

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

Consolidated Financial Statements

**For The Nine Months Ended September 30, 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 September 30, 2015 and 2014, the related consolidated statements of comprehensive income as of January 1 to September 30, 2015 and 2014, and consolidated statements of changes in equity and consolidated statement of cash flows as of three months ended September 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\$900,007 thousand and NT\$817,789 thousand, representing both 2% of total consolidated assets as of September 30, 2015 and 2014, respectively. The total liabilities amounted to NT\$302,030 thousand and NT\$125,041 thousand, representing 0.8% and 0% of total consolidated liabilities as of September 30, 2015 and 2014, respectively. The comprehensive profit or loss was NT\$(7,651) thousand, NT\$(1,080) thousand, NT\$(25,101) thousand and NT\$(3,786) thousand, representing (2)%, 0%, (3%) and 0% of the consolidated profit or loss as of July 1 to September 30, 2015 and 2014 and January 1 to September 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\$191,488 thousand as of September 30, 2015. The profit or loss under the equity method of the affiliated enterprise amounted to NT\$(1,967) thousand and NT\$(4,057) thousand as of July 1 to September 30 and January 1 to September 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 : FSC VI. Tzi No. 0940129108
November 13, 2015 : FSC No. 1020000737

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

Consolidated Balance Sheets

September 30, 2015, December 31, 2014 and September 30, 2014

單位：新台幣千元

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

Assets	9.30.2015		12.31.2014		9.30.2014			Liabilities and Equity	9.30.2015		12.31.2014		9.30.2014				
	Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%			
Current assets:								Current liabilities:									
1100	Cash and cash equivalents (Note 6(1) & (21))	\$	243,829	1	372,338	1	250,844	1	2100	Short-term loan (Note 6(10) & (21))	\$	6,244,500	13	2,589,000	6	2,553,500	6
1110	Financial assets at fair value through profit or loss – current (Note 6(2), (21) & 9)		1,240,403	3	910,703	2	1,140,687	3	2170	Payable accounts (Note 6(21))		372,146	1	509,398	1	522,339	1
1150	Notes receivable, net (Note 6(21))		24,529	-	46,749	-	48,740	-	2190	Constructions contract payable		134	-	36,577	-	42,910	-
1170	Accounts receivable, net (Note 6(21) & 7)		454,883	1	418,676	1	420,444	1	2200	Other payable accounts (Note 6(21) & 7)		1,957,467	4	385,934	1	560,038	1
1190	Constructions contract receivable		-	-	-	-	618	-	2230	Current income tax liabilities		171,421	-	91,444	-	111,457	-
1320	Inventories (Note 6(3) & 8)		13,000,879	27	12,762,840	31	12,921,092	31	2310	Advance receipts (Note 9)		29,053,964	61	27,784,097	67	28,048,745	69
1400	Biological assets – current		67,138	-	33,971	-	30,001	-	2399	Other current liabilities - others		26,771	-	26,582	-	28,963	-
1410	Prepayments (Note 9)		8,383,148	18	8,201,325	20	8,224,896	20	Non-current liabilities:								
1476	Other financial assets – current (Note 6(3), (9), (21), 7, 8 & 9)		2,121,922	4	2,536,037	6	2,600,433	7	2540	Long-term loan (Note 6 (11) & (21))		172,700	1	-	-	-	-
1479	Other current assets		10,785	-	6,564	-	7,616	-	2570	Deferred income tax liabilities		23,882	-	50,224	-	37,772	-
			25,547,516	54	25,289,203	61	25,645,371	63	2640	Net defined benefit liability – non-current		24,867	-	24,867	-	22,306	-
Non-current assets:								2645	Deposit received		74,306	-	50,016	1	44,094	-	
1524	Available-for-sale financial assets – non-current (Note 6(2), (21), 8 & 9)		6,791,494	14	1,866,734	4	1,368,405	3	2670	Other non-current liabilities - others		2,981	-	2,981	-	2,981	-
1544	Financial assets carried at cost – non-current (Note 6(2))		26,130	-	27,435	-	41,621	-	Total liabilities								
1550	Investment under equity method (Note 6(4))		191,488	-	-	-	-	-			38,125,139	80	31,551,120	76	31,975,105	77	
1600	Property, plant and equipment (Note 6(6), 8 & 9)		6,498,994	14	6,222,940	15	5,974,462	14	Equity attributable to owners of parent (Note 6(14) & (15)):								
1760	Investment property, net (Note 6(7), 8 & 9)		6,102,635	13	6,141,719	15	6,155,020	15	3100	Capital stock – common stock		3,990,842	8	3,990,842	10	3,990,842	10
1780	Intangible assets (Note 6(8))		767,581	2	773,054	2	775,376	2	3200	Capital surplus		1,401,264	3	1,392,072	3	1,392,072	3
1840	Deferred income tax assets		777,740	2	699,366	2	797,192	2	Retained earnings:								
1980	Other financial assets – non-current		27,624	-	35,764	-	37,012	-	3310	Legal reserve		888,881	2	669,595	2	669,595	2
1990	Other non-current assets - others		658,140	1	430,886	1	431,179	1	3320	Special reserve		14,458	-	15,224	-	15,224	-
			21,841,826	46	16,197,898	39	15,580,267	37	3350	Unappropriated retained earnings (or deficit yet to be compensated)		2,200,256	5	2,912,259	7	2,276,581	6
									3400	Other equity interest		(247,543)	-	(14,458)	-	(24,174)	-
									Total equity attributable to owners of parent								
											8,248,158	18	8,965,534	22	8,320,140	21	
									36xx	Non-controlling interest (Note 6(5) & (15))		1,016,045	2	970,447	2	930,393	2
									Total equity								
											9,264,203	20	9,935,981	24	9,250,533	23	
Total assets			<u>\$</u>	<u>47,389,342</u>	<u>100</u>	<u>41,487,101</u>	<u>100</u>	<u>41,225,638</u>	<u>100</u>	Total liabilities and equity	<u>\$</u>	<u>47,389,342</u>	<u>100</u>	<u>41,487,101</u>	<u>100</u>	<u>41,225,638</u>	<u>100</u>

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

Chairman :

General Manager :

Chief Accountant :

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

July 1 to September 30, 2015 and 2014; and the nine months ended September 30, 2015 and 2014

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

(Reviewed, Not Audited)

	July to September 2015		July to September 2014		January to September 2015		January to September 2014		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue (Note 6(17) & 7)	\$ 914,481	100	1,509,493	100	2,708,739	100	3,746,387	100
5000	Operating cost (Note 6(13) & 7)	292,958	32	503,340	33	910,799	34	1,176,929	31
5900	Operating gross profit (loss)	621,523	68	1,006,153	67	1,797,940	66	2,569,458	69
	Operating expenses:								
6100	Selling expenses	176,671	19	323,855	21	504,702	19	758,500	20
6200	Administration expenses (Note 6(13) & 7)	91,880	10	104,017	7	260,498	10	287,322	8
6000	Total operating expenses	268,551	29	427,872	28	765,200	29	1,045,822	28
6500	Other income and expenses (Note 6(19))	2,596	-	8,025	1	38,493	1	43,740	1
6900	Operating income (loss)	355,568	39	586,306	40	1,071,233	38	1,567,376	42
	Non-operating income and expenses:								
7010	Other income (Note 6(20))	139,761	15	79,898	5	256,945	9	191,792	5
7020	Other gains and losses (Note 6(20))	5,278	1	44,621	3	(72,608)	(3)	44,229	1
7050	Financial costs (Note 6(3) & (20))	(22,031)	(2)	(5,508)	-	(48,641)	(2)	(9,444)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6(4))	(1,967)	-	-	-	(4,057)	-	-	-
		121,041	14	119,011	8	131,639	4	226,577	6
7900	Operating income before tax	476,609	53	705,317	48	1,202,872	42	1,793,953	48
7950	Less: Income tax expense (Note 6(14))	34,418	4	55,320	4	180,750	7	160,722	4
	Net income	442,191	49	649,997	44	1,022,122	35	1,633,231	44
8300	Other comprehensive income:								
8360	Items that may be subsequently reclassified to profit or loss:								
8361	Exchange differences on translation of foreign statements	4,600	1	2,093	-	4,365	-	2,423	-
8362	Unrealized losses on available-for-sale financial assets	(120,651)	(13)	(11,317)	(1)	(237,450)	(9)	(11,317)	-
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)	-
	Total items that may be subsequently reclassified to profit or loss	(116,051)	(12)	(9,224)	(1)	(233,085)	(9)	(8,950)	-
8300	Other comprehensive income, net	(116,051)	(12)	(9,224)	(1)	(233,085)	(9)	(8,950)	-
	Total comprehensive income	\$ 326,140	37	640,773	43	789,037	26	1,624,281	44
	Net income, attributable to:								
	Owners of parent	\$ 419,671	47	623,577	42	946,238	32	1,555,191	42
8620	Non-controlling interest	22,520	2	26,420	2	75,884	3	78,040	2
		\$ 442,191	49	649,997	44	1,022,122	35	1,633,231	44
	Total comprehensive income, attributable to:								
	Owners of parent	\$ 303,620	35	614,353	41	713,153	23	1,546,241	42
	Non-controlling interest	22,520	2	26,420	2	75,884	3	78,040	2
		\$ 326,140	37	640,773	43	789,037	26	1,624,281	44
	Earnings per share (Note 6(16))								
9750	Basic earnings per share (NTD)	\$ 1.05		1.56		2.37		3.90	
9850	Diluted earnings per share (NTD)	\$ 1.05		1.56		2.37		3.89	

