\$ 4,005,819	2,777,437	-	-	2,777,437	
Financial liability measured at amortized cost						
Short-term loan	\$ 2,589,000	-	-	-	-	
Note payables and account payables	509,398	-	-	-	-	
Other payables	385,934	-	-	-	-	
Long-term loan	\$ 3,484,332	-	-	-	-	
		6.30.2014				
		Fair Value				
	Book value	Class I	Class II	Class III	Total	
Financial assets measured at fair value through profit or loss	\$ 1,273,821	1,273,821	-	-	1,273,821	
Loans and receivables						
Cash and cash equivalents	548,639	-	-	-	-	
Note receivables and account receivables	435,347	-	-	-	-	
Other receivables	255,931	-	-	-	-	
Total	\$ 2,513,738	1,273,821	-	-	1,273,821	
Financial liability measured at amortized cost						
Short-term loan	\$ 1,212,000	-	-	-	-	
Note payables and account payables	421,944	-	-	-	-	
Other payables	2,030,933	-	-	-	-	
Total	\$ 3,664,877	-	-	-	-	

No financial assets and liabilities of each hierarchy were transferred as of the six months ended June 30, 2015 and 2014.

(2) Fair value measurements of financial instruments measured at fair value

The fair value of financial instruments traded in active markets is based on quoted market prices. Market prices announced by major stock exchanges are classified as fair value bases of TWSE/OTC listed equity instruments; while central government bonds' market prices which are announced by OTC and identified as on-the-run issues are classified as fair value base of debt instruments with active market quoted prices.

If able to promptly and usually acquire public quoted prices of financial instruments from stock exchanges, brokers, underwriters, industrial guilds, pricing

services facilities and authorities, and the said prices represent actual and frequent incurring fair market transaction, then the financial instruments have active market quoted prices. If abovementioned conditions are not achieved, then the market is identified as inactive. In general, considerably large bid-ask spread, significantly increased bid-ask spread or extremely low transaction volume are indexes of inactive markets.

Listed companies' stocks, beneficial certificates and corporate bonds held by the Consolidated Company are financial assets and liabilities capable with standard terms and conditions and traded in active markets, of which fair values are determined in accordance with market quoted prices respectively.

(XXII) Financial risk management

There were no significant differences of the consolidated company's financial risk management and policies with those disclosed in Note 6(20) of the 2014 annual consolidated financial statements.

(XXIII) Capital management

Management believes that the objectives, policies, and processes of capital management of the Group have been applied consistently with those described in the 2014 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 2014 annual consolidated financial statements. For related information, please refer to Note 6(21) in 2014 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")		
	April to June 2015	April to June 2014	January to June 2015	January to June 2014	6.30.2015	12.31.2014	6.30.2014
Other related party	\$ 1,843	141	1,843	6,284	22,189	21,470	-

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

2. Lease

(1) Lessee:

The consolidated company leases transport equipment and building from the related party for a rent expense of NT\$2,557 thousand, NT\$676 thousand, NT\$5,114 thousand and NT\$1,993 thousand as of April 1 to June 30, 2015 and 2014, and January 1 to June 30, 2015 and 2014, respectively.

(2) Lessor:

The consolidated company has office building and parking space rented to the related

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party for a rent income of NT\$9 thousand, NT\$9 thousand, NT\$17 thousand and NT\$17 thousand as of April 1 to June 30, 2015 and 2014, and January 1 to June 30, 2015 and 2014, respectively.

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

3. Contract projects

<u>Name of related party</u>	<u>Project Name</u>	<u>Contract Price</u>	<u>Current Price</u>	<u>Accumulated Price</u>
2015H1				
Other related party	Gu Gong Case	\$ <u>223,962</u>	<u>-</u>	<u>223,962</u>
2014H1				
Other related party	Gu Gong Case	\$ <u>288,013</u>	<u>34,431</u>	<u>251,140</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.

4. Others

(1) Other payables

	<u>6.30.2015</u>	<u>12.31.2014</u>	<u>6.30.2014</u>
Other related party	\$ <u>1,217</u>	<u>1,217</u>	<u>687</u>

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

	<u>6.30.2015</u>	<u>12.31.2014</u>	<u>6.30.2014</u>
Other related party	\$ <u>557</u>	<u>557</u>	<u>-</u>

5. Trust contract

Part of the Consolidated Company's land is trusted and registered in the name of the related party as of June 30, 2015, December 31 and June 30, 2014. Please refer to Note 6(3) and (6).

