Stock Code：8044

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2012 AND 2011

(WITH INDEPENDENT ACCOUNTANTS' REVIEW REPORT THEREON)

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Independent Accountants' Review Report

To the Board of Directors of

PChome Online Inc.:

We have reviewed the accompanying consolidated balance sheets of PChome Online Inc. and its subsidiaries (the Consolidated Company) as of June 30, 2012 and 2011, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the six months periods then ended. These consolidated financial statements are the responsibility of the Company' management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

Except as described in the following paragraph, we reviewed these consolidated financial statements in accordance with Statement of Auditing Standards No. 36 "Engagements to Review Financial Statements". A review is limited primarily to inquiries of company personnel and applying analytical procedures to financial data and thus provides less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Also included in the accompanying consolidated financial statements are the financial statements of certain consolidated subsidiaries, which were not reviewed by independent accountants. These consolidated subsidiaries had total assets as of June 30, 2012 and 2011, of NT$510,829 thousand and NT$587,341 thousand, constituting 12.24% and 16.61%, respectively, of total consolidated assets. The total liabilities of these subsidiaries as of June 30, 2012 and 2011, amounted to NT$113,001 thousand and NT$253,125 thousand, which constituted 4.46% and 11.59%, respectively, of total consolidated liabilities. The net sales of these subsidiaries for the six months ended June 30, 2012 and 2011, amounted to NT$65,054 thousand and NT$243,988 thousand, which constituted 0.88% and 3.73%, respectively, of consolidated net sales. The income (loss) after tax of these subsidiaries for the six months ended June 30, 2012 and 2011, amounted to NT$(59,457) thousand and NT$11,514 thousand, which constituted (28.84)% and 5.32%, respectively, of consolidated net income. Furthermore, as referred to in Note 11(2), we have also not reviewed the "related information on other long-term investment" provided by the investee companies, in accordance with the review procedures described in the second paragraph.

Based on our reviews, except for the effects of the adjustments, if any, that might have emerged had the financial statements of the said consolidated subsidiaries and the long-term equity investees been reviewed by independent accountants, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements described in the first paragraph for them to be in conformity with accounting principles generally accepted in the Republic of China.

KPMG

August 24, 2012

Note to Readers

The accompanying financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

Reviewed only, not audited in accordance with generally accepted auditing standards

PCHOME ONLINE INC. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2012 AND 2011

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

	JUNE 30, 2012		JUNE 30, 2011	
	Amount	**%**	**Amount**	**%**
ASSETS				
Current Assets:				
Cash (Note (4)(a))	$ 2,935,350	71	2,158,953	61
Notes receivable (Notes (2) and (4)(b))	9,656	-	10,591	-
Accounts receivable, net of allowance for doubtful accounts (Notes (2) and (4)(b))	293,519	7	256,825	7
Inventories, net of loss on inventory valuation and obsolescence (Notes (2) and (4)(c))	262,483	6	158,363	5
Other financial assets – current (Note (5))	92,648	2	75,489	2
Deferred income tax assets – current (Notes (2) and (4)(i))	12,049	-	4,869	-
Restricted assets (Note (6))	208,100	5	233,000	7
Other current assets	24,926	1	22,253	1
	3,838,731	92	2,920,343	83
Investments:				
Financial assets carried at cost – non-current (Notes (2) and (4)(d))	40,763	1	57,325	2
Prepayments for long-term investments (Notes (2) and (4)(e))	-	-	300,000	8
Other financial assets –non-current (Note (6))	40,430	1	39,340	1
	81,193	2	396,665	11
Property, Plant, and Equipment (Note (2)):				
Cost:				
Transportation equipment	4,296	-	928	-
Furniture and office equipment	432,214	11	368,177	10
Leasehold improvements	103,605	3	93,108	3
	540,115	14	462,213	13
Less: Accumulated depreciation	(363,711)	(9)	(303,287)	(8)
Prepayments for equipment	15,878	-	1,490	-
	192,282	5	160,416	5
Intangible Assets:				
Deferred pension cost	552	-	289	-
Other Assets:				
Deferred income tax assets – non-current (Notes (2) and (4)(i))	42,113	1	45,728	1
Other assets (Note (2))	18,820	-	11,333	-
	60,933	1	57,061	1
TOTAL ASSETS	**$ 4,173,691**	**100**	**3,534,774**	**100**

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

Reviewed only, not audited in accordance with generally accepted auditing standards

PCHOME ONLINE INC. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONT'D)

JUNE 30, 2012 AND 2011

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

	JUNE 30, 2012		JUNE 30, 2011	
LIABILITIES AND STOCKHOLDERS' EQUITY	**Amount**	%	**Amount**	%
Current Liabilities:				
Short-term debt (Note (4)(f))	$ -	-	100,000	3
Notes payable	7,450	-	5,521	-
Accounts payable	1,243,777	30	1,041,347	30
Income tax payable	31,376	1	38,645	1
Accrued expenses (Note (5))	287,523	7	251,094	7
Other payables	339,508	8	279,413	8
Other financial liabilities – current (Note (4)(g))	363,879	9	193,965	5
Advance receipts	244,313	6	245,631	7
Other current liabilities	15,194	-	28,380	1
Total Liabilities	2,533,020	61	2,183,996	62
Stockholders' Equity:				
Capital Stock:				
Common Stock (Note (4)(j))	708,504	17	593,907	17
Stock Dividends to be Distributed (Note (4)(j))	110,614	2	96,092	3
Capital Surplus (Note (2)):				
Paid-in capital in excess of par-common stock	49,936	1	21,421	1
Treasury stock	-	-	129	-
Long-term investments at equity	123,604	3	101,745	3
Employee stock options (Note (4)(k))	2,018	-	13,195	-
Retained Earnings:				
Legal reserve (Notes (2) and (4)(l))	92,383	2	51,575	1
Special reserve (Note (4)(l))	-	-	1,942	-
Retained earnings – unappropriated (Note (4)(l))	189,054	5	209,695	6
Other Adjustments to Stockholders' Equity:				
Cumulative translation adjustments (Note (2))	693	-	(1,928)	-
Treasury stock (Notes (2) and (4)(m))	-	-	(2,512)	-
Total parent company's equity	1,276,806	30	1,085,261	31
Minority Interest	363,865	9	265,517	7
Total Stockholders' Equity	1,640,671	39	1,350,778	38
Commitments and Contingencies (Note (7))				
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 4,173,691**	**100**	**3,534,774**	**100**

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

Reviewed only, not audited in accordance with generally accepted auditing standards

