(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

Consolidated Financial Statements

For The Three Months Ended March 31, 2013 and 2012

(Including an Independent Auditor’s Audit Report)

Address: 1F., No. 166, Sec. 2, Minquan E. Rd., Taipei City
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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 Science Corp. and its subsidiaries as of March 31, 2013, December 31, March 31, and January 1, 2012, and the related consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statement of cash flows as of March 31, 2013 and 2012. 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 Scient 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$748,549 thousand, NT$2,823,690 thousand, NT$2,352,378 thousand, and NT$3,326,006 thousand, representing 2%, 7%, 6%, and 8% of total consolidated assets as of March 31, 2013, December 31, March 31, and January 1, 2012, respectively. The total liabilities amounted to NT$84,487 thousand, NT$416,880 thousand, NT$217,375 thousand, and NT$1,321,873 thousand, representing 0.3%, 1%, 1%, and 4%, of total consolidated liabilities as of March 31, 2013, December 31, March 31, and January 1, 2012, respectively. The comprehensive profit or loss was NT$6,706 thousand and NT$50,297 thousand, representing 2% and 16% of the consolidated profit or loss as of March 31, 2013 and 2012, respectively.

As stated in Note VI(IV) to the quarterly consolidated financial statements, the investment under the equity method of Lungyen Life Science Corp. and its subsidiaries amounted to NT$69,048 thousand, NT$64,902 thousand, NT$500,256 thousand, and NT$508,032 thousand as of March 31, 2013 and December 31, March 31, and January 1, 2012, respectively. The profit or loss under the equity method of the affiliated enterprise amounted to NT$4,468 thousand and NT$(1,023) thousand as of March 31, 2013 and 2012, respectively. The financial statements were prepared in accordance with the unreviewed quarterly financial statements of 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 auditor 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. 34 “Interim Financial Report” recognized by Financial Supervisory Commission without any amendment required.

KPMG

CPA:

Approval Document issued by the competent securities authority:
(2000) Tai-Tsai-Chen (6) No. 62474
(1999) Tai-Tsai-Chen (6) No. 18311

March 14, 2013

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries
Consolidated Balance Sheets

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

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

(Reviewed, Not Audited)

	Assets	2013.3.31 Amount	%	2012.12.31 Amount	%	2012.3.31 Amount	%	2012.1.1 Amount	%
	Current assets:								
1100	Cash and cash equivalents (Note 6(1) & (16))	$ [illegible]	1	372,427	1	369,038	1	1,565,112	4
1110	Financial assets at fair value through profit or loss – current (Note 6(2)&(16))	1,135,51	3	693,53	2	888,99	2	916,90	2
1150	Notes receivable, net (Note 6(16))	17,125	-	15,638	-	9,365	-	41,648	-
1170	Accounts receivable, net (Note 6(16)) & 7)	247,597	1	212,298	1	115,436	-	161,712	1
1190	Constructions contract receivable	-	-	632	-	-	-	-	-
1320	Inventories (Note 6(3))	12,134,492	31	12,033,365	31	12,420,772	33	12,173,632	31
1400	Biological assets – current	11,260	-	4,859	-	100	-	-	-
1410	Prepayments (Note 9)	8,434,062	22	8,368,806	22	8,469,132	22	8,411,531	21
1476	Other financial assets – current (Note 6(16), 7 and 9)	1,540,821	4	1,756,849	5	1,411,054	4	1,376,366	4
1479	Other current assets	28,745	-	18,530	-	8,498	-	9,762	-
		23,887,003	62	23,476,934	62	23,692,394	62	24,656,666	63
	Non-current assets:								
1543	Financial assets carried at cost – non-current (Note 6(2) & (16))	524,81	1	524,81	1	68,47	-	68,47	-
1550	Investment under equity method (Note 6(4))	69,048	-	64,902	-	500,256	1	508,032	1
1600	Property, plant and equipment (Note 6(5))	[illegible]	12	4,649,241	12	4,420,831	12	4,266,335	11
1760	Investment property, net (Note 6(6))	7,559,577	20	7,579,213	20	7,575,034	20	7,793,947	20
1780	Intangible assets (Note 6(7))	777,160	2	777,676	2	780,988	2	781,684	2
1840	Deferred income tax assets	610,131	2	581,898	2	682,985	2	650,566	2
1915	Prepayment for equipment	40,324	-	40,337	-	36,094	-	31,002	-
1980	Other financial assets – non-current (Note 6(16)	26,721	-	27,032	-	60,696	-	61,092	-
1990	Other non-current assets	430,587	1	430,587	1	380,531	1	380,531	1
		14,802,321	38	14,675,705	38	14,505,886	38	14,541,660	37
	Total assets	$ 38,689,324	100	38,152,639	100	38,198,280	100	39,198,326	100

	Liabilities and Equity	2013.3.31 Amount	%	2012.12.31 Amount	%	2012.3.31 Amount	%	2012.1.1 Amount	%
	Current liabilities:								
2100	Short-term loan (Note 6(8) & (16))	$ 1,790,000	5	2,140,000	6	2,440,000	6	3,040,000	8
2170	Payable notes and accounts (Note 6(16))	518,398	1	450,986	1	388,499	1	1,521,114	4
2180	Payable accounts – related parties (Note 6(16) & 7)	12,926	-	12,400	-	-	-	-	-
2190	Constructions contract payable	37,547	-	48,814	-	10,902	-	18,402	-
2200	Other payable accounts (Note 7)	309,255	1	365,720	1	302,092	1	322,445	1
2230	Current income tax liabilities	160,188	-	99,539	-	387,070	1	314,561	1
2310	Advance receipts (Note 9)	26,869,610	70	26,480,575	70	26,755,617	70	26,385,968	67
2399	Other current liabilities	12,613	-	9,199	-	18,145	-	16,194	-
		29,710,537	77	29,607,233	78	30,302,325	79	31,618,684	81
	Non-current liabilities:								
2570	Deferred income tax liabilities	27,231	-	24,411	-	10,907	-	9,906	-
2640	Accrued pension liabilities (Note 6(10))	21,471	-	21,471	-	18,928	-	19,043	-
2645	Deposit received	43,672	-	42,995	-	44,684	-	46,075	-
2670	Other non-current liabilities	2,981	-	2,981	-	2,981	-	2,981	-
		95,355	-	91,858	-	77,500	-	78,005	-
	Total liabilities	29,805,892	77	29,699,091	78	30,379,825	79	31,696,689	81
	Equity attributable to owners of parent (Note 6(12)):								
3100	Capital stock – common stock	3,990,842	10	3,990,842	10	3,990,842	11	3,990,842	10
3200	Capital surplus	1,392,072	4	1,392,072	4	1,392,072	4	1,392,072	4
	Retained earnings:								
3310	Legal reserve	263,270	1	263,270	1	77,142	-	77,142	-
3320	Special reserve	14,153	-	14,153	-	26,009	-	26,009	-
3350	Unappropriated retained earnings	2,431,774	6	2,029,223	5	1,622,736	4	1,317,666	3
3400	Other equity interest	(14,339)	-	(19,835)	-	(22,868)	-	(14,152)	-
	Total equity attributable to owners of parent	8,077,772	21	7,669,725	20	7,085,933	19	6,789,579	17
36xx	Non-controlling interest	805,660	2	783,823	2	732,522	2	712,058	2
	Total equity	8,883,432	23	8,453,548	22	7,818,455	21	7,501,637	19
	Total liabilities and equity	$ 38,689,324	100	38,152,639	100	38,198,280	100	39,198,326	100

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

Chairman: General Manager: Chief Accountant:

(English Translation of Financial Report Originally Issued in Chinese)

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Lungyen Life Service Corp. and Subsidiaries
Consolidated Statements of Comprehensive Income
For The Three Months Ended March 31, 2013 and 2012

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

(Reviewed, Not Audited)

		2013Q1		2012Q1	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(14) & 7)	$ 990,545	100	861,578	100
5000	Operating cost (Note 7)	270,045	27	264,292	31
5900	Operating gross profit (loss)	720,500	73	597,286	69
	Operating expenses:				
6100	Selling expenses	222,117	22	186,276	22
6200	Administration expenses (Note 7)	116,107	12	87,479	10
6000	Total operating expenses	338,224	34	273,755	32
6900	Operating income (loss)	382,276	39	323,531	37
	Non-operating income and expenses:				
7010	Other income (Note 6(15))	41,380	4	38,465	4
7020	Other gains and losses (Note 6(15))	35,518	4	15,390	2
7050	Financial costs (Note 6(15))	(4,284)	-	(8,955)	(1)
7060	Share of profit (loss) of associates and joint venturers accounted for using equity method (Note 6(4))	4,468	-	(1,023)	-
7000	Total non-operating income and expenses:	77,082	8	43,877	5
7900	Operating income before tax	459,358	47	367,408	42
7950	Less: Income tax expense (Note 6(11))	35,270	4	41,874	5
8200	Net income	424,088	43	325,534	37
8300	Other comprehensive income (Note 6(12)):				
8310	Exchange differences on translation of foreign statements	5,818	1	(2,491)	-
8370	Share of other comprehensive profit (loss) of associates and joint ventures accounted for using equity method	(322)	-	(6,225)	(1)
8300	Other comprehensive income, net	5,496	1	(8,716)	(1)
8500	Total comprehensive income	$ 429,584	44	316,818	36
	Net income, attributable to:				
8610	Owners of parent	$ 402,551	41	305,070	35
8620	Non-controlling interest	21,537	2	20,464	2
		$ 424,088	43	325,534	37
	Total comprehensive income, attributable to:				
8710	Owners of parent	$ 408,047	42	296,354	34
8720	Non-controlling interest	21,537	2	20,464	2
		$ 429,584	44	316,818	36
	Earnings per share (Note 6(13))				
9750	Basic earnings per share (NTD)	$	1.01		0.76
9850	Diluted earnings per share (NTD)	$	1.01		0.76

(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 Three Months Ended March 31, 2013 and 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)
(Reviewed, Not Audited)

	Equity attributable to owners of parent: Common stock	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Unappropriated earnings	Retained earnings: Total	Other equity interest: Exchange differences on foreign translation	Other equity interest: Unrealized gains (losses) on available-for-sale financial assets	Other equity interest: Total	Total equity attributable to owners of parent	Non-controlling interest	Total equity
Balance – January 1, 2012	$ 3,990,842	1,392,07	77,142	26,00	1,317,66	1,420,81	(13,851)	(301)	(14,152)	6,789,579	712,058	7,501,637
Net profit for the three months ended March 2012	-	-	-	-	305,07	305,07	-	-	-	305,070	20,464	325,534
Other comprehensive income for the three months ended March 2012	-	-	-	-	-	-	(9,340)	624	(8,716)	(8,716)	-	(8,716)
Total comprehensive income for the three months ended March 2012	-	-	-	-	305,070	305,07	(9,340)	624	(8,716)	296,354	20,464	316,818
Balance – March 31, 2012	$ 3,990,842	1,392,07	77,142	26,00	1,622,73	1,725,88	(23,191)	323	(22,868	7,085,933	732,522	7,818,455
Balance – January 1, 2013	$ 3,990,842	1,392,07	263,270	14,15	2,029,223	2,306,64	(20,204)	369	(19,835)	7,669,725	783,823	8,453,548
Net profit for the three months ended March 2012	-	-	-	-	402,55	402,55	-	-	-	402,551	21,537	424,088
Other comprehensive income for the three months ended March 2012	-	-	-	-	-	-	5,818	(322)	5,496	5,496	-	5,496
Total comprehensive income for the three months ended March 2012	-	-	-	-	402,55	402,55	5,818	(322)	5,496	408,047	21,53	429,584
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	300	300
Balance – March 31, 2013	$ 3,990,8	1,392,07	263,270	14,15	2,431,77	2,709,19	(14,386)	47	(14,339)	8,077,772	805,66	8,883,432