6. Others

The Consolidated Company commissioned other related party to acquire land for construction for a total price of NT\$668,016 thousand as of June 30, 2015, December 31 and June 30, 2014, respectively. The discretionary trustee is to handle the land combination matter on behalf of the Company.

(III) Key management personnel transactions

	<u>April to June 2015</u>	<u>April to June 2014</u>	<u>January to June 2015</u>	<u>January to June 2014</u>
Short-term employee benefits	\$ 7,157	7,815	14,801	19,039
Retirement benefits	280	266	516	559
	<u>\$ 7,437</u>	<u>8,081</u>	<u>15,317</u>	<u>19,598</u>

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>6.30.2015</u>	<u>12.31.2014</u>	<u>6.30.2014</u>
Other financial assets - current	The transaction service of trust accounts and credit accounts; also, the guarantee of forward exchange transactions	\$ -	602,173	26,100

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<u>Assets name</u>	<u>Purpose of collateral</u>	<u>6.30.2015</u>	<u>12.31.2014</u>	<u>6.30.2014</u>
Inventories	The guarantee for the transaction service of the loan account and credit account (Note)	2,730,177	2,730,177	3,092,667
Property, plant, and equipment – book value	Collateral for loan	954,056	581,031	581,031
Investment property – book value	The guarantee for the transaction service of the loan account and credit account	4,063,308	2,970,838	2,980,953
Available-for-sale financial assets - noncurrent	Collateral for loan	<u>1,557,600</u>	-	-
		<u>\$ 9,305,141</u>	<u>6,884,219</u>	<u>6,680,751</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>6.30.2015</u>	<u>12.31.2014</u>	<u>6.30.2014</u>
Contracted projects	\$ 134	1,366	36,873
Acquisition of columbarium and cemetery	19,377	26,707	26,707
Acquisition of construction site	-	56,950	351,782
Individual construction project	711,549	870,223	629,509

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 June 30, 2015, December 31 and June 30, 2014, respectively.

(II) Contingent liabilities:

- The legislative purpose of Mortuary Service Administration Act Article 36 is to cope with repair and management costs when a major accident hits or abnormal operations occur due to poor management. In order to maintain and manage funeral facilities, the Consolidated Company has set up an administration fee account for specific uses only, so that if any significant incidents occur in the future, subsequent general impairment and management of the facilities will not be impacted. New Taipei City Funeral Service Association is carrying out a petition among funeral operators to propose New Taipei City Government to invite local operators to discuss relevant self governing regulation supplements, correspondent supervision mechanism and fund utilization regulations, and complete related regulations and procedures before collecting the fund. Besides, since relevant regulations are awaiting further discussion, the future possible obligation amount of the Consolidated Company cannot be confirmed.
- The Company purchased the land at Li-Ho Section, Hsin-Yi District in February 2007. Notwithstanding, in March 2007, the joint owners of said land initiated the proceeding for "Declaration of non-existence of land transaction" with the court and, therefore, the

registration of land No. 322 totaling 6 lands transfer was hindered. On August 28, 2013, Taipei District Court rendered a judgment in favor of the Company and affirmed the judgment on October 14, 2013, so the abovementioned land rights were transferred to the Company on January 23, 2014. However, the joint owners of the said land claimed that the disposal was not agreed by all joint owners and classified as an unauthorized disposition with no effect, so filing an action with Taipei District Court. Investigation is re-examining by the Taipei District Court as 2014 Zhong Su Zi No. 173.

(III) Others

1. The Consolidated Company (referred to as “the principal” hereinafter) for enhancing the quality of funeral service and ensuring the ability of performance had a trust contract signed with Taiwan Industrial Bank Co., Ltd. (referred to as “the trustee” hereinafter) in April 2010. According to the trust contract signed, 75% selling price (tax included) of each pre-need contract sold should be transferred to the trustee, including the delivery and transfer of the trust property. However, the trustee referred to above was replaced by Chang Hwa Commercial Bank Co., Ltd. on December 28, 2012. In addition, the trust assets as of June 30, 2015, December 31 and June 30, 2014 are as follows :

	<u>6.30.2015</u>	<u>12.31.2014</u>	<u>6.30.2014</u>
Bank deposits			
Demand deposits	\$ 419,464	144,729	134,694
Time deposits	109,322	111,945	582,224
Financial assets measured at fair value through profit or loss - current	595,903	360,876	553,800
Available-for-sale financial assets – non-current	1,456,833	1,516,503	375,104
Property, plant and equipment (Note)	2,206,293	2,206,293	2,277,914
Investment property (Note)	1,962,845	1,962,845	1,962,845
	<u>\$ 6,750,660</u>	<u>6,303,191</u>	<u>5,886,581</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.