PCHOME ONLINE INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011

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

	For the Six Months Ended June 30			
	2012		2011	
	Amount	%	Amount	%
Operating revenues (Note (2))	$ 7,494,749	102	6,673,177	102
Less: Sales returns, discounts and allowances	140,113	2	126,482	2
Net sales	7,354,636	100	6,546,695	100
Operating costs (Note (4)(c))	6,060,940	82	5,426,355	83
Gross margin	1,293,696	18	1,120,340	17
Operating expenses				
Selling expenses	854,576	12	704,272	10
General and administrative expenses	146,432	2	137,727	2
Research and development expenses	65,932	1	52,042	1
	1,066,940	15	894,041	13
Income from operations	226,756	3	226,299	4
Non-operating income				
Interest income	7,272	-	3,950	-
Dividend income	1,860	-	1,191	-
Gain on disposal of investments	-	-	22,237	-
Other income	1,765	-	2,254	-
	10,897	-	29,632	-
Non-operating expenses				
Interest expense	1,058	-	1,344	-
Foreign exchange loss, net (Note (2))	777	-	2,248	-
Miscellaneous disbursements	28	-	440	-
	1,863	-	4,032	-
Consolidated income before income tax	235,790	3	251,899	4
Income tax expense ((Notes (2) and (4)(i))	29,660	-	35,546	1
Consolidated net income	**$ 206,130**	**3**	**216,353**	**3**
Income attributable to:				
Stockholders of parent company	$ 190,320	3	209,695	3
Minority interest	15,810	-	6,658	-
	$ 206,130	**3**	**216,353**	**3**
	Before Tax	**After Tax**	**Before Tax**	**After Tax**
Earnings per share attributable to parent company (Notes (2) and (4)(n))				
Basic earnings per share	**$ 2.66**	**2.35**	**3.46**	**3.08**
Basic earnings per share - retroactively adjusted			**$ 2.99**	**2.66**
Diluted earnings per share	**$ 2.61**	**2.31**	**3.33**	**2.96**
Diluted earnings per share - retroactively adjusted			**$ 2.87**	**2.55**

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

Reviewed only, not audited in accordance with generally accepted auditing standards

PCHOME ONLINE INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011

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

					Retained Earnings						
	Common Stock	Advance Receipts for Common Stock	Stock Dividends to be Distributed	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Cumulative Translation Adjustments	Treasury Stock	Minority Interest	Total
Balance as of January 1, 2011	$ 582,602	3,860	-	23,449	15,925	1,398	356,501	(1,942)	(2,512)	174,360	1,153,641
Exercise of employee stock options	11,305	(3,860)	-	14,093	-	-	-	-	-	-	21,538
Disposal of long-term equity investments	-	-	-	(69)	-	-	-	-	-	-	(69)
Employee stock options	-	-	-	1,798	-	-	-	-	-	-	1,798
Consolidated net income for the six months ended June 30, 2011	-	-	-	-	-	-	209,695	-	-	6,658	216,353
Earnings distribution (Note (1)):											
Legal reserve	-	-	-	-	35,650	-	(35,650)	-	-	-	-
Special reserve	-	-	-	-	-	544	(544)	-	-	-	-
Cash dividends	-	-	-	-	-	-	(224,215)	-	-	(9,957)	(234,172)
Unappropriated earnings capitalized to common stock	-	-	96,092	-	-	-	(96,092)	-	-	-	-
Adjustment arising from changes in percentage ownership of long-term equity method investees	-	-	-	97,219	-	-	-	-	-	-	97,219
Changes in minority interest	-	-	-	-	-	-	-	-	-	(94,764)	(94,764)
Translation adjustment for long-term equity investments	-	-	-	-	-	-	-	14	-	-	14
Increased capital by cash from minority interest	-	-	-	-	-	-	-	-	-	189,220	189,220
Balance as of June 30, 2011	**$ 593,907**	**-**	**96,092**	**136,490**	**51,575**	**1,942**	**209,695**	**(1,928)**	**(2,512)**	**265,517**	**1,350,778**
Balance as of January 1, 2012	$ 693,679	1,006	-	160,238	51,575	1,942	407,580	2,290	(2,512)	367,265	1,683,063
Exercise of employee stock options	15,885	(1,006)	-	13,176	-	-	-	-	-	-	28,055
Treasury stock reducted	(1,060)	-	-	(186)	-	-	(1,266)	-	2,512	-	-
Consolidated net income for the six months ended June 30, 2012	-	-	-	-	-	-	190,320	-	-	15,810	206,130
Earnings distribution (Note (2)):											
Legal reserve	-	-	-	-	40,808	-	(40,808)	-	-	-	-
Special reverse	-	-	-	-	-	(1,942)	1,942	-	-	-	-
Cash dividends	-	-	-	-	-	-	(258,100)	-	-	(22,714)	(280,814)
Unappropriated earnings capitalized to common stock	-	-	110,614	-	-	-	(110,614)	-	-	-	-
Adjustment arising from changes in percentage ownership of long-term equity method investees	-	-	-	2,330	-	-	-	-	-	652	2,982
Changes in minority interest	-	-	-	-	-	-	-	-	-	(2,982)	(2,982)
Translation adjustment for long-term equity investments	-	-	-		-	-	-	(1,597)	-	(166)	(1,763)
Increased capital by cash from minority interest	-	-	-	-	-	-	-	-	-	6,000	6,000
Balance as of June 30, 2012	**$ 708,504**	**-**	**110,614**	**175,558**	**92,383**	**-**	**189,054**	**693**	**-**	**363,865**	**1,640,671**

Note 1: Profit sharing to employees amounting to $41,639 had been charged against earnings.

Note 2: Profit sharing to employees amounting to $44,087 had been charged against earnings.

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

Reviewed only, not audited in accordance with generally accepted auditing standards

PCHOME ONLINE INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011

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

	For the Six Months Ended June 30	
	2012 Amount	2011 Amount
Cash flows from operating activities:		
Consolidated net income	$ 206,130	216,353
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	34,244	26,542
Amortization	3,258	2,018
Provision (reversal of provision) for doubtful accounts	3,013	(1,181)
Share-based payment compensation cost	-	1,958
(Reversal of provision) provision for inventory market price decline and obsolescence	(763)	421
Loss on disposal and retirement of property, plant and equipment, net	-	3
Gain on disposal of long-term investments under equity method	-	(22,237)
Changes in operating assets and liabilities:		
Notes receivable	27	(3,527)
Accounts receivable	(457)	(32,832)
Inventories	(75,870)	(23,391)
Other current assets	(9,573)	(8,059)
Other financial assets – current	14,724	2,602
Deferred income tax assets, net	(1,804)	(2,436)
Notes payable	(1,347)	(693)
Accounts payable	(38,344)	(67,026)
Income tax payable	(26,981)	(5,612)
Accrued expenses	(3,797)	3,505
Other payables	(1,353)	(9,931)
Advance receipts	10,932	3,347
Other financial liabilities – current	54,349	(20,271)
Other current liabilities	(13,218)	27,710
Net cash provided by operating activities	153,170	87,263
Cash flows from investing activities:		
Proceeds from sale of long-term investments under equity method	-	24,377
Purchase of property, plant and equipment	(54,344)	(56,529)
Decrease in restricted assets	29,900	5,000
Decrease in other financial assets – non-current	1,340	338
Increase in other assets	(9,009)	(3,827)
Net cash used in investing activities	(32,113)	(30,641)

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

Reviewed only, not audited in accordance with generally accepted auditing standards

PCHOME ONLINE INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011

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

	For the Six Months Ended June 30	
	2012 Amount	2011 Amount
Cash flows from financing activities:		
Decrease in short-term debt	$ (100,000)	-
Execution of stock options	28,055	21,538
Increased capital by cash from minority interest	6,000	189,220
Net cash (used in) provided by financing activities	(65,945)	210,758
Foreign exchange rate effects	(2,025)	116
Net increase in cash	53,087	267,496
Cash, beginning of the period	2,882,263	1,891,457
Cash, end of the period	**$ 2,935,350**	**2,158,953**
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	**$ 1,058**	**1,268**
Income tax	**$ 58,445**	**43,594**
Non-cash investing and financing activities:		
Cash dividends payable	**$ 280,814**	**234,172**
Purchase of property and equipment with cash and other payables:		
Property, plant and equipment	$ 39,856	57,460
Add: Other payables, beginning of the period	21,672	7,863
Less: Other payables, end of the period	(7,184)	(8,794)
Cash paid	**$ 54,344**	**56,529**

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

(1) Organization and Business

PChome Online Inc. (the Company) was incorporated on July 14, 1998. The Company's primary business scope includes software design, digital information supply, data processing, and wholesaling and retailing of office machinery, equipment, and information software.