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

Chairman :

General Manager :

Chief Accountant :

(English Translation of Financial Report Originally Issued in Chinese)

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

For The Nine Months Ended September 30, 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				Non-controlling interest	Total equity	
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on foreign translation	Unrealized gains (losses) on available-for-sale financial assets	Total			Total equity attributable to owners of parent
Balance – January 1, 2014	\$ 3,990,842	1,395,661	467,987	19,835	2,517,500	3,005,322	(15,280)	56	(15,224)	8,376,601	959,005	9,335,606
Net profit	-	-	-	-	1,555,191	1,555,191	-	-	-	1,555,191	78,040	1,633,231
Other comprehensive income	-	-	-	-	-	-	2,423	(11,373)	(8,950)	(8,950)	-	(8,950)
Total comprehensive income	-	-	-	-	1,555,191	1,555,191	2,423	(11,373)	(8,950)	1,546,241	78,040	1,624,281
Legal reserve	-	-	201,608	-	(201,608)	-	-	-	-	-	-	-
Special reserve	-	-	-	(4,611)	4,611	-	-	-	-	-	-	-
Shareholders' bonus – cash, NTS4 per share	-	-	-	-	(1,596,337)	(1,596,337)	-	-	-	(1,596,337)	-	(1,596,337)
Acquisition or disposal of shares in subsidiaries difference between the price and the book value	-	(3,589)	-	-	(2,776)	(2,776)	-	-	-	(6,365)	6,365	-
Increase/decrease in non-controlling interest	-	-	-	-	-	-	-	-	-	-	(113,017)	(113,017)
Balance – September 30, 2014	\$ 3,990,842	1,392,072	669,595	15,224	2,276,581	2,961,400	(12,857)	(11,317)	(24,174)	8,320,140	930,393	9,250,533
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	-	-	-	-	946,238	946,238	-	-	-	946,238	75,884	1,022,122
Other comprehensive income	-	-	-	-	-	-	4,365	(237,450)	(233,085)	(233,085)	-	(233,085)
Total comprehensive income	-	-	-	-	946,238	946,238	4,365	(237,450)	(233,085)	713,153	75,884	789,037
Legal reserve	-	-	219,286	-	(219,286)	-	-	-	-	-	-	-
Special reserve	-	-	-	(766)	766	-	-	-	-	-	-	-
Shareholders' bonus – cash, NTS3.6 per share	-	-	-	-	(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	-	-	(3,018)	(3,018)	-	-	-	6,174	(6,174)	-
Increase/decrease in non-controlling interest	-	-	-	-	-	-	-	-	-	-	(24,112)	(24,112)
Balance – September 30, 2015	\$ 3,990,842	1,401,264	888,881	14,458	2,200,256	3,103,595	(3,797)	(243,746)	(247,543)	8,248,158	1,016,045	9,264,203

(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 Cash Flows

For The Nine Months Ended September 30, 2015 and 2014

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

(Reviewed, Not Audited)

	<u>2015Q3</u>	<u>2014Q3</u>
Cash flows from operating activities:		
Profit (loss) before tax	\$ 1,202,872	1,793,953
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	89,522	78,073
Amortization expense	7,441	8,885
Provision (reversal of provision) for bad debt expense	(721)	6,621
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	114,955	(47,334)
Interest expense	48,641	9,444
Interest income	(87,526)	(60,304)
Dividend income	(80,080)	(21,709)
Share of loss (gain) of associates and joint ventures accounted for using equity method	4,057	-
Loss (gain) on disposal of property, plan and equipment	2,522	3,021
Loss (gain) on disposal of investment properties	-	(15,731)
Loss (gain) on disposal of intangible assets	436	2,950
Loss (gain) on disposal of investment	-	(207)
Exchange loss (gain) on disposal of financial assets	(16,743)	-
Loss (gain) on disposal of available-for-sale financial assets	(6,579)	-
Total adjustments to reconcile profit (loss)	<u>75,925</u>	<u>(36,291)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets held for trading	(444,655)	(233,826)
Decrease (Increase) in notes receivable	22,220	(112,970)
Decrease (Increase) in accounts receivable	(35,486)	-
Decrease (Increase) in construction contract receivable	-	7,874
Decrease (Increase) in inventories	(263,764)	(594,640)
Decrease (Increase) in biological assets	(33,460)	(18,134)
Decrease (Increase) in prepayments	(181,823)	60,438
Decrease (Increase) in other current assets	(4,066)	(17,065)
Decrease (Increase) in other financial assets - current	310,489	200,977
Total changes in operating assets	<u>(630,545)</u>	<u>(707,346)</u>
Changes in operating liabilities:		
Increase (Decrease) in accounts payable	(111,527)	60,313
Increase (Decrease) in construction contract receivable	(36,443)	28,008
Increase (Decrease) in other payable	(12,646)	(224,716)
Increase (Decrease) in advance receipts	1,269,867	452,933
Increase (Decrease) in other current liabilities	218	13,562
Total changes in operating liabilities	<u>1,109,469</u>	<u>330,100</u>
Total changes in operating assets and liabilities	<u>478,924</u>	<u>(377,246)</u>
Total adjustments	<u>554,849</u>	<u>(413,537)</u>
Cash inflow (outflow) generated from operations	1,757,721	1,380,416
Interest received	81,644	44,934
Dividend received	58,638	21,709
Interest paid	(47,219)	(7,771)
Income taxes refund	-	38,197
Income taxes (paid)	(205,699)	(300,517)
Net cash flows from (used in) operating activities	<u>1,645,085</u>	<u>1,176,968</u>

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

For The Nine Months Ended September 30, 2015 and 2014

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

(Reviewed, Not Audited)

	<u>2015Q3</u>	<u>2014Q3</u>
Cash flows from (used in) investing activities:		
Acquisition of available-for-sale financial assets	(5,725,395)	(1,217,656)
Proceeds from disposal of available-for-sale financial assets	629,941	-
Acquisition of financial assets carried at cost	(4,500)	-
Proceeds from disposal of financial assets carried at cost	-	3,013
Proceeds from capital reduction of financial assets carried at cost	5,805	14,400
Acquisition of investment using equity method	(196,723)	-
Acquisition of property, plant and equipment	(337,201)	(702,600)
Proceeds from disposal of property, plant and equipment	723	2,543
Acquisition of intangible assets	(2,780)	(2,251)
Proceeds from disposal of intangible assets	376	188
Acquisition of investment properties	(276)	(1,019)
Proceeds from disposal of investment properties	-	32,393
Decrease in other financial assets	147,153	(361,185)
Increase in other non-current assets	(227,254)	(207)
Net cash flows from (used in) investing activities	<u>(5,710,131)</u>	<u>(2,232,381)</u>
Cash flow from (used in) financing activities:		
Increase in short-term loans	8,172,350	3,211,000
Decrease in short-term loans	(4,516,850)	(1,659,500)
Increase in long-term loans	172,700	-
Increase (decrease) in guarantee deposits received	24,290	(6,326)
Cash dividends	-	(1,596,337)
Change in non-controlling interests	79,410	(26,007)
Net cash flows from (used in) financing activities	<u>3,931,900</u>	<u>(77,170)</u>
Effects of foreign exchange rates changes on cash and cash equivalents	4,637	1,088
Net increase (decrease) in cash and cash equivalents	(128,509)	(1,131,495)
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>\$ 243,829</u>	<u>250,844</u>

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

Chairman :

General Manager :

Chief Accountant :

Lungyen Life Service Corp. and Subsidiaries
Notes to Consolidated Financial Statements
For The Nine Months Ended September 30, 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 nine months ended September 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 November 13, 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
IFRS No. 13 “Fair Value Measurement”	1.1.2013

<u>New/Amended/Revised Standards and Interpretations</u>	<u>Effective date per IASB</u>
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)) and postponed the fair value measurement of new standard, while it is not necessary to provide comparable period information of new disclosure. The application of new measurement has been postponed in 2015, but it 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
Amendments to IFRS No. 10, IFRS No. 12 and IAS No. 28 “Investment	1.1.2016

<u>New/Amended/Revised Standards and Interpretations</u>	<u>Effective date per IASB</u>
Entities: Applying the Consolidation Exception”	
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”	1.1.2018
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

(D) 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
			9.30.2015	12.31.2014	9.30.2014	
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	84.29%	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.	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	12.70%	31.75%	39.29%	Note 4(2). 3(4) & (5)

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%.
- (5) In order to expand the scale of operations, Longding Life Sciences Inc., the subsidiary, increased cash capital for NT\$210,000 thousand in September 2015. The Company took up all the shares, so this has caused the Company's ownership to increase from 60.71%

to 84.29%, and Zekaen Co. Ltd's to decrease from 31.75% to 12.70%.

