Stock No.：5530

Lungyen Life Service Corp. and Subsidiaries

Consolidated Financial Statements

For The Three Months Ended March 31, 2018 and 2017
(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.:

Introduction

We have audited the accompanying consolidated balance sheets of Lungyen Life Service Corp. and its subsidiaries (the "Company") as of March 31, 2018 and 2017, the related consolidated statements of comprehensive income as of January 1 to March 31, 2018 and 2017, and consolidated statements of changes in equity and consolidated statement of cash flows as of three months ended March 31, 2018 and 2017. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting," endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except which mentioned in the paragraph of base on qualified opinion, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of responsible for financial and accounting matters, and applying analytical and other review procedures. A review that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express and audit opinion.

Base of Qualified Opinion

As mentioned in Note 4(2), part of the non-significant subsidiaries were consolidated based on their unreviewed financial reports of the corresponding period. Total assets were NT$1,097,992 thousand and NT$1,398,870 thousand as of March 31, 2018 and 2017, accounting for 2% and 3% of the consolidated total assets; total liabilities were NT$95,318 thousand and NT$55,094 thousand, both accounting for 0% ot the total consolidated liabilities. Comprehensive losses were NT$14,445 thousand and NT$30,648 thousand for year 2017 and 2016, accounting for (2)% and (4)% of the total consolidated comprehensive income.

Besides those mentioned above, as remarked in Note 6 (5), the Company's investment under equity method were NT$1,257,934 thousand and NT$433,173 thousand as of March 31, 2018 and 2017. Net losses from affiliates and joint-venture under equity method for the period from January 1 to March 31 of 2018 and 2017 were NT$7,438 and 3,835, respectively, which were based on those investees' unreviewed financial reports.

Qualified Opinion

Based on our reviews, except that the consolidated financial reports may have to be adjusted when financial reports of investees mentioned in section "Base of Qualified Opinion" is to be audited, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the financial position of the entity as of March 31, 2018 and 2017, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting," endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Highlighted Items

As illustrated in Note 3 (1), the Company and its subsidiaries first applied IFRS 9 “Financial Instruments” on January 1, 2018 and chose not to restate the financial statements of the comparison period. We do not adjust the review results accordingly.

As illustrated in Note 3 (1), the Company and its subsidiaries first applied IFRS 15 “Revenue from Contracts with Custormers” on January 1, 2018 and chose not to restate the financial statements of the comparison period. We do not adjust the review results accordingly.

KPMG

CPA: *Zeng, Guo-Yang*

Lai. Li-Zeng

Approval issued by the competent securities authority:

FSC VI. Tzi No. 0940129108

May 5, 2018

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

Consolidated Balance Sheets

March 31, 2018, December 31, and March 31, 2017

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

		3.31.2018		12.31.2017		3.31.2017	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (Note 6 (1))	$ 184,160	-	169,781	-	212,301	-
1110	Financial assets at fair value through profit or loss – current (Note 6 (2), 8, & 9)	1,780,536	3	1,457,535	3	1,057,560	2
1150	Notes receivable, net (Note 6 (3) & (19))	3,549	-	16,577	-	13,360	-
1170	Accounts receivable, net (Note 6 (3) & (19))	9,035,850	15	1,009,425	2	400,563	1
1320	Inventory (Note 6(4), 7, & 8)	14,919,004	24	14,768,349	28	14,431,189	28
1410	Prepayments (Note 9)	502,588	1	9,548,767	18	8,723,662	17
1476	Other financial assets – current (Note 6 (11), 8, & 9)	1,736,036	3	2,374,528	4	2,183,326	4
1479	Other current assets (Note 7 & 9)	3,024	-	3,497	-	6,021	-
1480	Incremental cost of contract acquisition - current	8,200,874	13	-	-	-	-
		36,365,621	59	29,348,459	55	27,027,982	52
	Non-current assets:						
1517	Financial assets at fair value through other comprehensive income (Note 6 (2), 8, & 9)	8,987,470	15	-	-	-	-
1524	Available-for-sale financial assets - non-current (Note 6 (2), 8, & 9)	-	-	8,585,120	16	8,927,395	17
1527	Held to maturity financial assets – non-current (Note 6(2) & 9)	-	-	614,832	1	617,082	1
1535	Financial assets at amortized cost－non-current (Note 6(2) & 9)	819,524	1	-	-	-	-
1543	Financial assets carried at cost－non-current (Note 6 (2))	-	-	18,992	-	18,992	-
1550	Investment under equity method (Note 6 (5) & (6))	1,257,934	2	425,480	1	433,173	1
1600	Property, plant and equipment (Note 6 (8), 7, 8, & 9)	5,838,031	9	5,844,965	11	5,871,325	12
1760	Investment property, net (Note 6 (9), 8, & 9)	6,474,872	10	6,486,105	12	6,521,968	13
1780	Intangible assets (Note 6 (10))	764,273	1	764,631	1	771,858	1
1840	Deferred income tax assets (Note 6 (16))	942,876	2	805,900	2	820,251	2
1980	Other financial assets – non-current (Note 7)	51,536	-	45,761	-	24,639	-
1990	Other non-current assets - others	697,326	1	697,334	1	697,341	1
		25,833,842	41	24,289,120	45	24,704,024	48
	Total Assets	$ 62,199,463	100	53,637,579	100	51,732,006	100

		3.31.2018		12.31.2017		3.31.2017	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term loan (Note 6 (12))	$ 2,672,000	4	2,824,000	5	2,602,400	5
2130	Contract Liability－current(Note 6 (19) & 9)	38,473,924	63	-	-	-	-
2170	Payable accounts (Note 7)	502,136	1	464,114	1	460,308	1
2200	Other payable accounts (Note 7)	693,742	1	709,194	1	313,860	1
2230	Current income tax liabilities (Note 6 (16))	289,168	-	249,060	-	130,193	-
2310	Advance receipts (Note 9)	838,220	1	32,222,626	60	31,981,828	62
2399	Other current liabilities - others	32,702	-	8,562	-	33,366	-
		43,501,892	70	36,477,556	67	35,521,955	69
	Non-current liabilities:						
2530	Corporate bond payable (Note 6 (13))	3,152,389	5	3,139,651	6	-	-
2570	Deferred income tax liabilities (Note 6 (16))	16,119	-	18,994	-	24,287	-
2640	Net defined benefit liability – non-current	31,263	-	31,263	-	30,058	-
2645	Deposit received	62,349	-	60,931	-	55,107	-
2670	Other non-current liabilities - others	2,981	-	2,981	-	3,115,981	6
		3,265,101	5	3,253,820	6	3,225,433	6
	Total liabilities	46,766,993	75	39,731,376	73	38,747,388	75
	Equity attributable to owners of parent (Note 6(15) & (16))						
3100	Capital stock – common stock	4,200,842	7	4,200,842	8	4,200,842	8
3200	Capital surplus	2,519,954	4	2,519,954	5	2,512,315	5
	Retained earnings:						
3310	Legal reserve	1,095,601	2	1,095,601	2	997,817	2
3320	Special reserve	-	-	-	-	401,665	1
3350	Unappropriated retained earnings	5,835,955	9	4,253,894	8	2,843,928	5
3400	Other equity interest	369,562	1	458,615	1	848,887	2
	Total equity attributable to owners of parent	14,021,914	23	12,528,906	24	11,805,454	23
36xx	Non-controlling interest (Note 6 (5)&(17))	1,410,556	2	1,377,297	3	1,179,164	2
	Total Equity	15,432,470	25	13,906,203	27	12,984,618	25
	Total liabilities and equity	$ 62,199,463	100	53,637,579	100	51,732,006	100

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

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

Consolidated Statements of Comprehensive Income

For The Three Months Ended March 31, 2018 and 2017

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

(Reviewed, Not Audited)

		2018 Q1		2017 Q1	
		Amount	%	Amount	%
4000	**Operating revenue (Note 6 (14), (19), (20), & 7)**	$ 1,030,426	100	970,212	100
5000	**Operating cost(Note 6 (14) & 7)**	322,719	31	305,961	32
5900	**Operating gross profit (loss)**	707,707	69	664,251	68
	Operating expenses (Note 6 (15) & 7)：				
6100	Selling expenses	178,689	17	182,876	19
6200	Administration expenses	141,057	14	121,331	13
6000		319,746	31	304,207	32
6500	**Other income and expenses (Note 6 (22))**	35,872	3	-	-
6900	**Operating income (loss)**	423,833	41	360,044	36
	Non-operating income and expenses (Note 6 (6), (23) & 7)：				
7010	Other income	68,605	7	60,155	6
7020	Other gains and losses	(59,372)	(6)	(110,321)	(11)
7050	Financial costs	(19,709)	(2)	(20,689)	(2)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6 (5))	(7,438)	(1)	(3,835)	-
		(17,914)	(2)	(74,690)	(7)
7900	**Operating income before tax**	405,919	39	285,354	29
7950	**Less: Income tax expense (Note 6 (16))**	(104,295)	(10)	23,760	2
	Net income	510,214	49	261,594	27
8300	**Other comprehensive income:**				
8310	**Items that may not be subsequently reclassified to profit or loss:**				
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income	150,536	15	-	-
	Total items that may not be subsequently reclassified to profit or loss	150,536	15	-	-
8360	**Items that may be subsequently reclassified to profit or loss**				
8361	Exchange differences on translation of foreign statements	(2,749)	-	(20,609)	(2)
8362	Unrealized losses on available-for-sale financial assets	-	-	476,710	49
8367	Unrealized loss on investments in debt instruments at fair value through other comprehensive income	(29,190)	(3)	-	-
8370	Share of other comprehensive profit (loss) of associates and joint ventures accounted for using equity method- items that may be reclassified to profit or loss	762	-	(2,153)	-
	Total items that may be subsequently reclassified to profit or loss	(31,177)	(3)	453,948	47
8300	**Other comprehensive income, net**	119,359	12	453,948	47
	Total comprehensive income	**$ 629,573**	**61**	**715,542**	**74**
	Net income, attributable to:				
8610	Owners of parent	$ 477,206	46	233,144	24
8620	Non-controlling interest	33,008	3	28,450	3
		$ 510,214	**49**	**261,594**	**27**
	Total comprehensive income, attributable to:				
8710	Owners of parent	$ 596,314	58	684,674	71
8720	Non-controlling interest	33,259	3	30,868	3
		$ 629,573	**61**	**715,542**	**74**
	Earnings per share (Note 6 (18))				
9750	**Basic earnings per share (NTD)**	**$**	**1.14**		**0.58**
9850	**Diluted earnings per share (NTD)**	**$**	**1.04**		**0.58**

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

(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, 2018 and 2017

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

(Reviewed, Not Audited)

	Equity attributable to owners of parent												
							Other equity interest						
	Capital Stock		Retained Earnings				Exchange differences	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Unrealized gain (loss) on available -for-sale financial assets				
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated Earnings	Total	on foreign translation			Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance – January 1, 2017	$ 3,990,842	1,420,112	997,817	401,665	2,610,784	4,010,266	(11,300)	-	408,657	397,357	9,818,577	1,254,399	11,072,976
Net profit	-	-	-	-	233,144	233,144	-	-	-	-	233,144	28,450	261,594
Other comprehensive income	-	-	-	-	-	-	(22,762)	-	474,292	451,530	451,530	2,418	453,948
Total comprehensive income	-	-	-	-	233,144	233,144	(22,762)	-	474,292	451,530	684,674	30,868	715,542
Other changes in capital surplus：													
Capital increased by cash	210,000	1,094,100	-	-	-	-	-	-	-	-	1,304,100	-	1,304,100
Changes to subsidiaries' ownership	-	(1,897)	-	-	-	-	-	-	-	-	(1,897)	1,897	-
Increase (decrease) in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(108,000)	(108,000)
Balance – March 31, 2017	**$ 4,200,842**	**2,512,315**	**997,817**	**401,665**	**2,843,928**	**4,243,410**	**(34,062)**	**-**	**882,949**	**848,887**	**11,805,454**	**1,179,164**	**12,984,618**
Balance – January 1, 2018	$ 4,200,842	2,519,954	1,095,601	-	4,253,894	5,349,495	(13,825)	-	472,440	458,615	12,528,906	1,377,297	13,906,203
Retrospective adjustment due to new accounting standard	-	-	-	-	1,104,855	1,104,855	-	264,279	(472,440)	(208,161)	896,694	-	896,694
Restated beginning balance	4,200,842	2,519,954	1,095,601	-	5,358,749	6,454,350	(13,825)	264,279	-	250,454	13,425,600	1,377,297	14,802,897
Net income	-	-	-	-	477,206	477,206	-	-	-	-	477,206	33,008	510,214
Other comprehensive income	-	-	-	-	-	-	(1,987)	121,095	-	119,108	119,108	251	119,359
Total comprehensive income	-	-	-	-	477,206	477,206	(1,987)	121,095	-	119,108	596,314	33,259	629,573
Balance – March 31, 2017	**$ 4,200,842**	**2,519,954**	**1,095,601**	**-**	**5,835,955**	**6,931,556**	**(15,812)**	**385,374**	**-**	**369,562**	**14,021,914**	**1,410,556**	**15,432,470**

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

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

Consolidated Statements of Cash Flows

For The Three Months Ended March 31, 2018 and 2017

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

(Reviewed, Not Audited)

		2018Q1	2017Q1
Cash flows from operating activities			
Profit (loss) before tax	$	405,919	285,354
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		36,716	35,426
Amortization expense		4,281	4,097
Net loss (gain) on financial assets or liabilities at fair value through profit or loss		(6,445)	(34,561)
Interest expense		19,709	20,689
Interest income		(69,916)	(31,514)
Dividend income		(12,831)	(1,410)
Share of profit (loss) of associates and joint ventures accounted for using equity method		7,438	3,835
Loss (gain) on disposal and scrap of property, plant and equipment		13	(208)
Disposal of investment gains (losses) using equity method		6,923	-
Exchange loss on financial assets		-	94,945
Disposal loss on financial assets		-	11,160
Exchange loss on financial assets or liabilities at fair value through other comprehensive income		31,504	-
Disposal loss on financial assets or liabilities at fair value through other comprehensive income		16,682	-
Total adjustments to reconcile profit (loss)		34,074	102,459
Changes in operating assets and liabilities:			
Increase on financial assets held for trading		-	(115,766)
Increase on financial assets at fair value through income		(181,550)	-
Decrease (Increase) on notes receivable		13,028	(3,648)
(Increase) Decrease on account receivable		(308,686)	28,053
Increase on inventories		(150,655)	(5,978)
Decrease (Increase) on prepayments		14,706	(53,155)
Increase on other financial assets		(15,749)	(1,033)
Increase on other current assets		(608)	(16,511)
Increase on incremental cost of contract acquisition		(23,370)	-
Increase on contract liabilities		563,623	-
Increase on accounts payable		38,022	15,962
Decrease on other payable		(141,825)	(84,931)
Increase on advance receipts		9,466	312,838
Increase on other current liabilities		24,140	21,426
Total Adjustments		(125,384)	199,716
Cash inflow (outflow) generated from operations		280,535	485,070
Interest received		70,669	23,606
Dividend received		12,831	1,586
Interest paid		(6,080)	(19,619)
Income taxes (paid)		(929)	(509)
Net cash flows from (used in) operating activities		357,026	490,134

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

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

Consolidated Statements of Cash Flows(Cont.)