On August 30, 2004, the board of directors of the GreTai Securities Market approved the Company's application for stock listing, and became officially listed and traded on January 25, 2005.

To enhance competitiveness and operating effectiveness, the Company decided to spin off its store segment store into a newly incorporated subsidiary, PChome Store Inc., with April 30, 2010, as the effective date. Approval was given by the GreTai Securities Market, and the subsidiary Company was listed on that date.

As of June 30, 2012 and 2011, the Company and its subsidiaries (the "Consolidated Company") had 1,072 and 889 employees, respectively.

(2) Summary of Significant Accounting Policies

The Consolidated Company's financial statements are prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in Taiwan, the Republic of China. The significant accounting policies and measurement basis adopted in preparing the accompanying financial statement are summarized as follows:

(a) Status of Consolidation

(i) Subsidiaries included in the consolidated financial statements:

(All currencies expressed in thousands)

Investor	Subsidiary	Principal Business	Shareholding ratio		Note
			2012.6.30	2011.6.30	
The Company	IT Home Publications Inc.	Magazine publication	100.00%	100.00%	As of June 30, 2012, the total issued capital of IT Home Publications Inc. amounted to $46,356.
〃	Linktel Inc.	Network services	100.00%	100.00%	As of June 30, 2012, the total issued capital of Linktel Inc. amounted to $125,000.
〃	PC Home Online International Co., Ltd.	International trade and investment activities	100.00%	100.00%	As of June 30, 2012, the total issued capital of PC Home Online International Co., Ltd. amounted to USD 122.
〃	PChome US Inc.	E-commerce platform	90.91%	90.91%	As of June 30, 2012, the total issued capital of PChome US Inc. amounted to USD 4,400.
〃	PChome Travel Inc.	Travel agency business	100.00%	100.00%	On April 25, 2012, resolution had been approved by the shareholders' meeting of investee company PChome Travel Inc. for dissolution. As of June 30, 2012, the investee company currently was in the liquidation process.

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

Investor	Subsidiary	Principal Business	Shareholding ratio		Note
			2012.6.30	2011.6.30	
The Company	PChome eBay Co., Ltd.	Online auction	65.00%	65.00%	As of June 30, 2012, the total issued capital of PChome eBay Co., Ltd. amounted to $420,000.
〃	Orange Network Inc.	Online television media business	100.00%	100.00%	As of June 30, 2012, the total issued capital of Orange Network Inc., Ltd. amounted to $1,000.
〃	Rakuya International Info. Co. Ltd.	Real estate business and internet information rental service	21.99%	15.83%	As of June 30, 2012, Rakuya International Info. Co. Ltd.'s issued capital amounted to $156,000. Although the Company is holding less than 50% of Rakuya International Info. Co. Ltd. outstanding equity shares, it has controlling interest over Rakuya International Info. Co. Ltd.'s finance, operation and employment decision. Therefore, it was included in the consolidated financial statements.
〃	Pay and Link Inc. (original name was Paylink Inc.)	Internet services	100.00%	100.00%	As of June 30, 2012, the total issued capital of Pay and Link Inc. amounted to $1,000.
〃	Liker Technology Inc.	O2O (Online to Offline) E-commerce	34.72%	-	As of June 30, 2012, the total issued capital of Liker Technology Inc. amounted to $72,000. (Note)
〃	Paylink Inc. (original name was Pay and Link Inc.)	Information processing and provision of electronic information	100.00%	-	As of June 30, 2012, the total issued capital of Paylink Inc. amounted to $50,000.
〃	PChome Store Inc.	Internet services	59.91%	59.91%	As of June 30, 2012, the total issued capital of PChome Store Inc. amounted to $141,500.
〃	eCommerce Group Co., Ltd.	Investment activities	100.00%	-	As of June 30, 2012, the total issued capital of eCommerce Group Co., Ltd. amounted to USD 350.
PChome Store Inc.	Liker Technology Inc.	O2O (Online to Offline) E-commerce	41.67%	16.67%	As of June 30, 2012, the total issued capital of Liker Technology Inc. amounted to $72,000. (Note)
PC Home Online International Co., Ltd.	PChome Online Inc.	International trade and investment activities	100.00%	100.00%	As of June 30, 2012, the total issued capital of PC home Online Inc. amounted to USD 100.
eCommerce Group Co., Ltd.	EC Global Inc.	Investment activities	100.00%	-	As of June 30, 2012, the total issued capital of EC Global Inc. amounted to USD 350.
PChome Online Inc.	PC Home Online (HK) Ltd.	Information service and indirect investment activities	100.00%	100.00%	As of June 30, 2012, the total issued capital of PC Home Online (HK) Ltd. amounted to HKD 5,641.
EC Global Inc.	EC Global Limited	Investment activities	100.00%	-	As of June 30, 2012, the total issued capital of EC Global Limited amounted to HKD 2,719.

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

Investor	Subsidiary	Principal Business	Shareholding ratio		Note
			2012.6.30	2011.6.30	
PC Home Online (HK) Ltd.	Shanghai Todo Inc.	Software and internet technical consulting service	100.00%	100.00%	As of June 30, 2012, the total issued capital of Shanghai Todo Inc. amounted to CNY 1,242.
EC Global Limited	PChome Trading (Shenzhen) Ltd.	E-commerce on international trading	100.00%	-	As of June 30, 2012, the total issued capital of PChome Trading (Shenzhen) Ltd. amounted to CNY 2,210.

Note: The Consolidated Company holds more than 50% of Liker Technology Inc.'s outstanding equity shares. Therefore, it was included in the consolidated financial statements.

The consolidated financial statements include the accounts of the Company and those of the aforementioned subsidiaries in which the Company has controlling interest.

(ii) All material of inter-company transactions has been eliminated in the consolidated financial statements.