(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 Three Months Ended March 31, 2013 and 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)
(Reviewed, Not Audited)

		2013Q1	2012Q1
Cash flows from operating activities:			
Profit (loss) before tax	$	459,358	367,408
Adjustments:			
Adjustments to reconcile profit (loss)			
Depreciation expense		27,659	21,236
Amortization expense		1,892	1,977
Provision (reversal of provision) for bad debt expense		1,891	11,166
Net loss (gain) on financial assets or liabilities at fair value through profit or loss		(45,367)	(15,912)
Interest expense		4,284	8,955
Interest income		(2,018)	(583)
Dividend income		(439)	(2,358)
Share of loss (gain) of associates and joint ventures accounted for using equity method		(4,468)	1,023
Loss (gain) on disposal of property, plan and equipment		556	(46,722)
Loss (gain) on disposal of investment properties		-	47,144
Total adjustments to reconcile profit (loss)		(16,010)	25,926
Changes in operating assets and liabilities:			
Changes in operating assets:			
Decrease (Increase) in notes receivable		(1,487)	2,283
Decrease (Increase) in accounts receivable		(37,19)	35,110
Decrease (Increase) in construction contract receivable		632	-
Decrease (Increase) in inventories		(103,663)	(247,140)
Decrease (Increase) in biological assets		(6,401)	(100)
Decrease (Increase) in prepayments		(65,256)	(57,601)
Decrease (Increase) in other current assets		(510,21)	1,264
Decrease (Increase) in other financial assets		0286,	(34,689)
Total changes in operating assets		(7,552)	(270,873)
Changes in operating liabilities:			
Increase (Decrease) in accounts payable		67,412	(1,132,615)
Increase (Decrease) in accounts payable to related parties		526	-
Increase (Decrease) in construction contract receivable		(11,267)	(7,500)
Increase (Decrease) in other payable		(56,465)	(20,353)
Increase (Decrease) in advance receipts		389,035	69,649
Increase (Decrease) in other current liabilities		,520	(783)
Increase (Decrease) in accrued pension liabilities		-	(115)
Total changes in operating liabilities		393,761	(791,717)
Total changes in operating assets and liabilities		386,209	(1,062,590)
Total adjustments		370,199	(1,036,664)
Cash inflow (outflow) generated from operations		9,557	(669,256)
Interest received		2,018	583
Dividend received		439	2,358
Interest paid		(4,284)	(8,955)
Income taxes refund (paid)		(34)	(11)
Net cash flows from (used in) operating activities		827,696	(675,281)

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

Consolidated Statements of Cash Flows (Cont'd)

For The Three Months Ended March 31, 2013 and 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)
(Reviewed, Not Audited)

		2013Q1	2012Q1
Cash flows from (used in) investing activities:			
Acquisition of financial assets at fair value through profit or loss,designated as upon initial recognition		(539,634)	-
Proceeds from disposal of financial assets at fair value through profit or loss, designated as upon initial recognition		147,724	43,816
Acquisition of property, plant and equipment		(121,141)	(49,246)
Proceeds from disposal of property, plant and equipment		425	46,725
Acquisition of intangible assets		(1,376)	(1,281)
Acquisition of investment properties		(27)	(236)
Proceeds from disposal of investment properties		-	45,516
Decrease in other financial assets		311	396
Increase in payments for business facilities		-	(5,092)
Net cash flows from (used in) investing activities		(513,718)	80,598
Cash flow from (used in) financing activities:			
Decrease in short-term loans		(350,000)	(600,000)
Increase in guarantee deposits received		677	(1,391)
Change in non-controlling interests		300	-
Net cash flows from (used in) financing activities		(349,023)	(601,391)
Net increase (decrease) in cash and cash equivalent		(35,045)	(1,196,074)
Cash and cash equivalents at beginning of period		72,437	1,565,112
Cash and cash equivalents at end of period	$	337,382	369,038

(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 Three Months Ended March 31, 2013 and 2012
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

I. Company profile

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

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

II. Approval and procedures of the consolidated financial statements

The quarterly consolidated financial statements were accepted and published by the Board of Directors on May 14, 2013.

III. Application of new and revised standards and interpretations

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

International Accounting Standards Board (referred to as the "IAS Board" hereinafter) published in November 2009 the IFRS No. 9 "Financial Instruments" that was effective on January 1, 2013 (the IAS Board in December 2011 had the effective date postponed to January 1, 2015). IFRS had been approved by Financial Supervisory Commission (referred to as the "FSC" hereinafter). However, enterprises may not adopt before schedule. The International Accounting Standards No. 39 "Financial Instruments" 2009 version shall be adopted; also, the effective date has not yet been published as of the end of the reporting period (referred to as the "reporting date" hereinafter). If consolidated company begins to apply IFRS, it is expected to affect the classification and measurement of financial assets on the consolidated financial statements.

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

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

Published date	New and revised standards	Major revisions	The effective date published by the IAS Board
2011.5.12 2012.6.28	˜ IFRS No. 10 “Consolidated Financial Statements” ˜ IFRS No. 11 “Joint Agreement” ˜ IFRS No. 12 “Disclosure of Other Vehicle’s Equity” ˜ Amendment to IAS No. 27 “Separate Financial Statements” ˜ Amendment to IAS No. 28 “Investments in Affiliated Enterprises and Joint Ventures”	˜ Published a series of new standards and amendments related to consolidation, affiliated enterprises, and joint ventures on May 12, 2011. The new standards provide a single control model to judge and analyze the control over the invested company (including specific vehicle).The original requirements and practices of consolidation process are maintained.In addition, joint agreement is divided into joint operations (integrated concept of former jointly controlled assets and jointly controlled operations) and joint ventures (similar to the former jointly controlled vehicle); also, removes the proportionate consolidation method. ˜ Published amendments on June 28, 2012 to clarify the transitional provisions of these standards.	2013.1.1
2011.5.12	IFRS No. 13 “Fair Value Measurement”	This standard will supersede other criteria for the fair value measurement of financial and non-financial items in order to integrate into a single criterion.	2013.1.1
2011.6.16	Amendment to IAS No. 1 “Presentation of Financial Statements”	The other comprehensive profits or losses that can or cannot be reclassified to profit or loss category should be expressed respectively.	2012.7.1
2011.6.16	Amendment to IAS No. 19 “Employee Welfares”	Mainly delete buffer method. Cancel all existing standards that allow enterprises to immediately recognize profit or loss of changes in defined benefit obligations and plan assets. In addition, the prior service cost is no longer amortized and shall be recognized immediately in profit or loss.	2013.1.1

Since these provisions referred to above have not been approved by FSC, the consolidated company could not assess the potential impact on the financial statements in the period of initial application.

IV. Summary of significant accounting policies

The significant accounting policies adopted for the quarterly consolidated financial report are summarized as follows: Unless otherwise stated, the following accounting policies are applicable to the quarterly consolidated financial report throughout the exemption period and the initial IFRS consolidated balance sheet on January 1, 2012 for the purpose of converting to the IFRS approved by the FSC.

(I) Compliance Statement

The quarterly consolidated financial report is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Issuers (refer 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.

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

(II) Basis of presentation

1. Basis of measurement

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

(1) Financial instruments measured at fair value through profit or loss (including derivatives);
(2) Biological assets valued at fair value net of selling cost; and
(3) Defined benefit assets are recognized in accordance with the net present value of pension fund assets plus unrecognized prior service cost and unrecognized actuarial losses and less unrecognized actuarial interests and defined benefit obligation

2. Functional currency and presentation currency

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

(III) Basis of consolidation

1. Principle for preparation of consolidated financial statements

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

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

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

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

2. The subsidiaries included in the quarterly consolidated financial statements

The subsidiaries included in the quarterly consolidated financial statements include:

Name of investment company	Name of subsidiary	Nature of business	Shareholding ratio 102.3.31	101.12.31	101.3.31	101.1.1	Remarks
The Company	Jin Huang Construction Co., Ltd.	Architecture and Civil Engineering business operations	98.20%	98.20%	98.20%	98.20%	-
The Company	Yuji Development Corp.	Funeral services business operations	56.25%	56.25%	56.25%	56.25%	-
The Company	Longding Life Sciences Inc	Flowers growing, wholesale, and retail business operations	100.00%	100.00%	100.00%	100.00%	-
The Company	Dahan Property Management Co., Ltd.	Housing and building development and rental business operations, etc.	80.00%	80.00%	80.00%	80.00%	-
The Company	Sea Dragon Traders Ltd. (BVI)	Investment business	100.00%	100.00%	100.00%	100.00%	-
The Company	SINGAPORE LUNGYEN LIFE SERVICES PTE. LTD.	Funeral services business operations	100.00%	100.00%	- %	- %	Invested and incorporated in October 2012.
Yuji Development Corp.	Lung Fu Company Limited	Funeral services business operations	70.00%	- %	- %	- %	Invested and incorporated in March 2013.

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

Name of investment company	Name of subsidiary	Nature of business	Shareholding ratio 102.3.31	101.12.31	101.3.31	101.1.1	Remarks
The Company	Beauty Kadan Co., Ltd.	Flower wholesale, retail, and landscape design business operations	50.00%	50.00%	50.00	50.00%	The Company does not own majority board voting rights of the invested company. Beauty Kadan Co., Ltd. (Japan) is the ultimate parent company of the invested company.

4. Changes in subsidiary:

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

Yuji Development Corp., the subsidiary, had invested NT$700 thousand for 70% shareholding of Lung Fu Company Limited, the invested company, in March 2013 in order to expand the scale of operation.

(IV) Foreign currency

1. Transactions in foreign currencies

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

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

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

2. Foreign operating agency

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

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

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

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

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

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

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

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

(VI) Cash and cash equivalent

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

(VII) Financial instruments

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

1. Financial assets

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

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

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

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

A. Eliminating or significantly minimizing the measurement or recognition inconsistency arising from measuring assets or liabilities on a different basis and recognizing the related gains and losses.
B. The performance of financial assets is measured at fair value.
C. Hybrid instruments contain embedded derivatives.

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

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

(2) Loans and receivables

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

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

(3) Financial assets impairment

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

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

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

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

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

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

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

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

(5) Elimination of financial assets

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

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

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

2. Financial liabilities

(1) Classification of liabilities or equity

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

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

(2) Other financial liabilities

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

(3) Elimination of financial liabilities

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

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

(4) Offsetting of financial assets and financial liabilities

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

3. Derivative financial instruments

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

(VIII) Inventories

1. Building for sales

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

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

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

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

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

2. Invest and construct columbarium and cemetery for sale

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

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

(IX) Biological assets

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

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

(X) Construction contract

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

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

(XI) Investment in affiliated enterprises

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

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

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

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

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

(XII) Investment property

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

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

(XIII) Real property, plant, and equipment

1. Recognition and measurement

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

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

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

2. Reclassified to investment property

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

3. Subsequent cost

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

4. Depreciation

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

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

Land is not depreciated.