For The Three Months Ended March 31, 2018 and 2017

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

(Reviewed, Not Audited)

	2018 Q1	2017 Q1
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(412,033)	-
Disposal of financial assets at fair value through other comprehensive income	166,258	-
Acquisition of financial assets measured by amortized cost	(405,756)	-
Acquisition of available-for-sale financial assets	-	(239,819)
Acquisition of held to maturity financial assets	-	357,325
Held to maturity financial assets	-	(309,641)
Payment from capital reduction of investee under equity method	-	11,135
Acquisition of property, plant and equipment	(19,921)	(28,057)
Disposal of property, plant and equipment	-	225
Acquisition of intangible assets	(3,923)	(729)
Decrease (increase) in other financial assets - current	508,302	(2,476)
Decrease (increase) in other financial assets - non current	(5,776)	520
Cash outflow due loss of control of subsidiaries	(17,621)	-
Decrease in other non-current assets	-	(7)
Net cash flows from (used in) investing activities	(190,470)	(211,524)
Cash flow from (used in) financing activities:		
Increase in short-term loans	544,000	2,375,500
Decrease in short-term loans	(696,000)	(6,948,000)
Increase in guarantee deposits received	1,418	2,305
Advance corporate bond	-	3,113,000
Capital increase	-	1,304,100
Change in non-controlling interests	-	(108,000)
Net cash flows from (used in) financing activities	(150,582)	(261,095)
Effects of foreign exchange rates changes on cash and cash equivalents	(1,595)	(4,835)
Net increase in cash and cash equivalents	14,379	12,680
Cash and cash equivalents at beginning of period	169,781	199,621
Cash and cash equivalents at end of period	**$ 184,160**	**212,301**

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

Lungyen Life Service Corp. and Subsidiaries
Notes to Consolidated Financial Statements
For The Three Months Ended March 31, 2018 and 2017
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

I. Company profile

Lungyen Life Service Corp. (Original Da Han Construction; hereinafter referred to as the "Company") was incorporated in March 27, 1987, and was registered in 1F., No.166, Sec. 2, Minquan E. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.). The Company and its subsidiaries (together referred to as the 'Consolidated Company' and individually as 'Group entities') is primarily engaged in funeral service, development and lease of interment premises, and development and lease of residential areas and buildings.

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 7, 2018.

III. Application of new and revised standards and interpretations

(I) New and revised standards and interpretations approved by Financial Supervisory Commission

The Consolidated Company has adopted completely by Financial Supervisory Commission (hereinafter referred to as the "FSC") in 2018. The financial report was issued according to the IFRS and became effective in 2018, the following table depicts the new, amended, revised standards and interpretations:

New／Amended／Revised Standards and Interpretations	Effective date per IASB
Amendments to IFRS No,2 "Share-based Payment" that clarify the classification and measurement of transactions.	January 1, 2018
Amendments to IFRS No.4 "Insurance Contracts" about the scope of entities for financial instruments in IFRS No.9	January 1, 2018
IFRS No.9 "Financial Instruments"	January 1, 2018
IFRS No.15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS No.7 "Disclosure Initiative"	January 1, 2017
Amendments to IFRS No.12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IFRS 40 "Conversion of Investment Property"	January 1, 2018
2014-2016 International Financial Reporting Year Improvement:	
Amendments to IFRS No.12	January 1, 2017
Amendments to IFRS No.1 and amendments to IAS No. 28	January 1, 2018
International Financial Reporting Interpretation No. 22 "Foreign	January 1, 2018

Currency Transactions and Advance Payment Consideration"

Except for the following items, the Consolidated Company believes that the adoption of the above IFRSs would not have any material impact on its consolidated interim financial statements. The extent and impact of signification changes are as follows:

1. IFRS 15 Revenue from Contracts with Customers

   It establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 “Revenue” and IAS 11 “Construction Contracts”.

   The Consolidated Company adopted cumulative impact method, which applied to IFRS 15. Thus, there is no need to reproduce the comparative information of the previous period. The cumulative effect of the initial application of the criteria will be adjusted on January 1, 2018 surplus.

   The Consolidated Company is expected to have completed the contract to apply the substantive right to practice, that is, contracts which are completed on the earliest applicable date (January 1, 2018) will not be restated.

   The Consolidated Company applied substantive right to practice method to all contracts completed before January 1, 2018, that is, when the Consolidated Company identified completed contracts, not completed contracts, determined trading prices, and the allocation of upcoming trading prices to completed contracts, not completed contracts, the Consolidated Company reflects all effects that occurred before January 1, 2018.

   The extent and impact of signification changes are as follows:

   (1) Sales of Goods

   In respect of the sale of the tower product, the current income is recognized when the goods are delivered to the customer for permanent use, at which time the customer has accepted the product and the significant risks and rewards of the relevant ownership have been transferred to the customer. At that point in time to recognize the income, due to the time point of income and cost can be a reliable measure, the price is likely to recover, and no longer continue to participate in the management of goods. In accordance with the IFRS No. 15, income will be recognized when the customer obtains control of the product.

   Under current accounting standards, the collection and payment of management fees for Cemetery and columbaria products are not recognized as in equity; however, under IFRS No.15, management fees are thought to be consideration for C&C sites operation and management obligation specified in the contracts, thus will be recognized as revenues up to the amount the costs occurred at the time.

(2) Significant financial components

IFRS 15 specified that entities shall adjust the amount of committed consideration to reflect impact of time value in money if terms regarding timing of payment and product or service delivery in the contract clearly or unclearly includes material financial benefits to customers or entities when the contract price decided. However, above situation is not applicable for repayment if the timing of transfer of product or service is decided by customers. Currently, the advanced receipts from C&C products and pre-need funeral contracts are collected by one-time payment or installments. Customers paying installments also bear the time value cost; in comparison, customers choosing one-time payment have the right to request for immediate exercise of the contract, which means that the timing of transfer is decided by the customers thus no financial components shall be considered. Customers paying installments can only request to exercise the contract when paying up the whole amount of sales price hence contract revenues and financial components shall be separately recognized in the Comprehensive Income statement. The financial components are recognized as interest revenues in accordance with the repayment schedule.

(3) Impact to Financial Statements:

The impact to 2018Q1 consolidated financial statements applying IFRS 15 is as below:

	3.31.2018			1.1.2018		
Effected Items on Consolidated Balance Sheet	**Book Value (IFRS15 not applied)**	**Effects of Changes in Accounting Policies**	**Book Value (IFRS15 applied)**	**Book Value (IFRS15 not applied)**	**Effects of Changes in Accounting Policies**	**Book Value (IFRS15 applied)**
Accounts receivable, net	$ 1,146,487	7,889,362	9,035,849	1,009,425	7,718,654	8,728,079
Incremental cost of contract acquisition - current	8,480,195	(279,321)	8,200,874	8,451,553	(274,049)	8,177,504
Assets effects		7,610,041			7,444,605	
Contract liability – current	$ -	38,473,924	38,473,924	-	37,910,301	37,910,301
Other payables	662,589	31,153	693,742	709,194	31,482	740,676
Advance receipts	32,950,761	(32,112,541)	838,220	32,222,626	(31,393,872)	828,754
Liability effects		6,392,536			6,547,911	
Retained earnings (Note)	$ 4,712,169	915,625	5,627,794	4,253,894	896,694	5,150,588
Equity effects		915,625			896,694	

Note: Effects of IFRS 9 in not included in retained earnings on March 31, 2018.

Effected Items on Comprehensive Income	2018 Q1 Book Value (IFRS15 not applied)	2018 Q1 Effects of Changes in Accounting Policies	2018 Q1 Book Value (IFRS15 applied)
Operating revenue	$ 1,050,936	(20,510)	1,030,426
Selling expenses	(183,460)	4,771	(178,689)
Administration expenses	(141,879)	822	(141,057)
Other income and losses	-	35,872	35,872
Interest income	25,441	(2,024)	23,417
Net income effects		**18,931**	
Basic earnings per share (NTD)	**$ 1.19**	**(0.05)**	**1.14**
Diluted earnings per share (NTD)	**$ 1.08**	**(0.04)**	**1.04**

Effected Items on Consolidated Statement of Cash Flows	2018 Q1 Book Value (IFRS15 not applied)	2018 Q1 Effects of Changes in Accounting Policies	2018 Q1 Book Value (IFRS15 applied)
Cash flows from operating activities:			
Profit (loss) before tax	$ 386,988	18,931	405,919
Adjustments:			
Interest income	(23,417)	(46,499)	(69,916)
(Increase) Decrease on account receivable	(288,003)	(20,683)	(308,686)
(Increase) Decrease on incremental cost of contract acquisition	(28,642)	5,272	(23,370)
Increase (Decrease) on contract liabilities	-	563,623	563,623
Increase (Decrease) on advance receipts	577,195	(567,729)	9,466
Increase (Decrease) on other payable	(141,496)	(329)	(141,825)
Cash outflow generated from operations effects		(66,345)	
Interest received	23,255	47,414	70,669
Net cash flows from (used in) operating activities effects		-	

2. IFRS 9 “Financial Instruments”

IFRS 9 “Financial Instruments” (hereinafter referred to as IFRS 9) replaces IAS 39 “Financial Instruments: Recognition and Measurement” (hereinafter referred to as IAS 39) which contains classification and measurement of financial instruments, impairment and hedge accounting.

On account of applying IFRS 9, the Consolidated Company applied IAS 1 “Presentation of Financial Statements”, which regulated that gain (loss) on financial assets should be carried alone, and gain or loss from accounts receivable was recognized as administration expenses before. Besides, the Consolidated Company applied IFRS 7 “Financial Instruments: Disclosures” to disclose information in 2018, and the rule is usually not applicable to comparative information.

The extent and impact of signification changes due to applying IFRS 9 are as follows:

(1) Classification- Financial assets and liabilities:

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).Under IFRS 9, classification of financial assets is based on the business model and contractual cash flows of the financial asset, and deleted held-to-maturity, The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial assets in the scope of the standard are never bifurcated. Instead, it’s a classification to estimate the hybrid financial instrument. The accounting policies about classifications, measurements, and recognition related gains and losses of financial assets please refer to note 4 (3).

Applying IFRS 9 has no significant impact on the accounting policy of financial liability of the consolidated company.

(2) Impairment-Financial assets and contract assets

IFRS 9 replaces the incurred loss model in IAS 39 with a forward-looking expected credit loss (ECL) model. The new impairment model which measured at amortized cost will apply to financial assets, contractual assets, and other measured at fair value through other comprehensive income, but not applicable to equity instruments.

Under IFRS 9, recognition time for credit losses is earlier than IAS 39, please refer to note 4 (3).

(3) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below:

- The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

- The designation of certain investments in equity instruments not held for trading as at FVOC.

· If credit risk of debt securities are low on the first effective date of IFRS 9, the consolidated company assumes that credit risks will not increase significantly since recognition date.

(4) Classification of financial assets on the first effective date of IFRS 9

Measuring category of financial assets applicable to IAS 39 which transferred to IFRS 9, the new measuring classification, book value, and extent of the financial assets are as below (measuring category and book value of financial liability are still) :

	IAS 39		IFRS 9	
Financial Asset	**Classification**	**Book Value**	**Classification**	**Book value**
Investments in debt instruments	Investments in debt instrument (Note 1)	1,832,729	Measured at fair value through other comprehensive income	1,832,729
	Measured at fair value through profit or loss	662,268	Measured at fair value through profit or loss	662,268
	Available-for-sale (Note 2)	387,013	Measured at fair value through profit or loss	387,013
	Held-to-maturity (Note 3)	414,832	Amortized cost	414,832
	Held-to-maturity (Note 2)	200,000	Measured at fair value through other comprehensive income	200,000
Investments in equity instruments	Measured at fair value through profit or loss	347,381	Measured at fair value through profit or loss	347,381
	Measured at fair value through profit or loss (Note 2)	447,886	Measured at fair value through other comprehensive income	447,886
	Available-for-sale (Note 2)	195,879	Measured at fair value through profit or loss	195,879
	Available-for-sale (Note 4)	6,169,499	Measured at fair value through other comprehensive income	6,169,499
	Measured at cost (Note 4)	18,992	Measured at fair value through other comprehensive income	18,992

Note 1: When applying IAS 39, investments in debt instruments are classified to available-for-sale financial assets, the finance department in the consolidated company gain interest revenue held in the same investment portfolio, but might be sold during operation to satisfy the liquidity, the consolidated company thinks that the business model of the debt is composed of earning cash and

selling financial assets simultaneously. The maturity of the debt security will be in 1-2 years, plus contract provision of the financial asset which generate cash flows on specific date, the cash flows are to pay for principle amount and interest for outstanding principle amount. Thus, when applying IFRS 9, the classification of the asset will be measured at fair value through other comprehensive income.

Note 2: Those debt instruments and equity instruments were measured at fair value through profit or loss, available-for-sale financial assets, held-to-maturity financial assets, the consolidated company reclassified to measured at fair value through other comprehensive income and measured at fair value through profit or loss on account of intention of holding.

Note 3: Was classified to held-to-maturity, now is reclassified to measured at amortized cost, the consolidated company has the intention to hold the asset to maturity to receive the cash flows of contractual right, the cash flows are to pay for principle amount and interest for outstanding principle amount.

Note 4: The equity instrument (including financial assets measured at cost) represent strategic investments that the consolidated company has the intention to hold long-term, according to IFRS 9, the consolidated company designated the investment classification as measured at fair value through other comprehensive income on the first effective date.

The reconciliation from IFRS 39 to IAS 39 for book value of financial assets on January 1, 2018 is as below:

	12.31.2017 IAS 39 Book Value	Reclassification	Reassess	1.1.2018 IFRS 9 Book Value	1.1.2018 Retained Earnings Effects	1.1.2018 Other Equity Effects
Financial assets at fair value through profit or loss						
Measured at fair value through profit or loss at the beginning of the period under IAS 39	$ 1,457,535	-	-		-	-
Additions－Investments in debt instruments：						
From available-for-sale	-	387,013	-		(14,972)	14,972
Additions－Investments in equity instruments：						
From available-for-sale	-	195,879	-		20,280	(20,280)
Deductions－Investments in equity instruments：						
Reclassified to measured at fair value through other comprehensive income	-	(447,886)	-		-	-
Total	$ 1,457,535	135,006	-	1,592,541	5,308	(5,308)
Financial asset measured at fair value through other comprehensive income						
Available-for-sale (including measured at cost) at the beginning of the period under IAS 39	$ 8,604,112	-	-		-	-
Available-for-sale reclassified to measured at fair value through other comprehensive income	-	-	-		236,144	(236,144)
Additions－Investments in debt instruments：						
From held-to-maturity	-	200,000	-		-	-
Additions－Investments in equity instruments：						
From measured at fair value through profit or loss	-	447,886	-		(33,291)	33,291
Deductions－Investments in debt instruments：						
Reclassified to measured at fair value through profit or loss – reclassified on the basis of the classification standard	-	(387,013)	-		-	-
Deductions－Investments in equity instruments：						

Reclassified to measured at fair value through profit or loss – reclassified on the basis of the classification standard	-	(195,879)	-		-	-
Total	$ 8,604,112	64,994	-	8,669,106	202,853	(202,853)
Financial assets at amortized cost						
Investments in debt instruments with no active market, held-to-maturity, accounts receivable, and other financial assets at the beginning of the period under IAS 39	$ 614,832	-	-		-	-
Deductions：						
Reclassified to measured at fair value through other comprehensive income	-	(200,000)	-		-	-
Total	$ 614,832	(200,000)	-	414,832	-	-

3. IFRS No.7 “Disclosure Initiative”

   Amendments to the standard has regulated that companies should provide users of financial statements changes in liabilities from financing activities to evaluate, including changes from both cash flows and non-cash flows. During 2018 Q1, the evaluation has no significant impact on changes in liabilities from financing activities of the consolidated company.

4. Amendments to IFRS No.12 “Recognition of Deferred Tax Assets for Unrealized Losses”

   Amendments clarified that if meets specific requirements, unrealized losses will be recognized to deferred tax assets, and clarify the calculation of “Future Taxable Profit”. During 2018 Q1, the above-mentioned has no significant impact on recognition of deferred tax assets for unrealized losses of the consolidated company.

(II) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New／Amended／Revised Standards and Interpretations	**Effective date per IASB**
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture”	Affective date to be determined by IASB
IFRS 16 “Leases”	January 1, 2019
IFRS 17 “Insurance Contracts”	January 1, 2021
IFRS IC 23 “Uncertainty over Income Tax Treatments”	January 1, 2019
Amendments to IFRS 9 “Prepayment Features with Negative Compensation”	January 1, 2019
Amendments to IFRS 28 “Long-Term Interests in Associates and Joint Ventures”	January 1, 2019
Annual Improvements to IFRS 2015-2017 Cycle	January 1, 2019
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019

Those which may be relevant to the Consolidated Company are set out below:

Issuance / Release Dates	**New Standard or Amendments**	**Interpretations**
2016.1.13	IFRS 16 "Leases"	The new standard of accounting for lease is amended as follows: ・For a contract that is, or contains, a lease, the lessee shall recognize a right of use asset and a lease liability in the balance sheet. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right of use asset during the lease term. ・A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.