(b) Foreign Currency and Financial Report Translation

The Company's reporting currency is the New Taiwan dollar. Non-derivative foreign currency transactions are recorded at the exchange rates prevailing at the transaction date. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into New Taiwan dollars using the exchange rates on that date. The resulting unrealized exchange gains or losses from such translations are reflected in the accompanying statements of income. Under the amended ROC Statement of Financial Accounting Standards ("SFAS") No. 14 "The Effects of Changes in Foreign Exchange Rates," non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the reporting currency at the exchange rates at the date the fair value was determined. If the non-monetary assets or liabilities are measured at fair value through profit or loss, the resulting unrealized exchange gains or losses from such translation are reflected in the accompanying statements of income. If the non-monetary assets or liabilities are measured at fair value through stockholders' equity, the resulting unrealized exchange gains or losses from such translation are recorded as a separate component of stockholders' equity.

For long-term equity investments in foreign investees which are accounted for by the equity method, their foreign currency financial statements are translated into the Company's reporting currency. Translation adjustments resulting from the translation of foreign currency financial statements into the Company's reporting currency are accounted for as translation adjustment, a separate component of stockholders' equity.

(c) Use of Estimates

The preparation of the accompanying consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Economic conditions and events could cause actual results to differ significantly from these estimates.

(d) Basis for Classifying Assets and Liabilities as Current or Non-current

Unrestricted cash or cash equivalents, and assets that are held primarily for the purpose of being traded or are expected to be realized within 12 months after the balance sheet date are classified as current assets; all other assets are classified as non-current.

Liabilities that are held primarily for the purpose of being traded or are expected to be settled within 12 months after the balance sheet date are classified as current liabilities; all other liabilities are classified as non-current.

(e) Assets Impairment

Under SFAS No. 35 “Impairment of Assets”, management reviews the Consolidated Company’s assets (an individual asset or cash-generating unit (“CGU”) associated with the asset) for impairment at each balance sheet date. If there is any indication of impairment, management estimates the recoverable amount of the asset. Any excess of the carrying amount of the asset over its recoverable amount is recognized as an impairment loss. If there is evidence that the accumulated impairment losses of an asset other than goodwill in prior years no longer exist or have decreased, the amount previously recognized as impairment loss is reversed, and the carrying amount of the asset is increased to the recoverable amount. The increase in the carrying amount shall not exceed the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior years.

Goodwill and intangible assets that have indefinite lives or that are not yet made available for use are also assessed for impairment on an annual basis, and an impairment loss is recognized thereon if the carrying amount exceeds the recoverable amount.

(f) Financial instruments

(i) Financial assets carried at cost

Financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at their original cost. If there is objective evidence which indicates that a financial asset is impaired, a loss is recognized. A subsequent reversal of such impairment loss is not allowed.

(ii) Receivables

Accounts receivable are rights resulting from the sale of goods or the rendering of services. Other receivables are receivables arising from non-operating activities.

The Consolidated Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

Other financial instruments are measured at amortized cost using the effective interest method. If there is objective evidence which indicates that a financial asset is impaired, a loss is recognized through use of an allowance account. Upon determining the amount of impairment, the present value of the estimated future cash flows shall include the recoverable amount of collateral and insurance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease is clearly attributable to an event which occurred after the impairment loss was recognized; the previously recognized impairment loss is reversed to the extent of the decrease. The reversal may not result in a carrying amount of the financial asset that exceeds the amortized cost that would have been determined if no impairment loss had been recognized.

(g) Inventories

The cost of inventories consists of all costs of purchase and other costs incurred in bringing the inventories to a salable and useable location and condition. Inventories are measured at the lower of cost or net realizable value. Inventory cost is calculated using the weighted-average-cost formula. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period. A provision for inventory devaluation and obsolescence is recorded when management determines that the market values of inventories are less than their costs.

(h) Long-Term Investments under the Equity Method

When the Consolidated Company is able to exercise significant influence over the operating and financial policies of the investee, or the Consolidated Company owns more than 20% of the investee’s voting shares, the Consolidated Company’s equity investment therein is accounted for using the equity method. The Consolidated Company prepares consolidated financial statements on a quarterly basis, including those investees in which the Consolidated Company has controlling interest over their operation.

When the Consolidated Company subscribes for additional investee shares at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment in the investee differs from the previous amount of the Consolidated Company’s share of the investee’s equity. The Consolidated Company records such a difference as an adjustment to long-term investments, with the corresponding amount charged or credited to capital surplus. However, if the capital surplus generated from long-term investment is zero, the difference will be charged to retained earnings instead.

Upon the sale of equity-method investment, the difference between the selling price and carrying amount of the investment at the date of sale is recognized as an investment gain or loss. Capital surplus and other equity adjustment items from the long-term investment are recognized in profit or loss in proportion to the percentage disposed of.

Unrealized inter-company profits or losses resulting from transactions between a subsidiary and an investee accounted for under the equity method are deferred. Inter-company profits or losses arising from fixed asset transactions are recognized over the estimated economic lives of such assets. Inter-company profits or losses arising from transactions involving other assets are recognized when realized.

(i) Property, Plant, and Equipment, and Depreciation

Property, plant, and equipment are stated at cost. The cost of a major addition or improvement to, or replacement of, a component of an item of property, plant or equipment is capitalized to the carrying amount of the item. Gain or loss on disposal of property, plant, and equipment is recognized in current earnings.

Depreciation of property, plant, and equipment is calculated using the straight-line method over the economic useful lives. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or estimated useful life of the asset.

The economic useful lives of major property and equipment are as follows:

Transportation equipment	5 years
Furniture and office equipment	3-5 years
Leasehold improvements	1-5 years

(j) Deferred Expenses

Software is stated at acquisition cost and amortized using the straight-line method over the estimated useful lives of the assets.

(k) Pension Plan

For the defined benefit plan, the Company and some subsidiaries adopted SFAS No. 18 “Accounting for Pensions,” which requires the Company and some subsidiaries to perform an actuarial calculation of their pension obligation as of each fiscal year-end. Based on the actuarial calculation, the Company and some subsidiaries recognize a minimum pension liability and net periodic pension costs covering the service lives of participants. Commencing January 1, 1996, net periodic pension cost recognized includes the current service cost, amortization of net transition asset or obligation, prior service cost, and amortization of unrecognized gain (loss) on the pension plan on a straight-line basis over the expected average remaining service period of 27 years. On a monthly basis, contributions are made at the rate of two percent of wages and salaries to a pension fund maintained with Bank of Taiwan.

Under the defined contribution plan, the Company and some subsidiaries contribute monthly no less than six percent of an employee’s monthly salary or wages to the employee’s individual pension fund account at the ROC Bureau of Labor Insurance. Cash contributions are charged to current operations as pension cost.

The foreign subsidiaries do not adopt SFAS No. 18 “Accounting for Pensions” if the local governments do not have pension laws or the subsidiaries do not adopt any defined benefit employee pension plan.

(l) Income Taxes

The Consolidated Company adopted SFAS No. 22 “Accounting for Income Tax,” under which income taxes are accounted for under the asset and liability method. Deferred income taxes are determined based on differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect during the years in which the differences are expected to reverse. The income tax effects resulting from taxable temporary differences are recognized as deferred income tax liabilities. The income tax effects resulting from deductible temporary differences, net operating loss carryforward, and income tax credits are recognized as deferred income tax assets. The realization of the deferred income tax assets is evaluated, and if it is considered more likely than not that the deferred tax assets will not be realized, a valuation allowance is recognized accordingly.