2. The Consolidated Company has an administration fee account setup for the fees collected in a lump sum or periodically from the clients to maintain funeral facilities safety and cleanness, and to organize ceremony activities and internal administration. The administration fee account was with a balance of NT\$1,043,965 thousand, NT\$1,053,930 thousand, and NT\$1,071,692 thousand, as of June 30, 2015, December 31 and June 30, 2014, respectively; also, it is booked in the “Other financial assets – current.”
3. The Consolidated Company had contracts signed with clients for the sale of columbarium of True Dragon Tower and funeral service as of June 30, 2015, December 31 and June 30, 2014. The pre-need contract signed and the related deferred marketing expenses are as follows:

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	104.6.30	103.12.31	103.6.30
Total contract price	\$ 35,427,066	34,505,035	34,649,025
Outstanding proceeds	(7,848,200)	(7,863,205)	(7,586,514)
Advanced receipts	\$ 27,578,866	26,641,830	27,062,511
Deferred marketing expense	\$ 8,022,557	7,866,213	8,089,134
Expected to be reclassified for more than twelve months	\$ 27,576,526	24,830,262	24,337,596

X. Significant disaster loss: None

XI. Significant subsequent events:

Due to demand of working capital, the Company's subsidiary Longding Life Sciences Inc. proposed to increase cash capital 11,000 thousand shares for NT\$110,000 thousand, exercised price NT\$10 per share. After the capital increase, paid-in capital is NT\$250,000 thousand. Based on shareholding ratio, total subscription amount of the Company and its subsidiary Zekaen Co. Ltd. should be NT\$101,711 thousand, totally undertaken by the Company.

XII. Others

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

By function	April to June 2015				April to June 2014			
	Classified as Operating Costs	Classified as Selling Expenses	Other (Note)	Total	Classified as Operating Costs	Classified as Selling Expenses	Other (Note)	Total
Employee benefits								
Salary	54,068	37,248	14,083	105,399	52,993	84,587	14,655	152,235
Labor and health insurance	4,111	5,198	1,847	11,156	3,851	3,929	1,532	9,312
Pension	2,290	1,404	1,022	4,716	2,213	1,618	721	4,552
Others	1,472	1,760	1,042	4,274	470	3,508	926	4,904
Depreciation	25,191	3,520	1,870	30,581	21,117	2,585	409	24,111
Depletion	-	-	-	-	-	-	-	-
Amortization	95	2,187	192	2,474	605	2,121	206	2,932

By function	January to June 2015				January to June 2014			
	Classified as Operating Costs	Classified as Selling Expenses	Other (Note)	Total	Classified as Operating Costs	Classified as Selling Expenses	Other (Note)	Total
Employee benefits								
Salary	110,590	83,458	29,935	223,983	109,741	127,005	31,096	267,842
Labor and health insurance	8,279	8,057	3,162	19,498	7,904	7,899	3,276	19,079
Pension	4,654	2,954	1,701	9,309	4,525	3,213	1,470	9,208
Others	2,922	3,676	1,968	8,566	1,827	5,667	1,868	9,362
Depreciation	48,272	6,410	3,837	58,519	43,071	5,634	2,698	51,403
Depletion	-	-	-	-	-	-	-	-
Amortization	156	4,471	399	5,026	1,619	4,257	416	6,292

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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.

XIII. Other disclosures

- (1) Information on significant transactions

The consolidated company should have the following material transactions disclosed as of January 1 to June 30 2015 in accordance with Regulations Governing the Preparation of Financial Reports by Securities Firms:

1. Fund financing to other parties:

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	-	-	8%	2	-	Working fund	-	-	-	1,589,511	3,179,022
0	Lungyen Life Service Corp.	Longding Life Science Co., Ltd.	Other receivables-related parties	Yes	202,000	102,000	102,000	6%	2	-	Working fund	-	-	-	1,589,511	3,179,022

Unit: Thousand NTD

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 20% of the Company's total capital amount.

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.