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

(1) House and building	3~55 years
(2) Office equipments	3~5 years
(3) Transportation equipment	5 years
(4) Other equipments	2~10 years
(5) Assets rented to others	3~55 years
(6) Leased assets	3 years
(7) Leasehold improvement	2 years

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

(XIV) Lease

1. Lessor

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

2. Lessee

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

(XV) Intangible assets

1. Goodwill

(1) Initial recognition

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

(2) Subsequent measurement

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

2. Other intangible assets

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

3. Subsequent expense

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

4. Amortization

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

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

(1) Computer software 1~10 years

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

(XVI) Non-financial assets impairment

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

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

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

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

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

(XVII) Income recognition

1. Invest and construct columbarium and cemetery for sale

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

2. Funeral service

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

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

3. Construction contract

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

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

4. Rent income

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

(XVIII) Employee welfare

1. Defined contribution plan

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

2. Defined benefit plan

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

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

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

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

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

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

3. Short-term employee welfare

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

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

(XIX) Income tax

Income tax expense is based on the net income before tax for interim reporting periods multiplies the management's best estimate of the annual effective tax rate; also, it is fully recognized as current income tax expense.

Income tax expense is recognized directly in equity or other comprehensive profit or income. It is measured in accordance with the temporary difference between the book value of the related assets and liabilities for financial reporting purposes and the tax base and the tax rate applicable at the time of expected realization or settlement

(XX) Business consolidation

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

(XXI) Earnings per share

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

(XXII) Department information

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

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

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

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

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

(I) Note VI (VI), The classification of investment property
(II) Note VI (IX), The classification of leases

VI. Important accounting accounts

(I) Cash and cash equivalent

	102.3.31	101.12.31	101.3.31	101.1.1
Cash on hand	$ 13,145	5,506	6,618	2,285
Check deposits	12	17	146	61,063
Time deposits	125,451	98,017	13,845	11,385
Demand deposits	198,774	268,887	348,429	1,490,379
Cash and cash equivalent on the Consolidated Statement of Cash Flow	$ 337,382	372,427	369,038	1,565,112

For the interest rate risk and sensitivity analysis disclosure of the consolidated company's financial assets and liabilities, please refer to Note VI (XVII).

(II) Financial assets

1. Details are as follows:

	102.3.31	101.12.31	101.3.31	101.1.1
Financial assets measured at fair value through profit or loss				
³ Listing (OTC) stock	$ 226,909	288,749	522,105	549,985
³ Beneficiary certificates	908,595	404,781	366,894	366,918
³ Forward foreign exchange contracts	15	-	-	-
³ Total	$ 1,135,519	693,530	888,999	916,903
Financial assets valued at cost				
³ Stock Investment - PK Venture Capital Corp.	$ 54,255	54,255	54,255	54,255
³ Stock Investment - FORTUNE IC FUND I	11,216	11,216	11,216	11,216
³ Stock Investment Asia Best Healthcare ³ Co., Ltd	456,348	456,348	-	-
³ Stock Investment – Chen-Yuan Industry Co., Ltd.	3,000	3,000	3,000	3,000
³ Total	$ 524,819	524,819	68,471	68,471

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.

The consolidated company's Board of Directors resolved in May 2013 to have the shareholding of Asia Best Healthcare Co., Ltd. sold entirely for an amount of NT$489,290 thousand with an expected gain on disposal of NT$32,942 thousand.

2. Sensitivity analysis - Equity price risk

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

	2013Q1		2012Q1	
Stock price on the reporting date	Other comprehensive profit or loss after tax	Net income	Other comprehensive profit or loss after tax	Net income
Increased by 10%	$ -	18,833	-	43,335
Decreased by 10%	$ -	(18,833)	-	(43,335)

3. Non-hedging derivatives

Engagement in derivative transactions is for hedging its exposure to exchange rate risk from investment activities. The consolidated company's derivatives out of available-for-sale financial assets reported as of March 31, 2013 and December 31, 2012 due to it is not entitled to the hedging accounting are as follows:

	102.3.31			
	Contract Amount (NT$ Thousand)		Currency	Maturity
Forward foreign exchange sold	USD	6,000	USD against NTD	102.04.29

	101.12.31			
	Contract Amount (NT$ Thousand)		Currency	Maturity
Forward foreign exchange sold	USD	6,000	USD against NTD	102.03.27

4 The consolidated company has disclosed the credit, currency, and interest rate exposure related to the financial instruments on Note VI (XVI).

5. For the consolidated company's financial assets pledged as collaterals as of March 31, 2013 and December 31, March 31, and January 1, 2012, please refers to Note VIII.

(III) Inventory

	102.3.31	101.12.31	101.3.31	101.1.1
Real estate for sale	$ 5,837	5,837	8,247	8,648
Columbarium and cemetery for sale	1,784,338	1,656,832	1,997,516	2,041,738
Construction Site	1,094,244	1,094,244	1,094,244	1,094,244
Residential and building under construction	2,251,784	2,251,032	2,237,561	2,232,280
Columbarium and cemetery under construction	6,510,074	6,538,855	6,597,239	6,312,709
Prepayments for land	488,215	486,565	485,965	484,013
	$ 12,134,492	12,033,365	12,420,772	12,173,632
Expected to be recovered in more than twelve months	$ 11,951,841	11,010,608	11,515,018	10,119,638

For the consolidated company's inventories pledged as collateral as of March 31, 2013 and December 31, March 31, and January 1, 2012, please refers to Note VIII.

Private legal person is prohibited by law from acquiring farmland. The consolidated company (referred to as "the principal" hereinafter) and other related parties and individuals that is a natural person (referred to as "the trustee" hereinafter) have an appointment agreement signed to have the ownership of the land for columbarium and cemetery registered in the name of the trustee. In addition, part of the land is registered in the name of the discretionary trustee for land acquisition matters. The contractual parties agree to have the land ownership transferred back to the consolidated company unconditionally upon the completion of land consolidation. Trustee at the time of acquiring the land ownership shall have the documents needed for ownership transfer prepared, signed, and sealed and then delivered to the principal for records. In addition, a promissory note issued by the trustee for an amount equivalent to the land value should be delivered to the principal for records.

(IV) The investment under equity method

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

	102.3.31	101.12.31	101.3.31	101.1.1
Affiliated enterprises	$ 69,048	64,902	500,256	508,032

1. Affiliated enterprises

The consolidated company's share of the affiliated enterprise's profit and loss as of 2013Q1 and 2012Q1 is summarized as follows:

	2013Q1	2012Q1
The consolidated company's share of the affiliated enterprise's profit and loss	$ 4,468	(1,023)

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

	102.3.31	101.12.31	101.3.31	101.1.1
Total assets	$ 160,423	156,831	3,028,602	3,115,650
Total liabilities	14,629	19,540	177,587	215,768
	$ 145,794	137,291	2,851,015	2,899,882

	2013Q1	2012Q1
Income	$ 30,951	79,049
Net income	$ 9,177	(5,057)

2. Collateral

The consolidated company's investment under equity method was without any collateral pledged as of March 31, 2013 and December 31, March 31, and January 1, 2012.

(V) Property, plant, and equipment

The changes in the cost, depreciation, and impairment loss of the consolidated company's property, plant, and equipment as of 2013Q1 and 2012Q1 are as follows:

	Land	Houses and buildings	Transportation equipment	Office equipment	Leased assets and leasehold improvements	Other equipment	Construction in progress and equipment to be tested	Total
Cost or identified cost:								
Balance on January 1, 2013	$ 1,974,767	639,816	87,764	94,870	32,696	43,491	2,202,769	5,076,173
Additions	-	322	981	507	405	823	118,103	121,141
Disposal and scrap	-	-	(981)	-	-	-	-	(981)
Reclassification	370	138,441	-	-	-	-	(135,151)	3,660
Balance on March 31, 2013	$ 1,975,137	778,579	87,764	95,377	33,101	44,314	2,185,721	5,199,993
Balance on January 1, 2012	$ 2,671,636	714,976	45,750	92,954	30,856	35,669	1,089,028	4,680,869
Additions	-	200	11,942	311	1,593	1,992	33,208	49,246
Disposal	-	-	(2,726)	(299)	-	-	-	(3,025)
Reclassification	(696,869)	(70,793)	8,561	-	-	-	870,166	111,065
Balance on March 31, 2012	$ 1,974,767	644,383	63,527	92,966	32,449	37,661	1,992,402	4,838,155
Depreciation and impairment loss:								
Balance on January 1, 2013	$ -	250,699	30,494	89,057	30,721	25,961	-	426,932
Current depreciation	-	3,986	2,848	502	222	1,549	-	9,107
Balance on March 31, 2013	$ -	254,685	33,342	89,559	30,943	27,510	-	436,039
Balance on January 1, 2012	$ -	242,294	35,286	86,704	30,261	19,989	-	414,534
Current depreciation	-	(773)	1,059	909	109	1,377	-	2,681
Disposal	-	-	(2,726)	(296)	-	-	-	(3,022)
Reclassification	-	3,131	-	-	-	-	-	3,131
Balance on March 31, 2012	$ -	244,652	33,619	87,317	30,370	21,366	-	417,324
Book value:								
January 1, 2013	$ 1,974,767	389,117	57,270	5,813	1,975	17,530	2,202,769	4,649,241
March 31, 2013	$ 1,975,137	523,894	54,422	5,818	2,158	16,804	2,185,721	4,763,954
January 1, 2012	$ 2,671,636	472,682	10,464	6,250	595	15,680	1,089,028	4,266,335
March 31, 2012	$ 1,974,767	399,731	29,908	5,649	2,079	16,295	1,992,402	4,420,831

For the financing facilities pledged in details as of March 31, 2013 and December 31, March 31, and January 1, 2012, please refers to Note VIII.

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

(VI) Investment property

		Land and improvements	Building and structure	Total
Cost or identified cost:				
³ Balance on January 1, 2013	$	5,141,449	2,746,489	7,887,938
³ Additions		-	27	27
³ Transferred to inventories		(516)	(668)	(1,184)
³ Balance on March 31, 2013	$	5,140,933	2,745,848	7,886,781
³ Balance on January 1, 2012	$	5,286,287	2,749,656	8,035,943
³ Additions		-	236	236
³ Disposal		(65,406)	(30,950)	(96,356)
³ Transferred to property, plant, and equipment		(93,986)	(17,079)	(111,065)
³ Balance on March 31, 2012	$	5,126,895	2,701,863	7,828,758
Depreciation and impairment loss:				
³ Balance on January 1, 2013	$	19,910	288,815	308,725
³ Current depreciation		-	18,552	18,552
³ Transferred to inventories		-	(73)	(73)
³ Balance on March 31, 2013	$	19,910	307,294	327,204
³ Balance on January 1, 2012	$	19,910	222,086	241,996
³ Current depreciation		-	18,555	18,555
³ Disposal		-	(3,696)	(3,696)
³ Transferred to property, plant, and equipment		-	(3,131)	(3,131)
³ Balance on March 31, 2012	$	19,910	233,814	253,724
Book value:				
³ January 1, 2013	$	5,121,539	2,457,674	7,579,213
³ March 31, 2013	$	5,121,023	2,438,554	7,559,577
³ January 1, 2012	$	5,266,377	2,527,570	7,793,947
³ March 31, 2012	$	5,106,985	2,468,049	7,575,034
Fair value:				
³ March 31, 2013				$ 9,075,791
³ December 31, 2012				$ 9,075,791
³ March 31, 2012				$ 9,075,791
³ January 1, 2012				$ 9,168,313

Investment property contains a number of commercial properties leased to others.Please refer to Note VI (IX).