(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

	9.30.2015	12.31.2014	9.30.2014
Cash on hand	\$ 5,964	3,450	4,216
Check deposits	368	-	-
Demand deposits	230,597	366,888	235,258
Time deposits	6,900	2,000	11,370
Cash and cash equivalent on the Consolidated Statement of Cash Flow	\$ 243,829	372,338	250,844

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).

(II) Financial assets

1. Details are as follows:

	<u>9.30.2015</u>	<u>12.31.2014</u>	<u>9.30.2014</u>
Financial assets measured at fair value through profit or loss			
Domestic and foreign common stocks	\$ 718,461	536,032	357,440
Bond investment	103,120	201,769	198,466
Beneficiary certificates	418,822	172,902	584,781
Total	<u>\$ 1,240,403</u>	<u>910,703</u>	<u>1,140,687</u>
Financial assets valued at cost			
Stock Investment – PK Venture Capital Corp.	\$ 15,815	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
Stock Investment – Fuyou Healthcare Co., Ltd.	4,500	-	-
Total	<u>\$ 26,130</u>	<u>27,435</u>	<u>41,621</u>
Available-for-sale financial assets – non-current			
Bond investment	\$ 1,691,037	1,866,734	1,368,405
Domestic common stock	5,100,457	-	-
Total	<u>\$ 6,791,494</u>	<u>1,866,734</u>	<u>1,368,405</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 July 3, 2015 and June 16, 2014, the invested company PK Venture Capital Corp. performed reduction of cash capital, and the Consolidated Company received returning cash for NT\$5,040 thousand and 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 Ruei 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 3.00%~7.88% on September 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\$5,066,239 thousand in

- 2015, without any control ability and significant influence, and recognized it under available-for-sale in accordance with holding intention.
- (8) The Consolidated Company invested in Fuyou Healthcare Co. Ltd. on August 25, 2015, for investment amount NT\$4,500 thousand.
 - (9) With respect to details of transferring from financial assets measured at fair value through profit or loss to the Trust as of September 30, 2015, December 31 and September 30, 2014, please refer to Note 9 for more information.
 - (10) As of September 30, 2015, December 31 and September 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(21).

(III) Inventory

	<u>9.30.2015</u>	<u>12.31.2014</u>	<u>9.30.2014</u>
Real estate for sale	\$ 4,968	4,968	4,968
Columbarium and cemetery for sale	1,430,544	1,517,073	1,467,160
Construction Site	2,441,185	2,051,423	2,051,272
Residential and building under construction	2,245,765	2,245,766	2,245,051
Columbarium and cemetery under construction	6,877,127	6,692,341	6,914,799
Prepayments for land	-	249,738	236,680
Agricultural products	1,290	1,531	1,162
	<u>\$ 13,000,879</u>	<u>12,762,840</u>	<u>12,921,092</u>
Expected to be recovered in more than twelve months	<u>\$ 12,828,933</u>	<u>12,676,867</u>	<u>12,548,527</u>

1. As of July 1 to September 30, 2015 and 2014, and January 1 to September 30, 2015 and 2014, the total interest expense of the consolidated company is NT\$22,031 thousand, NT\$5,508 thousand, NT\$48,641 thousand and NT\$9,444 thousand, respectively. The amount of capitalized interest of residential and building under construction, as well as columbarium and cemetery under construction is zero.
2. 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.
3. 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.
4. For the Consolidated Company's inventories pledged as collateral as of September 30, 2015, December 31 and September 30, 2014, please refer to Note 8.

(IV) The investment under equity method

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

	9.30.2015	12.31.2014	9.30.2014	
Affiliated enterprises	\$ 191,488	-	-	
1. As of July 1 to September 30, 2015 and 2014, and January 1 to September 30, 2015 and 2014, the Consolidated Company's share of current profit of affiliated enterprises summarized as below.				
	July to September 2015	July to September 2014	January to September 2015	January to September 2014
The Consolidated Company's share of current profit of affiliated enterprises	\$ (1,967)	-	(4,057)	-
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, July and September 2015, the Consolidated Company invested in RIA AWANA SDN. BHD. The total investment amount was RM\$3,920 thousand and shareholding ratio was 49.00%, with significant influence.				
4. As of September 30, 2015, the book value of equity of individual non-significant affiliated enterprises was NT\$631,556 thousand.				
5. As of September 30, 2015, December 31 and September 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		
		9.30.2015	12.31.2014	9.30.2014
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:

	9.30.2015	12.31.2014	9.30.2014
Current asset	\$ 2,184,421	2,011,442	2,120,806
Non-current asset	381,207	322,157	297,695
Current liability	(483,579)	(274,634)	(430,908)
Equity	\$ 2,082,049	2,058,965	1,987,593
Book value of ending non-controlling interests	\$ 945,036	900,797	869,572

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	July to September 2015	July to September 2014	January to September 2015	January to September 2014
Operating revenue	\$ 77,192	104,422	282,663	346,248
Net income	\$ 51,614	60,754	171,560	181,928
Total comprehensive income	\$ 51,614	60,754	171,560	181,928
Net income, attributable to non-controlling interest	\$ 23,428	26,579	77,465	79,593
Total comprehensive income, attributable to non-controlling interest	\$ 23,428	26,579	77,465	79,593
	July to September 2015	July to September 2014	January to September 2015	January to September 2014
Cash flows from operating activities	\$ 60,984	43,810	112,762	128,871
Cash flows from investing activities	(58,163)	(56,810)	(183,497)	(125,919)
Cash flows from financing activities	-	-	49,410	-
Net cash flow increase (decrease)	\$ 2,821	(13,000)	(21,325)	2,952

(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	-	6,887	286	951	-	11,301	317,776	337,201
Disposal and scrap	-	-	-	(3,198)	(3,233)	(257)	-	(6,688)
Reclassification	24,579	160,517	-	9,911	-	9,507	(213,097)	(8,583)
Balance on September 30, 2015	\$ 2,124,178	1,313,803	84,191	105,021	34,286	67,182	3,315,039	7,043,700
Balance on January 1, 2014	\$ 2,007,959	792,553	89,748	106,079	35,280	43,486	2,612,030	5,687,135
Additions	186	30,304	72	91	1,942	2,891	667,114	702,600
Disposal and scrap	-	-	(5,915)	(7,560)	(1,779)	(985)	(79)	(16,318)
Reclassification	91,454	326,298	-	104	1,929	-	(331,341)	88,444
Balance on September 30, 2014	\$ 2,099,599	1,149,155	83,905	98,714	37,372	45,392	2,947,724	6,461,861
Depreciation and impairment loss:								
Balance on January 1, 2015	\$ -	295,425	47,508	90,804	32,625	32,468	-	498,830
Current depreciation	-	33,699	8,499	2,512	692	3,917	-	49,319
Disposal and scrap	-	-	-	(1,984)	(1,202)	(257)	-	(3,443)
Balance on September 30, 2015	\$ -	329,124	56,007	91,332	32,115	36,128	-	544,706

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	<u>Land</u>	<u>Houses and buildings</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leased assets and leasehold improvements</u>	<u>Other equipment</u>	<u>Construction in progress and equipment to be tested</u>	<u>Total</u>
Balance on January 1, 2014	\$ -	268,206	42,079	92,020	32,608	29,067	-	463,980
Current depreciation	-	22,794	8,562	2,583	900	3,334	-	38,173
Disposal and scrap	-	-	(5,915)	(3,349)	(522)	(968)	-	(10,754)
Reclassification	-	(4,128)	-	-	128	-	-	(4,000)
Balance on September 30, 2014	<u>\$ -</u>	<u>286,872</u>	<u>44,726</u>	<u>91,254</u>	<u>33,114</u>	<u>31,433</u>	<u>-</u>	<u>487,399</u>
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>
September 30, 2015	<u>\$ 2,124,178</u>	<u>984,679</u>	<u>28,184</u>	<u>13,689</u>	<u>2,171</u>	<u>31,054</u>	<u>3,315,039</u>	<u>6,498,994</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>
September 30, 2014	<u>\$ 2,099,599</u>	<u>862,283</u>	<u>39,179</u>	<u>7,460</u>	<u>4,258</u>	<u>13,959</u>	<u>2,947,724</u>	<u>5,974,462</u>

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 limits pledged in details as of September 30, 2015 and December 31, September 30, 2014, please refers to Note 8.
3. As of September 30, 2015 and December 31, September 30, 2014 through part of real property deliver trust case, please refer to Note 9.