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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	1,589,511	202,000	202,000	172,700	-	2.54%	3,973,778	Y	N	N
0	Lungyen Life Service Corp.	Yuji Development Corp.	2	1,589,511	300,000	300,000	-	-	3.77%	3,973,778	Y	N	N
0	Lungyen Life Service Corp.	Lung Fu Company Limited	3	1,589,511	180,000	180,000	14,000	180,000	2.26%	3,973,778	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 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 resolution 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: According to the original Board resolution on August 12, 2014, endorsement to Longding Life Sciences Inc. shall not exceed \$216,000 thousand. However, 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. Upon the Board resolution on December 26, 2014, endorsement to Longding Life Sciences Inc. shall not exceed \$202,000 thousand.

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

Holder of Securities	Type and Name of Securities	Relationship with Securities Issuer	Account Title	Ending			Remark	
				Quantity of shares (thousand shares)/unit	Book Value	% of Ownership		Fair Value
The Company	Stock of Chang Hwa Bank	-	Financial assets at fair value through profit or loss	17,616	311,807	- %	17.70	
The Company	LUMAX securities	-	Financial assets at fair value through profit or loss	242	13,286	- %	54.90	-
The Company	Stock of CTBC FINANCIAL HOLDING CO., LTD.	-	Financial assets at fair value through profit or loss	1	23	- %	24.30	-
The Company	Stock of CHINA LIFE INSURANCE COMPANY, LTD.	-	Financial assets at fair value through profit or loss	715	22,594	- %	31.60	-
The Company	Stock of Cheng Shin Rubber Ind., Co., Ltd.	-	Financial assets at fair value through profit or loss	245	16,733	- %	68.30	-
The Company	Stock of Sun Life Corporation	-	Financial assets at fair value through profit or loss	160	40,513	- %	253.21	-

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Holder of Securities	Type and Name of Securities	Relationship with Securities Issuer	Account Title	Ending			Remark	
				Quantity of shares (thousand shares)/unit	Book Value	% of Ownership		Fair Value
The Company	Stock of TVB		Financial assets at fair value through profit or loss	169	31,035	- %	183.20	
The Company	Stock of Construction Bank	-	Financial assets at fair value through profit or loss	2,100	59,215	- %	28.20	-
The Company	Stock of Jiangsu Expressway Company Limited	-	Financial assets at fair value through profit or loss	1,026	41,598	- %	40.54	-
The Company	Stock of Sinopec	-	Financial assets at fair value through profit or loss	1,990	53,022	- %	26.64	-
The Company	Stock of PetroChina	-	Financial assets at fair value through profit or loss	1,438	49,540	- %	34.45	-
The Company	Stock of Sands China Limited	-	Financial assets at fair value through profit or loss	320	33,264	- %	103.95	-
The Company	Stock of MGM China Holdings Limited	-	Financial assets at fair value through profit or loss	655	33,088	- %	50.50	-
The Company	Alerian MLP ETF	-	Financial assets at fair value through profit or loss	82	39,643	- %	483.45	-
The Company	CITIC primary financial bond (CNY)	-	Financial assets at fair value through profit or loss	200,000	98,724	- %	4.94	-
The Company	CTBC Emerging Market Bond Fund	-	Financial assets at fair value through profit or loss	1,000	10,144	- %	10.14	-
The Company	Cathay Emerging China Bond Fund	-	Financial assets at fair value through profit or loss	297	3,211	- %	10.83	-
The Company	Cathay Emerging China Bond (Trust)	-	Financial assets at fair value through profit or loss	4,900	53,049	- %	10.83	-
The Company	PineBridge Global Multi-Strategy High Yield Bond Fund - B	-	Financial assets at fair value through profit or loss	2,495	19,603	- %	7.86	-
The Company	Fuh Hwa Emerging Market Bond Fund	-	Financial assets at fair value through profit or loss	2,199	14,780	- %	6.72	-
The Company	Franklin Templeton SinoAm Global High Yield Bond Fund	-	Financial assets at fair value through profit or loss	1,460	15,047	- %	10.30	-
The Company	Evenstar Sub-Fund I Segregated Portfolio	-	Financial assets at fair value through profit or loss	1	72,810	- %	123,554.83	-
The Company	Fuh Hwa Emerging Market RMB Fixed Inc Type A	-	Financial assets at fair value through profit or loss	28	1,441	- %	52.36	-
The Company	Taiwan Cooperative Bank Global High Yield Bond Fund - B - USD	-	Financial assets at fair value through profit or loss	97	29,024	- %	299.80	-
The Company	Allianz Global Investors All Seasons Harvest Fund of Bond Funds	-	Financial assets at fair value through profit or loss	481	23,830	- %	49.58	-
The Company	Cnooc Bond	-	Available-for-sale financial assets - non-current	2,900	92,404	- %	31.86	信託
The Company	Saudi Electricity Global - Bond	-	Available-for-sale financial assets - non-current	50	1,651	- %	33.02	信託
The Company	Bank of China/Luxembourg Bond	-	Available-for-sale financial assets - non-current	10,000	49,835	- %	4.98	信託
The Company	China Construction Bank Asia Dim-sum Bond	-	Available-for-sale financial assets - non-current	12,000	59,730	- %	4.98	信託
The Company	China Construction Bank Frankfurt Dim-sum Bond	-	Available-for-sale financial assets - non-current	10,000	49,648	- %	4.96	信託
The Company	Emirates Telecom Corp. Corp. Bond	-	Available-for-sale financial assets - non-current	1,500	49,224	- %	32.82	信託