The Consolidated Company is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Consolidated Company completes its evaluation.

IV. Summary of significant accounting policies

(I) Compliance Statement

The consolidated financial report is prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (referred to as "the Regulations" hereinafter) and the IAS 34 "Interim Financial Reporting" approved by the FSC.

The quarterly consolidated financial report does not include all the necessary information disclosed in the annual consolidated financial statements according to Regulations Governing the Preparation of Financial Reports by Issuers and the international financial reporting standard, international accounting standards, interpretation, and bulletin (referred to as "the IFRS approved by the FSC" hereinafter) approved by the FSC.

Except as described in the followings, the significant accounting policies applied in this consolidated financial report is consistent to the 2017 annual consolidated financial statements. Please refer to Note 4 of the 2017 annual consolidated financial statements for other related information.

(II) Basis of Consolidation

The principles for preparation of the consolidated report is consistent to 2017 annual consolidated report, for related information, please refer to note 4(3) of the 2017 annual report.

1. List of subsidiaries included in the consolidated financial statements

Name of Investment company	Name of subsidiary	Nature of Business	Shareholding ratio 3.31.2018	12.31.2017	3.31.2017	Remarls
The Company	Jin Huang Construction Co., Ltd.	Architecture and Civil Engineering business operations	98.20%	98.20%	98.20%	(Note)
The Company	Yuji Development Corp.	Funeral services business operation	54.42%	54.42%	54.42%	
The Company	Dahan Property Management Co., Ltd.	Housing and building development and rental business operations, etc.	80.00%	80.00%	80.00%	(Note)
The Company	Sea Dragon Traders Ltd.(BVI)	Investment business	100.00%	100.00%	100.00%	Note 4(2).3(1)(note)
The Company	Singapore Lungyen Life Service Pte.Ltd.	Funeral services	100.00%	100.00%	100.00%	(Note)
The Company	Lung An Company Limited.	Funeral services	100.00%	100.00%	85.00%	Note 4(2).3(3)(note)
Yuji Development Corp.	Lung Fu Company Limited	Funeral services	77.75%	77.75%	77.75%	(Note)
Sea Dragon Traders Ltd.(BVI)	Lungyen Cayman Company Limited(Changed to Long Young Life Company Limited(Cayman) on 2018.01)	Investment business	50.00%	100.00%	100.00%	Note 4(2).3(2)
Lungyen Cayman Company Limited	Lungyen HK Company Limited (Changed to Long Young Life Company Limited(HK) on 2018.02)	Investment business	50.00%	100.00%	100.00%	Note 4(2).3(2)
Lungyen HK Company Limited	Lungyen Company Limited (Wenzhou)	Funeral services	50.00%	100.00%	100.00%	Note 4(2).3(2)

Note: Not major subsidiary, thus financial statements aren't reviewed by independent auditors.

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

3. Changes in subsidiary:

(1) The Company increased cash capital in Sea Dragon Traders Ltd. in June and July, 2017 with the amount of US$10,000 thousand and US$7,000 thousand. The pre-money and post-money percentages of ownership were both 100%.

(2) Sea Dragon established and invested in Lungyen (Wenzhou) for US$11,000 thousand with 100% ownership through reinvesting in Lungyen (Cayman) and Lungyen (HK) in October, 2016. In June and July, 2017, Sea Dragon increased cash capital in Lungyen (Wenzhou) for USD$17,000 thousand through Lungyen (HK). The post-money percentage of ownership remained 100%.

Sea Dragon signed a joint venture agreement with Sino-Ocean Group (joint venture party). The joint venture party increased cash capital in Lungyen (Cayman) for USD$28,000 thousand, and changed the name of Lungyen (Cayman) into Long Young Life Company Limited (Cayman). Shareholding ration of the Consolidated Company has decreased from 100% to 50% after increasing cash capital. As the Consolidated Company has residual interest in net assets of Long Young Life Company Limited (Cayman), thus the agreement was categorized into joint venture and using equity method, and will not be listed in the consolidated financial statements since 2018.

(3) In January and May, 2017, the Company acquired 10,800 thousand of Lung An's outstanding shares for each transaction from other shareholder(s) at $10 per share. The Company's shareholding ratio after above transactions increased to 85% and 100% respectively.

(III) Financial Instruments

1. Financial Assets

The classifications for financial assets of the Consolidated Company are: Financial asset measured at amortized cost, financial asset measured at fair value through other comprehensive income, financial asset measured at fair value through profit and loss.

The Consolidated Company will only reclassify the financial assets effected due to changes of financial assets' business model on the basis of regulation.

(1) Financial asset measured at amortized cost:

Financial asset will be measured at amortized cost when it meets the conditions simultaneously and not designated as measured at fair value through profit and loss.

- Financial asset held due to the business model of earning contractual cash flows.
- The asset that cash flows earned on maturity date due to contractual right are to pay for principle amount and interest for outstanding principle amount.

If the initial recognition is measured at fair value plus transaction cost which is directly attributable, then use effective interest rate method, which is calculated through amortized cost minus impairment loss. Interest revenue, profit and loss of foreign currency exchange, and impairment loss are recognized in profits and losses. Gains or losses will be in profit or loss during derecognition.

(2) Financial assets measured at fair value through other comprehensive income

If investment in debt instrument meet the following conditions simultaneously, and not designated as measured at fair value through profit and loss, will be measured at fair value through other comprehensive income.

- Financial asset held due to the business model of earning contractual cash flows and being sold.

- The asset that cash flows earned on maturity date due to contractual right are to pay for principle amount and interest for outstanding principle amount.

The Consolidated Company has the choice of being irrevocable during initial recognition, the subsequent changes of fair value for investment in equity instrument not held for trading will be recognized in other comprehensive income. The above choice is on the basis of instrument-by-instrument approach.

If the initial recognition is measured at fair value plus transaction cost which is directly attributable, then measured at fair value, except investments in debt instruments below: profits and losses of foreign currency exchanges, and interest revenue, impairment loss, dividend revenue of investment in equity instrument (unless representing recovery of the cost of the investment significantly) using effective interest method will be recognized in profit and loss, other changes in book value will be recognized in other comprehensive income, and accumulated to unrealized profit and loss of financial assets measured at fair value through other comprehensive income in equity. Accumulated amount of gains or losses under equity will be reclassified to income if belongs to investments in debt instruments, and accumulated amount of gains or losses under equity will be reclassified to retained earnings instead of income if belongs to investments in equity instruments during derecognition.

Dividend revenue of investments in equity will generally be recognized on the date that the Consolidated Company has the right to earn dividends (Usually equals to ex-dividend date).

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

Financial assets that aren’t belong to above mentioned (measured at amortized cost or measured at fair value through other comprehensive income) will be measured at fair value through profit or loss, including derivative financial assets. To eliminate or reduce accounting mismatch significantly, the Consolidated Company is able to appoint financial assets that conform to be measured at amortized cost or measured at fair value through other comprehensive income to financial assets measured at fair value through profit or loss irrevocably during initial recognition.

If being measured at fair value in initial recognition, and recognized in income when transaction cost occurs, will be measured at fair value later, the profit or loss generated from remeasurement (including related dividend revenue and interest revenue) will be recognized to income.

(4) Financial assets impairment

For financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes receivable and accounts receivable, other receivables, finance lease receivable, refundable deposit and other financial asset…etc.), investments in debt instruments measured at fair value through other comprehensive income, accounts receivables measured at fair value through other comprehensive income, forecast loss of credit for contractual assets, the Consolidated Company recognizes in allowance for loss.

The allowance for losses of following financial assets are amount measured at 12-month expected credit losses, other amount will be measured at lifetime expected credit losses:

- Credit loss of debt securities on reporting date is low; And
- Credit loss of other debt securities and bank deposits (refer to the risk of being default during expected lifetime of the financial asset) haven't increased significantly since initial recognition.

The amounts of accounts receivables and allowance for loss of contractual assets are measured at lifetime expected credit loss.

Lifetime expected credit loss refers to expected credit loss generated from possible default items during expected lifetime of financial instruments.

12-month expected credit loss refers to expected credit loss generated in 12 months from possible default items after reporting date of financial instruments (or shorter if the expected lifetime of the financial instrument is shorter than 12 months).

The longest period of measuring expected credit loss is the longest contractual period that the Consolidated Company being exposed to credit risk.

When determining if credit risk has increased significantly since initial recognition, the Consolidated Company considers rational and provable information (acquired with no undue cost or effort), including qualitative and quantitative information, and according to the Consolidated Company's past experiences, credit evaluation, analyses from forecasting information.

If the credit risk evaluation equals to global-defined investment grade (BBB- or higher by Standards & Poor's, Baa3 or higher by Moody's, twA or higher by Taiwan Ratings, the Consolidated Company regards the debt security as low credit risk.

If the contractual amount has expired for over 30 days, the Consolidated Company will assume that the credit risk of the financial asset has increased significantly.

If the contractual amount has expired for over 90 days, or the borrower is unlikely to execute the contract of paying total amount to the Consolidated Company, the Consolidated Company considers that default has occurred.

Expected credit loss is the estimation of probability-weighting of credit loss during expected life of the financial asset. Credit loss is measured by total present value of short pay cash payment, which equals the difference between actual contractual cash flows receivable for Consolidated Company and expected contractual cash flows receivable for Consolidated Company. Expected credit loss is discounted at effective interest of the financial asset.

The Consolidated Company will evaluate financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive income on every reporting date to see if there is credit impairment. If one or more events that are adverse to the estimated future cash flows of the financial asset have occurred, the financial asset will be considered to be credit-impaired. The evident of credit impairment of the financial asset includes the following observable materials:

- Significant financial difficulty of the issuer or the borrower.
- A breach of contract, such as default or being expired for over 90 days.
- For economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the Consolidated Company would not otherwise consider.
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.
- The disappearance of an active market for that financial asset because of financial difficulties.

Allowance for financial assets measured at amortized cost should be reduced from the book value of assets, allowance for debt securities measured at fair value through other comprehensive income should be recognized in other comprehensive income (which is not to reduce book value of the assets.). Loss allowance and reversal will be recognized in profit and loss.

When there is no reasonable expectation of recovery for part of or all of the financial asset, the Consolidated Company will reduce the total book value for the financial asset directly. Which usually means that the Consolidated Company considers that assets or sources of income for the borrower aren't able to generate enough write-off amount. However, a write-off the financial asset can still be implemented to meet the procedure of recovering expired amount of the Consolidated Company.

(5) Elimination of financial assets

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

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

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

(IV) Revenue from Contracts with Customers

Revenue is measured by the right of receiving the transaction price after transferring goods or services. An entity recognizes revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). The main items for revenue of the Consolidated Company is as below:

1. Invest in and construct columbarium and cemetery for sale:

   The Consolidated Company invests in and constructs columbarium and cemetery for sale, and sells before or during construction frequently. The Consolidated Company recognize revenue when control of the product is transferred, due to the restrictions of a contract, the product is usually has no other purpose to the Consolidated Company, therefore, the Consolidated Company recognizes revenue at the time when right of permanent use has transferred to the customer after the construction is completed.

   For columbarium, cemeteries, and preneed contracts that are sold in advance, and usually sign a contract that contains the installments until the good or service is transferred to the customer during the period, if the contract contains finance income, it will recognize interest revenue in accordance with payment period; the unconditional right for the transaction price will be recognizes as accounts receivable, the advance will be recognized as contract liabilities, and the accumulated amount of contract liabilities will be recognized as revenue at the time the good or service is transferred to the customer.

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

2. Funeral service

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

3. Rental income

The rental 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 “Rental income” of the operating income.

4. Land development and real property for sale

The Consolidated Company develop and sell residential real estate, and sells before or during construction frequently. The Consolidated Company recognize revenue when control of the real estate is transferred, due to the restrictions of a contract, the real estate is usually has no other purpose to the Consolidated Company, therefore, the Consolidated Company recognizes revenue at the time when legal ownership has transferred to the customer and the actual date of delivery, if only one of above is completed before the date of reporting, but are both completed during the period, will also be recognized as revenue.

Revenue is measure by the transaction price according to agreement of the contract. If the one being sold is a readily available house, the transaction price can be collected at the time legal ownership of the real property is transferred to the customer in most cases. In some few cases, payment could be deferred according to agreements in the contract, but the deferred period won’t be longer than 12 months. Therefore, no adjustment to transaction price will be made for the sake of reflecting the effect of significant financing component. If the one being sold is a presale real estate, it’s usually signed under a contract that contains the installments until the real estate is transferred to the customer during the period, if the contract contains significant financing component, the transaction price will be adjusted according to loan interest of construction projects to reflect the effect of time value of money during the period. The advance will be recognized as contract liabilities, adjustment for the effect of time value of money will be recognized as interest expense and contract liabilities. The accumulated amount of contract liabilities will be recognized as revenue at the time when the real estate is transferred to the customer.

(V) Joint Arrangements

Joint arrangement is an arrangement of which two or more parties have joint control.

Joint arrangement includes joint operation and joint venture, and has following characteristics: (a) The parties are bound by a contractual arrangement; (b) The contractual arrangement gives two or more of the parties joint control of the arrangement. IFRS 11 "Joint Arrangements "defines joint control as contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

A joint-venture is required to recognize its interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28 unless the entity is exempted from applying the equity method.

(VI) Cost from Contracts with Customers

1. Incremental cost of contract acquisition

   These costs should be recognized as an asset if they are expected to be recovered from the customer. Any other costs of acquiring a contract are expensed when incurred, unless they are explicitly chargeable to the customer regardless of whether the contract is acquired.

(VII) Income Tax

The Consolidated Company measures and discloses interim income tax expenses according to IAS 34 "Interim Financial Reporting" B12.

Income tax expenses are measured as followings: EBIT of interim reporting period times best estimated annual effective tax rate, and recognized as current income tax expenses.

Deferred income tax will be recognized only once during the interim period when the changes in tax rates or tax laws occurs.

For income tax expenses that are recognized as equity or other comprehensive income, the temporary difference between book value of related assets, liabilities and taxable base should be measured by applicable tax rate at the expected realization time

(VIII) Employee Benefits

A confirmed pension plan during interim period will be calculated by the rate of pension cost from former year of the date of reporting on the basis of year-to-date, and will have adjustments according to significant market fluctuation, significant reduction, settlement, or other significant one-time events.

V. The major sources of significant accounting judgements, estimations, and assumptions for the uncertainties

When the management has the consolidated financial statements prepared in accordance with the IAS 34 "Interim Financial Reporting" 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 for the consolidated financial reports, the major sources of significant accounting judgements, estimations, and assumptions for the uncertainties that the management apply to accounting policies should be in accordance with Note (5) from the 2017 Consolidated Financial Statements except for the followings:

(I) Allowance for accounts receivable

Allowance for accounts receivable of the Consolidated Company is estimated on the basis of assuming default risk and expected loss rate. The Consolidated Company considers historical experiences, current market situation, and perspective to judge the calculation of assumptions and determine the input value when being impaired. Please refer to note 6 (3) for related assumptions and input value.

VI. VI. Important accounting accounts

Except as described in the following paragraphs, there were no significant differences with those disclosed in the 2017 annual consolidated financial statements. Please refer to Note 6 of the 2017 annual consolidated financial statements.

(I) Cash and cash equivalent

	3.31.2018	12.31.2017	3.31.2017
Cash on hand	$ 4,565	5,690	7,557
Check deposits	179,501	161,997	202,598
Demand deposits	94	94	146
Time deposits	-	2,000	2,000
Cash and cash equivalent on the Consolidated Statement of Cash Flow	$ 184,160	169,781	212,301

1. Time deposits, which are used for short-term cash commitments instead of investment or other purposes are classified as cash and cash equivalents.
2. For the interest rate risk and sensitivity analysis disclosure of the Consolidated Company's financial assets and liabilities, please refer to Note 6(24).