(VII) Investment property

	<u>Land and improvements</u>	<u>Building and structure</u>	<u>Total</u>
Cost or identified cost:			
Balance on January 1, 2015	\$ 4,597,290	1,882,448	6,479,738
Additions	-	276	276
Reclassification	550	-	550
Balance on September 30, 2015	<u>\$ 4,597,840</u>	<u>1,882,724</u>	<u>6,480,564</u>
Balance on January 1, 2014	\$ 4,593,821	1,874,815	6,468,636
Additions	-	1,019	1,019
Disposal	(9,063)	(10,982)	(20,045)
Reclassification	12,531	17,597	30,128
Balance on September 30, 2014	<u>\$ 4,597,289</u>	<u>1,882,449</u>	<u>6,479,738</u>

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	<u>Land and improvements</u>	<u>Building and structure</u>	<u>Total</u>
Depreciation and impairment loss:			
Balance on January 1, 2015	\$ 19,910	318,109	338,019
Current depreciation	-	39,910	39,910
Balance on September 30, 2015	\$ 19,910	358,019	377,929
Balance on January 1, 2014	\$ 19,910	264,587	284,497
Current depreciation	-	39,604	39,604
Disposal	-	(3,383)	(3,383)
Reclassification	-	4,000	4,000
Balance on September 30, 2014	\$ 19,910	304,808	324,718
Book value:			
January 1, 2015	\$ 4,577,380	1,564,339	6,141,719
September 30, 2015	\$ 4,577,930	1,524,705	6,102,635
January 1, 2014	\$ 4,573,911	1,610,228	6,184,139
September 30, 2014	\$ 4,577,379	1,577,641	6,155,020

- Investment property contains a number of commercial properties leased to others. Please refer to Note 6(12).
- 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).
- With respect to details of transferring from investment property to the Trust as of September 30, 2015, December 31 and September 30, 2014, please refer to Note 9 for more information.
- For the financing limits pledged in details as of September 30, 2015 and December 31, September 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	-	-	2,780	2,780
Disposal and scrap	-	-	(2,653)	(2,653)
Balance on September 30, 2015	\$ 542,428	192,750	90,096	825,274
Balance on January 1, 2014	\$ 542,428	192,750	94,571	829,749
Acquired separately	-	-	2,251	2,251
Disposal and scrap	-	-	(5,540)	(5,540)
Balance on September 30, 2014	\$ 542,428	192,750	91,282	826,460

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	<u>Goodwill</u>	<u>Trademark</u>	<u>Computer software</u>	<u>Total</u>
Amortization and impairment loss:				
Balance on January 1, 2015	\$ -	-	52,093	52,093
Current Amortization	-	-	7,441	7,441
Disposal and scrap	-	-	(1,841)	(1,841)
Balance on September 30, 2015	<u>\$ -</u>	<u>-</u>	<u>57,693</u>	<u>57,693</u>
Balance on January 1, 2014	\$ -	-	44,601	44,601
Current Amortization	-	-	8,885	8,885
Disposal and scrap	-	-	(2,402)	(2,402)
Balance on September 30, 2014	<u>\$ -</u>	<u>-</u>	<u>51,084</u>	<u>51,084</u>
Book value:				
January 1, 2015	<u>\$ 542,428</u>	<u>192,750</u>	<u>37,876</u>	<u>773,054</u>
Balance on September 30, 2015	<u>\$ 542,428</u>	<u>192,750</u>	<u>32,403</u>	<u>767,581</u>
January 1, 2014	<u>\$ 542,428</u>	<u>192,750</u>	<u>49,970</u>	<u>785,148</u>
Balance on September 30, 2014	<u>\$ 542,428</u>	<u>192,750</u>	<u>40,198</u>	<u>775,376</u>

There were no significant additions, disposals, or recognitions and reversals of impairment losses of intangible assets for the nine months ended September 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>9.30.2015</u>	<u>12.31.2014</u>	<u>9.30.2014</u>
Time deposit – trust account	\$ 148,056	111,945	103,106
Time deposit	-	-	296,544
Current deposit – trust account and management account	1,615,817	1,198,659	1,291,111
Other receivables	258,071	390,619	262,733
Securities sales receivables	-	172,179	-
Dividend receivables	21,442	-	-
Rental receivables	33,914	31,735	30,533
Bond interest receivables	23,199	17,317	21,387
Limited assets	359	602,173	587,054
Others	21,064	11,410	7,965
Total	<u>\$ 2,121,922</u>	<u>2,536,037</u>	<u>2,600,433</u>

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(X) Short-term loan

	<u>9.30.2015</u>	<u>12.31.2014</u>	<u>9.30.2014</u>
Guaranteed bank loans	\$ 5,746,000	2,402,500	2,553,500
Unguaranteed bank loans	498,500	186,500	-
Total	<u>\$ 6,244,500</u>	<u>2,589,000</u>	<u>2,553,500</u>
Unused limit	<u>\$ 2,800,500</u>	<u>3,961,000</u>	<u>2,546,500</u>
Interest rate range	<u>1.0%~1.7%</u>	<u>0.72%~1.5%</u>	<u>0.72%~1.5%</u>

1. Issuance and repayment of short term loan

As of January 1 to September 30, 2015 and 2014, the increase amount was NT\$8,172,350 thousand and NT\$3,211,000 thousand, with interest rate 1.4%~1.5% and 1.2%~1.5%, and the maturity date was July 2016 and 2014, respectively; the repayment was NT\$4,516,850 thousand and NT\$1,659,500 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>9.30.2015</u>	<u>12.31.2014</u>	<u>9.30.2014</u>
Unguaranteed bank loans	\$ 172,700	-	-
Less: current portion of long-term loans payable	-	-	-
Total	<u>\$ 172,700</u>	<u>-</u>	<u>-</u>
Unused limit	<u>\$ 29,300</u>	<u>-</u>	<u>-</u>
Interest rate range	<u>4.5%</u>	<u>-</u>	<u>-</u>

1. Issuance and repayment of short term loan

As of January 1 to September 30, 2015, the increase amount was NT\$172,000 thousand, and 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 September 30, 2014, the Consolidated Company did not have any new significant operating lease agreement. 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.

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

	July to September 2015	July to September 2014	January to September 2015	January to September 2014
Administrative expense	<u>\$ 10</u>	<u>12</u>	<u>27</u>	<u>26</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:

	July to September 2015	July to September 2014	January to September 2015	January to September 2014
Operating cost	\$ 2,347	896	7,001	5,421
Administrative expenses	<u>2,455</u>	<u>2,357</u>	<u>7,093</u>	<u>7,026</u>
	<u>\$ 4,802</u>	<u>3,253</u>	<u>14,094</u>	<u>12,447</u>

(XIV) Income tax

- Income tax expense is simply calculated on financial income before tax in the interim report multiplied by the estimated annual effective tax rate.
- The consolidated company's income tax expenses as follows:

	July to September 2015	July to September 2014	January to September 2015	January to September 2014
Current income tax expenses				
Current generated	\$ 34,139	54,788	125,738	136,162
10% surtax on undistributed earnings	-	-	53,764	22,275
Increase of land tax	279	532	886	2,285
Others	<u>-</u>	<u>-</u>	<u>362</u>	<u>-</u>
	<u>\$ 34,418</u>	<u>55,320</u>	<u>180,750</u>	<u>160,722</u>

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

	9.30.2015	12.31.2014	9.30.2014
Undistributed earnings before 1997	\$ -	-	-
Undistributed earnings after 1998	<u>2,200,256</u>	<u>2,912,259</u>	<u>2,276,581</u>
	<u>\$ 2,200,256</u>	<u>2,912,259</u>	<u>2,276,581</u>

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	9.30.2015	12.31.2014	9.30.2014
Imputed tax credit account balance	<u>\$ 228,250</u>	<u>438,123</u>	<u>287,828</u>
	2014 (Actual)	2013 (Actual)	
Creditable ratio for distribution of earnings for ROC residents	<u>18.16%</u>	<u>23.14%</u>	

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 nine months ended in September 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:

	9.30.2015	12.31.2014	9.30.2014
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	<u>9,192</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,401,264</u>	<u>1,392,072</u>	<u>1,392,072</u>

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 September 30 2015 and 2014 is estimated to be NT\$5,733 thousand and NT\$14,175 thousand. The remuneration to directors and supervisors as of January 1 to September 30 2015 and 2014 is estimated to be NT\$11,466 thousand and NT\$28,350 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	1,436,703	4.00	1,596,337

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

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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	4,365	-	4,365
Unrealized gain or loss of the available-for-sale financial assets:			
Consolidated company	-	(237,450)	(237,450)
Balance on September 30, 2015	<u>\$ (3,797)</u>	<u>(243,746)</u>	<u>(247,543)</u>
January 1, 2014	\$ (15,280)	56	(15,224)
Currency translation differences:			
Consolidated company	2,423	-	2,423
Unrealized gain or loss of the available-for-sale financial assets:			
Consolidated company	-	(11,317)	(11,317)
Affiliated enterprise	-	(56)	(56)
Balance on September 30, 2014	<u>\$ (12,857)</u>	<u>(11,317)</u>	<u>(24,174)</u>