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Holder of Securities	Type and Name of Securities	Relationship with Securities Issuer	Account Title	Ending			Remark	
				Quantity of shares (thousand shares)/unit	Book Value	% of Ownership		Fair Value
The Company	Guotai Junan Corp. Bond	-	Available-for-sale financial assets – non-current	200	6,347	- %	31.74	信託
The Company	Bank of China 2-year Senior Unsecured RMB Callable Financial Bond	-	Available-for-sale financial assets – non-current	8,000	39,777	- %	4.97	信託
The Company	Bank of China 5-year Senior Unsecured RMB Callable Financial Bond	-	Available-for-sale financial assets – non-current	10,000	50,093	- %	5.01	信託
The Company	Beijing Infrastructure Investment (Hong Kong) Ltd. 3-year Senior Unsecured RMB Callable Financial Bond	-	Available-for-sale financial assets – non-current	10,000	49,985	- %	5.00	信託
The Company	China Construction Bank Asia Dim-sum Bond	-	Available-for-sale financial assets – non-current	9,500	47,271	- %	4.98	信託
The Company	PetroChina Company Limited Corporate Bond	-	Available-for-sale financial assets – non-current	3,200	97,833	- %	30.57	信託
The Company	PetroChina Company Limited Corporate Bond	-	Available-for-sale financial assets – non-current	1,600	51,669	- %	32.29	信託
The Company	Abu Dhabi National Energy Company 10-year Senior Unsecured USD Callable Corporate Bond	-	Available-for-sale financial assets – non-current	1,600	49,774	- %	31.11	信託
The Company	Abu Dhabi National Energy Company 10-year Senior Unsecured USD Callable Corporate Bond	-	Available-for-sale financial assets – non-current	1,600	49,710	- %	31.07	信託
The Company	Bank of China 5-year Senior Unsecured RMB Callable Financial Bond	-	Available-for-sale financial assets – non-current	9,800	49,434	- %	5.04	信託
The Company	CNOOC Limited USD Callable Corporate Bond	-	Available-for-sale financial assets – non-current	3,100	91,193	- %	29.42	信託
The Company	Rizhao Port Co., Ltd. RMB Callable Corporate Bond	-	Available-for-sale financial assets – non-current	9,800	49,136	- %	5.01	信託
The Company	VTB Bank Corp. Bond	-	Available-for-sale financial assets – non-current	10,000	49,387	- %	4.94	-
The Company	ICBC RMB Corp. Bond	-	Available-for-sale financial assets – non-current	1,200	6,012	- %	5.01	信託
The Company	ICBC RMB Corp. Bond	-	Available-for-sale financial assets – non-current	9,800	48,863	- %	4.99	信託
The Company	QTel USD Corp. Bond	-	Available-for-sale financial assets – non-current	1,450	48,768	- %	33.63	信託
The Company	American International Assurance Co., Ltd. USD Corp. Bond	-	Available-for-sale financial assets – non-current	1,450	44,353	- %	30.59	信託
The Company	Hutchison Whampoa Limited USD Corp. Bond	-	Available-for-sale financial assets – non-current	1,500	45,913	- %	30.61	信託
The Company	ICBC RMB Corp. Bond	-	Available-for-sale financial assets – non-current	10,000	49,813	- %	4.98	信託
The Company	ICBC RMB Corp. Bond	-	Available-for-sale financial assets – non-current	10,000	49,767	- %	4.98	信託
The Company	China EXIM Bank RMB Corp. Bond	-	Available-for-sale financial assets – non-current	5,000	24,987	- %	5.00	信託
The Company	QTel USD Corp. Bond	-	Available-for-sale financial assets – non-current	1,600	48,283	- %	30.18	信託
The Company	Africa Finance Corp. Bond	-	Available-for-sale financial assets – non-current	3,000	94,261	- %	31.42	信託
The Company	Beijing State-owned Asset Mgt. Corp. Bond	-	Available-for-sale financial assets – non-current	2,000	61,099	- %	30.55	信託