(II) Financial assets

1. Current financial assets at fair value through profit and loss

	3.31.2018	12.31.2017	3.31.2017
Financial assets at fair value through profit and loss:			
Domestic and foreign common stocks	$ 322,942	-	-
Beneficiary certificates	1,457,594	-	-

Financial assets held for trading			
Domestic and foreign common stocks		516,334	541,540
Beneficiary certificates		941,201	516,020
Total	**$ 1,780,536**	**1,457,535**	**1,057,560**

(1) For profits and losses recognized from the reevaluation at fair value, please refer to Note 6(23).

(2) Those recognized as financial assets at fair value through profit and loss as of March 31, 2018 were recognized as financial assets held for trading and available-for-sale financial assets as of December 31 and March 31, 2017.

2. Financial assets at fair value through other comprehensive income – non-current

	3.31.2018
Liability instruments at fair value through other comprehensive income:	
Bonds	$ 1,911,734
Equity instruments at fair value through other comprehensive income:	
Domestic and foreign common stocks	7,075,736
Total	**$ 8,987,470**

(1) Liability instruments at fair value through other comprehensive income

The Consolidated Company held bond investment through cash flow from contract with customers and sales of financial assets, thus the Company categorized those investments in bonds as financial assets at fair value through other comprehensive income from January 1, 2018. As of December 31 and March 31, 2018, those investment were recognized as financial assets held for trading and financial assets held-to-maturity.

The coupon rates of the Company's bond investment at fair value through other comprehensive income were between 19.0% and 4.375% as of March 31, 2018. The maturity years were between 2019 and 2028.

For profits and losses from disposal of investment, please refer to Note 6 (23).

(2) Equity instruments at fair value through other comprehensive income

The Consolidated Company was for long-term strategic reason and not for trading to hold those equity instruments, thus recognized them at fair through other comprehensive income. Those equity instrument were categorized as available-for-sale financial assets, financial assets at fair value through profit and loss and financial assets carried at costs as of December 31 and March 31, 2017.

The Consolidated Company made no disposal of strategic investment in the first quarter of 2018, and no accumulated profit and loss transferred within equity through above period.

3. Available-for-sale financial assets - non-current

	12.31. 2017	3.31. 2017
Domestic and foreign common stocks	$ 6,365,378	6,890,950
Bonds	1,832,729	1,587,437
Beneficiary certificates	387,013	449,008
Total	$ 8,585,120	8,927,395

(1) The coupon rates of the Consolidated Company's bonds recognized as available-for-sale financial assets – non-current as of December 31 and March 31, 2017 were between 2.10%~6.38% and 3.00%~4.950%, respectively. The maturity years were from 2020 to 2046 and 2017 to 2046 respectively.

(2) Investment mentioned above were recognized as financial assets at fair value through other comprehensive income and financial assets at fair value through profit and loss as of March 31, 2018.

4. Held-to-maturity investment – non-current

	12.31. 2017	3.31. 2017
Bonds	$ 614,832	617,082

(1) The Consolidated Company's bond investment amounted to NT$200,000 thousand was recognized as financial assets at fair value through other comprehensive income, other investment targets were as financial assets at amortized cost.

(2) The coupon rates of the Consolidated Company's investments in held-to-maturity bonds were from 1.85% to 2.08% and 1.08% to 2.08% as of December and March 31, 2017, respectively. The maturity years were from 2021 to 2025.

5. Financial assets at amortized cost – non-current

	3.31. 2018
Bonds	$ 819,524

(1) The Consolidated Company held above investment to its maturity in order to collect the contract cash flow, which was purely for paying the principle and interests of outstanding principle, thus the Company cauterized those investments as financial assets carried at amortized cost from January 1, 2018.

(2) The coupon rates of the Consolidated Company's investments in financial assets at amortized cost were between 1.00% and 2.45% as of March 31, 2018. The maturity years were from 2020 to 2027.

6. Financial assets carried at cost – non-current

	12.31.2017	3.31.2017
Stock Investment - PK Venture Capital Corp.	$ 3,277	3,277
Stock Investment – FORTUNE IC FUND I	4,030	4,030
Stock Investment – Chen-Yuan Industry Co., Ltd.	1,785	1,785

Stock Investment-Creative Space Design Co. Ltd.		9,900	9,900
Total	$	**18,992**	**18,992**

(1) The Consolidated Company's stock investment valued at cost referred to above is measured in accordance with the cost net of impairment on the reporting date. Due to the significant range of the reasonable estimate of the fair value and the probability of various estimates cannot be reasonably assessed; the Consolidated Company's management believes that its fair value cannot be reliably measured. Assets mentioned above were re-categorized as financial assets at fair through other comprehensive income.

7. For details of trusting part of the Consolidated Company's financial assets as or March 31, 2018, December 31 and March 31, 2017, please refer to Note 9 (3).

8. For details of he Consolidated Company's financial assets pledged as collateral as of March 31, 20178, December 31 and March 31, 2017, please refer to Note 8.

9. Sensitivity analysis – risks from equity price change

he 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:

	2017Q1		**2016Q1**	
Stock price on the reporting date	**Other consolidated profit or loss after tax**	**Profit or loss after tax**	**Other consolidated profit or loss after tax**	**Profit or loss after tax**
Increased by 10%	**$ 699,309**	**26,318**	**685,631**	**51,717**
Decreased by 10%	**$ (699,309)**	**(26,318)**	**(685,631)**	**(51,717)**

(III) Account receivables and note receivables

	3.31.2018	**12.31.2017**	**3.31.2017**
Note receivables – from operation	$ 3,549	16,577	13,360
Account receivables – at amortized cost	9,816,111	1,062,738	434,293
Less: allowance	(53,313)	(53,313)	(33,730)
Unrealized interest revenues	(726,948)	-	-
	$ 9,039,399	**1,026,002**	**413,923**

The Consolidated Company estimated expected credit risk of all account receivables and note receivables by the simplified method, which evaluates the expected credit losses by the duration. The Consolidated Company's expected credit losses from account receivables and note receivables are analyzed below.

	Book value of account receivables	Expected credit losses ratio during the	Expected credit losses during allowance

			duration	period
Non-overdue(*)	$	9,649,099	0.00%~8.67%	41,448
Overdue for 31~60 days		45,933	3.36%~8.67%	2,770
Overdue for 61~90 days		32,229	〃	2,199
Overdue for 91~120 days		16,458	〃	1,254
Overdue for 120 days and more		75,941	〃	5,642
	$	**9,819,660**		**53,313**

*Account receivables as of March 31, 2018 included undue account receivables of NT$8,616,714 thousand.

Realized credit loss pattern was adopted to evaluate allowance of account receivables and note receivables as of December and March 31, 2017. Analysis of age of receivables for receivables which were overdue but not deducted as of December and March 31, 2017 are listed below.

		12.31.2017	**3.31.2017**
Overdue for 31~60 days	$	47,241	15,095
Overdue for 61~90 days		23,332	7,794
Overdue for 91~120 days		12,542	3,339
Overdue for 120 days and more		72,918	51,662
	$	**156,033**	**77,890**

Change of the Consolidated Company's allowance for account receivables and note receivables are listed below.

			2018.1.1~3.31	
		2018.1.1~3.31	Allowance losses by individual evaluation	Allowance losses by group evaluation
Beginning balance (based on IAS39)	$	53,313	-	53,313
Adjustment when IFRS 9 first applied		-		
Ending balance (based IFRS 9)		53,313		
Recognized allowance loss		-	-	-
Ending balance	$	53,313	-	53,313

(IV) Inventory

		3.31.2018	12.31.2017	3.31.2017
Real estate for sale	$	-	-	4,008
Columbarium and cemetery for sale		2,445,070	2,477,979	2,020,941
Construction Site		4,600,796	4,600,606	4,597,407
Residential and building under construction		80,711	74,602	63,410
Columbarium and cemetery under construction		7,792,427	7,615,162	7,745,423

	$ 14,919,004	14,768,349	14,431,189
Expected to be recovered in more than twelve months	$ 14,760,669	14,593,436	14,272,587

1. As of January 1to March 31 of 2018 and 2017, the interest which was recognized by the Consolidated Company and capitalized amount of residential and building under construction as well as columbarium and cemetery under construction is zero.
2. Parts of the land of the Company (refer to as "the principal") were registered by the trustee's name in order to deal with the land purchasing. The two sides signed the contract regulating after land consolidation has been completed, the property will be transferred to the Company unconditionally. The trustee shall, at the same time, hand over the documents required for the transfer of the right to the principal. In addition, the entrusted shall hand over the promissory note with the same value of the land opened and registered under his/her name to the principal.
3. For the Consolidated Company's inventories pledged as collateral as of March 31, 2018 and December 31 and March 31 2017, please refers to Note 8.

(V) The investment under equity method

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

	3.31.2018	12.31.2017	3.31.2017
Affiliates	$ 424,968	425,480	433,173
Joint venture	832,966	-	-
	$ 1,257,934	425,480	433,173

・Affiliates

(1) Affiliated enterprises having significant importance to the Company, the relevant information is as follow:

Affiliates	Nature of the relationship with the Company	Major operating place/ Country	Ownership & voting ratio 3.31.2018	12.31.2017	3.31.2017
Lung Ting Life Sciences Co. Ltd.	Flower cultivation , wholesales, and retail business	Taiwan	49.00%	49.00%	49.00%

Summary of financial information of the affiliated enterprises having significant importance to the Company is as follows, the financial information has adjusted the amount included in the financial statements of the IFRS of the affiliated companies to reflect the Company's changes at fair value and accounting policy adjustment when obtaining the equity of the affiliated enterprise:

・Financial information for Lung Ting Life Sciences Ltd

	3.31.2018	12.31.2017
Current Assets	$ 206,797	224,582

Non-current Assets		306,178	296,535
Current Liabilities		(11,283)	(11,198)
Net Assets	$	501,692	509,919
Net Assets attributable to non-controlling equity	$	255,863	260,059
Net Assets attributable to the owner of the investee	$	245,829	249,860

		2018Q1	2017Q1
Operating Revenue	$	27,169	46,250
Current net loss	$	(3,081)	(8,226)
Other comprehensive profit or loss		-	-
Total profit or loss	$	(3,081)	(8,226)
Total comprehensive profit or loss attributable to controlling equity	$	(1,571)	(4,195)
Total comprehensive profit or loss attributable to the owner of the investee	$	(1,510)	(4,031)

		2018Q1	2017Q1
The share of the Company's net assets of affiliated enterprises at the beginning period	$	239,598	249,86(
Net assets attributable to subsidiary losing of control and transfer to significant affiliated enterprises		(1,510)	(4,031`
The book value of the Company's equity in the affiliated enterprise of the Company	$	238,088	245,82¢

(2) The Consolidated Company's share of the affiliated enterprise under equity method which is not significant individually is summarized as follows. The said financial information is the amount in the Company's individual financial report.

		3.31.2018	12.31.2017	3.31.2017
Ending balance of affiliated enterprise under equity method which is not significant individually	$	186,880	185,882	187,344

		2018 Q1	2017 Q1
Attribute to the Company:			
Continuing operations' current loss	$	260	196
Other comprehensive profit or loss		762	(2,153)
Total comprehensive profit or loss	$	1,022	(1,957)

(3) As of March 31, 2018, December 31, 2017 and March 31, the Consolidated Company did not have its investment using equity method pledged as collateral.

(4) Joint Venture

The Consolidated Company, Bliss Knight Limited and SINO-OCEAN Group signed a joint-venture agreement on December 31, 2017 based on the cooperation framework of jointly developing, constructing and operating cemetery sites and also developing and marketing funeral related services and products. The JV uses one of the Consolidated Company's existing subsidiaries, Lungyen Cayman, and was renamed Long Young Cayman by US$28,000 thousand in January, 2018, which decreased the Consolidated Company's ownership from 100% to 50%. Henceforth the Consolidated Company would never recognized LUNGYANG LIFE's profits and losses into consolidated financial statement but treat them with equity method instead.

Long Young Life's financial condition was summarized in below table based on its own financial reports and fair value at acquisition and differences in accounting policy were adjusted accordingly.

	3.31.2018
Ownership	**50%**
Non-current assets	$ 850,984
Current assets	814,948
Net assets	**$ 1,665,932**
Cash and cash equivalents	**$ 523,287**
Net assets attributable to the Consolidated Company	**$ 832,966**

	2018Q1~Q3
Revenues	**$ -**
Net losses from continuing operations	(10,571)
Other comprehensive income	-
Total comprehensive income	**$ (10,571)**
Total comprehensive income attributable to the Consolidated Company	**$ (6,188)**

Remarks: ending exchange rate of US$ on March 31, 2018: 29.1050

average exchange rate of US$ for the first quarter of 2018: 29.2159

(5) Unreviewed investments under equity method which

Investments under equity method and their profits and losses and other comprehensive income attributable to the Consolidated Company were calculated without the CPA's review, except Yuji Construction Co., whose financial reports were reviewed by the CPA.

(VI) Loss of control to subsidiary

The Consolidated Company lost control to Long Young Life (Cayman) Co. Ltd., Long

Young Life (Hong Kong) Co., and Wenzhou Lungyen Co. on January 1, 2018. Based on fair value on December 31, 2018, total losses from writing-off net book value and remained equity were estimated to be US$234 thousand.

Book value of assets and liabilities of company mentioned above as of December 31, 2017 as below:

Cash and cash equivalents	$	17,621
Prepayment		676,900
Other financial assets		146,080
Other current assets		1,080
Real estate, plant and equipment		1,326
Differed tax assets		5,481
Other payables		(1,255)
Book value of subsidiaries' net assets	**$**	**847,233**

(VII) Subsidiaries in which the Company has significant influence but with none control

Subsidiaries in which the Company has significant influence but with none control as below:

Name of subsidiaries	Main operation location /Country of registration	Proportion of shareholdings held by non-controlling interest and voting rights		
		3.31.2018	**12.31.2017**	**3.31.2017**
Yuji construction Co. Ltd.	Taiwan	45.58%	45.58%	45.58%

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

1. Summarized financial information of Yuji:

		3.31.2018	**12.31.2017**	**3.31.2017**
Current asset	$	3,163,708	2,927,368	2,379,686
Non-current asset		468,818	381,974	394,748
Current liability		(632,357)	(383,203)	(516,938)
Equity	**$**	**3,000,169**	**2,926,139**	**2,257,496**
Book value of ending non-controlling interests	**$**	**1,347,729**	**1,313,986**	**1,009,221**

		2018Q1	**2017Q1**
Operating revenue	$	130,805	112,955
Net income	$	73,479	63,283
Other comprehensive income		550	5,304
Total comprehensive income	**$**	**74,029**	**68,587**

Net income, attributable to non-controlling interest	$ 33,492	28,844
Total comprehensive income, attributable to non-controlling interest	$ 33,743	31,262

	2018Q1	2017Q1
Cash flows from operating activities	$ 7,425	19,643
Cash flows from investing activities	(6,600)	(248)
Cash flows from financing activities	-	(18,000)
Net cash flow increase (decrease)	$ 825	1,395