The fair value of investment property is based on the evaluation of independent evaluator (is with relevant professional qualification and has relevant experience recently in the location and type of the investment property).This evaluation is based on market value.If the current price in an active market is not available, the evaluation takes into consideration of the estimated total cash flows expected to be received from the property leased; also, it is discounted at the yield rate that reflects the specific risks inherent in the net cash flows to determine the value of the property.

For the financing facilities pledged in details as of March 31, 2013, December 31, March 31, and January 1, 2012, please refers to Note VIII.

(VII) Intangible assets

The cost, depreciation, and impairment loss of the consolidated company's intangible assets as of 2013Q1 and 2012Q1 are as follows:

	Goodwill	Trademark	Computer software	Total
Cost:				
Balance on January 1, 2013	$ 542,428	192,750	81,661	816,839
Acquired separately	-	-	1,376	1,376
Balance on March 31, 2013	$ 542,428	192,750	83,037	818,215
Balance on January 1, 2012	$ 542,428	192,750	77,832	813,010
Acquired separately	-	-	1,281	1,281
Balance on March 31, 2012	$ 542,428	192,750	79,113	814,291
Amortization and impairment loss:				
Balance on January 1, 2013	$ -	-	39,163	39,163
Current amortization	-	-	1,892	1,892
Balance on March 31, 2013	$ -	-	41,055	41,055
Balance on January 1, 2012	$ -	-	31,326	31,326
Current amortization	-	-	1,977	1,977
Balance on March 31, 2012	$ -	-	33,303	33,303
Book value:				
January 1, 2013	$ 542,428	192,750	42,498	777,676
Balance on March 31, 2013	$ 542,428	192,750	41,982	777,160
January 1, 2012	$ 542,428	192,750	46,506	781,684
Balance on March 31, 2012	$ 542,428	192,750	45,810	780,988

The intangible assets amortization expense reported in the Consolidated Comprehensive Income Statement as of 2013Q1 and 2012Q1 is as follows:

	2013Q1	2012Q1
Operating expenses	$ 1,892	1,977

(VIII) Short-term loan

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

	102.3.31			
	Currency	Range of interest rates	Year to maturity	Amount
Guaranteed bank loans	NTD	0.62%~1.50%	102	$ 1,600,000
Unguaranteed bank loans	NTD	1.85%	102	190,000
Total				$ 1,790,000
Current				$ 1,790,000
Noncurrent				-
Total				$ 1,790,000

	101.12.31			
	Currency	Range of interest rates	Year to maturity	Amount
Guaranteed bank loans	NTD	0.62%~1.50%	102	$ 1,940,000
Unguaranteed bank loans	NTD	1.85%	102	200,000
Total				$ 2,140,000
Current				$ 2,140,000
Noncurrent				-
Total				$ 2,140,000

	101.3.31			
	Currency	Range of interest rates	Year to maturity	Amount
Guaranteed bank loans	NTD	0.62%~1.50%	101	$ 2,440,000
Total				$ 2,440,000
Current				$ 2,440,000
Noncurrent				-
Total				$ 2,440,000

	101.1.1			
	Currency	Range of interest rates	Year to maturity	Amount
Guaranteed bank loans	NTD	0.62%~2.03%	101	$ 3,040,000
Total				$ 3,040,000
Current				$ 3,040,000
Noncurrent				-
Total				$ 3,040,000

For the consolidated company's interest rate, foreign currency, and liquidity risk exposure information, please refers to Note VI (XVI).

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

(IX) Operating lease

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

	102.3.31	101.12.31	101.3.31	101.1.1
Within 1 year	$ 175,253	191,656	202,060	204,709
1~5 years	305,549	319,178	395,670	446,096
Over 5 years	175,826	187,939	214,072	235,338
	$ 656,628	698,773	811,802	886,143

The rent income arising from the investment property amounted to NT$60,657 thousand and NT$53,843 thousand as of 2013Q1 and 2012Q1, respectively. The repair and maintenance expense (booked in the "Operating cost") incurred from investment property is as follows:

	2013Q1	2012Q1
Rent income generated	$ 5,729	5,370
Rent income not generated	-	-
	$ 5,729	5,370

(X) Employee welfare

There is no significant market fluctuation and significant curtailment, settlement, or other significant one-time item occurred after the end of the previous fiscal year; therefore, the consolidated company in accordance with International Accounting Standard No. 34 "Interim Financial Report" Paragraph B9 has measured and disclosed the interim pension cost.

1. Defined benefit plan

The consolidated company's recognized defined benefit obligation assets are as follows:

	101.12.31	101.1.1
Total present value of obligations	$ 28,348	25,797
The fair value of plan assets	(6,877)	(6,754)
Plans shortage	21,471	19,043
Recognized defined benefit obligations liability	$ 21,471	19,043

	102.3.31	101.12.31	101.3.31	101.1.1
Consolidated company's employee benefit liabilities	$ 21,471	21,471	18,928	19,043

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

(1) Composition of plan assets

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

The consolidated company's labor pension fund account at the Bank of Taiwan is with a balance of NT$6,908 thousand as of the report date. Labor Pension Fund Asset Management information includes fund yield rate and pension asset allocation. Please refer to the website of the Pension Fund Supervisory Committee of the Council of Labor.

(2) Expenses recognized in profit or loss

Consolidated company's expenses as of 2013Q1 and 2012Q1 are as follows:

	2013Q1	2012Q1
Administrative expenses	$ 9	16

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

The consolidated company had recognized cumulative actuarial gain or loss in other comprehensive profit or loss for NT$2,033 thousand and NT$$0 as of December 31, 2012 and January 1, 2012, respectively.

(4) Actuarial assumptions

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

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

The overall expected long-term return on assets was 1.75% and 2.00% as of December 31, 2012 and January 1, 2012, respectively. Expected long-term return on assets is based on the overall portfolio not the sum of individual asset. This return rate is based purely on the historical return rate without any adjustment made.

The consolidated company plans to pay NT$62 thousand for the defined benefit plan within one year after the reporting date as of 2013Q1.

(5) Historical information

	101.12.31	101.1.1
Present value of defined benefit obligation	$ 28,34	25,797
The fair value of plan assets	(6,877)	(6,754)
Net liability of defined benefit obligation	$ 21,471	19,043
Adjustment to the present value of defined benefit plans made by experience	$ 763	-
Adjustment to the fair value of plan assets by experience	$ (78)	-

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

The consolidated company's pension liabilities book value amounted to NT$21,471 thousand as of 2013Q1 reporting date. When the staff turnover rate adopted is with 10% fluctuation, the consolidated company's recognized accrued pension liabilities accrual would be reduced by NT$796 thousand or increased by NT$826 thousand, respectively.

2. Defined contribution plan

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

The consolidated company's pension expense as of 2013Q1 and 2012Q1 under the defined contribution plan amounted to NT$3,453 thousand and NT$6,659 thousand, respectively, and it has been appropriated to the Bureau of Labor Insurance already.

(XI) Income tax

The consolidated company in accordance with International Accounting Standard No. 34 "Interim Financial Report" Paragraph B12 has measured and disclosed the interim income tax.

The consolidated company's income tax expenses of 2013Q1 and 2012Q1 are as follows:

	2013Q1	2012Q1
Current income tax expense		
Current	$ 35,270	41,874

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

According to Income Tax Law, the last ten-year loss audited by the tax authorities can be deducted from the current net income before calculating income tax.The subsidiary's losses yet to be deducted and the tax credit deduction period as of March 31, 2013 is as follows:

Deductible Year	Losses yet to be deducted	Last Deductible Year
Authorized loss in 2006	$ 9,723	2016
Authorized loss in 2007	8,649	2017
Authorized loss in 2008	4,376	2018
Loss returned in 2010	2,601	2020
Loss returned in 2011	1,568	2021
Loss estimated in 2012	11,496	2022
	$ 38,413	

The Company's imputation tax:

	102.3.31	101.12.31	101.3.31	101.1.1
Undistributed earnings before 1997	$ -	-	-	-
Undistributed earnings after 1998	2,431,774	2,029,223	1,622,736	1,317,666
	$ 2,431,774	2,029,223	1,622,736	1,317,666
Imputed tax credit account balance	$ 621,837	621,837	514,858	514,858

The amount of undistributed earnings referred to above and the comparative information in each period are processed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firm and the IFRS recognized by the FSC.

	2012 (Estimated)	2011 (Actual)
The tax credit ratio granted to the earnings of the ROC residents.	23.56%	20.96%

The 2012 annual estimated tax credit ratio referred above is based on the amendments to the first draft of Income Tax Act No.66.6 passed by the Finance Committee of the Legislative Yuan on April 1, 2013.This draft has not yet been finalized by the Legislative Yuan as of the review report date.

(XII) Capital and other equity

The Company's authorized capital was NT$6,000,000 thousand for 600,000 thousand shares to be issued at NT$10 Par and there were 80,399 thousand common stock shares issued as of March 31, 2013 and December 31, March 31, and January 1, 2012, respectively.

1. Additional paid-in capital

The Company's additional paid-in capital balance:

	102.3.31	101.12.31	101.3.31	101.1.1
Stock premium	$ 1,392,072	1,392,072	1,392,072	1,392,072

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

2. Retained earnings

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

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

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

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

(1) Legal reserve

According to the Company Law amended in January 2001, 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 2013Q1 and 2012Q1 is estimated to be NT$4,070 thousand and NT$3,300 thousand, respectively. The remuneration to directors and supervisors is estimated to be NT$8,140 thousand and NT$6,600 thousand, respectively. The estimated bonus payable to employees and remuneration payable to directors is based on the experienced distribution to calculate, having the net income after deducting the bonus to employees, remuneration to directors and supervisors, legal (special) reserve, and retained earnings multiplied 1% and 2%, respectively; also, it is reported as operating cost or operating expense as of 2013Q1 and 2012Q1.

The Company's bonus to employees as of 2012 and 2011 is estimated to be NT$13,577 thousand and NT$12,343 thousand, respectively. The remuneration to directors and supervisors is estimated to be NT$27,154 thousand and NT$24,686 thousand, respectively. It is based on the 2012 and 2011 net income, earnings distribution method, priority, and percentage of bonus to employees and remuneration to directors and supervisors defined in the Company's Articles of Incorporation; also, it is reported as operating cost or operating expense as of 2012 and 2011.The actual distribution of bonus to employees and remuneration to directors and supervisors is consistent with the estimated amount reported in the Company's 2011 financial report.The 2012 distribution of bonus to employees and remuneration to directors and supervisors is yet to be resolved in the shareholders' meeting. The relevant information can be obtained from the MOPS after the shareholders' meeting convened. If the distribution amount resolved in the shareholders' meeting differs from the estimated amount, the difference is recognized in 2013 profit or loss.