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Holder of Securities	Type and Name of Securities	Relationship with Securities Issuer	Account Title	Ending				Remark
				Quantity of shares (thousand shares)/unit	Book Value	% of Ownership	Fair Value	
The Company	Chang Hwa Bank	-	Available-for-sale financial assets – non-current	246,898	4,370,090	- %	17.70	-
The Company	FORTUNE IC FUND I	-	Financial assets carried at cost – non-current	600	4,030	4.86 %	10.06	-
The Company	PK Venture Capital Corp	-	Financial assets carried at cost – non-current	3,360	20,855	8.57 %	6.02	-
The Company	Cathay insurance stock	-	Financial assets carried at cost – non-current	44	-	0.01 %	-	-
Yuji Development Corp.	CTBC Hwa-win Money Market Fund	-	Financial assets at fair value through profit or loss	7,350	79,784	- %	10.86	-
Ching Huang Construction Co., Ltd.	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss	715	10,437	- %	14.58	-
Ching Huang Construction Co., Ltd.	J-Garden Corp.	-	Financial assets carried at cost – non-current	-	1,785	5.00 %	12.23	-
Dahan Property Management Co., Ltd.	Allianz Global Investors Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	170	2,092	- %	12.34	-

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	Stock of Chang Hwa Bank	Financial assets at fair value through profit or loss - current	-	-	15,376	273,114	2,950	51,305 (Note 1)	710	12,878	12,600	271	17,616	311,807
The Company	Stock of Chang Hwa Bank	Available-for-sale financial assets – non-current	-	-	-	-	246,898	4,370,090 (Note 2)	-	-	-	-	246,898	4,370,090

Note 1: Purchasing amount includes loss on valuation NT\$970 thousand.

Note 2: Purchasing amount includes loss on valuation NT\$116,003 thousand.

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

Unit: Thousand shares; Thousand of NTD

Name of Company (booked receivable accounts)	Name of the counter-party	Relationship	Receivable accounts balances of related parties	Turnover rate	Overdue Receivable accounts of related parties		Recovered amount of Receivable accounts balances of related parties after expiry	Recorded provision for bad debt
					Amount	Handling methods		
The Company	Longding Life Science Co., Ltd.	Investee company using equity method	106,166	-%	-		-	-

9. Engage in derivatives trading: None.

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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	Other financial assets – current	\$ 8,434	與非關係人交易相當	0.02%
0	"	"	1	Payable accounts	13,256	-	0.03%
0	"	"	1	Other payable accounts	16,662	-	0.04%
0	"	Yuji Development Corp.	1	Payable accounts	33,475	-	0.07%
0	"	"	1	Prepayments	9,066	-	0.02%
0	"	"	1	Operating cost	59,022	-	3.29%
0	"	"	1	Other revenue	12,175	-	0.68%
0	"	"	1	Receipts under custody	9,327	-	0.02%
0	"	Longding Life Science Co., Ltd.	1	Other financial assets – current	106,166	-	0.23%
0	"	"	1	Payable accounts	801	-	- %
0	"	"	1	Other revenue	4,338	-	0.24%
0	"	"	1	Operating cost	1,804	-	0.10%
0	"	Zekaen Co. Ltd.	1	Operating cost	18,093	-	1.01%
0	"	"	1	Payable accounts	6,850	-	0.01%
0	"	"	1	Operating income	2,359	-	0.13%
0	"	Lung Fu Company Limited	1	Other financial assets – current	125	-	- %
0	"	"	1	Payable accounts	5,964	-	0.01%
0	"	"	1	Receipts under custody	83	-	- %
0	"	"	1	Prepayment for purchases	17,826	-	0.04%
0	"	"	1	Operating cost	1,061	-	0.06%
0	"	"	1	Other revenue	233	-	0.01%
1	Ching Huang Construction Co., Ltd.	Lungyen Life Service Corp.	2	Accounts Receivable	29,918	-	0.06%
1	"	"	2	Other payable accounts	8,434	-	0.02%
2	Yuji Development Corp.	Lungyen Life Service Corp.	2	Accounts Receivable	42,802	-	0.09%
2	"	"	2	Advance sales receipts	9,066	-	0.02%
2	"	"	2	Operating income	59,022	-	3.29%
2	"	"	2	Administrative expenses	12,175	-	0.68%
2	"	Lung Fu Company Limited	3	Payment on behalf of others	276	-	- %
3	Longding Life Science Co., Ltd.	Lungyen Life Service Corp.	2	Accounts Receivable	801	-	- %
3	"	"	2	Other payable accounts	106,166	-	0.23%
3	"	"	2	Operating income	1,804	-	0.10%
3	"	"	2	Financial cost	4,338	-	0.24%
4	Zekaen Co. Ltd.	Lungyen Life Service Corp.	2	Operating income	18,093	-	1.01%
4	"	"	2	Accounts Receivable	6,850	-	0.01%
4	"	"	2	Administrative expenses	2,359	-	0.13%
5	Lung Fu Company Limited	Lungyen Life Service Corp.	2	Accounts Receivable	6,107	-	0.01%
5	"	"	2	Expenses payable	125	-	- %
5	"	"	2	Advance sales receipts	17,826	-	0.04%
5	"	"	2	Operating income	1,061	-	0.06%
5	"	"	2	Administrative expenses	233	-	0.01%
5	"	Yuji Development Corp.	3	Payable accounts	276	-	- %