(VIII) Property, plant, and equipment

The changes in the cost, depreciation, and impairment loss of the consolidated company's property, plant, and equipment in 2016 and 2015 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, 2018	$ 2,359,206	2,770,810	93,403	56,283	4,100	170,088	1,022,373	6,476,263
Additions	-	1,530	-	-	-	5,474	12,917	19,921
Disposal and scrap	-	-	-	(24)	-	(21)	-	(45)
Reclassification	-	-	(1,516)	(88)	-	-	-	(1,604)
Balance on March 31, 2018	15,456	-	1,000	-	-	-	(16,489)	(33)
Balance on January 1, 2017	**$ 2,374,662**	**2,772,340**	**92,887**	**56,171**	**4,100**	**175,541**	**1,018,801**	**6,494,502**
Additions	$ 2,357,212	2,731,678	79,074	55,214	4,100	147,689	1,030,922	6,405,889
Disposal and scrap	-	10,103	2,000	-	-	2,026	13,928	28,057
Reclassification	-	-	(1,880)	(6)	-	(32)	-	(1,918)
Balance on March 31, 2017	-	17,982	4,791	-	-	-	(22,773)	-
Depreciation and impairment loss:								
Balance on January 1, 2018	$ -	449,850	69,761	54,066	3,113	54,508	-	631,298
Current depreciation	-	17,474	3,043	229	45	4,692	-	25,483
Disposal	-	-	-	(17)	-	(15)	-	(32)
Balance on March 31, 2017	-	-	(240)	(38)	-	-	-	(278)
Balance on January 1, 2017	**$ -**	**467,324**	**72,564**	**54,240**	**3,158**	**59,185**	**-**	**656,471**
Current depreciation	$ -	379,721	63,394	53,622	2,933	39,571	-	539,241
Disposal	-	17,409	2,245	150	44	3,515	-	23,363
Reclassification	-	-	(1,880)	(3)	-	(18)	-	(1,901)
Balance on March 31, 2017	**$ -**	**397,130**	**63,759**	**53,769**	**2,977**	**43,068**	**-**	**560,703**
Book value:								
January 31, 2018	**$ 2,359,206**	**2,320,960**	**23,642**	**2,217**	**987**	**115,580**	**1,022,373**	**5,844,965**
March 31, 2018	**$ 2,374,662**	**2,305,016**	**20,323**	**1,931**	**942**	**116,356**	**1,018,801**	**5,838,031**
January 31, 2017	**$ 2,357,212**	**2,351,957**	**15,680**	**1,592**	**1,167**	**108,118**	**1,030,922**	**5,866,648**

March 31, 2017	$ 2,357,212	2,362,633	20,226	1,439	1,123	106,615	1,022,077	5,871,325

1. The Consolidated Company (referred to as "the Principal" hereinafter) has part of the land registered in the name of the discretionary related party (referred to as "the Trustee" hereinafter) for land acquisition matters. The contractual parties agree to have the land ownership transferred back to the Principal unconditionally upon the completion of land consolidation. The Trustee at the time of acquiring the land ownership shall have the documents needed for ownership transfer prepared, signed and sealed, and then delivered to the principal for records. In addition, a promissory note issued by the trustee for an amount equivalent to the land value should be delivered to the principal for records.
2. For details of assets pledged as collateral as of March 31, 2018, December 31, and March 31, 2017, please refer to Note (8).
3. For details of part of the property, plant and equipment trusted as of March 31, 2018 and December 31, and March 31, 2017, please refer to Note 9 (3)

(IX) Investment property

The changes in investment for the Company as the followings:

	Land and improvements	Building and structure	Total
Cost or identified cost:			
Balance on January 1, 2018	$ 5,022,148	1,992,136	7,014,284
Balance on March 3, 2018	$ 5,022,148	1,992,136	7,014,284
Balance on January 1, 2017	$ 5,024,142	1,992,136	7,016,278
Balance on March 3, 2017	$ 5,024,142	1,992,136	7,016,278
Depreciation and impairment loss:			
Balance on January 1, 2018	$ 19,910	508,269	528,179
Current depreciation	-	11,233	11,233
Balance on March 31, 2018	$ 19,910	519,502	539,412
Balance on January 1, 2017	$ 19,910	462,337	482,247
Current depreciation	-	12,063	12,063
Balance on March 31, 2017	$ 19,910	474,400	494,310
Book value:			
January 1, 2018	$ 5,002,238	1,483,867	6,486,105
March 31, 2018	$ 5,002,238	1,472,634	6,474,872
January 1, 2017	$ 5,004,232	1,529,799	6,534,031
March 31, 2017	$ 5,004,232	1,517,736	6,521,968

1. Investment property contains a number of commercial properties leased to others. Please refer to Note 6 (14).
2. No significant changes of between the Company's fair value of non-current assets for investment and Note 6 (7) disclosed in 2017 consolidated financial report.

3. With regards to real estate delivered to investment trust case as of March 31, 2018, December 31 and March 31, 2017, please refer to Note 9 (3).
4. For the investment property pledged for collateral on March 31, 2018, December 31 and March 31,2017 please refer to Note 8.

(X) Intangible assets:

Cost, amortization and impairment loss of the Consolidated Company's intangible assets as the followings:

	Goodwill	Trademark	Computer Software	Total
Cost:				
Balance on January 1, 2018	$ 542,428	192,750	121,954	857,132
Acquired separately	-	-	3,923	3,923
Balance on March 31, 2018	**$ 542,428**	**192,750**	**125,877**	**861,055**
Balance on January 1, 2017	$ 542,428	192,750	116,510	851,688
Acquired separately	-	-	729	729
Balance on March 31, 2017	**$ 542,428**	**192,750**	**117,239**	**852,417**
Amortization and impairment loss:				
Balance on January 1, 2018	$ -	-	92,501	92,501
Current Amortization	-	-	4,281	4,281
Balance on March 31, 2018	**$ -**	**-**	**96,782**	**96,782**
Balance on January 1, 2017	$ -	-	76,462	76,462
Current Amortization	-	-	4,097	4,097
Balance on March 31, 2017	**$ -**	**-**	**80,559**	**80,559**
Book value:				
January 1, 2018	**$ 542,428**	**192,750**	**29,453**	**764,631**
Balance on March 31, 2018	**$ 542,428**	**192,750**	**29,095**	**764,273**
January 1, 2017	**$ 542,428**	**192,750**	**40,048**	**775,226**
Balance on March 31, 2017	**$ 542,428**	**192,750**	**36,680**	**771,858**

The Consolidated Company conducts impairment assessment for goodwill and trademark every year. According to the impairment assessment carried out on December 31, 2017 and 2018, no impairment loss shall be recognized.

(XI) Other financial assets - current

The Consolidated Company's other financial assets as below:

	3.31.2018	12.31.2017	3.31.2017
Time deposit – trust account	$ 296,287	609,698	358,852
Time deposit	-	-	4,900

Current deposit – trust account	443,022	637,912	416,280
Current deposit – management fees account	870,445	881,491	946,470
Guarantee deposit	-	-	296,805
Financial products	-	146,080	-
Other receivables	5,102	4,735	14,016
Rental receivables	-	-	107,901
Bond interest receivables	20,091	19,950	23,763
Restricted assets	709	709	709
Receivables for sales of securities	83,726	64,161	-
Others	16,654	9,792	13,630
Total	$ 1,736,036	2,374,528	2,183,326

(XII) Short-term loan

	3.31.2018	12.31.2017	3.31.2017
Guaranteed bank loans	$ 2,270,000	2,492,000	2,580,000
Unguaranteed bank loans	402,000	332,000	22,400
Total	$ 2,672,000	2,824,000	2,602,400
Unused credit lines	$ 3,306,000	2,404,000	8,850,600
Range of interest rates	0.68%~1.20%	0.68%~1.83%	0.73%~1.25%

1. For details of the Consolidated Company's exposure to exchange rate, foreign currency and liquidity risk, please refer to Note 6 (24).
2. Issuance and repayment of short-term loan

   As of the year of 2018 and January 1, and March 31, 2017, the increase amount was NT$544,000 thousand and NT$2,375,500 thousand, interest rates are 0.68%~1.20% and 0.73%~1.25%, respectively; the repayment was NT$696,000 thousand and NT$6,948,000 thousand, respectively.
3. For the Consolidated Company's assets pledged as collateral for bank loans, please refer to Note 8.

(XIII) Long-term loan

Details of the company's corporate bond payable is as follows:

	3.31.2018	12.31.2017	3.31.2017
Unsecured convertible bond	$ 3,139,651	3,139,6	-
Equity component- convertible rights (booked as capital reserve)	$ 9,961	9,9	-

Main rights and responsibilities for the domestic unsecured corporate bond issued by the Company on April, 2017 are as of follows:

Item	Content
Total amount of the issue	Total amount of the issuance is NT$3,113,000,000, each face value is NT$100,000.The actual issue price of the convertible bond through private placement is NT$100,000.
Issue coupon rate	0%
Issue period	April 10, 2017, for 3 years.
Ways of return	In addition to writing off of the bond, the Company could repay 104.5% of the face value of the bond on maturity date.
Convertible price	NT$61.97 per share.
Convertible period	The holder of the bond could be converted into ordinary shares of the Company at any time after one month of the date of issuance of the private convertible bonds (May 11, 2017) until the expiry date (March 31, 2020), except for the period from the date on which the Company has paid off the free shareholding, the cash dividend or the cash increase account, the date of the distribution of the rights distribution, 15 business days before the consolidated or division of the base date, and to the date of consolidation or division of the base date, the date of the reduction of the capital reduction from the date of the reduction of the stock to commemorate the day before the commencement of trading and other ordinary shares of the Company suspended by the transfer period.
Others	No redemption, put option and re-establishment

(XIV) Operating lease

The Consolidated Company leased its investment property by means of operating lease, for more information please refer to Note6 (9).The minimum lease amount of future receivables during the lease period is as the follows:

	3.31.2018	12.31.2017	3.31.2017
Within 1 year	$ 198,88	194,00	187,65
1~5 years	578,46	565,08	557,87
Over 5 years	1,400,54	1,429,82	1,465,05
	$ 2,177,88	**2,188,91**	**2,210,59**

The rent income arising from the investment property amounted to NT$48,348 thousand and NT$47,197 thousand as of 2018Q1 and 2017Q1, respectively. The repair, depreciation and maintenance expenses (booked in the “Operating cost”) incurred from investment property are as follows:

	2018Q1	2017Q1
Rent income generated	$ 22,191	24,088
Rent income not generated	-	-
	$ 22,191	24,088

(XV) Employee welfare

1. Defined benefit plan

   Management believes that in prior fiscal year, there was no material volatility of the market, no material reimbursement and settlement or other material one-time events. As a result, the Consolidated Company adopts the pension cost decided actuarially as of December 31, 2017 and 2016 to measure and disclose the pension cost during the interim period.

   Details of expenses reported by the Consolidated Company are as follows:

	2018Q1	2017Q1
Administrative expense	$ 10	10

2. Defined contribution plan

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

	2018Q1	2017Q1
Operating cost	$ 2,032	2,032
Administrative expenses	2,702	2,729
	$ 4,734	4,761

(XVI) Income tax

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

   The Consolidated Company's income tax expenses are as follows:

	2018Q1	2017Q1
Current income tax expenses		
Current generated	$ 48,393	42,457
Overestimate of previous income tax	(1,183)	(670)
Increase of land tax	201	261
	47,411	42,048

Deferred income tax expenses (profits)		
Change in income tax rate	(135,882)	-
Temperate differences happened and return	(15,824)	(18,288)
Income tax (profits) expenses	**$ (104,295)**	**23,760**

3. The Company's income tax returns have been audited by the tax authorities up to 2013.

(XVII) Capital and other equity

Except as described below, there were no significant changes in the equity capital and other equity accounts of the consolidated company during the three months ended in March 31, 2018 and 2017, for more information please refer to Note 6 (16) of the 2017 annual consolidated financial statements.

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 420,084 thousand common stock shares, 420,084 thousand common stock shares and 420,084 thousand common stock shares issued as of March 31, 2018, December 31 and March 31, 2017 respectively.

The Company's amendment for numbers of outstanding shares on January 1 to March 31, 2018 and January 1 to March 31, 2017 as follows:

(Thousand shares)

	Ordinary Shares	
	2018Q1	**2017Q1**
Balance on January 1	420,084	399,084
Capital increase	-	21,000
Balance on March 31	**420,084**	**420,084**

1. Issuance of Ordinary shares

   The Company resolved in special shareholders' meeting on January 25, 2017 to authorize the Board of Directors to increase paid- up capital and issue ordinary shares through private placement but not exceeding 21,000 thousand shares within a year after the interim. The Company has resolved after meeting of the Board of Directors to issue 21,000 thousand ordinary shares through private placement at NT$62.1 per share, and NT$10 par, so the total is NT$1,304,100 thousand. March 29, 2017 is the date of capital increase, related regulated registration procedures have been completed.

   The transfer of the aforesaid private placement and its free distribution of shares shall be subject to the provisions of section 43.8 of the Securities Exchange Act and after the expiration of three years from the date of delivery of the ordinary shares through private placement (April 10, 2017), first of all, go to TPEX or TWSE for issuance of standard letter in order to apply to the authorities for reimbursement, and to TPEX or TWSE to apply for the private placement of the ordinary shares for trading.

2. Additional paid-in capital

The Company's additional paid-in capital balance:

		3.31.2018	12.31.2017	3.31.2017
Stock premium	$	2,486,17	2,486,17	2,486,17
Disposal of difference of book value of subsidiaries' equity		20,97	20,97	20,97
Recognition changes in net equity of subsidiaries		2,84	2,84	5,17
Stock option for convertible bonds issued		9,96	9,96	-
	$	2,519,95	2,519,95	2,512,31

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.

3. 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; however, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds the Company's total capital stock, and if necessary, appropriated special reserve, the remaining amount thereafter, if any, is deposited as retained earnings partially and the rest amount is allocated as follows; the remains except appointment of dividends, along with undistributed earnings at the beginning of the period, the Board shall proposed distribution plan and resolved by the shareholders' meeting.

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

(1) Legal reserve

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

(2) Special reserve

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

(3) Distribution of earnings

The Company's distribution of 2017 earnings was proposed by the board of directors on May 5, 2018; also, the distribution of 2015 earnings was resolved in the general shareholders' meeting on June 17, 2016. The distribution of dividends to shareholders is as follows:

	2017		2016	
	Share distribution rate (NT$)	**Amount**	**Share distribution rate (NT$)**	**Amount**
Dividends distributed to common stock shareholders:				
Cash	$ 2.50	1,050,210	1.20	504,101

4. Other equity

	Exchange differences from the translation of foreign institution's financial statements	**Investments at fair value through other comprehensive income**	**Available-for-sale investment**	**Total**
January 1, 2018	$ (13,825)	-	472,440	458,615
Retrospective adjustment due to new accounting standard	-	264,279	(472,440)	(208,161)
Re-estimated balance on January 1, 2018	(13,825)	264,279	-	250,454
The Consolidate Company	(2,749)	121,095	-	118,346
Exchange difference of affiliate company using equity method	762	-	-	762
Balance on March 31, 2018	$ (15,812)	385,374	-	369,562
January 1, 2017	$ (11,300)	-	408,657	397,357

The Consolidate Company	(20,609)	-	474,292	453,683
Exchange difference of affiliate company using equity method	(2,153)	-	-	(2,153)
Balance on March 31, 2017	$ (34,062)	-	882,949	848,887

5. Non-controlling equity

	2018Q1	2017Q1
Balance at beginning of period	$ 1,377,297	1,254,399
Non-controlling equity		
Net profit of non-controlling equity	33,008	28,450
Available-for-sale financial assets gain(loss)	-	2,418
Financial assets at fair value through other comprehensive income	251	-
Equity changes to subsidiaries	-	1,897
Acquisition of shares of subsidiaries to non-control equity	-	(108,000)
Balance at end of period	$ 1,410,556	1,179,164

(XVIII) Earnings per share

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

	2018Q1	2017Q1
Basic earnings per share		
Net income attributable to the Consolidated Company's common stock shareholders:	$ 477,206	233,144
Weighted average outstanding common stock shares	420,084	399,784
	$ 1.14	0.58
Diluted earnings per share		
Net income attributable to the Consolidated Company	$ 477,206	233,144
The impact of common stock shares with potential dilutive effect of the weighted average outstanding common stock shares		
Convertible Bond	10,190	-
Net income attributable to the Consolidated Company's common stock shareholders (after adjusting the potential dilutive effect of the common stock shares)	$ 487,396	233,144
Weighted average outstanding common stock shares	420,084	399,784
The impact of common stock shares with potential dilutive effect of the weighted average outstanding common stock shares		
The impact of stock bonus to employees	381	222
The impact of convertible bond	50,234	-

Weighted average outstanding common stock shares (after adjusting the potential dilutive effect of the common stock shares)	470,699	400,006
	$ 1.04	0.58

(XIX) Revenues from contracts with customers

1. Details of revenues

	2018Q1					
	Sales of columbarium and cemetery	Funeral services	Property leasing	Cemetery operation and others	Construction and sales	Total
Area of main: market						
Taiwan	$ 449,819	450,169	48,348	82,090	-	1,030,426
Revenues recognized at:						
Goods or services that are transferred at a certain point in time	$ 449,819	450,169	48,348	82,090	-	1,030,426

For details of revenues of 2017Q1, please refer to Note 6 (20).