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

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

3. Other equity

	Exchange differences from the translation of foreign institution's financial statements	Available-for-sale investment	Total
January 1, 2013	$ (20,204)	369	(19,835)
Currency translation differences (after tax):			
Consolidated company	5,818	-	5,818
Unrealized gain or loss of the available-for-sale financial assets			
Affiliated enterprises	-	(322)	(322)
Balance on March 31, 2013	$ (14,386)	47	(14,339)
January 1, 2012	$ (13,851)	(301)	(14,152)
Currency translation differences (after tax):			
Consolidated company	(2,491)	-	(2,491)
Affiliated enterprises	(6,849)	-	(6,849)
Unrealized gain or loss of the available-for-sale financial assets			
Affiliated enterprises	-	624	624
Balance on March 31, 2012	$ (23,191)	323	(22,868)

(XIII) Earnings per share

The consolidated company's basic earnings per share and diluted earnings per share as of 2013Q1 and 2012Q1 are calculated as follows:

	2013Q1	2012Q1
Basic earnings per share		
Net income attributable to the Company's common stock shareholders:	$ 402,551	305,070
Weighted average outstanding common stock shares	399,084	399,084
	$ 1.01	0.76
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)	$ 402,551	305,070
The impact of common stock shares with potential dilutive effect of the weighted average outstanding common stock shares	$ 399,084	399,084
The impact of stock bonus to employees	173	166
Weighted average outstanding common stock shares (after adjusting the potential dilutive effect of the common stock shares)	$ 399,257	399,250
	$ 1.01	0.76

(XIV) Income

The consolidated company's income as of 2013Q1 and 2012Q1 is as follows:

		2013Q1	2012Q1
Columbairum and cemetery income	$	541,512	452,517
Funeral services income		325,001	300,645
Rent income from investment property		60,657	53,843
Construction contract income		14,336	8,191
Other operating income		49,039	46,382
	$	990,545	861,578

(XV) Non-operating income and expense

1. Other income

The consolidated company's other income as of 2013Q1 and 2012Q1 is as follows:

		2013Q1	2012Q1
Interest income			
³ Bank deposits	$	2,018	583
³ Dividend income		439	2,358
Service charge income			
³ Others		2,394	1,795
Fines income		35,670	31,501
Other income		859	2,228
	$	41,380	38,465

2. Other profit and loss

The consolidated company's other gain and loss of 2013Q1 and 2012Q1 is as follows:

		2013Q1	2012Q1
Foreign exchange gain (loss)	$	(7,738)	2
Net financial assets measured at fair value through profit or loss			
³ Designated at the initial recognition		45,367	15,912
Disposal of property, plant, and equipment		(556)	(422)
Other expense		(1,555)	(102)
	$	35,518	15,390

3. Finance cost

Consolidated company's finance cost a of 2013Q1 and 2012Q1 is as follows:

		2013Q1	2012Q1
Interest expense			
³ Bank loan	$	4,284	8,955

(XVI) Financial instruments

1. Credit risk

(1) Credit risk exposure

The book value of financial assets represents the maximum credit risk exposure amount.The maximum credit risk exposure amounted to NT$3,305,165 thousand, NT$3,077,774 thousand, NT$2,854,588 thousand, and NT$4,122,833 thousand as of March 31, 2013 and December 31, March 31, and January 1, 2012, respectively.

(2) Impairment loss

Loans and receivables aging analysis on the reporting date:

	102.3.31		101.12.31		101.3.31		101.1.1	
	Total	Impairment	Total	Impairment	Total	Impairment	Total	Impairment
Not overdue	$ 250,461	16,665	211,421	14,743	129,427	11,165	196,820	-
Overdue 31~60 days	10,387	901	12,183	1,056	-	-	-	-
Overdue 61~90 days	4,584	397	7,040	610	-	-	-	-
Overdue 91~12 days	1,439	125	1,988	173	-	-	-	-
Overdue more than 120 days	32,457	16,518	28,019	16,133	22,165	15,626	22,165	15,625
	$ 299,328	34,606	260,651	32,715	151,592	26,791	218,985	15,625

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

2. Liquidity risk

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

	Book value	Contract Cash flow	6 months Within	6-12 months	1-2 years	2-5 years	Over 5 years
March 31, 2013							
Non-derivative financial liabilities							
Guaranteed bank loans	$ 1,600,000	1,600,000	1,600,000	-	-	-	-
Unguaranteed bank loans	190,000	190,000	190,000	-	-	-	-
Other payables	309,255	309,255	309,255	-	-	-	-
Notes payable and accounts payable (including related party)	531,324	531,324	354,619	19,546	44,318	112,841	-
	$ 2,630,579	2,630,579	2,453,874	19,546	44,318	112,841	-
December 31, 2012							
Non-derivative financial liabilities							
Guaranteed bank loans	$ 1,940,000	1,940,000	1,940,000	-	-	-	-
Unguaranteed bank loans	200,000	200,000	200,000	-	-	-	-
Other payables	365,720	365,720	365,720	-	-	-	-
Notes payable and accounts payable (including related party)	463,386	463,386	312,917	32,552	42,085	75,832	-
Derivative financial liabilities							
Forward exchange contract:							
Outflow	92	2,530	2,530	-	-	-	-
	$ 2,969,198	2,971,636	2,821,167	32,552	42,085	75,832	-
March 31, 2012							
Non-derivative financial liabilities							
Guaranteed bank loans	$ 2,440,000	2,440,000	2,440,000	-	-	-	-
Other payables	302,092	302,092	302,092	-	-	-	-
Notes payable and accounts payable (including related party)	388,499	388,499	293,800	12,415	24,764	57,520	-
	$ 3,130,591	3,130,591	3,035,892	12,415	24,764	57,520	-
January 1, 2012							
Non-derivative financial liabilities							
Guaranteed bank loans	$ 3,040,000	3,040,000	3,040,000	-	-	-	-
Other payables	322,445	322,445	322,445	-	-	-	-
Notes payable and accounts payable (including related party)	1,521,114	1,521,114	1,464,051	10,604	37,186	9,273	-
	$ 4,883,559	4,883,559	4,826,496	10,604	37,186	9,273	-

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

3. Exchange rate risk

(2) Exchange rate risk exposure

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

	102.3.31			101.12.31			101.3.31			101.1.1		
	Foreign currency	Exchange rate	New Taiwan Dollar	Foreign currency	Exchange rate	New Taiwan Dollar	Foreign currency	Exchange rate	New Taiwan Dollar	Foreign currency	Exchange rate	New Taiwan Dollar
Financial assets												
Monetary items												
RMB/NTD	$ 20,339	4.781	97,241	18	4.660	84	1	4.683	3	5	4.807	23
RMB/ Singapore Dollar	9,162	0.20	44,032	9,162	0.20	42,768	-	-	-	-	-	-
Singapore Dollar / NTD	332	23.87	7,991	679	23.76	16,123	-	-	-	-	-	-
USD/NTD	3	29.82	94	1,870	29.04	54,310	2,902	29.51	85,672	2,743	30.275	83,047
USD/ Singapore Dollar	5,986	1.24	178,657	6,000	1.22	174,280	-	-	-	-	-	-
Japanese yen NTD	145,056	0.315	45,720	131,394	0.3364	43,950	6,171	0.3592	2,217	1,365	0.391	528

(2) Sensitivity analysis

The consolidated company's exchange rate risk is mainly from foreign currency denominated cash and cash equivalent and financial assets measured at fair value through profit or loss. Foreign exchange gain and loss arises from the translation. When the exchange rate of NT Dollars against Singapore Dollars, RMB, and Japanese Yen depreciated or appreciated by 10% (the analysis of two terms is completed by using the same basis, and assuming all other variables held constant) as of March 31, 2013 and 2012, the net income was increased by NT$30,989 thousand and decreased by NT$7,291 thousand, respectively of 2013Q1 and 2012Q1.

4. Interest rate analysis

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

The following sensitivity analyzes are based on the interest rate risk exposure of the derivative and non-derivative instruments on the reporting date. The analysis of floating rate liabilities is by assuming the outstanding liability amount on the reporting date stays outstanding the entire year. In addition, interest rate is assessed within the reasonable and possible range of change. If interest rate is increased or decreased by 0.5%, with all other variables held constant, the consolidated company's net income as of 2013Q1 and 2012Q1 is increased by NT$2,238 thousand and decreased by NT$3,050 thousand, respectively.

5. Fair value

(1) Fair value and book value

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

(2) The fair value hierarchy

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

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

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

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

	Class I	Class II	Class III	Total
March 31, 2013				
Financial assets measured at fair value through profit or loss	$ 1,135,504	15	-	1,135,519
Financial assets valued at cost	-	-	524,819	524,819
	$ 1,135,504	15	524,819	1,660,338
December 31, 2012				
Financial assets measured at fair value through profit or loss	$ 693,530	-	-	693,530
Financial assets valued at cost	-	-	524,819	524,819
Financial liabilities measured at fair value through profit or loss	-	92	-	92
	$ 693,530	92	524,819	1,218,441
March 31, 2012				
Financial assets measured at fair value through profit or loss	$ 888,999	-	-	888,999
Financial assets valued at cost	-	-	68,471	68,471
	$ 888,999	-	68,471	957,470
January 1, 2012				
Financial assets measured at fair value through profit or loss	$ 916,903	-	-	916,903
Financial assets valued at cost	-	-	68,471	68,471
	$ 916,903	-	68,471	985,374

No financial asset was transferred as of 2013Q1 and 2012Q1.

(XVII) Financial risk management

1. Summary

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

(1) Credit risk

(2) Liquidity risk

(3) Market risk

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

2. Risk management structure

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

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

3. Credit risk

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

(1) Accounts receivable and other receivables

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

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

(2) Investment

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

(3) Guarantees

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

4. Liquidity risk

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

The consolidated company's unused loan facilities amounted to NT$2,981,000 thousand as of March 31, 2013.

5. Market risk

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

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

(1) Exchange rate risk

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

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

(2) Interest rate risk

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

(XVIII) Capital management

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

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

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

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

	102.3.31	101.12.31	101.3.31	101.1.1
Total liabilities	$ 29,805,892	29,699,091	30,379,825	31,696,689
Minus: Cash and cash equivalent	(337,382)	(372,427)	(369,038)	(1,565,112)
Net liabilities	29,468,510	29,326,664	30,010,787	30,131,577
Total equity	8,883,432	8,453,548	7,818,455	7,501,637
Adjusted capital	$ 38,351,942	37,780,212	37,829,242	37,633,214
Debt to equity ratio	77%	78%	79%	80%

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

VII. Related Party Transactions

(I) Parent company and ultimate controller

The Company is the ultimate controller of the consolidated company

(II) Key management personnel transactions

1. Loan to directors: None

2. Key management personnel compensation

Key management personnel compensation includes:

	2013Q1	2012Q1
Short-term employee benefits	$ 5,647	7,320
Superannuation	160	229
	$ 5,807	7,549

(III) Other related party transactions

1. Undertake construction contract from the related party

The consolidated company's major projects amount and the outstanding balances from the related party are as follows:

	Sales		Receivables from related parties (booked in "Accounts receivable – net")			
	2013Q1	2012Q1	102.3.31	101.12.31	101.3.31	101.1.1
Other related party	$ -	-	17,854	17,854	5,523	22,747
Affiliated enterprises	699	-	-	-	-	-

The undertaking price of the construction project undertaken from the related party is based on the engineering budget plus reasonable management fees and profits and approved by the authorities.

2. Purchase goods from related party

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

	Purchase		Payable to related arty			
	2013Q1	2012Q1	102.3.31	101.12.31	101.3.31	101.1.1
Affiliated enterprises	$ 25,540	9,465	12,926	12,400	-	-

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

3. Lease

(1) Lessee:

The consolidated company leases transport equipment from the related party for a rent expense of NT$358 and NT$3,138 thousand paid as of 2013Q1 and 2012Q1, respectively.