4. Non-controlling equity

	January to September 2015	January to September 2014
Balance at beginning of period	\$ 970,447	959,005
Non-controlling equity		
Net profit of non-controlling equity	75,884	78,040
Differences between actual price acquisition or disposal of subsidiaries and book value	(6,174)	6,365
Cash dividends paid by subsidiaries	(103,522)	(87,010)
Capital increase to subsidiaries	79,410	-

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	January to September 2015	January to September 2014
Capital reduction to subsidiaries	-	(3,201)
Current disposal of shares	-	(22,806)
Balance at end of period	\$ 1,016,045	930,393

(XVI) Earnings per share

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

	July to September 2015	July to September 2014	January to September 2015	January to September 2014
Basic earnings per share				
Net income attributable to the Company's common stock shareholders:	\$ 419,671	623,577	946,238	1,555,191
Weighted average outstanding common stock shares	399,084	399,084	399,084	399,084
	\$ 1.05	1.56	2.37	3.90
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)	\$ 419,671	623,577	946,238	1,555,191
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	227	176	292	267
Weighted average outstanding common stock shares (after adjusting the potential dilutive effect of the common stock shares)	399,311	399,260	399,376	399,351
	\$ 1.05	1.56	2.37	3.89

(XVII) Income

The consolidated company's income is as follows:

	July to September 2015	July to September 2014	January to September 2015	January to September 2014
Columbarium and cemetery income	\$ 437,000	1,054,161	1,268,510	2,341,663
Funeral services income	389,784	365,882	1,149,284	1,106,552
Rent income from investment property	54,737	58,428	161,705	157,831
Construction contract income	-	5,422	1,232	16,802
Other operating income	32,960	25,600	128,008	123,539
	\$ 914,481	1,509,493	2,708,739	3,746,387

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

As of July 1 to September 30 and January 1 to September, 2015, the Company's bonus to employees is estimated to be NT\$3,429 thousand and NT\$8,415 thousand, the remuneration to directors and supervisors is estimated to be NT\$6,858 thousand and NT\$16,830 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 July 1 to September 30 and January 1 to September, 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:

	July to September 2015	July to September 2014	January to September 2015	January to September 2014
Gain (loss) on disposal of investment property interests	\$ -	-	-	15,731
Gain (loss) on change in fair value of biological assets	2,596	8,025	38,493	28,009
	\$ 2,596	8,025	38,493	43,740

(XX) Non-operating income and expense

1. Other income

The consolidated company's other income is as follows:

	July to September 2015	July to September 2014	January to September 2015	January to September 2014
Interest income	\$ 26,944	23,527	87,526	60,304
Dividend income	73,181	21,709	80,080	21,709
Service charge income	3,035	2,420	8,013	7,231
Fines income	35,449	31,865	73,806	93,467
Other income	1,152	377	7,520	9,081
	\$ 139,761	79,898	256,945	191,792

2. Other profit and loss

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

	July to September 2015	July to September 2014	January to September 2015	January to September 2014
Foreign exchange gain (loss)	\$ 91,790	50,147	42,420	7,400
Gain from disposal of investment and financial assets				
— Gain from disposal of financial assets measured at cost	-	-	-	207
Net financial assets measured at fair value through profit or loss	(81,538)	(4,378)	(114,955)	47,334

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	<u>July to September 2015</u>	<u>July to September 2014</u>	<u>January to September 2015</u>	<u>January to September 2014</u>
Gain from disposal of available-for-sale financial asset	-	-	6,579	-
Disposal of property, plant, and equipment	(905)	-	(2,522)	(3,021)
Loss on scrapping of intangible asset	(436)	(426)	(436)	(2,950)
Other expense	(3,633)	(722)	(3,694)	(4,741)
	<u>\$ 5,278</u>	<u>44,621</u>	<u>(72,608)</u>	<u>44,229</u>

3. Finance cost

Consolidated company's finance cost is as follows:

	<u>July to September 2015</u>	<u>July to September 2014</u>	<u>January to September 2015</u>	<u>January to September 2014</u>
Interest expense	<u>\$ 22,031</u>	<u>5,508</u>	<u>48,641</u>	<u>9,444</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>9.30.2015</u>		<u>12.31.2014</u>		<u>9.30.2014</u>	
	Total	Impairment	Total	Impairment	Total	Impairment
Not overdue	\$ 701,509	27,615	827,059	29,519	690,094	29,528
Overdue 31~60 days	19,556	1,695	20,320	1,762	32,602	1,631
Overdue 61~90 days	9,662	838	10,882	943	10,415	899
Overdue 91~120 days	7,257	629	2,509	218	2,958	245
Overdue more than 120 days	55,914	25,638	52,410	24,694	52,670	24,519
	<u>\$ 793,898</u>	<u>56,415</u>	<u>913,180</u>	<u>57,136</u>	<u>788,739</u>	<u>56,822</u>

	<u>2015Q3</u>	<u>2014Q3</u>
Balance on January 1	\$ 57,136	50,427
Impairment loss recognized	-	6,621
Reversal of impairment loss	(721)	-
Write-off of uncollectible during the current year	-	(226)
Balance on September 30	<u>\$ 56,415</u>	<u>56,822</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.

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2. Exchange rate risk

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

	9.30.2015			12.31.2014			9.30.2014			
	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	\$	33,676	5.176	174,305	147,679	5.092	752,768	319,884	4.934	1,578,308
RMB/USD		1,723	0.157	8,917	23,618	0.161	120,261	26,540	0.162	130,949
USD/NTD		8,179	33.128	270,957	2,717	31.650	84,162	23,293	30.420	708,554
Japanese yen / NTD		29,881	0.274	8,185	32,899	0.265	8,705	13,401	0.278	3,725
HKD/NTD		887	4.241	3,762	-	-	-	22,349	3.918	87,563
<u>Non-monetary items</u>										
HKD/NTD		70,394	4.241	298,540	25,730	4.080	104,991	-	-	-
Japanese yen / NTD		153,600	0.274	42,071	157,280	0.265	41,569	157,440	0.278	43,768
USD/NTD		32,850	33.128	1,088,251	29,185	31.650	925,677	2,171	30.420	66,061
RMB/NTD		163,264	5.176	845,055	218,968	5.092	1,114,198	-	-	-

The consolidated company's exchange rate risk is mainly from foreign currency denominated cash and cash equivalent and financial assets measured at fair value through profit or loss. Foreign exchange gain and loss arises from the translation. When the exchange rate of NT Dollars against US Dollars, Singapore Dollars, RMB and Japanese Yen depreciated or appreciated by 10%, assuming all other variables held constant, as of September 30, 2015 and 2014, the net income was increased by NT\$227,424 thousand or decreased by NT\$208,255 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 July 1 to September 30, 2015 and 2014, and January 1 to September 31, 2015 and 2014, the foreign currency exchange gain (loss) was NT\$91,790 thousand, NT\$50,147 thousand, NT\$42,420 thousand and NT\$7,400 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:

	9.30.2015				
	Book value	Fair Value			Total
	Class I	Class II	Class III		
Financial assets measured at fair value through profit or loss	\$ 1,240,403	1,240,403	-	-	1,240,403
Available-for-sale financial assets	6,791,494	6,791,494	-	-	6,791,494
Loans and receivables					
Cash and cash equivalents	243,829	-	-	-	-
Note receivables and account receivables	479,412	-	-	-	-
Other receivables	258,071	-	-	-	-
Total	\$ 9,013,209	8,031,897	-	-	8,031,897
Financial liability measured at amortized cost					

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	9.30.2015				
	Book value	Fair Value			Total
		Class I	Class II	Class III	
Short-term loan	\$ 6,244,500	-	-	-	-
Note payables and account payables	372,146	-	-	-	-
Other payables	1,957,467	-	-	-	-
Long-term loan	172,700	-	-	-	-
Total	\$ 8,746,813	-	-	-	-
	12.31.2014				
	Book value	Fair Value			Total
		Class I	Class II	Class III	
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	-	-	-	-
Total	\$ 3,484,332	-	-	-	-
	9.30.2014				
	Book value	Fair Value			Total
		Class I	Class II	Class III	
Financial assets measured at fair value through profit or loss	\$ 1,140,687	1,140,687	-	-	1,140,687
Available-for-sale financial assets	1,368,405	1,368,405	-	-	1,368,405
Loans and receivables					
Cash and cash equivalents	250,844	-	-	-	-
Note receivables and account receivables	469,184	-	-	-	-
Other receivables	262,733	-	-	-	-
Total	\$ 3,491,853	2,509,092	-	-	2,509,092
Financial liability measured at amortized cost					
Short-term loan	\$ 2,553,500	-	-	-	-
Note payables and account payables	522,339	-	-	-	-
Other payables	560,038	-	-	-	-
Total	\$ 3,635,877	-	-	-	-

No financial assets and liabilities of each hierarchy were transferred as of the nine months ended September 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")		
	July to September 2015	July to September 2014	January to September 2015	January to September 2014	9.30.2015	12.31.2014	9.30.2014
Other related party	\$ 4,309	-	6,152	6,284	25,747	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\$2,466 thousand, NT\$1,279 thousand, NT\$7,580 thousand and NT\$3,922 thousand as of July 1 to September 30, 2015 and 2014, and January 1 to September 30, 2015 and 2014, respectively.