2. Outstanding contract amount

	3.31.2018	1.1.2018
Account receivables and note receivables	$ 9,819,660	1,079,315
Less: allowance	(53,313)	(53,313)
Unrealized interests revenues	(726,948)	-
Total	$ 9,039,399	1,026,002
Contract liabilities – presale of columbarium and cemetery products and contracts of funeral services	$ 38,473,924	-

(XX) Revenues

The Consolidated Company's revenues are as follows:

	2017Q1
Sales of columbarium and cemetery	$ 423,438
Funeral services	423,833
Rent from investment property	47,197
Other operation	75,744
	$ 970,212

For details of revenues of 2018Q1, please refer to Note 6 (19)

(XXI) Remuneration to employees, directors and supervisors

According to the Company's Articles of association approved by the Board but not yet approved by the shareholder meeting, any earnings after the Company's fiscal year final settlement shall be allotted no less than 1% as the remuneration to employees, and no more than 2% as the remuneration to directors. However, if there are still accumulated losses, certain amount shall be reserved to cover the deficit in advance. The preceding employees who receive stocks or cash include employees of subsidiaries under certain conditions.

The Company's remuneration to employees as of March 31, 2018 and January 1 to March 31, 2017 were NT$3,861 thousand and NT$2,545 thousand, and the remuneration to directors and supervisors were NT$7,721 and NT$5,091 thousand. The estimated basis is that after-tax net income of the specific period before deducting the remuneration to employees and directors multiplied by the distribution ratio of the Company's Articles of association, and is reported as operating expense during the period. When there is difference between the actual and estimated distribution amount in the next year, it will be conducted based on changes in accounting estimates, and recognized as profit or loss in the next year. If the Board resolves to pay stocks as employee remuneration, the calculation basis of the number of stock remuneration is in accordance with the closing price of the common stock on the day before the Board resolution.

In 2017 and 2016, the allowance amount of the remuneration to employees of the Company were NT$21,149 thousand and NT$11,340 thousand, as for the amount for directors and supervisors of the Company were NT$42,297 thousand and NT$22,680 thousand, respectively. For more information please refer to M.O.P.S

(XXII) Net other gains or losses

The Consolidated Company's net other gains and losses are as follows:

		2018Q1	2017Q1
Marketing expenses	$	46,499	-
Management fees income		(10,627)	-
Management fees expenses		66,744	-
		(66,744)	-

(XXIII) Non-operating income and expense

1. Other income

The Consolidated Company's other income is as follows:

		2018Q1	2017Q1
Interest income	$	23,417	31,514
Dividend income		12,831	1,410

Fines income	18,479	16,186
Other income	13,878	11,045
	$ 68,605	60,155

2. Other profit and loss

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

	2018Q1	2017Q1
Foreign exchange gain (loss)	$ (41,889)	(133,478)
Gains (losses) from disposal of available-for-sale financial assets	-	(11,160)
Gains (losses) from disposal of financial assets at fair value through other comprehensive income	(16,682)	-
Net gains from net financial assets measured at fair value through profit or loss	6,445	34,561
Gain (losses) from disposal of investment under equity method	(6,923)	-
Disposal of property, plant, and equipment	(13)	208
Other expense	(310)	(452)
	$ (59,372)	(110,321)

3. Finance cost

The Consolidated Company's finance cost is as follows:

	2018Q1	2017Q1
Interest expense	$ (6,970)	(20,689)
Amortization for discount on cooperate bond	(12,739)	-
	$ (19,709)	(20,689)

(XXIV) Financial instruments

Except as described in the following paragraph, there were no significant changes in the Company's fair value of financial instruments exposed to credit risk, liquidity risk, and market risk. For other information, please refer to Note 6 (22) in the 2017 annual consolidated financial statements.

1. Types of financial instruments

(1) Financial assets

	3.31.2018	12.31.2017	3.31.2017
Financial assets at fair value through income and loss	$ 1,780,536	1,457,535	1,057,560
Financial assets at fair value through other comprehensive income	8,987,470	-	-
Available-for-sale financial assets	-	8,585,120	8,927,395
Hold-to-maturity investment	-	614,832	617,082
Financial assets carried at amortized cost	819,524	-	-

Financial assets carried at cost	-	18,992	18,992
Financial assets carried at amortized cost (loans and receivables):			
Cash and cash equivalent	184,160	169,781	212,301
Notes receivable and accounts receivable	9,039,399	1,026,002	413,923
Other financial assets (current & non-current)	1,787,572	2,420,289	2,207,965
Sub. total	11,011,131	3,616,072	2,834,189
Total	$ 22,598,661	14,292,551	13,455,218

(2) Financial liabilities

		3.31.2018	12.31.2017	3.31.2017
Financial liabilities carried at amortized costs:				
Short term loans	$	2,672,00	2,824,00	2,602,40
Account payables and other payables		927,91	858,50	614,47
Long term loans		3,152,38	3,139,65	-
Guarantee deposit		62,34	60,93	55,10
Total	$	6,814,65	6,883,08	3,271,98

2. Credit risk

(1) Credit risk exposure

The book value of financial assets represents the maximum credit risk exposure amount.

(2) Concentration of credit risk

As the Company has a broad customer base, not with a significant focus on customer transactions and sales area scattered, thus credit risks of receivables are not concentrative. And in order to reduce credit risk, the Company also continued to regularly assess the financial condition of customers, but usually do not require customers to provide collateral.

(3) Credit risks of account receivables and liabilities securities

For credit risk exposure to note receivables and account receivables, please refer to Note 6 (3). Other financial assets carried at amortized costs include other receivables.

Liabilities investments at fair value through other comprehensive income include non-listed liabilities securities (which were booked as available-for-sale or hold-to-maturity financial assets as of December 31 and March 31, 2017)

Those mentioned above are all financial assets with low risks, thus the expected twelve-month credit loss amount is allied to evaluate the allowance during the reporting period (for details of how the Consolidated Company judges the credit risk, please refer to Note 4 (3)). Changes of allowance during January 1, 2018 and March 31, 2018 are as follows:

	Other receivables	Liabilities securities carried at amortized costs	Liabilities securities at fair value through other comprehen sive income	Total
Beginning balance (according to IAS39)	$ 22,745	-	-	22,745
Adjustment for IFRS 9 first applied	-	-	-	-
Beginning balance (according to IFRS 9)	22,745	-	-	22,745
Allowance	-	-	-	-
Ending balance	$ 22,745	-	-	22,745

3. Liquidity risk

The contract maturities of financial liabilities are illustrated in the table below, including the estimated interests but excluding 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, 2018							
Non-derivative financial liabilities							
Floating rate instruments	$ 2,625,000	2,625,000	2,625,000	-	-	-	-
Fixed rate instruments	3,199,389	3,199,389	47,000	-	-	3,152,389	-
No interest-bearing liabilities	990,263	990,263	990,263	-	-	-	-
	$ 6,814,652	6,814,652	3,662,263	-	-	3,152,389	-
December 31, 2017							
Non-derivative financial liabilities							
Floating rate instruments	$ 2,792,000	2,792,000	2,792,000	-	-	-	-
Fixed rate instruments	3,171,651	3,171,651	32,000	-	-	3,139,651	-
No interest-bearing liabilities	919,438	919,438	919,438	-	-	-	-
	$ 6,883,089	6,883,089	3,743,438	-	-	3,139,651	-
March 31, 2017							
Non-derivative financial liabilities							
Floating rate instruments	$ 2,580,000	2,580,000	2,580,000	-	-	-	-
Fixed rate instruments	22,400	22,400	22,400	-	-	-	-
No interest-bearing liabilities	669,582	669,582	669,582	-	-	-	-
	$ 3,271,982	3,271,982	3,271,982	-	-	-	-

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

4. Market Risks

(1) Exchange rate risk

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

	3.31.2018			12.31.2017			3.31.2017		
	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	$ 25,982	4.629	120,261	25,955	4.553	118,182	72,377	4.414$	25,982
RMB/USD	1,657	0.159	7,668	1,657	0.153	7,543	3,210	0.146	1,657
USD/NTD	-	29.12	-	-	29.848	-	-	30.336	-
USD/NTD	56,379	29.120	1,641,765	74,256	29.848	2,216,388	61,386	30.336	56,379
JPY/NTD	17,833	0.274	4,884	17,989	0.264	4,745	30,158	0.273	17,833
HKD/NTD	11,557	3.710	42,873	16,973	3.805	64,582	8,651	3.904	11,557
Non-monetary items									
HKD/NTD	233,431	0.274	63,937	229,827	0.264	60,628	208,798	0.273	233,431
Japanese yen/NTD	15,104	29.120	439,817	8,635	29.848	257,743	9,240	30.336	15,104
USD/NTD	98,487	3.710	365,368	51,092	3.805	194,405	60,531	3.904	98,487
RMB/NTD	7,547	22.206	167,585	1,060	22.255	23,596	-	-	7,547

(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 the Consolidated Company's functional currency against main foreign currency 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, 2018 and 2017, the net income was increased or decreased by NT$228,333 thousand and decreased by NT$233,344 thousand, respectively.

Due to the variety of the Consolidated Company's functional currencies, the exchange gain or loss of currency items are disclosed in summary. As of March 31, 2018 and 2017, the foreign currency exchange gain (loss) was NT$(41,889) thousand and NT$(133,478) thousand, respectively.

5. Interest rate analysis

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

The following sensitivity analyzes are based on the interest rate risk exposure of the derivative and non-derivative instruments on the reporting date. The analysis of floating rate liabilities is by assuming the outstanding liability amount on the reporting date stays outstanding the entire year. In addition, interest rate is assessed within the reasonable and possible range of change. If interest rate is increased or decreased by 0.5%, with all other variables held constant, the Consolidated Company's net income as of March 31, 2018 and 2017 is decreased by NT$2,625 thousand and increased by NT$2,677 thousand, respectively.

6. Fair value

(1) Financial instruments category and fair value

Fair value of the Consolidated Company's financial assets and liabilities at fair value through profits and losses, debt and hedging financial assets and financial assets at fair value though other comprehensive income (available-for-sale financial assets) are assessed based on repeatability. The Consolidated Company's book value and fair value (including fair value hierarchy information, but the book value of financial instruments' which is not measured by fair value and reasonably similar to fair value, as well as the equity method investments without active market price and of which fair value cannot be reliably invested, it is not necessary to disclose their fair value information accordingly to regulation) of the financial assets and financial liabilities are listed as below:

	3.31.2018				
		Fair Value			
	Book value	**Class I**	**Class II**	**Class III**	**Total**
Financial assets at fair value through profit or loss	$ 1,780,536	1,780,536	-	-	1,780,536
Financial assets at fair value through other comprehensive income	8,987,470	8,968,478	-	18,992	8,987,470
Financial assets at amortized costs	819,524	819,524	-	-	819,524
Total	$ 11,587,530	11,568,538	-	18,992	11,587,530

	12.31.2017				
		Fair Value			
	Book value	**Class I**	**Class II**	**Class III**	**Total**
Financial assets at fair value through profit or loss	$ 1,457,535	1,457,535	-	-	1,457,535
Available-for-sale financial assets	8,585,120	8,585,120	-	-	8,585,120
Hold-to-maturity investment	614,832	614,832	-	-	614,832
Total	$ 10,657,487	10,657,487	-	-	10,657,487

	3.31.2017				
		Fair Value			
	Book value	**Class I**	**Class II**	**Class III**	**Total**
Financial assets at fair value through profit or loss	$ 1,057,560	1,057,560	-	-	1,057,560
Available-for-sale financial assets	8,927,395	8,927,395	-	-	8,927,395
Hold-to-maturity investment	617,082	617,082	-	-	617,082

Total	$ 10,602,037	10,602,037	-	-	10,602,037

No financial assets and liabilities of each hierarchy were transferred during the period from January 1 to March 31, 2018 and 2017.

(2) Fair value measurements of financial instruments not measured at fair value

The Company's methods and assumption for instruments not measured at fair value as the follows:

Financial assets at amortized costs (hold to maturity financial assets): If there's quoted market prices in active markets, the fair value is based on market price; if there's no market prices for references, the evaluation methods or counterparts' price will be adopted.

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

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

If able to promptly and usually acquire public quoted prices of financial instruments from stock exchanges, brokers, underwriters, industrial guilds, pricing services facilities and authorities, and the said prices represent actual and frequent incurring fair market transaction, then the financial instruments have active market quoted prices. If abovementioned conditions are not achieved, then the market is identified as inactive. In general, considerably large bid-ask spread, significantly increased bid-ask spread or extremely low transaction volume are indexes of inactive markets.

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

(4) Details of changes in Class III

	Financial assets at fair value through other comprehensive income (available-for-sale) financial assets)		
	Equity instrument with public	Bonds	Total

		prices		
January 1, 2018	$	18,992	-	18,992
March 31, 2018	$	18,992	-	18,992

Total profits or losses mentioned above were recognized as "unrealized gains (losses) from financial assets at fair value through other comprehensive". Among which related asset still held as of March 31, 2018 are:

		2018Q1
Total profits or losses		
Recognized in other comprehensive income (recognized as "unrealized gains (losses) from financial assets at fair value through other comprehensive")	$	-

(5) Quantitative information on the fair value measurement of significant unobservable input (class III)

The Consolidated Company's fair value measurement which categorized in class III mainly includes financial asset at fair value through other comprehensive income.

Most of the Consolidated Company's fair value measurement which categorized in class III equipped only one significant unobservable input; only equity instrument with active market has plural unobservable inputs. The significant unobservable inputs of investment in equity instrument without active market are mutually independent, thus no mutual relevance exists.

Information of significant unobservable inputs are quantified in below table:

Item	Measurement method	Significant unobservable input	Relation between significant unobservable input and fair value
Financial assets at fair value through other comprehensive income – investment in equity instrument without active market	Comparable to the Company Act for listed company	・P/E ratio (22.3 as of March 31, 2018)	・The higher the multiplier and ownership premium, the higher the fair value
Financial assets at fair value through other comprehensive income – investment in equity instrument without active market	Comparable to the Company Act for listed company	・P/B ratio (1.56 as of March 31, 2018)	Same as above
Financial assets at fair value through other	Net assets value method	・Net asset value	Not applicable

comprehensive
income –
investment in equity
instrument without
active market

(6) Sensitivity analysis of fair value to reasonable possible alternative hypotheses for the class III of fair value measurement

The Consolidated Company's measurement on the fair value of financial instrument was reasonable; however, the results of measurement may differ due to the application of different measurement model or parameters. For financial assets categorized in class II, impact resulted from change in measurement parameters to current net income or other comprehensive income are as follows:

	Input parameter	Upward or downward change	Change in fair value reflected in current net income		Change in fair value reflected in current other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
March 31, 2018						
Financial assets at fair value through other comprehensive income						
Investment in equity instruments without active market	P/E ratio	10%	-	-	875	(875)
Investment in equity instruments without active market	P/B rat	10%	-	-	331	(331)

o

(XXV) Financial risk management

There were no significant differences of the consolidated company's financial risk management and policies with those disclosed in Note 6 (23) of the 2017 consolidated financial statements.

(XXVI) Capital management

Management believes that the objectives, policies, and processes of capital management of the Group have been applied consistently with those described in the 2017 consolidated financial statements. Additionally, management believes that there were no significant changes between the total quantitative information of capital management and those disclosed in the 2017 annual consolidated financial statements. For related information, please refer to Note 6 (24) in 2017 annual consolidated financial statements.