Classification of the deferred income tax assets or liabilities as current or non-current is based on the classification of the related asset or liability. If the deferred income tax asset or liability is not directly related to a specific asset or liability, then the classification is based on the expected realization date of such deferred income tax asset or liability.

According to the ROC Income Tax Act, undistributed income, if any, earned after December 31, 1997, is subject to an additional 10 percent retained earnings tax. The surtax is charged to income tax expense after the appropriation of earnings is approved by the stockholders in the following year.

Income tax of the Consolidated Company is provided based on tax laws of various countries. Income tax is declared on an individual-company basis. Income tax expense of the Consolidated Company is the sum of income tax expense of the various consolidated companies.

(m) Shared-Based Payment

The Company adopted SFAS No. 39 “Share-based Payment” for shared-based payment agreements with a grant date on or after January 1, 2008, as follows:

1. An equity-settled share-based payment transaction is measured based on the fair value of the award at the grant date, and recognized as expenses over the vesting period with a corresponding increase in equity. The vesting period is estimated based on the vesting conditions under the share-based payment arrangement. Vesting conditions include service conditions and performance conditions (including market conditions). In estimating the fair value of an equity-settled share-based award, only the effect of market conditions is taken into consideration.
2. A cash-settled share-based payment transaction is measured at the balance sheet date and settlement date based on the fair value of the award as of those dates and is recorded as a liability incurred for the goods and services received. Changes in fair values are charged to current operations.
3. The fair value of a share-based award is estimated using the Black-Scholes option-pricing model, taking into account the exercise price, the current market price of the underlying shares, management’s best estimate of the expected term, the expected volatility, the expected dividends, and the risk-free interest rate.

(n) Employees’ Bonuses

Employees’ bonuses are estimated and charged to expense in accordance with Interpretation (96)052 issued by the Accounting Research Development Foundation. The difference, if any, between the amount approved in the shareholders’ meeting in the subsequent year and the amount estimated in the current year’s financial statements is accounted for as a change in accounting estimate and charged to profit or loss in the period during which stockholders’ approval is obtained.

(o) Capital Surplus

Under the Company Act, a company shall first set aside ten percent of net income as legal reserve. When such legal reserve amount equals the total authorized capital, this provision shall not apply.

(p) Legal Reserve

If a company incurs no loss, it may, pursuant to a resolution adopted by a shareholders' meeting, issue new shares to shareholders or distribute a cash dividend from its legal reserve. However, only the amount of the legal reserve that exceeds twenty-five percent of the paid-in capital may be used to issue new shares or distribute a dividend.

(q) Treasury Stock

In accordance with SFAS No. 30 "Accounting for Treasury Stock," when the Company acquires its outstanding shares, the acquisition cost is debited to the treasury stock account.

When treasury stock is sold, the excess of the selling price over the carrying amount is credited to the capital surplus from treasury stock transactions account. If the carrying amount exceeds the selling price, the excess is first offset against capital surplus from the same class of treasury stock transactions, and the remainder, if any, is debited to retained earnings. The carrying amount of treasury stock is calculated by using the weighted-average approach according to the same class of treasury stock (common stock or preferred stock).

(r) Revenue Recognition

Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer. Otherwise, recognition is deferred until these conditions are met. If a deal to sell goods includes future service and if the amount for the future service is identifiable, the net amount of revenue and cost relating to the future service on the balance sheet date will be deferred and recognized as revenue and cost separately over the period during which the service is provided.

Online advertising service is recognized using the proportion-of-service-completed method, in which it estimates the percentage of total task completed on the balance sheet date for use as its revenue recognition basis.

Online sales revenue is recognized when title to the product and risks and benefits of ownership are transferred to the customer. For products with customer return rights, allowance for returns and discounts is estimated based upon past experience and recognized as a deductions from sales revenue in the year the products are sold.

Revenue and expense from a barter transaction involving advertising is recognized at the fair value of advertising service given, provided that the fair value can be measured reliably. The fair value is determined by reference to non-barter transactions with unrelated parties in the past 6 months that involve cash, cash equivalents, or marketable securities. When the fair value of advertising service is not able to be determined, the original carrying amount of the advertising service is deemed the best estimation of fair value.

(s) Earnings per Share (EPS)

Earnings per share ("EPS") of common stock are calculated by dividing net income (or loss) for the reporting period attributable to common stockholders by the weighted-average number of common shares outstanding during that period. The Company's employee' bonuses which are not resolved by the shareholders' meeting are potentially dilutive common shares.

Only basic earnings per share are disclosed if these potential common shares are not dilutive. Otherwise, both basic and diluted earnings per share are disclosed. In calculating diluted earnings per share, the net income (loss) and weighted-average number of common shares outstanding are retroactively adjusted for the potential common shares assuming they are converted into common stock at the beginning of the period.

(t) Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity). The segment's operating results are reviewed regularly by the entity's chief operating decision maker to make decisions pertaining to the allocation of resources to the segment and to assess its performance for which discrete financial information is available.

(3) Reasons for and Effect of Accounting Changes

Effective from January 1, 2011, the Consolidated Company adopted the third amended SFAS No. 34 "Financial Instruments: Recognition and Measurement". In accordance with the amended SFAS No. 34, the Consolidated Company's original receivables shall apply the recognition, subsequent measurement, and impairment guidelines of this Standard. For the six months ended June 30, 2011, there was no material effect on income and earnings per share from adoption of the amended accounting principle.

Effective from January 1, 2011, according to SFAS No. 41 "Operating Segments", an entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. The Consolidated Company determines and presents operating segments based on the information that is internally provided to the chief operating decision maker. This Standard supersedes SFAS No. 20 "Segment Reporting." This change in accounting principle did not have any effect on the financial statements for the six months ended June 30, 2011.

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

(4) SUMMARY OF MAJOR ACCOUNTS

(a) Cash

	June 30, 2012	June 30, 2011
Cash on hand	$ 274	123
Checking accounts	6,643	10,560
Savings accounts	2,164,711	1,675,642
Foreign currency deposits	73,022	18,578
Time deposits	690,700	454,050
Total	**$ 2,935,350**	**2,158,953**

(b) Notes and Accounts Receivable

	June 30, 2012	June 30, 2011
Notes receivable	$ 9,656	10,591
Accounts receivable	304,742	275,882
Less: Allowance for impairment loss	(11,223)	(19,057)
Net	293,519	256,825
Total	**$ 303,175**	**267,416**

(c) Inventories

	June 30, 2012	June 30, 2011
Merchandise inventories	$ 263,948	160,273
Less: Allowance for inventory valuation and obsolescence losses	(1,465)	(1,910)
Total	**$ 262,483**	**158,363**

For the six months ended June 30, 2012 and 2011, the details of operating cost were as follows:

	For the Six Months Ended June 30	
	2012	2011
Cost of goods sold	$ 6,059,036	5,423,931
(Reversal of provision) provision for inventory valuation and market price declinde obsolescence	(763)	421
Loss on inventory obsolescence	2,198	2,003
Loss on disposal of scrapping	469	-
	$ 6,060,940	**5,426,355**