(2) Lessor:

The consolidated company has office building and parking space rented to the related party for a rent income of NT\$8 thousand, NT\$8 thousand, NT\$25 thousand and NT\$25 thousand as of July 1 to September 30, 2015 and 2014, and January 1 to September 30, 2015 and 2014, respectively.

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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>
2015Q3				
Other related party	Gu Gong Case	\$ <u>233,962</u>	<u>-</u>	<u>233,962</u>
2014Q3				
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>9.30.2015</u>	<u>12.31.2014</u>	<u>9.30.2014</u>
Other related party	\$ <u>1,206</u>	<u>1,217</u>	<u>664</u>

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

	<u>9.30.2015</u>	<u>12.31.2014</u>	<u>9.30.2014</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 September 30, 2015, December 31 and September 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 September 30, 2015, December 31 and September 30, 2014, respectively. The discretionary trustee is to handle the land combination matter on behalf of the Company.

(III) Key management personnel transactions

	<u>July to September 2015</u>	<u>July to September 2014</u>	<u>January to September 2015</u>	<u>January to September 2014</u>
Short-term employee benefits	\$ 7,362	7,241	22,163	26,280
Retirement benefits	288	240	804	799
	<u>\$ 7,650</u>	<u>7,481</u>	<u>22,967</u>	<u>27,079</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>9.30.2015</u>	<u>12.31.2014</u>	<u>9.30.2014</u>
Other financial assets - current	The transaction service of trust accounts and credit accounts; also, the guarantee of forward exchange transactions	\$ -	602,173	586,695
Inventories	The guarantee for the transaction service of the loan account and credit account (Note)	2,730,177	2,730,177	3,099,297

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Assets name	Purpose of collateral	9.30.2015	12.31.2014	9.30.2014
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	4,053,346	2,970,838	2,976,169
Available-for-sale financial assets - noncurrent	Collateral for loan	4,974,858	-	-
		<u>\$ 12,712,437</u>	<u>6,884,219</u>	<u>7,243,192</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:

	9.30.2015	12.31.2014	9.30.2014
Contracted projects	\$ 134	1,366	36,873
Acquisition of columbarium and cemetery	19,377	26,707	26,707
Acquisition of construction site	-	56,950	343,258
Individual construction project	700,498	870,223	529,077

2. The subsidiaries and National Chiayi University entered into a non-exclusive license agreement with respect to plant/strain selection of relevant phalaenopsis specimens, requiring that the subsidiaries should pay the royalty to National Chiayi University on a pro rata basis from the revenue of products generated from the selected plant/strain on a yearly basis for the duration of the agreement (five years as of the effective date of the agreement) as of September 30, 2015, December 31 and September 30, 2014, respectively.

(II) Contingent liabilities:

1. 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. The application and execution of current regulation are disputable. So far, the government authority has not set up special fund and established administrative procedures of fund management regulation in terms of fund allocation yet, so the allocation object as well as rights and obligations of the Consolidated Company have not confirmed yet. In order to solve difficulties to implement current regulation, Taiwan Funeral Association affiliated by the Consolidated Company has actively discussed with the authority in terms of reasonable management system. The relevant amendment proposal countersigned by legislators has been adopted on first reading by Legislative Yuan. After completing legislation amendment, the new management regulation will replace current fund allocation regulation and be executed.

2. 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 September 30, 2015, December 31 and September 30, 2014 are as follows :

	<u>9.30.2015</u>	<u>12.31.2014</u>	<u>9.30.2014</u>
Bank deposits			
Demand deposits	\$ 553,130	144,729	195,213
Time deposits	148,056	111,945	103,106
Financial assets measured at fair value through profit or loss - current	527,571	360,876	557,484
Available-for-sale financial assets – non-current	1,673,765	1,516,503	890,610
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>\$ 7,071,660</u>	<u>6,303,191</u>	<u>5,987,172</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\$1,062,687 thousand, NT\$1,053,930 thousand, and NT\$1,095,898 thousand, as of September 30, 2015, December 31 and September 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 September 30, 2015, December 31 and September 30, 2014. The pre-need contract signed and the related deferred marketing expenses are as follows:

	<u>9.30.2015</u>	<u>12.31.2014</u>	<u>9.30.2014</u>
Total contract price	\$ 35,759,854	34,505,035	34,525,350
Outstanding proceeds	(7,764,736)	(7,863,205)	(7,579,279)

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	9.30.2015	12.31.2014	9.30.2014
Advanced receipts	<u>\$ 27,995,118</u>	<u>26,641,830</u>	<u>26,946,071</u>
Deferred marketing expense	<u>\$ 8,057,099</u>	<u>7,866,213</u>	<u>7,996,635</u>
Expected to be reclassified for more than twelve months	<u>\$ 27,992,778</u>	<u>24,830,262</u>	<u>24,221,156</u>

X. Significant disaster loss: None

XI. Significant subsequent events:

Zekaen Co. Ltd. (hereinafter “Zekaen”), a subsidiary of the Company, is planning to purchase the property right of Kaohsiung Quan An Tai Cemetery and acquire the operating right of the cemetery site. Transaction amount of aforesaid asset is expected to be NT\$700,000 thousand. In the meantime, the total paid-up capital of Zekaen may increase to NT\$720,000 thousand.

XII. Others

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

By function	July to September 2015				July to September 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	54,367	54,299	15,734	124,400	54,330	32,618	15,309	102,257
Labor and health insurance	4,248	3,310	1,511	9,069	3,965	3,120	1,031	8,116
Pension	2,347	2,021	444	4,812	896	1,616	753	3,265
Others	1,551	2,591	862	5,004	2,097	4,017	976	7,090
Depreciation	25,188	3,763	2,052	31,003	22,082	2,899	1,689	26,670
Depletion	-	-	-	-	-	-	-	-
Amortization	87	2,132	196	2,415	317	2,081	195	2,593

By function	January to September 2015				January to September 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	164,957	137,757	45,669	348,383	164,071	159,623	46,405	370,099
Labor and health insurance	12,527	11,367	4,673	28,567	11,869	11,019	4,307	27,195
Pension	7,001	4,975	2,145	14,121	5,421	4,829	2,223	12,473

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By function	January to September 2015	January to September 2014	By function	January to September 2015	January to September 2014	By function	January to September 2015	January to September 2014
By item	Classified as Operating Costs	Classified as Selling Expenses	By item	Classified as Operating Costs	Classified as Selling Expenses	By item	Classified as Operating Costs	Classified as Selling Expenses
Others	4,473	6,267	2,830	13,570	3,924	9,684	2,844	16,452
Depreciation	73,460	10,173	5,889	89,522	65,153	8,533	4,387	78,073
Depletion	-	-	-	-	-	-	-	-
Amortization	243	6,603	595	7,441	1,936	6,338	611	8,885

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 September 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	-	-	-	1,649,632	3,299,263
0	Lungyen Life Service Corp.	Longding Life Science Co., Ltd.	Other receivables-related parties	Yes	202,000	-	-	6%	2	-	Working fund	-	-	-	1,649,632	3,299,263

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

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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.

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	1,649,632	202,000	202,000	172,700	-	2.45%	4,124,079	Y	N	N
0	Lungyen Life Service Corp.	Yuji Development Corp.	2	1,649,632	300,000	200,000	-	-	2.42%	4,124,079	Y	N	N
0	Lungyen Life Service Corp.	Lung Fu Company Limited	3	1,649,632	180,000	180,000	43,500	180,000	2.18%	4,124,079	N	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 August 12, 2014, the maximum amount of endorsements to Yuji Company Limited has been set to \$300,000 thousand. Subsequently, upon the board resolution on August 11, 2015, the maximum amount of endorsements to Yuji Company Limited has been adjusted to \$200,000 thousand.

Note 4: According to the original Board resolution on June 29, 2015, endorsement to Lung Fu Company Limited shall not exceed \$180,000 thousand.