(XXVII)Re-categorization of components of other comprehensive income

Details of the Consolidated Company's re-categorization of components of other comprehensive income are as follows:

2018Q1	2017Q1

Available-for-sale financial assets		
Net changes in fair value of current year	$ -	483,570
Net change in fair value re-categorized公to profits and losses	-	(6,860)
Investment in debt instrument at fair value through other comprehensive income		
Net changes in fair value of current year	(29,349)	-
Net change in fair value re-categorized公to profits and losses	159	-
Net change in fair value recognized in other comprehensive income	**$ (29,190)**	**476,710**

VII. Related Party Transactions

(I) Related parties' names and relations

The related parties with transaction relations during the period of consolidated report are as the follows:

Related Parties	**Relations with the Consolidated Company**
Lungding Life Science Co. Ltd.	Affiliated Company of the Company
Xin Wei International Leasing Co. Ltd.	The corporate director is the same as the Company
Fuyuan International Development Co. Ltd.	The chairman of Fuyuan is the director of the Company
Fuyang Development Co., Ltd	Subsidiary
Creative Space Design Co. Ltd.	Affiliated Company of the Company
Other natural person	Major administrator of the Consolidated Company

(II) Significant transaction between related parties

Transaction price was determined by bilateral agreement, the payment terms agreed by signed contracts.

1. Purchase from related party

The Consolidated Company's purchase amount and the outstanding balances from the related parties are as follows:

	Purchase		**Payable to related parties**		
	2018Q1	**2017Q1**	**3.31.2018**	**12.31.2017**	**3.31.2017**
Affiliated Company	$ 254	300	295	45	563

The purchase price was determined by bilateral agreement. Payment terms were 30 days after acceptance

2. Lease

(1) Lessee:

The Consolidated Company leases transport equipment from the related party for a rent expense of NT$1,789 thousand and NT$1,974 thousand during January 1 to March 31, 2018 and 2017.

(2) Lessor:

The Consolidated Company has office building and parking space rented to the related party for a rent income of both NT$9 thousand and NT$429 thousand during January 1 to March 31, 2018 and 2017.

The terms and conditions of above lease contract are negotiated by both sides.

3. Others

(1) Other payables

	3.31.2018	12.31.2017	3.31.2017
Other related party	$ 95	95	738

(2) Payment on behalf of others (recognized as other current assets)

	3.31.2018	12.31.2017	3.31.2017
Other related party	$ 557	557	557

(3) Refundable deposits (recognized as other financial assets – non-current)

	3.31.2018	12.31.2017	3.31.2017
Other related party	$ 961	961	961

Refundable deposits are deposit for the consolidated company leasing property from other related party. Interests from those deposits collected on March 31, 2018, December 31 and March 31, 2017 were NT$3 thousand, NT$12 thousand and NT$3 thousands, respectively.

(4) Management fees

	2018Q1	2017Q1
Other related parties	$ 138	138

The Consolidated Company entrusts related party with management service for leased buildings and pays management fees in accordance to the contract.

4. Obtaining other assets

The acquisition price of other assets obtained from the related parties was as follows:

Kinds of related parties	Item	2018Q1	2017Q1
Affiliated Company s	Fixed assets	$ 242	-

5. Trust contract

Part of the Consolidated Company's land is trusted and registered in the name of other related party as of March 31, 2018. Please refer to Note 6(3) and (6) for details.

6. Others

The Consolidated Company commissioned other related party to acquire land for construction for a total price below NT$376,820 thousand as of March 31, 2018, December 31 and March 31, 2017. The discretionary trustee is to handle the land combination matter on behalf of the Company.

Other related parties purchased products from the consolidated company for a total price at NT$1,803 thousand, NT$4,411 thousand and NT$246 thousand as of March 31, 2018, December 31 and March 31, 2017, respectively.

(III) Main manager transaction

	2018Q1	2017Q1
Benefit for short-term employees	$ 11,884	11,581
Post-employment benefits	388	429
	$ 12,272	12,010

VIII. Pledged Assets

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

Assets name	Collateral for loan Purpose of collateral	3.31.2018	12.31.2017	3.31.2017
Financial assets at fair value through profits and losses - current		$ -	-	360,183
Other financial assets - current	Guarantee for mutual investment development and sales	1,271	1,221	297,155
Inventories	Guarantee for loans and corporate finance amount	3,161,789	3,161,789	3,155,798
Property, plant, and equipment – book value	Collateral for loan	2,402,895	2,402,195	2,319,468
Investment property	Collateral for loan	4,014,569	4,021,630	3,996,608
Available-for-sale financial assets – non-current	Collateral for loan	-	3,091,111	6,132,652
Financial assets at fair value through other comprehensive income	Collateral for loan	3,940,379	-	-

$13,520,903	12,677,946	16,261,864

IX. Significant contingent liabilities and unrecognized contractual commitments

(I) Significant unrecognized contractual commitments:

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

		3.31.2018	12.31.2017	3.31.2017
Acquisition of columbarium and cemetery	$	19,580	19,580	19,580
Construction contract		833,338	960,754	436,215

(II) Contingent liabilities：

1. The legislative purpose of Mortuary Service Administration Act Article 36 is to cope with repair and management costs when a major accident hits or abnormal operations occur due to poor management. In order to maintain and manage funeral facilities, the Company has set up an administration fee account for specific uses only, so that if any significant incidents occur in the future, subsequent general impairment and management of the facilities will not be affected. New Taipei City Funeral Service Association is carrying out a petition among funeral operators to propose New Taipei City Government to invite local operators to discuss relevant self-governing regulation supplements, correspondent supervision mechanism and fund utilization regulations, and complete related regulations and procedures before collecting the fund. Besides, since relevant regulations are awaiting further discussion, the future possible obligation amount of the Company cannot be confirmed. The negotiation among parties is finished on October 18, 2017, thus the proposal is sent to the Legislative Yuan for further discussion on December 29, 2017; the 2nd and 3rd reading will start after completion of the discussion. After the amendment, the old fund system will be replaced by the new management system.
2. A small number of shareholders of Lungyen Service Co., Ltd. (was merged in 2011, hereinafter referred to as Lungyen), requested the Company to repurchase the shares held by them at its fair price during the time and appeal to the court to determine the purchase price in 1st shareholders' interim meeting on October 12, 2010 according to the provisions of Paragraph 1 of Article 317 of the Company Law. The Taipei District Court of the decided judicially in this civil ruling that the Company shall buy back all the shares held by the shareholders in an unreasonable price. As the civil ruling is not identified in accordance with the provisions of the Enterprise Mergers and Acquisitions Law and contrary to the provisions of the law, and the original ruling included in the assets shall be excluded as well as many fall-overs in the real estate valuation report. So the Company has filed a complaint on October 24, 2016 to the preceding matters, the case is still in processing.

(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, 2018, December 31 and March 31, 2017 are as follows：

	3.31.2018	12.31.2017	3.31.2017
Bank deposits (booked as other financial assets – current)			
Demand deposits	$ 443,022	637,912	416,280
Time deposits	296,287	609,698	358,852
Financial assets at fair value through profits or losses - current	1,286,436	679,012	459,591
Financial assets at fair value through other comprehensive income	2,280,066	-	-
Available-for-sale financial assets – non-current	-	2,439,218	2,240,193
Financial assets at amortized costs	819,524	-	-
Hold-to-maturity financial assets	-	614,832	617,082
Property, plant and equipment (*)	2,206,293	2,206,293	2,206,293
Investment property (*)	1,962,845	1,962,845	1,962,845
	$ 9,294,473	**9,149,810**	**8,261,136**

*The carrying value of the asset at the time of delivery of the Trust.

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

2. The Consolidated Company has an management fee account setup for the fees collected in a lump sum or periodically from the clients to maintain funeral facilities safety and cleanness, and to organize ceremony activities and internal administration. The administration fee account was with a balance of NT$870,445 thousand, NT$881,491 thousand, and NT$946,470 thousand, as of March 31, 2018, December 31 and March 31, 2017, respectively; also, it is booked in the "Other financial assets – current."

3. The Company had contracts signed with clients for the sale of columbarium and funeral service as of March 31, 2018, December 31 and March 31, 2017. The pre-need contract signed and the related deferred marketing expenses are as follows:

	3.31.2018	12.31.2017	3.31.2017
Total contract price (booked as contract liabilities)	$ 38,281,201	39,808,069	39,188,618
Outstanding proceeds	(7,889,766)	(8,465,773)	(8,438,792)

Advanced receipts	**$ 30,391,435**	**31,342,296**	**30,749,826**
Deferred marketing expense	**$ 8,181,657**	**8,444,352**	**8,354,352**
Expected to be reclassified for more than twelve months	**$ 27,118,918**	**28,638,880**	**28,024,546**

4. Subsidiaries had contracts signed with clients for the sale of columbarium and funeral service as of March 31, 2018, December 31 and March 31, 2017. The pre-need contract signed and the related deferred marketing expenses are as follows:

	3.31.2018	**12.31.2017**	**3.31.2017**
Total contract price (booked as contract liabilities)	$ 192,723	81,818	644,529
Outstanding proceeds	(10,781)	(41,065)	(331,184)
Advanced receipts	**$ 181,942**	**40,753**	**313,345**
Deferred marketing expense	**$ 19,217**	**7,201**	**61,790**
Expected to be reclassified for more than twelve months	**$ 136,865**	**30,157**	**69,637**

X. Significant disaster loss: None

XI. Significant subsequent events: None

XII. Others

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

By function / By item	2018 Q1				2017Q1			
	Classified as operating costs	Classified as operating expenses	Other (*)	Total	Classified as operating costs	Classified as operating expenses	Other(*)	Total
Employee benefits								
Salary	56,111	67,459	27,143	150,713	54,241	57,418	26,718	138,377
Labor and health insurance	3,665	3,490	1,558	8,713	3,703	4,821	1,905	10,429
Pension	2,032	1,886	826	4,744	2,032	1,882	857	4,771
Others	1,626	3,350	1,136	6,112	1,728	2,285	855	4,868
Depreciation	20,332	12,328	4,056	36,716	19,668	12,438	3,320	35,426
Amortization	-	3,981	300	4,281	-	3,673	424	4,097

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

(2) Operational seasonality

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

XIII. Other disclosures

(I) Information on significant transactions

The consolidated company should have the following material transactions disclosed as of January 1 to March 31 2018 in accordance with Regulations Governing the Preparation of Financial Reports by Securities Firms:

1. Fund financing to other parties: None.

2. Guarantees and endorsements for other parties:

Unit: Thousand NTD

Number	Name of Lenders	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements (Amount	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent Company Endorses /guarantees to third parties on behalf of subsidiary	Subsidiary Endorses /guarantees to third parties on behalf of Parent Company	Endorsements /guarantees to the third parties on behalf of the Companies in Mainland China
		Name of Company	Relationship										
0	Lungyen Life Service Corp.	LungAn Co.Ltd.	2	4,206,574	100,000	100,000	-	-	1.43%	7,010,957	Y	N	N
0	Lungyen Life Service Corp.	Yuji Development Corp.	2	4,206,574	200,000	200,000	-	-	2.85%	7,010,957	Y	N	N
0	Lungyen Life Service Corp.	Lung Fu Company Limited	3	4,206,574	100,000	100,000	47,000	-	1.43%	7,010,957	Y	N	N

Note 1: The total amount of guarantees and endorsements shall not exceed 50% of the net value in the current period.
The total amount of guarantees and endorsements for individual party shall not exceed 30% of the net value 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.
i. The Company has business with the receiving parties.
ii. The Company holds directly more than 50% of the common stock of the subsidiaries.
iii. In aggregate, the Company and its subsidiaries hold more than 50% of the investee.
iv. In aggregate, the Company holds directly or its subsidiaries hold indirectly more than 50% of the investee.
v. The Company is required to make guarantees or endorsements for the construction project based on the construction contract.
vi. The stockholders of the Company make guarantees or endorsements for the investee in proportion to their stockholding percentage.

Note 3: Upon the board resolution on December 27, 2017, the maximum amount of endorsements to LungAn has been set to NT$100,000 thousand.

Note 4: Upon the board resolution on December 27, 2017, the maximum amount of endorsements to Yuji has been set to NT$200,000 thousand.

Note 5: Upon the Board resolution on December 27, 2017, the maximum amount of endorsements to Lung Fu has been set to NT$100,000 thousand.

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

Holder of Securities	Type and Name of Securities	Relationship with Securities Issuer	Account Title	Ending Balance				Remarks
				Quantity of shares (thousand shares)/unit	Book Value	% of Ownership	Fair Value	
The Company	Franklin Templeton Sinoam Money Market Fund	-	Financial assets at fair value through profits and	5,835	60,008	- %	60,008.00	信託

			losses					
The Company	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profits and losses	24,273	393,833	- %	393,833.00	信託
The Company	Prudential Money Market Fund	-	Financial assets at fair value through profits and losses	3,812	60,008	- %	60,008.00	信託
The Company	Cathay China High Yield Bond B TWD	-	Financial assets at fair value through profits and losses	5,389	45,361	- %	45,361.00	信託
The Company	Yuanta USD Money Market Fund - NTD	-	Financial assets at fair value through profits and losses	25,959	233,945	- %	233,945.00	信託
The Company	Yuanta Hong Kong and Macao Money Market Fund - NTD	-	Financial assets at fair value through profits and losses	3,172	30,041	- %	30,041.00	信託
The Company	Nomura Global Short Duration Fund	-	Financial assets at fair value through profits and losses	2,937	30,553	- %	30,553.00	信託
The Company	Prudential Emerging Market Bond Fund – Monthly interests distribution type	-	Financial assets at fair value through profits and losses	5,362	46,357	- %	46,357.00	信託
The Company	Evenstar Sub-Fund 1 Segregated Portfolio	-	Financial assets at fair value through profits and losses	1	106,285	- %	106,285.00	-
The Company	Hang Seng H-Share Index ETF	-	Financial assets at fair value through profits and losses	84	37,679	- %	37,679.00	信託
The Company	iShares MSCI China ETF	-	Financial assets at fair value through profits and losses	20	40,035	- %	40,035.00	信託
The Company	iShares Nasdaq Biological ETF	-	Financial assets at fair value through profits and losses	3	9,791	- %	9,791.00	信託
The Company	LUMAX securities	-	Financial assets at fair value through profits and losses	218	12,567	0.20 %	12,567.00	-
The Company	Stock of CTBC FINANCIAL HOLDING CO., LTD.	-	Financial assets at fair value through profits and losses	1	23	- %	23.00	-
The Company	Stock of Cheng Shin Rubber Ind., Co., Ltd.	-	Financial assets at fair value through profits and losses	245	11,527	0.01 %	11,527.00	-
The Company	Stock of PetroChina	-	Financial assets at fair value through profits and losses	1,990	50,865	0.01 %	50,865.00	信託
The Company	ORIX	-	Financial assets at fair value through profits and losses	37	19,017	- %	19,017.00	信託
The Company	Bristol-Myers Squibb	-	Financial assets at fair value through profits and losses	17	30,943	- %	30,943.00	信託
The Company	Stocks of China Res Gas	-	Financial assets at fair value through profits and losses	528	53,377	0.02 %	53,377.00	信託
The Company	Qualcomm	-	Financial assets at fair value through profits and losses	25	40,129	- %	40,129.00	信託
The Company	HAL	-	Financial assets at fair value through profits and losses	16	22,144	- %	22,144.00	信託
The Company	SLB	-	Financial assets at fair value through profits and losses	10	19,430	- %	19,430.00	信託
The Company	Stock of Sinotrans Limited	-	Financial assets at fair value through profits and losses	1,224	19,571	0.06 %	19,571.00	信託
The Company	Stock of China Unicom	-	Financial assets at fair value through profits and losses	760	27,913	- %	27,913.00	信託
The Company	Stock of Beijing Enterprises Water Group Limited	-	Financial assets at fair value through profits and losses	950	15,436	0.01 %	15,436.00	信託
The Company	Chang Hwa Bank	-	Financial assets at fair value through other comprehensive income	369,049	6,255,375	3.92 %	6,255,375.00	-
The Company	Stocks of Taiyen	-	Financial assets at fair value through other comprehensive income	11,060	310,786	5.53 %	310,786.00	-
The Company	Sun Life Corporation	-	Financial assets at fair value through other comprehensive income	160	44,920	2.35 %	44,920.00	-
The Company	Stock of Jiangsu Expressway Company	-	Financial assets at fair value through other	210	8,648	0.02 %	8,648.00	信託