(2) Lessor

The consolidated company has office building and parking space rented to the related party as of March 31, 2013 with a rent income of NT$2,486 thousand and NT$1,516 thousand as of 2013Q1 and 2012Q1, respectively.

4. Others:

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

	102.3.31	101.12.31	101.3.31	101.1.1
Affiliated enterprises	$ 2,461	2,461	2,876	503

(2) Other payables

	102.3.31	101.12.31	101.3.31	101.1.1
Affiliated enterprises	$ 65	65	832	2,508

(3) Other operating income

	2013Q1	2012Q1
Affiliated enterprises	$ -	446

5. Trust contract

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

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 March 31, 2013 and 2012, respectively. The discretionary trustee is to handle land combination matter on behalf of the Company.

VIII. Pledged Assets

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

Assets name	Purpose of collateral	102.3.31	101.12.31	101.3.31	101.1.1
Other financial assets - current	The transaction service of trust accounts and credit accounts; also, the guarantee of forward exchange transactions	$ 215,756	215,482	195,922	195,922
Financial assets-current measured at fair value through profit or loss	The guarantee for the transaction service of the cre account	-	-	267,329	287,438
Inventories	The guarantee for the transaction service of the loan account and credit account	4,030,177	4,030,177	4,030,177	4,030,177
Property, plant, and equipment – book value	Collateral for loan	581,031	581,031	581,031	581,031
Investment property – book value	The guarantee for the transaction service of the loan account and credit account	4,334,714	4,344,653	4,390,086	4,387,420
		$ 9,161,678	9,171,343	9,464,545	9,481,988

IX. Significant contingent liabilities and unrecognized contractual commitments

(I) Significant unrecognized contractual commitment

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

	102.3.31	101.12.31	101.3.31	101.1.1
Contracted projects	130,541	131,896	245,126	245,126
Acquisition of columbarium and cemetery	51,440	51,440	132,499	1,179,772
Acquisition of construction site	286,813	288,363	302,174	304,987

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 March 31, 2013 and December 31, March 31, and January 1, 2012, respectively.

(II) Contingent liabilities:

1. The Company purchased the land at Li Ho Section, Hsin Yi District in February 2007. Notwithstanding, in March 2007, the joint owners of said land initiated the proceeding for "Declaration of non-existence of land transaction" with the court and, therefore, the registration of land transfer was hindered. Later, Taipei District Court rendered a judgment in favor of the Company. The adverse parties, in disagreement with the judgment, filed an appeal. However, the adverse parties withdrew the appeal in June 2009. Therefore, the judgment in favor of the Company became final and irrevocable. Notwithstanding, the action was withdrawn in March 2010. The Company filed an action with the court in April 2009, claiming registration of title transfer. However, the joint owners of said land also filed an action in June 2009 claiming that the registration should be prohibited. According to the Company's attorney-at-Law, it is very likely that the Company may win the suit.
2. The Company acquired the land and building at Tzu Section, Tamsui Township, Taipei County. Notwithstanding, the contractor, Chao Yang Construction Co., Ltd., claimed damages, $215,256 thousand plus the interest accruing at the statutory interest rate from September 20, 1996 until the date of payment, against the original owner and subcontractor, and also included the Company in its claim as an additional defendant in 2008. The claim was revoked upon the judgment rendered by Shihlin District Court on October 23, 2009. Disagreeing with the judgment, Chao Yang filed an appeal and claimed damages in the amount of $80,000 thousand. Currently, the appeal is pending examination before the Taiwan High Court. According to the attorney-at-law, because it is impossible for Chao Yang to prove the requirements constituting the statutory mortgage as mentioned before, Chao Yang is unlikely to receive a ruling in its favor.

(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 March 31, 2013 and December 31, March 31, and January 1, 2012 are as follows:

	102.3.31	101.12.31	101.3.31	101.1.1
Amount of trust assets	$ 5,029,804	4,796,838	4,699,274	4,739,923
Which contains (booked in "Other financ assets – current"):				
³ Demand deposits	22,717	316,059		
³ Time deposits	240,000	-	240,000	240,000
³	$ 262,717	316,059	240,000	240,000

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

2. The consolidated company has an administration 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$1,005,998 thousand, NT$982,380 thousand, NT$966,528 thousand, and NT$915,113 thousand as of March 31, 2013 and December 31, March 31, and January 1, 2012, respectively; also, it is booked in the "Other financial assets – current."

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

	102.3.31	101.12.31	101.3.31	101.1.1
Total contract price	$ 34,029,623	33,674,577	35,068,867	34,822,823
Outstanding proceeds	(8,188,615)	(8,173,134)	(9,260,182)	(9,350,196)
Advanced receipts	$ 25,841,008	25,501,443	25,808,685	25,472,627
Deferred marketing expense	$ 8,063,440	8,025,971	8,178,884	8,128,163
Expected to be reclassified for more than twelve months	$ 23,447,283	22,300,562	22,702,304	23,834,937

X. Significant disaster loss: None

XI. Significant subsequesnt events: None

XII. Others

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

By item \ By function	2013Q1			2012Q1		
	Classified as Operating Costs	Classified as Selling Expenses	Total	Classified as Operating Costs	Classified as Selling Expenses	Total
Employee benefits						
Salary	47,193	55,982	103,175	47,199	58,656	105,855
³ Labor and health insurance	213	5,054	5,267	2,373	10,301	12,674
³ Pension	1,647	1,815	3,462	1,280	5,394	6,674
³ Others	1,065	3,560	4,625	1,142	5,456	6,598
Depreciation	23,232	4,427	27,659	19,008	2,228	21,236
Depletion	-	-	-	-	-	-
Amortization	-	1,892	1,892	-	1,977	1,977

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

XIII. Other disclosures

(1) Information on significant transactions

The consolidated company should have the following material transactions disclosed as of 2013Q1 in accordance with Regulations Governing the Preparation of Financial Reports by Securities Firms:

1. Fund financing to other parties:

Unit: Thousand NTD

Number	Name of Lenders	Name of Borrowers	Account name	Highest balance of financing to other parties during the period	Ending Balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrowers	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limitation on fund financing
												Name	Value		
0	Lungyen Life Service Corp.	Yuji Development Corp.	Other receivables-related parties	500,000	500,000	-	6%	2	6,356	Working fund	-		-	1,615,554	3,231,109

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

Note 2: Nature of financing:

(1) for transactions.

(2) for short-term financing.

Note 3: Upon the board resolution on April 26th, 2012, the total amount for guarantees and endorsement and lending to other parties shall not exceed $500,000 thousand.

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

2. Guarantees and endorsements for other parties:

Unit: Thousand NTD

Number	Name of the Company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent Company Endorses /guarantees to third parties on behalf of subsidiary	Subsidiary Endorses /guarantees to third parties on behalf of Parent Company	Endorsements /guarantees to the third parties on behalf of the Companies in Mainland China
		Name of Company	Relationship										
0	Lungyen Life Service Corp.	Yuji Development Corp.	2	1,615,554	500,000	500,000	200,000	-	2.48%	4,038,886	Y	-	-

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

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

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

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

(1) The Company has business with the receiving party.
(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 subsidiaries hold indirectly more than 50% of the investee.
(5) The Company is required to make guarantees and endorsements for the construction project based on the construction contract.
(6) The stockholders of the Company make guarantees endorsements for the investee in proportion to their stockholding percentage.

Note 3: Upon the board resolution on April 26th, 2012, the total amount for guarantees and endorsements and lending to other parties shall not exceed $500,000 thousand.

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

3. Information regarding securities held at balance sheet date:

Holder of Securities	Type and Name of Securities	Relationship with Securities Issuer	Account Title	Ending: Quantity of shares (thousand shares)/unit	Ending: Book Value	Ending: % of Ownership	Ending: Market Value (NTD) per Unit	Remark
The Company	Stock of Ching Huang Construction Co., Ltd.	The Company's subsidiary	Investment accounted for using equity method	19,639	193,810	98.20 %	9.87	Note
The Company	Stock of Yuji Development Corp.	The Company's subsidiary	Investment accounted for using equity method	90,000	1,029,666	56.25 %	11.44	Note
The Company	Stock of Dahan Property Management Co., Ltd.	The Company's subsidiary	Investment accounted for using equity method	400	3,611	80.00 %	9.03	Note
The Company	Stock of Sea Dragon Traders Ltd. (BVI)	The Company's subsidiary	Investment accounted for using equity method	1	102,448	100.00 %	102,448	Note
The Company	Stock of Lungding Life Science Co., Ltd.	The Company's subsidiary	Investment accounted for using equity method	4,000	24,230	100.00 %	6.06	Note
The Company	Stock of Singapore Lungyen Life Services Pte., Ltd.	The Company's subsidiary	Investment accounted for using equity method	10,000	231,357	100.00 %	23.14	Note
The Company	Stock of Beauty Kadan Co., Ltd.	The investee under equity method	Investment accounted for using equity method	1,425	26,900	50.00 %	18.88	
The Company	Stock of Ruei Da Venture Capital Co., Ltd.	The investee under equity method	Investment accounted for using equity method	3,000	29,754	47.62 %	9.92	
The Company	Stock of You Ka En Inc.	The investee under equity method	Investment accounted for using equity method	1,260	12,394	42.00 %	9.84	
The Company	Stock of Chang Hwa Bank	-	Financial assets at fair value through profit or loss - current	2,302	40,860	- %	17.75	
The Company	Hsin Yi securities	-	Financial assets at fair value through profit or loss - current	459	21,365	- %	46.55	
The Company	LUMAX securities	-	Financial assets at fair value through profit or loss - current	242	17,013	- %	70.30	
The Company	eMemory Technology securities	-	Financial assets at fair value through profit or loss - current	619	40,173	- %	64.90	
The Company	Chenbro securities	-	Financial assets at fair value through profit or loss - current	1,173	44,335	- %	37.80	
The Company	PChome securities	-	Financial asset	82	8,200	- %	100.00	

			at fair value through profit or loss - current					
The Company	Cathay R1 Fund	-	Financial assets at fair value through profit or loss - current	3,200	62,176	- %	19.43	
The Company	Stark Technology securities	-	Financial assets at fair value through profit or loss - current	503	12,852	- %	25.55	
The Company	Stock of Sun Life Corporation	-	Financial assets at fair value through profit or loss - current	160	42,111	- %	263.19	
The Company	CITIC primary financial bond	-	Financial assets at fair value through profit or loss - current	200	95,639	- %	478.20	
The Company	Yuanta Manhattan Money Market Funds	-	Financial assets at fair value through profit or loss - current	1,357	20,000	- %	14.74	
The Company	Allianz Global Investors All Seasons Return Fund of Bond Funds	-	Financial assets at fair value through profit or loss - current	18,998	264,475	- %	13.92	
The Company	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,489	93,367	- %	14.39	
The Company	FORTUNE IC FUND I	-	Financial assets carried at cost – non-current	600	11,216	4.86 %	18.63	
The Company	Stock of Kun Kee Erh Investment Co., Ltd. securities	-	Financial assets carried at cost – non-current	6,000	54,255	8.57 %	8.69	
The Company	Kuo Hua Life securities	-	Financial assets carried at cost – non-current	44	-	0.01 %	-	
The Company	Stock of Asia Best Healthcare Co., Ltd	-	Financial assets carried at cost – non-current	112	456,348	16.35 %	3,989.52	
Ching Huang Construction Co., Ltd.	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,345	16,331	- %	12.14	
Ching Huang Construction Co., Ltd.	Cathay R2 Fund	-	Financial assets at fair value through profit or loss - current	10,000	175,900	- %	14.80	
Ching Huang Construction Co., Ltd.	J-Garden Corp.	-	Financial assets carried at cost – non-current	-	3,000	5.00 %	113,643	
Dahan Property Management Co., Ltd.	Allianz Global Investors Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	170	2,064	- %	12.18	
Singapore Lungyen Life Services Pte. Ltd.	PIMCO Diversified Income Fund	-	Financial assets at fair value through profit or loss - current	281	107,193	- %	381.75	
Singapore Lungyen Life Services Pte. Ltd.	PIMCO Total Return Bond Fund	-	Financial assets at fair value through profit or loss - current	182	71,450	- %	393.54	
Yuji Development Corp.	Lung Fu Company Limited	Subsidiaries controlled by the same parent company	Investment accounted for using equity method	100	700	70.00 %	10	Note