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:

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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 2015H1 is as follows:

Unit: Thousand NTD

Name of the investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Current gain/loss of investees	Current recognized investment gains and losses	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
The Company	Ching Huang Construction Co., Ltd.	Taiwan	Civil engineering	30,033	30,033	2,209	98.20%	(10,029)	(1,138)	(1,118)	Subsidiary
The Company	Yuji Development Corp.	Taiwan	Funeral Service	990,000	990,000	99,000	54.61%	1,108,826	119,946	65,909	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%	3,612	19	15	Subsidiary
The Company	Sea Dragon Traders Ltd. (BVI)	British Virgin Islands	Investment	147,073 (USD4,710)	340 (USD10)	1	100.00%	264,168	(2,827)	(2,827)	Subsidiary
The Company	Longding Life Science Co., Ltd.	Taiwan	Flower and plant cultivation	85,000	85,000	8,500	60.71%	49,710	(9,769)	(5,931)	Subsidiary
The Company	Singapore Lungyen Life Services Pte., Ltd.	Singapore	Funeral Service	11,990 (SGD500)	11,990 (SGD500)	500	100.00%	(2,096)	(84)	(84)	Subsidiary
The Company	Zekaen Co. Ltd.	Taiwan	Flower and plant cultivation	96,656	96,656	10,000	100.00%	54,046	(6,875)	(6,875)	Subsidiary
The Company	RIA AWANA SDN. BHD	Malaysia	Funeral Service	8,378 (MYR980)	-	980	49.00%	8,378	-	-	
Yuji Development Corp.	Lung Fu Company Limited	Taiwan	Funeral Service	210,700	210,700	21,070	77.75%	216,504	357	278	Sub-subsidiary
Zekaen Co. Ltd.	Longding Life Science Co., Ltd.	Taiwan	Flower and plant cultivation	44,450	44,450	4,445	31.75%	25,996	(9,769)	(3,102)	Subsidiary
Sea Dragon Traders Ltd. (BVI)	Witty Dragon Limited (BVI)	British Virgin Islands	Investment	165,268 (USD5,263)	-	53	26.32%	164,021	(7,940)	(2,090)	Affiliated company

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

Note 2: Abovementioned foreign currencies are shown as thousand.

(3) China investment information:

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

Unit: Thousand NTD/Foreign Currency

China investee company name	Business operation	Received Capital	Type of investment (Note 1)	Current Beginning Period of Taiwan Accumulated Export	Current Export or Return of Investment Amount		Current Ending Period of Taiwan Accumulated Export	Company Direct or Indirect Investment Proportion of Holding	Recognized Investment Profit and Loss (Note2)	Ending Period of Investment Book Value	Amount Remitted Current Ending Period
					Export	Return					
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
-	1,242,800 USD 40,000	4,768,534

US Dollar Exchange Rate: closing rate: 31.07

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

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- (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 two types with note:
 - 1 Financial statements to be prepared by international CPA audit that is in cooperation with ROC CPA audit.
 - 2 By the parent company in Taiwan audited financial statements.
 - 3. Others