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

(d) Financial Assets Carried at Cost - Non-current

	June 30, 2012		June 30, 2011	
Name of Investee Company	**Shareholding Ratio**	**Book Value**	**Shareholding Ratio**	**Book Value**
Common Stock				
Eastern Online Co., Ltd.	4.19%	$ -	4.19%	-
Syspower Ltd.	3.72%	2,846	3.72%	2,846
The Journalist Co., Ltd.	0.10%	-	0.15%	-
Openfind Information Technology, Inc.	7.42%	4,031	7.42%	4,031
Career Consulting Co., Ltd.	0.72%	1,015	0.72%	1,015
PayEasy Ltd.	12.51%	4,510	12.51%	4,510
Vibo Telecom Inc.	0.01%	1,447	0.02%	2,988
IPEVO Inc.	19.44%	26,914	19.44%	41,935
Total		**$ 40,763**		**57,325**

The securities with no active market and whose fair value cannot be reliably measured were reflected as non-current financial assets carried at cost.

On April 20, 2011, a resolution was approved by the shareholders' meeting of investee company IPEVO Inc. for a capital decrease which took effect on July 1, 2011. As there was evidence indicating a decline in the value of the investment, an impairment loss of $15,021 was recognized for the period ended December 31, 2011.

On November 25, 2011, a resolution was approved by the shareholders' meeting of investee company Vibo Telecom Inc. for a capital decrease which took effect on December 21, 2011. As there was evidence indicating a decline in the value of the investment, an impairment loss of $1,541 was recognized for the period ended December 31, 2011.

(e) Long-term Investments under the Equity Method

	June 30, 2012		June 30, 2011	
Name of Investee Company	**Shareholding Ratio**	**Book Value**	**Shareholding Ratio**	**Book Value**
Prepayment for long-term investment				
Paylink Inc.	-%	**$ -**	-%	**300,000**
(Initial investment: $300,000)				

Unrealized gains or losses resulting from inter-company transactions were eliminated according to the percentage of the Consolidated Company's ownership to the investee company .

Paylink Inc. was incorporated in November 2009, the Consolidated Company invested $300,000 for a shareholding ratio of 100%. The major business of Paylink Inc. is the manufacturing of electronic stored-value cards. On June 30, 2011, a resolution was approved refund to the original investment in the second inaugural meeting.

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

(f) Short-Term Debt

	June 30, 2012	June 30, 2011
Credit loan	$ -	100,000

For the six months ended June 30, 2012 and 2011, the interest rates were 2.84% and 2.76%, respectively. As of June 30, 2012 and 2011, the credit limit of short-term loans granted by financial institutions amounted to $200,000; the unused credit line amounted to $200,000 and $100,000, respectively.

(g) Other Financial Liabilities - Current

	June 30, 2012	June 30, 2011
Receipts under custody	$ 360,466	193,856
Other	3,413	109
Total	**$ 363,879**	**193,965**

Agreements were entered into between the Consolidated Company and its online sellers for entrusting the Consolidated Company for online collection of sellers' online transaction payments. Collections were recognized under receipts under custody and were accounted for as payables to the sellers.

(h) Pension Plan

In accordance with the Labor Standards Act, the Company and some of its subsidiaries maintain and fund a defined benefit pension plan covering all regular employees. Payments of pension or severance pay are calculated based on employment periods of individuals and subject to a maximum of 45 base points. Employees may earn an additional 20% pension benefit when they are required to retire early due to insanity or physical disability attributed to employment.

For the six months ended June 30, 2012 and 2011, the pension costs and related information were as follows:

	For the Six Months Ended June 30	
	2012	2011
Balance of pension fund	$ 39,307	36,712
Current pension costs:		
Defined benefit pension plan	636	1,700
Defined contribution pension plan	16,184	12,601
Balance of pension fund prepaid	5,444	4,971

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

(i) Income Taxes

(i) Deferred tax assets and liabilities

	June 30, 2012		June 30, 2011	
	Amount	Income tax effect	Amount	Income tax effect
Deductible temporary differences:				
-unrealized investment loss	$ 59,241	10,071	19,881	3,380
-translation adjustment of long-term investments	-	-	2,089	355
-unrealized inter-company profit	105,896	18,002	105,896	18,002
-provision for doubtful accounts	14,871	2,528	10,995	1,869
-unused investment tax credit	-	32,892	-	61,326
-loss carryforward benefit	275,447	46,825	349,880	59,479
-other	8,025	1,364	17,640	2,999
Total deferred income tax assets		$ 111,682		147,410
Taxable temporary differrences:				
-provisions for accrued pension	$ 5,688	966	5,159	877
-intangible asset amorization	28,239	4,801	7,060	1,200
-other	1,869	319	-	-
Total deferred income tax liabilities		$ 6,086		2,077

(ii)

	June 30, 2012	June 30, 2011
Deferred income tax asset—current	$ 58,472	15,463
Deferred income tax liabilities—current	(136)	-
Allowance for valuation—deferred income tax assets—current	(46,287)	(10,594)
Net	$ 12,049	4,869
Deferred income tax assets—non-current	$ 53,210	131,947
Deferred income tax liabilities—non-current	(5,950)	(2,077)
Allowance for valuation—deferred income tax assets—non-current	(5,147)	(84,142)
Net	$ 42,113	45,728

(iii) The components of income tax expense were as follows:

	For the Six Months Ended June 30	
	2012	2011
Current income tax expense	$ 31,865	37,918
Deffered income tax benefit	(1,804)	(2,436)
(Over) under -accrual of prior year's income tax	(401)	64
Income tax expense	$ 29,660	35,546

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

The components of deferred income tax benefit were as follows:

	For the Six Months Ended June 30	
	2012	2011
Unrealized investment loss	$ (4,370)	(27)
Unrealized foreign exchange loss	3	(139)
Provisions for doubtful accounts	353	166
Unrealized inter-company profit	-	(18,002)
Intangible asset amortization	1,801	-
Investment tax credits	18,714	19,600
Operating loss carryforwards	13,147	3,750
Others	192	1,908
Valuation allowance	(31,644)	(9,692)
Total	**$ (1,804)**	**(2,436)**

(iv) As of June 30, 2012 and 2011, the Consolidated Company was subject to profit-seeking enterprise income tax rate of 17%. The Consolidated Company calculates its Alternative Minimum Tax (AMT) accordingly to the Income Tax Basic Tax Act. The earnings of subsidiaries that were incorporated in the Cayman Island and British Virgin Islands are not taxable by the respective local governments. Due to the location of the other subsidiaries, they are subject to income tax. As of June 30, 2012 and 2011, the reconciliation of income tax payable calculated on accounting income at the statutory tax rate and income tax expense was as follows:

	For the Six Months Ended June 30	
	2012	2011
Income tax expense calculated on pre-tax financial income at statutory tax rate	$ 53,509	54,441
Permanent differences	(8,791)	(12,733)
Excess of estimaded alternative minimun tax over the normal statutory tax rate	-	2,963
Over accrual of prior years' deferred income tax assets	18,165	-
Valuation allowance	(31,644)	(9,692)
Other	(1,579)	567
Income tax expense	**$ 29,660**	**35,546**