Note: The equities in said subsidiaries held by the Company were written off when the Company prepared the consolidated financial statements

4. Information regarding securities where the accumulated purchase or sale amounts for the period exceed NT$100 million or 20% of the paid-in capital:

Unit: Thousand shares; Thousand of NTD

Name of Company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning balance		Purchases		Sales				Ending balances	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Selling price	Cost	Disposal gain or loss	Shares/Units	Amount
The Company	Allianz Global Investors All Seasons Return Fund of Bond Funds	Financial asset at fair value through profit or loss - current	-	-	-	-	18,998	262,949	-	-	-	-	18,998	264,475
The Company	Jih Sun Money Market Fund	Financial asset at fair value through profit or loss - current	-	-	-	-	8,436	121,250	1,947	28,001	27,986	15	6,489	93,367

5. The acquisition of real property exceeding NT$100 million or 20% of the paid-in capital: None.
6. The disposition of real property exceeding NT$100 million or 20% of the paid-in capital: None.
7. Purchase and sales with related parties exceeding NT$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties exceeding NT$100 million or 20% of the paid-in capital: None.
9. Trades for derivatives: Please refer to Note 6(2) and (16).
10. Business relationships and significant intercompany transactions:

Number	Name of the Company	Name of the counter-party	Existing relationship with the counter-party	transaction details			
				Account name	Amount	Terms of trading	Percentage of the total consolidated revenue or total assets
0	Lungyen Life Service Corp.	Ching Huang Construction Co., Ltd.	1	Inventories	$ 433,755	-	1%
0	ã	ã	1	Property, plant and equipment	124,718	-	- %
0	ã	ã	1	Payable accounts – related parties	13,265	100% 30-day postdated check	- %
0	ã	ã	1	Other payable accounts	23,201	-	- %
0	ã	ã	1	Operating revenue	115	-	- %
0	ã	Yuji Development Corp.	1	Other financial assets – current	2,745	-	- %
0	ã	ã	1	Payable accounts – related parties	6,501	100% 30-day postdated check	- %
0	ã	ã	1	Prepayments	1,288	-	- %
0	ã	ã	1	Operating cost	5,069	-	- %
0	ã	ã	1	Operating revenue	9	-	- %
0	ã	ã	1	Other revenue	7,846	-	- %
0	ã	Lungding Life Science Co., Ltd.	1	Payable accounts – related parties	149	-	- %
1	Ching Huang Construction Co. Ltd.	Lungyen Life Service Corp.	2	Advance receipts	558,473	-	1%
1	ã	ã	2	Accounts receivable	36,466	100% 30-day postdated check	- %
1	ã	ã	2	Operating revenue	19,124	-	2%
1	ã	ã	2	Operating cost	18,212	-	2%
1	ã	ã	2	Management Expenditure	115	-	- %
2	Yuji Development Corp.	Lungyen Life Service Corp.	2	Accounts receivable	6,501	-	- %
2	ã	ã	2	Payable accounts – related parties	2,745	-	- %
2	ã	ã	2	Advance receipts	1,288	-	- %
2	ã	ã	2	Operating revenue	5,069	-	- %
2	ã	ã	2	Management Expenditure	7,855		- %
3	Lungding Life Science Co., Ltd	Lungyen Life Service Corp.	2	Accounts receivable	149	-	- %

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 2011 3Q is as follows:

Unit: Thousand NTD

Name of the investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Net income of investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
The Compnay	Ching Huang Construction Co., Ltd.	Taiwan	Civil engineering	204,332	204,332	19,639	98.20%	193,810	17,390	16,208	Subsidiary
The Compnay	Yuji Development Corp.	Taiwan	Funeral Service	900,000	900,000	90,000	56.25%	1,029,666	48,545	27,306	Subsidiary
The Compnay	Dahan Property Management Co., Ltd.	Taiwan	Development lease and sale of residential areas and building	3,870	3,870	400	80.00%	3,611	9	7	Subsidiary
The Compnay	Sea Dragon Traders Ltd. (BVI)	British Virgin Islands.	Invesstment	114,529	114,529	1	100.00%	102,448	(8,589)	(8,589)	Subsidiary
The Compnay	Lungding Life Science Co., Ltd.	Taiwan	Flower and plant cultivation	40,000	40,000	4,000	100.00%	24,230	(1,641)	(1,641)	Subsidiary
The Compnay	Singapore Lungyen Life Services Pte., Ltd.	Singapore	Funeral Service	239,800	239,800	10,000	100.00%	231,357	(4,949)	(4,949)	Subsidiary
The Compnay	Beauty Kadan Co., Ltd.	Taiwan	Flower and plant cultivation	20,534	20,534	1,425	50.00%	26,900	7,592	3,796	
The Compnay	Ruei Da Venture Capital Co., Ltd.	Taiwan	Investment	30,000	30,000	300	47.62%	29,754	110	52	
The Compnay	You Ka En Inc.	Taiwan	Flower and plant cultivation	12,600	12,600	1,260	42.00%	12,394	1,475	620	
Yuji Development Corp.	Lung Fu Company Limited	Taiwan	Taiwan	Funeral Service	-	70	70.00%	700	-	-	Sub-subsidiary

Note: The equities in said subsidiaries held by the Company were written off when the Company prepared the consolidated financial statements.

(III) Investment in Mainland China

The consolidated company's board of directors resolved on March 31, 2011 to invest not more than US$40 million to setup Lungyen (China) Co., Ltd. and it was approved by the Investment Commission, MOEA on July 1, 2011. The current plan is to invest in Lungyen (Cayman) Limited and Lungyen (Hong Kong) Co., Ltd. through Sea Dragon Traders Ltd. (BVI) and then reinvest in the funeral services in China, but has not yet actually exercised investments.

XIV. Financial information by department

The consolidated companies 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 companies' departments shall be 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.

The consolidated company's operating segments and adjustment are as follows:

2013Q1

	Columbarium and cemetery for sale	Funeral services	Property leasing	Cemetery	Construction for sales	Adjustments and written-off	Total
Income:							
³ Income from external customers	$ 541,512	325,001	60,657	49,039	14,336	-	990,545
³ Inter-segment income	5,069	-	124	-	19,124	(24,317)	-
Total income	$ 546,581	325,001	60,781	49,039	33,460	(24,317)	990,545
Reportable segment profit or loss	$ 255,803	41,689	24,683	101,761	152	-	424,088

2012Q1

	Columbarium and cemetery for sale	Funeral services	Property leasing	Cemetery	Construction for sales	Adjustments and written-off	Total
Income:							
³ Income from external customers	$ 452,517	300,645	53,843	46,382	8,191	-	861,578
³ Inter-segment income	-	-	1,030	-	21,150	(22,180)	-
Total income	$ 452,517	300,645	54,873	46,382	29,341	(22,180)	861,578
Reportable segment profit or loss	$ 217,560	25,442	19,337	63,363	(168)	-	325,534

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

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

The accounting policies stated in Note IV are applicable for the preparation of the quarterly consolidated financial report as of 2012Q1, consolidated balance sheet as of December 31, 2012, and initial IFRS consolidated balance sheet as of January 1, 2012 (the consolidated company's conversion date).

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

(I) Equity adjustment

	2012.12.31			2012.3.31			2012.1.1		
	Previous generally accepted accounting principle	Conversion to IFRSs effect	IFRSs	Previous generally accepted accounting principle	Conversion to IFRSs effect	IFRSs	Previous generally accepted accounting principle	Conversion to IFRSs effect	IFRSs
Assets									
³ Cash and cash equivalent	$ 372,427	-	372,427	369,038	-	369,038	1,565,112	-	1,565,112
³ Financial assets at fair value through profit or loss - current	693,530	-	693,530	888,999	-	888,999	916,903	-	916,903
³ Accounts receivable and other accounts receivable	227,936	-	227,936	124,801	-	124,801	203,360	-	203,360
³ Construction contract receivable	-	632	632	-	-	-	-	-	-
³ Inventories	11,647,248	386,117	12,033,365	12,029,264	391,508	12,420,772	11,782,024	391,608	12,173,632
³ Biological assets - current	-	4,859	4,859	-	100	100	-	-	-
³ Prepayments	9,088,943	(720,137)	8,368,806	9,218,787	(749,655)	8,469,132	9,162,024	(750,493)	8,411,531
³ Other financial assets – current	1,738,524	18,325	1,756,849	1,399,197	11,857	1,411,054	1,366,413	9,953	1,376,366
³ Other current assets	26,344	(7,814)	18,530	16,371	(7,873)	8,498	15,685	(5,923)	9,762
³ Total current assets	23,794,952	(318,018)	23,476,934	24,046,457	(354,063)	23,692,394	25,011,521	(354,855)	24,656,666
³ Financial assets carried at cost – non-current	$ 524,819	-	524,819	68,471	-	68,471	68,471	-	68,471
Investment accounted for suing equity method	64,902	-	64,902	500,256	-	500,256	508,032	-	508,032
³ Property, plant and equipment	12,254,313	(7,605,072)	4,649,241	12,017,480	(7,596,649)	4,420,831	12,076,805	(7,810,470)	4,266,335
³ Investment property	-	7,579,213	7,579,213	-	7,575,034	7,575,034	-	7,793,947	7,793,947
³ Intangible assets	735,178	42,498	777,676	735,178	45,810	780,988	735,178	46,506	781,684
³ Deferred income tax assets	478,396	103,502	581,898	591,221	91,764	682,985	561,915	88,651	650,566
³ Prepayment for equipment	-	40,337	40,337	-	36,094	36,094	-	31,002	31,002
³ Other financial assets – non-current	27,032	-	27,032	60,696	-	60,696	61,092	-	61,092
³ Other non-current assets	879,171	(448,584)	430,587	832,428	(451,897)	380,531	833,124	(452,593)	380,531
³ ³Total non-current assets	14,963,811	(288,106)	14,675,705	14,805,730	(299,844)	14,505,886	14,844,617	(302,957)	14,541,660
Total assets	$38,758,763	(606,124)	38,152,639	38,852,187	(653,907)	38,198,280	39,856,138	(657,812)	39,198,326
Liabilities									
³ Short-term loan	$ 2,140,000	-	2,140,000	2,440,000	-	2,440,000	3,040,000	-	3,040,000
³ Payable accounts and other payable accounts	823,720	5,386	829,106	684,902	5,689	690,591	1,837,870	5,689	1,843,559
³ Constructions contract payable	-	48,814	48,814	-	10,902	10,902	-	18,402	18,402
³ Current income tax liabilities	99,539	-	99,539	387,070	-	387,070	314,561	-	314,561
³ Advance receipts	26,529,389	(48,814)	26,480,575	26,766,519	(10,902)	26,755,617	26,404,370	(18,402)	26,385,968
³ Other current liabilities	9,199	-	9,199	18,145	-	18,145	16,194	-	16,194
³ ³Total current liabilities	29,601,847	5,386	29,607,233	30,296,636	5,689	30,302,325	31,612,995	5,689	31,618,684
³ Deferred income tax liabilities	-	24,411	24,411	-	10,907	10,907	-	9,906	9,906
³ Accrued pension liabilities	20,314	1,157	21,471	19,459	(531)	18,928	19,459	(416)	19,043
³ Deposit received	42,995	-	42,995	44,684	-	44,684	46,075	-	46,075
³ Other non-current liabilities	2,981	-	2,981	2,981	-	2,981	2,981	-	2,981
³ ³Total non-current liabilities	66,290	25,568	91,858	67,124	10,376	77,500	68,515	9,490	78,005
³ Total liabilities	29,668,137	30,954	29,699,091	30,363,760	16,065	30,379,825	31,681,510	15,179	31,696,689
Equity attributable to owners of parent									