Note 5: 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 - current	18,849	305,360	- %	16.20	-

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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	LUMAX securities	-	Financial assets at fair value through profit or loss - current	242	10,479	- %	43.30	-
The Company	Stock of CTBC FINANCIAL HOLDING CO., LTD.	-	Financial assets at fair value through profit or loss - current	1	17	- %	16.95	-
The Company	Stock of CHINA LIFE INSURANCE COMPANY, LTD.	-	Financial assets at fair value through profit or loss - current	787	19,662	- %	25.00	-
The Company	Stock of Cheng Shin Rubber Ind., Co., Ltd.	-	Financial assets at fair value through profit or loss - current	245	13,229	- %	54.00	-
The Company	Stock of Sun Life Corporation	-	Financial assets at fair value through profit or loss - current	160	42,255	- %	264.10	-
The Company	Stock of TVB	-	Financial assets at fair value through profit or loss - current	260	28,590	- %	109.83	Trust
The Company	Stock of Construction Bank	-	Financial assets at fair value through profit or loss - current	2,100	46,041	- %	21.92	-
The Company	Stock of Jiangsu Expressway Company Limited	-	Financial assets at fair value through profit or loss - current	1,236	51,934	- %	42.02	-
The Company	Stock of Sinopec	-	Financial assets at fair value through profit or loss - current	1,990	39,901	- %	20.05	-
The Company	Stock of PetroChina	-	Financial assets at fair value through profit or loss - current	1,438	32,874	- %	22.86	Trust
The Company	Stock of Sands China Limited	-	Financial assets at fair value through profit or loss - current	320	31,741	- %	99.19	Trust
The Company	Stock of MGM China Holdings Limited	-	Financial assets at fair value through profit or loss	655	25,019	- %	38.19	Trust
The Company	Alerian MLP ETF	-	Financial assets at fair value through profit or loss - current	82	33,902	- %	413.44	Trust
The Company	Hang Seng H-Share ETF	-	Financial assets at fair value through profit or loss - current	66	26,865	- %	409.53	Trust
The Company	SPDR Financial Sector ETF	-	Financial assets at fair value through profit or loss - current	10	7,657	- %	750.68	Trust
The Company	iShares MSCI India ETF	-	Financial assets at fair value through profit or loss - current	3	2,934	- %	946.47	Trust
The Company	CITIC primary financial bond (CNY)	-	Financial assets at fair value through profit or loss - current	200,000	103,120	- %	5.16	Trust
The Company	CTBC Emerging Market Bond Fund	-	Financial assets at fair value through profit or loss - current	1,000	9,831	- %	9.83	-
The Company	Cathay Emerging China Bond Fund	-	Financial assets at fair value through profit or loss - current	297	3,335	- %	11.24	-
The Company	Cathay Emerging China Bond (Trust)	-	Financial assets at fair value through profit or loss - current	2,979	33,496	- %	11.24	Trust
The Company	PineBridge Global Multi-Strategy High Yield Bond Fund - B	-	Financial assets at fair value through profit or loss - current	2,495	18,372	- %	7.36	Trust
The Company	Fuh Hwa Emerging Market Bond Fund	-	Financial assets at fair value through profit or loss - current	2,199	13,702	- %	6.23	Trust
The Company	Franklin Templeton SinoAm Global High Yield Bond Fund	-	Financial assets at fair value through profit or loss - current	2,919	29,938	- %	10.26	Trust
The Company	Evenstar Sub-Fund I Segregated Portfolio	-	Financial assets at fair value through profit or loss - current	1	76,178	- %	129,271.42	-
The Company	Fuh Hwa Emerging Market RMB Fixed Inc Type A	-	Financial assets at fair value through profit or loss - current	28	1,485	- %	53.95	Trust

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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	Cnooc Bond	-	Available-for-sale financial assets – non-current	2,900	96,631	- %	33.32	Trust
The Company	Saudi Electricity Global - Bond	-	Available-for-sale financial assets – non-current	50	1,773	- %	35.45	Trust
The Company	Bank of China/Luxembourg Bond	-	Available-for-sale financial assets – non-current	10,000	50,927	- %	5.09	Trust
The Company	Sinochem Offshore Capital Company Limited Corp. Bond	-	Available-for-sale financial assets – non-current	12,000	60,834	- %	5.07	Trust
The Company	China Construction Bank Frankfurt Dim-sum Bond	-	Available-for-sale financial assets – non-current	10,000	51,460	- %	5.15	Trust
The Company	Emirates Telecom Corp. Corp. Bond	-	Available-for-sale financial assets – non-current	1,500	52,544	- %	35.03	Trust
The Company	Guotai Junan Corp. Bond	-	Available-for-sale financial assets – non-current	200	6,748	- %	33.74	Trust
The Company	Bank of China 2-year Senior Unsecured RMB Callable Financial Bond	-	Available-for-sale financial assets – non-current	8,000	41,148	- %	5.14	Trust
The Company	Bank of China 5-year Senior Unsecured RMB Callable Financial Bond	-	Available-for-sale financial assets – non-current	10,000	50,433	- %	5.04	Trust
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	50,799	- %	5.08	Trust
The Company	China Construction Bank Asia Dim-sum Bond	-	Available-for-sale financial assets – non-current	9,500	48,349	- %	5.09	Trust
The Company	PetroChina Company Limited Corporate Bond	-	Available-for-sale financial assets – non-current	3,200	106,275	- %	33.21	Trust
The Company	PetroChina Company Limited Corporate Bond	-	Available-for-sale financial assets – non-current	1,600	53,937	- %	33.71	Trust
The Company	Abu Dhabi National Energy Company 10-year Senior Unsecured USD Callable Corporate Bond	-	Available-for-sale financial assets – non-current	1,600	52,035	- %	32.52	Trust
The Company	Abu Dhabi National Energy Company 10-year Senior Unsecured USD Callable Corporate Bond	-	Available-for-sale financial assets – non-current	1,600	52,207	- %	32.63	Trust
The Company	Bank of China 5-year Senior Unsecured RMB Callable Financial Bond	-	Available-for-sale financial assets – non-current	9,800	49,849	- %	5.09	Trust
The Company	CNOOC Limited USD Callable Corporate Bond	-	Available-for-sale financial assets – non-current	3,100	97,977	- %	31.61	Trust
The Company	Rizhao Port Co., Ltd. RMB Callable Corporate Bond	-	Available-for-sale financial assets – non-current	9,800	50,155	- %	5.12	Trust
The Company	VTB Bank Corp. Bond	-	Available-for-sale financial assets – non-current	10,000	51,490	- %	5.15	-
The Company	ICBC RMB Corp. Bond	-	Available-for-sale financial assets – non-current	1,200	6,051	- %	5.04	Trust
The Company	China Development Bank RMB Corp. Bond	-	Available-for-sale financial assets – non-current	9,800	49,778	- %	5.08	Trust
The Company	QTel USD Corp. Bond	-	Available-for-sale financial assets – non-current	1,450	52,359	- %	36.11	Trust
The Company	American International Assurance Co., Ltd. USD Corp. Bond	-	Available-for-sale financial assets – non-current	1,450	46,705	- %	32.21	Trust
The Company	Hutchison Whampoa Limited USD Corp. Bond	-	Available-for-sale financial assets – non-current	1,500	49,086	- %	32.72	Trust
The Company	ICBC RMB Corp. Bond	-	Available-for-sale financial assets – non-current	10,000	50,910	- %	5.09	Trust

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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	
			non-current					
The Company	ICBC RMB Corp. Bond	-	Available-for-sale financial assets – non-current	10,000	51,187	- %	5.12	Trust
The Company	China EXIM Bank RMB Corp. Bond	-	Available-for-sale financial assets – non-current	5,000	25,656	- %	5.13	Trust
The Company	QTel USD Corp. Bond	-	Available-for-sale financial assets – non-current	1,600	51,812	- %	32.38	Trust
The Company	Africa Finance Corp. Bond	-	Available-for-sale financial assets – non-current	3,000	100,570	- %	33.52	Trust
The Company	Beijing State-owned Asset Mgt. Corp. Bond	-	Available-for-sale financial assets – non-current	3,000	96,888	- %	32.30	Trust
The Company	China Development Bank RMB Corp. Bond 4. 2 20270119	-	Available-for-sale financial assets – non-current	5,000	25,579	- %	5.12	Trust
The Company	China Development Bank RMB Corp. Bond 4. 5 20281113	-	Available-for-sale financial assets – non-current	5,000	26,362	- %	5.27	Trust
The Company	China Comm Cons Corp. Bond	-	Available-for-sale financial assets – non-current	1,000	32,523	- %	32.52	Trust
The Company	Chang Hwa Bank	-	Available-for-sale financial assets – non-current	312,731	5,066,239	- %	16.20	-
The Company	ICBC	-	Available-for-sale financial assets – non-current	880	16,708	- %	18.99	Trust
The Company	iShares MSCI India ETF	-	Available-for-sale financial assets – non-current	19	17,510	- %	946.47	Trust
The Company	FORTUNE IC FUND I	-	Financial assets carried at cost – non-current	600	4,030	4.86 %	11.09	-
The Company	PK Venture Capital Corp	-	Financial assets carried at cost – non-current	3,360	15,815	8.57 %	4.58	-
The Company	Cathay insurance stock	-	Financial assets carried at cost – non-current	44	-	0.01 %	-	-
The Company	Fuyou Healthcare Co., Ltd.	-	Financial assets carried at cost – non-current	450	4,500	15.00 %	-	-
Yuji Development Corp.	CTBC Hwa-win Money Market Fund	-	Financial assets at fair value through profit or loss - current	12,321	133,928	- %	10.87	-
Ching Huang Construction Co.	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	715	10,452	- %	14.60	-
Ching Huang Construction Co.	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 - current	170	2,095	- %	12.35	-
Zekaen Co. Ltd.	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	553	6,011	- %	10.87	-
Longding Life Sciences Inc	EVA Airways 18 th Secured Corp. Bonds Type III	-	Financial assets at fair value through profit or loss - current	37,000	40,000	- %	1.08	-
Longding Life Sciences Inc	China Steel 2011 1 st Unsecured Corp. Bond Type I	-	Financial assets at fair value through profit or loss - current	6,700	7,240	- %	1.08	-
Longding Life Sciences Inc	Prince Housing & Development Corp. 2013 1 st Secured Corp. Bond	-	Financial assets at fair value through profit or loss - current	29,500	32,000	- %	1.08	-
Longding Life Sciences Inc	Formosa Petrochemical Corporation 2010 4 th Unsecured Corp. Bond	-	Financial assets at fair value through profit or loss - current	700	760	- %	1.08	-

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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	273,108	4,183	44,858 (Note 1)	710	12,878	12,606	271	18,849	305,360
The Company	Stock of Chang Hwa Bank	Available-for-sale financial assets – non-current	-	-	-	-	312,731	5,066,239 (Note 2)	-	-	-	-	312,731	5,066,239

Note 1: Purchasing amount includes loss on valuation NT\$7,417 thousand; purchasing shares includes distribution of stock dividend from current retained earnings for 1,233 shares.