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

(v) The balance of the operating loss carryforward which can be used to offset future income tax liabilities was as follows:

Year of Occurrence	Operating Loss Carryforwards	Year of Expiration
2006	$ 48,543	2016
2008	76,755	2018
2009	74,898	2019
2010	19,478	2020
2011	38,579	2021
2012	17,194	2022
	$ 275,447	

(vi) The Consolidated Company's investment in research and development qualified for the investment tax credits subject to the Income Tax Act. The Consolidated Company may enjoy a reduction in its income tax payable up to a certain percentage of funds invested in research and development. As of June 30, 2012, the remaining investment tax credits were as follows:

Year of Occurrence	Unused Tax Credit	Year of Expiration
2008	7,143	2012
2009	25,713	2013
2010	36	2014
	$ 32,892	

(vii) The Company's income tax returns and stockholders' imputation tax credit account and unappropriated retained earnings have been examined and approved by the tax authority till 2009 and 2008, respectively. The amount of $76,556 of investment tax credits for research and development was not approved by the tax authority in 2009. The Company disagreed with the assessment and adopted the processes of administrative review.

(viii) Stockholders' imputation tax credit account and tax rate:

	June 30, 2012	June 30, 2011
(1) Unappropriated retained earnings		
Unappropriated earnings generated on and after January 1, 1998	**$ 189,054**	**209,695**
(2) Stockholders' imputation tax credit account	**$ 40,978**	**41,590**

	For the Six Months Ended June 30	
	2011 (expected)	**2010 (actual)**
(3) Imputation tax credit ratio for earnings distributed to ROC residents	**11.83%**	**12.30%**

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

(j) Capital Stock

On June 19, 2012 the Company's shareholders resolved to capitalize its unappropriated retained earnings of $110,614 with a total of 11,061 thousand shares issued at par value. The capital increase was effective on August 7, 2012, and was therefore accounted for as "Stock dividends to be distributed".

On June 17, 2011, the Company's shareholders resolved to capitalize its unappropriated retained earnings of $96,092 with a total of 9,609 thousand shares issued at par value. The capital increase was effective on July 25, 2011, with all registration amendments completed.

For the six months ended June 30, 2012 and 2011, the employee stock options were converted into 1,588 and 1,131 thousand common stock shares, generating total receipts of $29,061 and $25,398, respectively.

As of June 30, 2012, information regarding conversing employee option was as follows：

Effective Date	Convertion into Stocks (in thousand)	Proceeds	Premium recorded under capital surplus	Status of registration amendments
Mar. 4, 2011	326	7,682	6,651	Completed
Mar. 31, 2011	140	2,845	2,260	"
Jun. 30, 2011	665	14,871	12,510	"
Sep. 30, 2011	244	4,878	4,111	"
Dec. 31, 2011	124	1,964	1,385	"
Mar. 30, 2012	733	13,759	11,120	"
Jun. 27, 2012	855	15,302	11,956	In Progress
Total	**3,087**	**61,301**	**49,993**	

On March 31, 2012, the Company's Board of Directors resolved to reduce 106 thousand treasury stock shares, the reduction of capital amounted to $1,060. The capital decrease was effective on March 31, 2012, with all registration amendments completed.

(k) Employee Stock Options

(i) On August 27 and December 19, 2008, the Company was authorized an employee stock option plan to issue employee stock options totaling 1,900,000 units and 1,900,000 units, respectively. Each unit is entitled to subscribe for one share of the Company's common stock. The contractual life of the option is 4 years, and a holder of the options may exercise 50% and 100% of the options in accordance with certain schedules as prescribed by the plan subsequent to the second and third anniversary, respectively, of the grant date. The exercise prices of the options, set at the closing price of the Company's common stock on the date of the grant, were $26.10 and $19.50, respectively. After the issuance of the employee stock option, any additional change to the Company's common stock (issuance of new shares for cash, reinvestment using undistributed earnings, and reinvestment using capital surplus in accordance with the formula under the plan), will result in adjustments in the exercise price of the stock options. The exercise prices after the adjustment were $21.17 and $15.84, respectively.

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

(ii) Details of the quantity and weighted average exercise price of the Company's employee stock options were as follows:

	For the Six Months Ended June 30			
	2012		2011	
	Quantity of Stock Option (thousand shares)	Weighted-average Exercise Price (NT$)	Quantity of Stock Option (thousand shares)	Weighted-average Exercise Price (NT$)
Outstanding at the beginning of the	1,874	$ 21.90	3,258	21.90
Granted	-	-	-	-
Exercised	(1,541)	18.21	(969)	22.23
Forfeited	-	-	-	-
Outstanding at the end of the period	**333**		**2,289**	
Exercisable at the end of the period	**333**		**579**	
Weighted-average fair value of current options granted	**$ 6.31**		**$ 6.31**	

(iii) The compensation costs with respect to employee stock options granted for the six months ended June 30, 2012 and 2011 were $0 and $1,798 respectively. Assumptions used in the valuation method are as follows:

		Date of Grant	
		August 27, 2008	December 19, 2008
Valuation method :	Black-Scholes options pricing model		
Assumptions :	Dividend yield	-%	-%
	Expected volatility factors of market price	42.55%	41.50%
	Risk-free interest rate	1.891%	1.891%
	Weighted-average expected life of the options	4.0 years	4.0 years

(iv) As of June 30, 2012, information regarding outstanding employee options was as follows:

	Outstanding as of June 30, 2012			Exercisable as of June 30, 2012	
Exercise price	Outstanding	Expected remaining period	Weighted average fair value of options granted	Exercisable number as of June 30, 2012	Weighted average fair value of options granted
$ 21.17	124	0.25 years	$ 21.17	124	$ 21.17
15.84	209	0.47 years	15.84	209	15.84

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

(l) Earnings Distribution

The Company's articles of incorporation stipulate that after-tax earnings, if any, should first be offset by cumulative losses, and 10% of the remainder be set aside as legal reserve. If necessary, special reserve could be appropriated. The remaining balance will be distributed as follows:

Employee bonuses: 1~15%

The board of directors will submit a proposal regarding the distribution of the remaining balance in the shareholders' meeting.

The Company adopts a residual dividend policy determined by taking the following factors into consideration:

1) The reserve for the Company's projected capital expenditure;
2) The reserve used to repay outstanding borrowings;
3) Bonuses and dividends that may be distributed in cash and by issuing shares.

The distribution ratio of stock dividends may not exceed 80% of total dividends.

For the six months ended June 30, 2012 and 2011, the estimated amounts of employees' bonuses were $18,809 and $22,647, respectively. Any difference between the estimation and the amount approved by the annual general shareholders' meeting is treated as change in accounting estimates and adjusted through profit and loss in 2013 and 2012.

The Company's annual general shareholders' meetings held on June 19, 2012 and June 17, 2011, declared the earnings distribution for 2011 and 2010 as follows:

	For the Year Ended December 31	
	2011	**2010**
Employees' bonuses – cash dividends	**$ 44,087**	**41,639**

For 2012 and 2011, there were none differences between actual employee's bonuses distribution and the estimation recognized in the financial statements.