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

Note 4: The Consolidated Company on March 31, 2011 by the Board of Directors resolved to the amount of US\$40 million, investment in the mainland established Lungyen (China) Co., Ltd. and in July 1, 2011 as approved by the Investment Commission of Ministry of Economic Affairs, Sea Dragon Traders Ltd. (BVI) currently intends reinvestment Lungyen (Cayman) Limited and Lungyen (Hong Kong) Limited to invest in the mainland funeral business, but is not actually exercised investment. The combined company on June 14, 2013 preceding the mainland investment undertaking intends to change the resolution by the Board as an operating base in Wenzhou, Zhejiang, engaged in the operation of funeral services and other advisory services, in October 28, 2013 Ministry of Economic Affairs of the investment project investment by industry Commission approval documented.

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

XIV. Financial Information by Department

(I) General information

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

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

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

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

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

		April to June 2015						
		Columbarium and cemetery for sale	Funeral services	Property leasing	Cemetery operation and others	Construction for sales	Adjustments and written-off	Total
Income:								
	Income from external customers	\$ 466,734	375,510	52,872	35,306	1,210	-	931,632
	Inter-segment income	34,637	-	1,208	8,057	-	(43,902)	-
	Total income	<u>\$ 501,371</u>	<u>375,510</u>	<u>54,080</u>	<u>43,363</u>	<u>1,210</u>	<u>(43,902)</u>	<u>931,632</u>
	Reportable segment profit or loss	<u>\$ 296,909</u>	<u>88,569</u>	<u>20,134</u>	<u>20,043</u>	<u>(408)</u>	<u>(43,902)</u>	<u>381,345</u>
		April to June 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	\$ 674,605	371,016	48,736	29,508	3,073	-	1,126,938
	Inter-segment income	19,220	-	1,064	16,602	-	(36,886)	-
	Total income	<u>\$ 693,825</u>	<u>371,016</u>	<u>49,800</u>	<u>46,110</u>	<u>3,073</u>	<u>(36,886)</u>	<u>1,126,938</u>
	Reportable segment profit or loss	<u>\$ 399,062</u>	<u>84,770</u>	<u>17,538</u>	<u>103,818</u>	<u>(166)</u>	<u>(36,886)</u>	<u>568,136</u>
		January to June 2015						
		Columbarium and cemetery for sale	Funeral services	Property leasing	Cemetery operation and others	Construction for sales	Adjustments and written-off	Total
Income:								
	Income from external customers	\$ 831,510	759,500	106,968	95,048	1,232	-	1,794,258
	Inter-segment income	60,083	-	2,422	19,898	-	(82,403)	-
	Total income	<u>\$ 891,593</u>	<u>759,500</u>	<u>109,390</u>	<u>114,946</u>	<u>1,232</u>	<u>(82,403)</u>	<u>1,794,258</u>
	Reportable segment profit or loss	<u>\$ 506,610</u>	<u>169,835</u>	<u>53,122</u>	<u>79,496</u>	<u>(397)</u>	<u>(82,403)</u>	<u>726,263</u>
		January to June 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	\$ 1,287,502	740,670	99,403	97,939	11,380	-	2,236,894
	Inter-segment income	28,313	-	2,202	48,427	-	(78,942)	-
	Total income	<u>\$ 1,315,815</u>	<u>740,670</u>	<u>101,605</u>	<u>146,366</u>	<u>11,380</u>	<u>(78,942)</u>	<u>2,236,894</u>
	Reportable segment profit or loss	<u>\$ 724,023</u>	<u>169,110</u>	<u>49,274</u>	<u>226,145</u>	<u>(974)</u>	<u>(78,942)</u>	<u>1,088,636</u>
	Reportable segment profit or loss	<u>\$ 13,079,960</u>	<u>3,787,331</u>	<u>6,083,166</u>	<u>82,751</u>	<u>4,691,409</u>	<u>18,334,057</u>	<u>46,058,674</u>
	June 30, 2015	<u>\$ 12,902,054</u>	<u>3,717,652</u>	<u>6,141,719</u>	<u>53,740</u>	<u>4,551,895</u>	<u>14,120,041</u>	<u>41,487,101</u>
	December 31, 2014	<u>\$ 13,154,047</u>	<u>3,668,702</u>	<u>6,152,910</u>	<u>18,715</u>	<u>4,509,529</u>	<u>13,237,385</u>	<u>40,741,288</u>
	June 30, 2014							