Note 2: Purchasing amount includes loss on valuation NT\$220,277 thousand; purchasing shares includes distribution of stock dividend from current retained earnings for 20,459 shares.

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: None.
9. Engage in derivatives trading: None.
10. Business relationships and significant intercompany transactions:

Number (Note 1)	Name of the Company	Name of the counter-party	Existing relationship with the counter-party (Note 2)	Transaction Details			Percentage of the total consolidated revenue or total assets
				Account name	Amount	Terms of trading	
0	Lungyen Life Service Corp.	Ching Huang Construction Co., Ltd.	1	Other financial assets – current	\$ 8,434	Equal to transaction with non-related parties	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	15,165	-	0.03%
0	"	"	1	Prepayments	15,893	-	0.03%
0	"	"	1	Operating cost	78,468	-	2.90%
0	"	"	1	Other revenue	18,175	-	0.67%
0	"	"	1	Receipts under custody	7,142	-	0.02%
0	"	Longding Life Science Co., Ltd.	1	Other financial assets – current	13	-	- %
0	"	"	1	Payable accounts	682	-	- %
0	"	"	1	Other revenue	5,715	-	0.21%
0	"	"	1	Operating cost	3,013	-	0.11%
0	"	Zekaen Co. Ltd.	1	Operating cost	25,808	-	0.95%
0	"	"	1	Payable accounts	4,493	-	0.01%
0	"	"	1	Operating expense	20	-	- %
1	"	"	1	Operating income	3,539	-	0.13%
0	"	Lung Fu Company Limited	1	Other financial assets – current	456	-	- %
0	"	"	1	Payable accounts	3,192	-	0.01%
0	"	"	1	Receipts under custody	71	-	- %
0	"	"	1	Prepayment for purchases	21,320	-	0.04%
0	Lungyen Life Service	Lung Fu Company Limited	1	Operating cost	3,575	-	0.13%

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Number (Note 1)	Name of the Company	Name of the counter-party	Existing relationship with the counter- party (Note 2)	Transaction Details			Percentage of the total consolidated revenue or total assets
				Account name	Amount	Terms of trading	
0	Corp.	"	1	Other revenue	432	-	0.02%
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	22,307	-	0.05%
2	"	"	2	Advance receipts	15,893	-	0.03%
2	"	"	2	Operating income	78,468	-	2.90%
2	"	"	2	Administrative expenses	18,175	-	0.67%
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	682	-	- %
3	"	"	2	Other payable accounts	13	-	- %
3	"	"	2	Operating income	3,013	-	0.11%
3	"	"	2	Financial cost	5,715	-	0.21%
4	Zekaen Co. Ltd.	Lungyen Life Service Corp.	2	Operating income	25,828	-	0.95%
4	"	"	2	Accounts Receivable	4,493	-	0.01%
4	"	"	2	Administrative expenses	3,539	-	0.13%
5	Lung Fu Company Limited	Lungyen Life Service Corp.	2	Accounts Receivable	3,263	-	0.01%
5	"	"	2	Expenses payable	456	-	- %
5	"	"	2	Advance sales receipts	21,320	-	0.04%
5	"	"	2	Operating income	3,575	-	0.13%
5	"	"	2	Administrative expenses	432	-	0.02%
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:

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 2015Q3 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%	(10,302)	(1,416)	(1,391)	Subsidiary
The Company	Yuji Development Corp.	Taiwan	Funeral Service	990,000	990,000	99,000	54.61%	1,137,013	171,560	94,096	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%	3,619	27	22	Subsidiary
The Company	Sea Dragon Traders Ltd. (BVI)	British Virgin Islands	Investment	147,073 (USD4,710)	340 (USD10)	1	100.00%	269,410	(4,220)	(4,220)	Subsidiary
The Company	Longding Life Science Co., Ltd.	Taiwan	Flower and plant cultivation	295,000	85,000	29,500	84.29%	235,828	(21,863)	(14,031)	Subsidiary
The Company	Singapore Lungyen Life Services Pte., Ltd.	Singapore	Funeral Service	11,990 (SGD500)	11,990 (SGD500)	500	100.00%	(2,111)	(83)	(83)	Subsidiary

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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	Zekaen Co. Ltd.	Taiwan	Flower and plant cultivation	96,656	96,656	10,000	100.00%	60,325	(13,360)	(13,360)	Subsidiary
The Company	RIA AWANA SDN. BHD	Malaysia	Funeral Service	31,454 (MYR3,920)	-	3,920	49.00%	28,743	(1,413)	(692)	Affiliated company
Yuji Development Corp.	Lung Fu Company Limited	Taiwan	Funeral Service	210,700	210,700	21,070	77.75%	216,021	(264)	(205)	Subsidiary
Zekaen Co. Ltd.	Longding Life Science Co., Ltd.	Taiwan	Flower and plant cultivation	44,450	44,450	4,445	12.70%	35,532	(21,863)	(6,330)	Subsidiary
Sea Dragon Traders Ltd. (BVI)	Witty Dragon Limited (BVI)	British Virgin Islands	Investment	165,268 (USD5,264)	-	53	26.32%	162,745	(12,785)	(3,365)	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
-	1,325,120 USD 40,000	4,948,894

US Dollar Exchange Rate: closing rate: 33.128

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

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

Note 2: the current investment income recognized:

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

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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.

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

	July to September 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	\$ 437,000	389,784	54,737	32,960	-	-	914,481
Inter-segment income	21,960	-	1,211	5,930	-	(29,101)	-
Total income	\$ 458,960	389,784	55,948	38,890	-	(29,101)	914,481
Reportable segment profit or loss	\$ 259,167	72,996	31,550	141,997	-	(29,101)	476,609

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		July to September 2014						
		Columbarium and cemetery for sale	Funeral services	Property leasing	Cemetery operation and others	Construction for sales	Adjustments and written-off	Total
Income:								
	Income from external customers	\$ 1,054,161	365,882	58,428	25,600	5,422	-	1,509,493
	Inter-segment income	37,042	-	960	16,338	-	(54,340)	-
	Total income	\$ 1,091,203	365,882	59,388	41,938	5,422	(54,340)	1,509,493
	Reportable segment profit or loss	\$ 483,793	94,268	31,726	149,969	(99)	(54,340)	705,317
		January to September 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	\$ 1,268,510	1,149,284	161,705	128,008	1,232	-	2,708,739
	Inter-segment income	82,043	-	3,633	25,828	-	(111,504)	-
	Total income	\$ 1,350,553	1,149,284	165,338	153,836	1,232	(111,504)	2,708,739
	Reportable segment profit or loss	\$ 765,777	242,831	84,672	221,493	(397)	(111,504)	1,202,872
		January to September 2014						
		Columbarium and cemetery for sale	Funeral services	Property leasing	Cemetery operation and others	Construction for sales	Adjustments and written-off	Total
Income:								
	Income from external customers	\$ 2,341,663	1,106,552	157,831	123,539	16,802	-	3,746,387
	Inter-segment income	65,355	-	3,162	64,765	-	(133,282)	-
	Total income	\$ 2,407,018	1,106,552	160,993	188,304	16,802	(133,282)	3,746,387
	Reportable segment profit or loss	\$ 1,207,816	263,378	81,000	376,114	(1,073)	(133,282)	1,793,953
	Reportable segment profit or loss	Columbarium and cemetery for sale	Funeral services	Property leasing	Cemetery operation and others	Construction for sales	Adjustments and written-off	Total
	September 30, 2015	\$ 13,157,207	3,756,988	6,102,635	85,756	4,691,918	19,594,838	47,389,342
	December 31, 2014	\$ 12,902,054	3,717,652	6,141,719	53,740	4,551,895	14,120,041	41,487,101
	September 30, 2014	\$ 12,905,110	3,674,337	6,148,186	48,744	4,550,604	13,898,657	41,225,638