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³ Capital stock – common stock	3,990,842	-	3,990,842	3,990,842	-	3,990,842	3,990,842	-	3,990,842
³ Capital surplus	1,451,808	(59,736)	1,392,072	1,451,808	(59,736)	1,392,072	1,451,808	(59,736)	1,392,072
³ Retained earnings	2,883,988	(577,342)	2,306,646	2,336,123	(610,236)	1,725,887	2,034,072	(613,255)	1,420,817
³ Other equity interest	(19,835)	-	(19,835)	(22,868)	-	(22,868)	(14,152)	-	(14,152)
³ ³Total equity attributable to owners of parent	8,306,803	(637,078)	7,669,725	7,755,905	(669,972)	7,085,933	7,462,570	(672,991)	6,789,579
³ Non-controlling interest	783,823	-	783,823	732,522	-	732,522	712,058	-	712,058
³ ³Total equity	9,090,626	(637,078)	8,453,548	8,488,427	(669,972)	7,818,455	8,174,628	(672,991)	7,501,637
Total liabilities and equity	$38,758,763	(606,124)	38,152,639	38,852,187	(653,907)	38,198,280	39,856,138	(657,812)	39,198,326

(II) Comprehensive profit or loss adjustment

	2012			2012Q1		
	Previous generally accepted accounting principle	Conversion to IFRSs effect	IFRSs	Previous generally accepted accounting principle	Conversion to IFRSs effect	IFRSs
Operating revenue	$ 4,837,206	8,372	4,845,578	859,674	1,904	861,578
Operating cost	(1,319,381)	-	(1,319,381)	(264,292)	-	(264,292)
Operating gross profit	3,517,825	8,372	3,526,197	595,382	1,904	597,286
Operating expenses:	(1,057,045)	30,659	(1,026,386)	(187,114)	838	(186,276)
Selling expenses	(323,863)	460	(323,403)	(87,594)	115	(87,479)
³ Administration expenses	(1,380,908)	31,119	(1,349,789)	(274,708)	953	(273,755)
³ ³Total operating expenses	2,136,917	39,491	2,176,408	320,674	2,857	323,531
Operating income (loss)						
Non-operating income and expenses:	219,432	-	219,432	38,465	-	38,465
³ Other income	47,252	-	47,252	15,390	-	15,390
³ Other gains and losses	(29,483)	-	(29,483)	(8,955)	-	(8,955)
³ Financial costs	937	-	937	(1,023)	-	(1,023)
Operating income before tax	2,375,055	39,491	2,414,546	364,551	2,857	367,408
Income tax expense	(256,121)	(1,545)	(257,666)	(42,036)	162	(41,874)
Continuing operating income before tax	2,118,934	37,946	2,156,880	322,515	3,019	325,534
Net income	2,118,934	37,946	2,156,880	322,515	3,019	325,534
Other comprehensive income						
³ Exchange differences on translation of foreign statements			(5,532)			(2,491)
³ Share of other comprehensive profit (loss) of associates and jo ventures accounted for using equity method			(151)			(6,225)
³ Actuarial losses of defined benefit plan			(2,033)			-
Other comprehensive income, net			(7,716)			(8,716)
Total comprehensive income			$ 2,149,164			$ 316,818
Net income, attributable to:						
Owners of parent	2,047,169	37,946	2,085,115	302,051	3,019	305,070
Non-controlling interest	71,765	-	71,765	20,464	-	20,464
Net income	$ 2,118,934	37,946	2,156,880	322,515	3,019	325,534
Total comprehensive income, attributable to:						
Owners of parent			2,077,399			296,354
Non-controlling interest			71,765			20,464
Total comprehensive income			$ 2,149,164			$ 316,818
Earnings per share						
Basic earnings per share (NTD)	$ 5.13	0.09	5.22	0.76	-	0.76
Diluted earnings per share (NTD)	$ 5.13	0.09	5.22	0.76	-	0.76

(III) Adjustment instructions

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

The effect of the change is hereby summarized as follows:

		101.12.31	101.3.31	101.1.1
Consolidated Balance Sheet				
³ Investment property	$	7,579,213	7,575,034	7,793,947
³ Property, plant, and equipment		(7,564,735)	(7,560,555)	(7,779,468)
³ Other noncurrent assets		(14,478)	(14,479)	(14,479)

2. The consolidated company has the deferred income tax assets and deferred income tax liabilities classified as noncurrent assets and current liabilities in accordance with the IFRS recognized by the FSC; moreover, income tax assets and income tax liabilities can offset against each other only when the consolidated company has legal right to conduct offsetting and in compliance with the related conditions. Therefore, the consolidated company had the net deferred income tax assets-current and deferred income tax liability-current after offsetting in compliance with ROC Accounting Standard expression reclassified as deferred income tax asset-noncurrent for an amount of NT$7,814 thousand, NT$7,873 thousand, and NT$5,923 thousand; also, deferred income tax liability-noncurrent for an amount of NT$21,296 thousand, NT$8,891 thousand, and NT$8,214 thousand as of December 31, March 31, and January 1, 2012, respectively.

3. The consolidated company had the items related to the construction contract in conformity with generally accepted accounting principle reclassified by their nature to the construction contracts receivable and construction contracts payable in accordance with IAS No. 11 "Construction Contracts."

		101.12.31	101.3.31	101.1.1
Consolidated Balance Sheet				
³ Construction contracts receivable	$	632	-	-
³ Inventories		(632)	-	-
³ Construction contracts payable		48,814	10,902	18,402
³ Advanced receipts		(48,814)	(10,902)	(18,402)

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

		101.12.31	101.3.31	101.1.1
Consolidated Balance Sheet				
³ Biological assets	$	4,859	100	-
³ Inventories		(4,859)	(100)	-

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

assets had been reclassified by their nature to the “Computer software cost” (booked in the “Intangible assets” account).

The effect of the change is hereby summarized as follows:

	101.12.31	101.3.31	101.1.1
Property, plant, and equipment	$ (40,337)	(36,094)	(31,002)
Prepayment for equipment	40,337	36,094	31,002
Other noncurrent assets	(434,106)	(437,418)	(438,114)
Inventories	391,608	391,608	391,608
Intangible assets	42,498	45,810	46,506

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

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

The effect of the change is hereby summarized as follows:

	101.12.31	101.3.31	101.1.1
Consolidated Balance Sheet			
• Additional paid-in capital – long-term equity investment	$ (59,736)	(59,736)	(59,736)
Retained earnings adjustment	$ (59,736)	(59,736)	(59,736)

7. The consolidated company’s accounting policy in conformity with the IFRS recognized by the FSC is to have all actuarial gains and losses recognized in the “Other comprehensive profit or loss” account. According to generally accepted accounting principle, the consolidated company has the actuarial gains and losses recognized in profit or loss throughout the employees’ remaining service period. On conversion date, all previously unrecognized cumulative actuarial gains and losses are recognized in retained earnings and reversed in the consolidated income statement of previous years.

The effect of the change is hereby summarized as follows:

	2012	2012Q1
Consolidated comprehensive income statement		
• Administrative expenses	$ (460)	(115)
• Actuarial losses of defined benefit plan	2,033	-
Net income before tax adjustment	$ 1,573	(115)

	101.12.31	101.3.31	101.1.1
Consolidated Balance Sheet			
• Employee welfare	$ 1,157	(531)	(416)
• Related income tax effects	149	91	71
Retained earnings adjustment	$ 1,306	(440)	(345)

8. The consolidated company has a present legal or constructive obligation to pay for the services rendered and paid leave accumulated by employees. Therefore, the consolidated company has the expected cost of payment for accumulating paid leave recognized as accrued liabilities.

The effect of the change is hereby summarized as follows:

	2012	2012Q1
Consolidated comprehensive income statement		
³ Salary expense	$ (303)	-
Net income before tax adjustment	$ (303)	-

	101.12.31	101.3.31	101.1.1
Consolidated Balance Sheet			
³ Salary payable	$ 5,386	5,689	5,689
³ Related income tax effects	(916)	(967)	(967)
Retained earnings adjustment	$ 4,470	4,722	4,722

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

The effect of the change is hereby summarized as follows:

	2012	2012Q1
Consolidated comprehensive income statement		
³ Marketing expenses	$ (30,356)	(838)
Net income before tax adjustment	$ (30,356)	(838)

	101.12.31	101.3.31	101.1.1
Consolidated Balance Sheet			
³ Deferred marketing expense	$ 720,137	749,655	750,493
³ Related income tax effects	(73,625)	(74,124)	(73,618)
Retained earnings adjustment	$ 646,512	675,531	676,875

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

The effect of the change is hereby summarized as follows:

	2012	2012Q1
Consolidated comprehensive income statement		
³ Rental income	$ (8,372)	(1,904)
Net income before tax adjustment	$ (8,372)	(1,904)

	101.12.31	101.3.31	101.1.1
Consolidated Balance Sheet			
³ Other financial assets - current	$ (18,325)	(11,857)	(9,953)
³ Related income tax effects	3,115	2,016	1,692
Retained earnings adjustment	$ (15,210)	(9,841)	(8,261)

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

	101.12.31	101.3.31	101.1.1
Consolidated Balance Sheet			
³ Employee welfare	$ (149)	(91)	(71)
³ Cost of paid leave	916	967	967
³ Deferred marketing expense	73,625	74,124	73,618
Increase of deferred income tax assets	$ 74,392	75,000	74,514

	101.12.31	101.3.31	101.1.1
Consolidated Balance Sheet			
³ Rent receivable	$ 3,115	2,016	1,692
Increase of deferred income tax liability	$ 3,115	2,016	1,692

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

	101.12.31	101.3.31	101.1.1
Employee welfare	$ 1,306	(440)	(345)
Additional paid-in capital – long-term equity investment	(59,736)	(59,736)	(59,736)
Cost of paid leave	4,470	4,722	4,722
Deferred marketing expense	646,512	675,531	676,875
Rent receivable	(15,210)	(9,841)	(8,261)
Decrease (increase) of retained earnings	$ 577,342	610,236	613,255