	Limited		comprehensive income					
The Company	Stock of Sands China Limited	-	Financial assets at fair value through other comprehensive income	320	50,097	- %	50,097.00	信託
The Company	ST.SP	-	Financial assets at fair value through other comprehensive income	491	36,744	- %	36,744.00	信託
The Company	GlaxoSmithKline PLC	-	Financial assets at fair value through other comprehensive income	36	40,503	- %	40,503.00	信託
The Company	National Grid PLC	-	Financial assets at fair value through other comprehensive income	24	39,109	- %	39,109.00	信託
The Company	Stock of CLP Holdings Limited	-	Financial assets at fair value through other comprehensive income	136	40,312	0.01 %	40,312.00	信託
The Company	Electronic Business	-	Financial assets at fair value through other comprehensive income	120	31,010	0.01 %	31,010.00	信託
The Company	Preferred stock of HSBC	-	Financial assets at fair value through other comprehensive income	52	39,461	- %	39,461.00	信託
The Company	Preferred stock of RBS	-	Financial assets at fair value through other comprehensive income	55	41,361	- %	41,361.00	信託
The Company	Preferred stock of AGNC	-	Financial assets at fair value through other comprehensive income	14	10,627	- %	10,627.00	信託
The Company	Stock of ICBC (HK)	-	Financial assets at fair value through other comprehensive income	1,220	30,460	- %	30,460.00	信託
The Company	FORTUNE IC FUND I	-	Financial assets at fair value through other comprehensive income	600	4,030	4.86 %	10,733.00	-
The Company	Stocks of PK Venture Capital Corp	-	Financial assets at fair value through other comprehensive income	694	3,277	8.57 %	3,277.00	-
The Company	Trans globe insurance	-	Financial assets at fair value through other comprehensive income	15	-	0.01 %	-	-
The Company	Stocks of Creative Space Design	-	Financial assets at fair value through other comprehensive income	990	9,900	19.80 %	9,900.00	-
The Company	051 Chailease Holding Company Limited-A	-	Financial assets at fair value through other comprehensive income	200,000	200,000	- %	200,000.00	信託
The Company	Saudi Electricity Global - Bond	-	Financial assets at fair value through other comprehensive income	2,550	75,974	- %	75,974.00	信託
The Company	Guotai Junan Corporate Bond	-	Financial assets at fair value through other comprehensive income	200	5,834	- %	5,834.00	信託
The Company	Abu Dhabi National Energy Company10-year Senior Unsecured USD Callable Corporate Bond 3.625 20230112	-	Financial assets at fair value through other comprehensive income	1,600	46,174	- %	46,174.00	信託
The Company	Abu Dhabi National Energy Company10-year Senior Unsecured USD Callable Corporate Bond 3.875 20240506	-	Financial assets at fair value through other comprehensive income	600	17,318	- %	17,318.00	信託
The Company	CNOOC Limited USD Callable Corporate Bond 20230509	-	Financial assets at fair value through other comprehensive income	3,100	87,022	- %	87,022.00	信託
The Company	The Export-import Bank of China RMB Callable Corporate Bond 4.15 20270618	-	Financial assets at fair value through other comprehensive income	5,000	22,610	- %	22,610.00	信託
The Company	African Finance Corp. Bond 4.375 20200429	-	Financial assets at fair value through other comprehensive income	3,000	88,177	- %	88,177.00	信託
The Company	ICBC RMB Corp. Bond 4.2 20270119	-	Financial assets at fair value through other comprehensive income	5,000	22,548	- %	22,548.00	信託
The Company	ICBC RMB Corp. Bond 4.5 20281113	-	Financial assets at fair value through other comprehensive income	5,000	23,134	- %	23,134.00	信託
The Company	China Comm Cons Corp. Bond 20200421	-	Financial assets at fair value through other comprehensive income	1,900	54,789	- %	54,789.00	信託
The Company	Saudi Electricity Global - Bond 20230408	-	Financial assets at fair value through other comprehensive income	2,000	57,674	- %	57,674.00	信託

The Company	Saudi Electricity Global - Bond 20240408	-	Financial assets at fair value through other comprehensive income	1,000	29,322	- %	29,322.00	信託
The Company	Qatar Telecom USD corp. bond 3.25 20230221	-	Financial assets at fair value through other comprehensive income	3,000	84,324	- %	84,324.00	信託
The Company	Standard Chattered USD corp. bond 4.05 20260412	-	Financial assets at fair value through other comprehensive income	3,000	86,295	- %	86,295.00	信託
The Company	Islamic Bank 20210531	-	Financial assets at fair value through other comprehensive income	3,000	87,688	- %	87,688.00	信託
The Company	BARC Corp.20260112	-	Financial assets at fair value through other comprehensive income	2,800	82,042	- %	82,042.00	信託
The Company	China Railway USD Bond 20260728	-	Financial assets at fair value through other comprehensive income	2,500	68,655	- %	68,655.00	信託
The Company	VZ USD Corp. Bond 20260815	-	Financial assets at fair value through other comprehensive income	3,000	79,823	- %	79,823.00	信託
The Company	Malaysia National Resource Bond 20261019	-	Financial assets at fair value through other comprehensive income	1,000	27,536	- %	27,536.00	信託
The Company	China Cinda USD Bond 20240309	-	Financial assets at fair value through other comprehensive income	1,500	43,079	- %	43,079.00	信託
The Company	Huarong USD Bond 20240309	-	Financial assets at fair value through other comprehensive income	3,000	89,883	- %	89,883.00	信託
The Company	CITI USD Bond 20240309	-	Financial assets at fair value through other comprehensive income	3,000	88,265	- %	88,265.00	信託
The Company	AT&T USD Bond 20230214	-	Financial assets at fair value through other comprehensive income	3,000	88,416	- %	88,416.00	信託
The Company	Bank of Communications USD Bond 20200515	-	Financial assets at fair value through other comprehensive income	2,000	58,302	- %	58,302.00	信託
The Company	Bank of China USD Bond 20220711	-	Financial assets at fair value through other comprehensive income	3,000	87,613	- %	87,613.00	信託
The Company	DB USD Bond 20200515	-	Financial assets at fair value through other comprehensive income	3,000	87,555	- %	87,555.00	信託
The Company	China Orient Asset Management USD Corp. Bond	-	Financial assets at fair value through other comprehensive income	3,000	87,787	- %	87,787.00	信託
The Company	Société Générale SGD Corp. Bond	-	Financial assets at fair value through other comprehensive income	1,500	33,895	- %	33,895.00	信託
The Company	Nan Ya Corp. Bond P02 Nan Ya 3B	-	Financial assets at amortized costs	100,000	106,785	- %	106,785.00	信託
The Company	China airline corporate bond	-	Financial assets at amortized costs	150,000	151,435	- %	151,435.00	信託
The Company	Taipower Corporate bond 20231230	-	Financial assets at amortized costs	150,000	155,868	- %	155,868.00	信託
The Company	02 Yang Ming1B 20201101	-	Financial assets at amortized costs	150,000	155,136	- %	155,136.00	信託
The Company	106 Central Bond 4	-	Financial assets at amortized costs	100,000	100,890	- %	100,890.00	信託
The Company	106 Central Bond 9	-	Financial assets at amortized costs	150,000	149,410	- %	149,410.00	信託
Yuji Development	Stock of Taiyen Corp.	-	Financial assets at fair value through other comprehensive income	2,752	77,331	1.38 %	77,331.00	-
Yuji Development	CTCB Hwa-win Money Market Fund	-	Financial assets at fair value through profits and losses	30,246	331,709	- %	331,709.00	-
Jing Huang Construction	Stocks of J-Garden Corp.	-	Financial assets at fair value through other comprehensive income	179	1,785	5.00 %	9,619.00	-
Jing Huang Construction	Jih Sun Money Market Fund	-	Financial assets at fair value through profits and losses	2,170	31,989	- %	31,989.00	-

4. Information regarding securities where the accumulated purchase or sale amounts for the period exceed NT$300 million or 20% of the paid-in capital: None.

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

None.

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

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

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

9. Engage in derivatives trading: None.

10. Business relationships and significant intercompany transactions:

Number (Note 1)	Name of the Company	Name of the counter-party	Existing relationship with the counter-party (Note 2)	Transaction Details: Account name	Transaction Details: Amount	Transaction Details: Terms of trading	Transaction Details: Percentage of the total consolidated revenue or total assets
0	Lungyen Life Service Corp	Yuji Development Corp.	1	Other financial assets – current	$ 5,250	Equal to transaction with non-related parties	0.01%
			1	Account payable			0.07%
0	〃	〃	1	Prepayments	26,150	-	0.03%
			1	Operation revenues			0.06%
			1	Operation costs			0.27%
0	〃	〃	1	Other revenue	9,144	-	0.87%
0	〃	〃	1	Other liabilities-current	30,085	-	0.03%
0	〃	LongAn co.Ltd.	1	Account receivable	9,604	-	- %
0	〃	〃	1	Other financial assets – current	11,761	-	0.04%
1	Yuji Development Corp.	Lungyen Life Service Corp	2	Account receivable	68,263	-	0.10%
			2	Repayments			0.03%
1	〃	〃	2	Other payable accounts	5,250	-	0.01%
1	〃	〃	2	Operation revenues	26,150	-	0.27%
1	〃	〃	2	Management expenses	9,144	-	0.93%
2	LongAn co.Ltd.	Lungyen Life Service Corp	2	Account payable	14,207	-	0.03%
2	〃	〃	2	Account receivable	2,412	-	- %
2	〃	〃	2	Other liabilities-current	7,981	-	0.01%

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

(II) Information on investees:

The Consolidated Company's reinvestment as of March 31, 2017 is as follows (Excluding from China investee company):

Unit: Thousand NTD

Name of the investor	Name of investee	Location	Major operations	Initial investment (Amount): Ending balance	Initial investment (Amount): Shares	Ending balance: Shares	Ending balance: Ratio of shares	Ending balance: Book value	Current gain/loss of investees	Current recognized Investment gains and losses	Note
The Company	Jing Huang Construction Co., Ltd.	Taiwan	Civil engineering	30,033	30,033	2,209	98.20%	(11,912)	26	26	Subsidiary
The Company	Yuji Development Corp.	Taiwan	Funeral Service	900,000	900,000	110,723	54.42%	1,610,578	73,479	39,987	Subsidiary
The Company	Dahan Property Management Co., Ltd.	Taiwan	Development, lease and sale of residential areas and building	3,870	3,870	400	80.00%	1,731	(972)	(777)	Subsidiary

The Company	Sea Dragon Traders Ltd. (BVI)	British Virgin Islands	Investment	1,010,536 (USD32,710)	1,010,536 (USD32,710)	3,271	100.00%	1,062,560	(12,712)	(12,712)	Subsidiary
The Company	Lung Ting Life Science Co., Ltd.	Taiwan	Flower and plant cultivation	259,700	259,700	25,970	49.00%	238,088	(3,081)	(1,510)	Affiliated Company
The Company	Singapore Lungyen Life Services Pte., Ltd	Singapore	Funeral Service	11,990 (SGD500)	11,990 (SGD500)	500	100.00%	(13,943)	(847)	(847)	Subsidiary
The Company	Lung An Company Limited	Taiwan	Funeral Service	716,656	716,656	72,000	100.00%	695,048	(2,376)	(2,376)	Subsidiary
The Company	RIA AWANA SDN. BHD	Malaysia	Funeral Service	31,454 (MYR3,920)	31,454 (MYR3,920)	3,920	49.00%	28,572	67	33	Affiliated Company
Yuji Development Corp.	Lung Fu Company Limited	Taiwan	Funeral Service	210,700	210,700	21,070	77.75%	138,351	(1,686)	(1,311)	Subsidiary
Sea Dragon Traders Ltd. (BVI)	Witty Dragon Limited(BVI)	British Virgin Islands	Investment	165,268 (USD5,264)	165,268 (USD5,264)	5	26.32%	157,321	988	260	Affiliated Company
Sea Dragon Traders Ltd. (BVI)	W&W Professional Management Limited	Samoa	IT & Software services	1,873 (USD40)	1,873 (USD40)	40	40.00%	987	(83)	(33)	Affiliated Company
Sea Dragon Traders Ltd. (BVI)	Lungyen Cayman Co.Ltd.	Cayman	Investment	863,463 (USD28,000)	863,463 (USD28,000)	2,800	50.00%	832,966	(12,374)	(6,188)	Joint-venture

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

(III) China investment information:

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

Unit: Thousand NTD/Foreign Currency

China investee company name	Business operation	Received Capital	Type of investment (Note 1)	Current Beginning Period of Taiwan Accumulated Export	Current Export or Return of Investment Amount: Export	Current Export or Return of Investment Amount: Return	Current Ending Period of Taiwan Accumulated Export	Company Direct or Indirect Investment Proportion of Holding	Recognized Investment Profit and Loss (Note2)	Ending Period of Investment Book Value	China investee company name
Lungyen Cemetery (Wenzhou) Co. Ltd	Funeral Services	863,463 USD28,000	Sea Dragon Traders Ltd. (BVI)	863,463 USD 28,000	-	-	863,463 USD 28,000	50.00%	(6,188)	832,966	-

2. Limitation on investment in Mainland China:

Ending balance of the accumulated amount of investment from Taiwan to Mainland China	Investment amount approved by Ministry of Economic Affairs	Limitation on investment in Mainland China in accordance with the provisions of the Investment Commission of Ministry of Economic Affairs (Note 4)
863,463	1,164,200 USD 40,000	8,413,148

US Dollar Exchange Rate: closing rate: 29.105

Note 1: An investment is divided into the following three ways, list out the type of the category:
(A) Directly engaged in investment in Mainland China
(B) Re-invest in the mainland through a third country company (please specify in the third area of investment companies)
(C) Other methods.

Note 2: the current investment income recognized:
(A) During the stage of preparations, note that there is no investment income.
(B) The gain or loss recognized on the basis of the investment is divided into the following two types with note:
1 Financial statements to be prepared by international CPA audit that is in cooperation with ROC CPA audit.
2 By the parent company in Taiwan audited financial statements.
3. Others.

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

Note 4: The limit is based on “the principle of review of investment or technical cooperation in the Mainland”, which is limited to 60% of the Company's most recent financial report.

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

XIV. Financial Information by Department

(I) General information

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

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

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

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

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

	January to March, 2018						
	Columbarium and cemetery for sale	**Funeral services**	**Property leasing**	**Cemetery operation and others**	**Construction for sales**	**Adjustments and written-off**	**Total**
Income:							
Income from external customers	$ 449,819	450,169	48,348	82,090	-	-	1,030,426
Inter-segment income	2,826	-	1,546	-	-	(4,372)	-
Total income	**$ 452,645**	**450,169**	**49,894**	**82,090**	**-**	**(4,372)**	**1,030,426**
Reportable segment profit or loss	**$ 244,639**	**119,124**	**21,085**	**25,443**	**-**	**(4,372)**	**405,919**

	January to March, 2016						
	Columbarium	**Funeral**	**Property**	**Cemetery**	**Construction**	**Adjustments**	**Total**

	and cemetery for sale	services	leasing	operation and others	for sales	and written-off	
Income:							
Income from external customers	$ 449,819	450,169	48,348	82,090	-	-	1,030,426
Inter-segment income	2,826	-	1,546	-	-	(4,372)	-
Total income	$ 452,645	450,169	49,894	82,090	-	(4,372)	1,030,426
Reportable segment profit or loss	$ 244,639	119,124	21,085	25,443	-	(4,372)	405,919

	Columbarium and cemetery for sale	Funeral services	Property leasing	Cemetery operation and others	Construction for sales	Adjustments and written-off	Total
Reportable segment assets							
March 31, 2018	$ 17,898,450	9,592,819	6,474,872	23,688,882	4,681,507	(137,067)	62,199,463
December 31, 2017	$ 16,066,733	4,180,595	6,486,105	22,361,938	4,675,208	(133,000)	53,637,579
March 31, 2017	$ 15,052,342	4,040,631	6,521,968	21,595,433	4,664,825	(143,193)	51,732,006
Reportable segment liabilities							
March 31, 2018							
December 31, 2017	$ 19,073,973	19,408,474	62,924	8,336,343	-	(114,721)	46,766,993
March 31, 2017	$ 15,954,035	15,381,238	57,690	8,449,068	-	(110,655)	39,731,376