The information on the distribution of the Company's earnings has been announced Market Observation Post System on the internet.

(m) Treasury Stock

On March 30, 2012, the Company's Board of directors resolved to reduce 106 thousand treasury stock shares with a carrying value of $2,512 which were repurchased at March 16 to 23, 2009. The reduced amounts of Common stock, Paid-in capital in excess of par - common stock, Capital surplus – treasury stock and retained earnings-unappropriated were $1,060, $57, $129 and $1,266, respectively.

(n) Earnings per Share (EPS)

For the six months ended June 30, 2012 and 2011, the primary earnings per share and diluted earnings per share attributable to the parent company were computed as follows:

Unit: Shares in thousands

	For the Six Months Ended June 30			
	2012		2011	
	Before Tax	After Tax	Before Tax	After Tax
Net Income	$ 215,545	190,320	235,892	209,695
Weighted-average common shares outstanding	80,954	80,954	68,094	68,094
Effect of dilutive potential common shares:				
Contingent share－stock options	1,201	1,201	2,374	2,374
Contingent share－employee's bonuses	413	413	384	384
Fully diluted shares	82,568	82,568	70,852	70,852
Weighted-average common shares outstanding - retroactively adjusted			78,969	78,969
Effect of dilutive potential common shares - retroactively adjusted			3,198	3,198
Fully diluted shares - retroactively adjusted			82,167	82,167
Basic EPS	$ 2.66	2.35	3.46	3.08
Diluted EPS	$ 2.61	2.31	3.33	2.96
Basic EPS - retroactively adjusted			$ 2.99	2.66
Diluted EPS - retroactively adjusted			$ 2.87	2.55

(o) Financial Instruments

(i) Fair Value of Financial Instruments:

	June 30, 2012		June 30, 2011	
Financial Assets	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets carried at cost	$ 40,763	-	57,325	-
Total financial assets with carring value equal to fair value	3,579,703	3,579,703	2,774,198	2,774,198
Total financial assets	$ 3,620,466		2,831,523	
Financial Liabilities				
Total financial liabilities with carrying value equal to fair value	$ 2,242,137	2,242,137	1,871,340	1,871,340

(ii) Methods and assumptions used to establish the fair values of financial instruments are as follows:

1) The fair value of short-term financial instruments is determined by their face value on the balance sheet. As these instruments have short maturities, the carrying value is adopted as a reasonable basis for establishing the fair value. This method is applied to cash, notes and accounts receivable, other financial assets－current, restricted assets, other financial assets－non-current, short-term debt, notes and accounts payable, accrued expenses, other payables, and other financial liabilities－current.

2) With respect to financial instruments such as refundable deposits that are indispensable guarantees for the ongoing operation of the Consolidate Company, it is impossible to estimate the time necessary to accomplish the exchange of assets. Consequently, the fair market value of these financial instruments cannot be established. The book value is used as the fair market value.

(iii) Financial Risk Information

1) Credit risk

The primary potential credit risk is from financial instruments like cash, equity securities, and accounts receivable. The Consolidated Company deposits cash in different financial institutions. The Consolidated Company manages credit risk exposure related to each financial institution and believes that there is no significant concentration of credit risk of cash and equity securities.

The Consolidated Company only transacted business with approved third parties whose financial condition and reputation are good. For those customers whose financial situation is poor, the Consolidated Company would transfer the risk through acquiring guarantees or transacting business by L/C. Therefore, the Consolidated Company believes that there is no significant credit risk. According to the Consolidated Company’s customer credibility evaluation policies, the Consolidated Company has to evaluate the customer’s credibility and evaluate the collectability of notes and accounts receivable before doing business. Thus, there is no significant issue regarding doubtful accounts.

2) Liquidity Risk

The Consolidate Company has sufficient operating capital to meet the cash requirements upon settlement of the contracts. Therefore, no capital deficiency risk was existed.

Equity securities invested by the Consolidate Company were traded in an inactive market. Therefore, liquidity risk was expected.

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

(5) Related Party Transactions

(a) Names of Related Parties and Relationship with the Consolidate Company:

Name of Related Party	Relationship with the Company
Site Inc.	The entity's chairman is the same as the Company
Business Next Publishing Corp.	〃
PC Home Ventures Fund (I) Corporation	〃

b) Significant Transactions with Related Parties:

(i) Accounts Receivable (Payable)

	June 30, 2012		June 30, 2011	
	Amount	%	Amount	%
Other Financial Assets - Current				
Total	$ 15	0.02	15	0.02
Accrued Expenses				
Total	$ 20	0.01	20	0.01

(ii) Others

For the six months ended June 30, 2011, rental and other revenue received from PC Home Ventures Fund (I) Corporation and other related parties were $52.

(6) Restricted Assets:

As of June 30, 2012 and 2011, the following assets were restricted in use as follow:

Assets	June 30, 2012	June 30, 2011	Purpose of Pledge
Restricted deposits－current	$ 208,100	233,000	Security for performance and purchase guarantee
Restricted deposits－non-current	600	750	Security for provisional seizure, etc
Refundable deposits	39,830	38,590	Deposits for office rental, etc
Total	$ 248,530	272,340	

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

(7) Significant Commitments and Contingencies

As of June 30, 2012 and 2011, the office lease agreements and rental payables for subsequent twelve months were as follows:

For the Six Months Ended June 30, 2012

Leasehold property	Contract period	Rental expense	Subsequent 12 months rental payable
Offices and Warehouse	Expires 2015/06/14	$ 72,876	164,458

For the Six Months Ended June 30, 2011

Leasehold property	Contract period	Rental expense	Subsequent 12 months rental payable
Offices and Warehouse	Expires 2014/07/31	$ 53,085	122,828

The agreement with a non-related party for internet phone services entered into in July, 2004 was renewed in April 1, 2009. Pursuant to the newly revised agreement, the net revenue from these services is allocated each month between the parties by a set ratio. As the Company sold its internet phone services to Linktel Inc. (with 100% Shareholding) on March 1, 2011, Linktel Inc. and the Company signed a contract with the non-related party in which the Company acts as the guarantor of the obligators of Linktel Inc. at all times and during the term of the agreement.

As of June 30, 2012, and 2011, notes payable deposited as guarantee for leases of commercial vehicle and office and building leases were $136,145 and $60,609, respectively.

According to the “Standardized contract for telecom product or service”, the payment guarantee for Skype stored-value service should be fully provided by financial institutions. Therefore, the Consolidated Company entered into an agreement with The Shanghai Commercial & Savings Bank, Ltd. for a guarantee limit of $130,000. As of June 30, 2012, the Consolidated Company’s advanced receipt for Skype stored-value service amounted to $101,286.

(8) Significant Catastrophic Losses: None

(9) Significant Subsequent Events: None

(10) Others:

(a) Personnel, depreciation, and amortization expense categorized as operating cost or expense, were as follows:

(Expressed in thousands of New Taiwan dollars)

Categorized as / Nature	For the Six Months Ended June 30, 2012			For the Six Months Ended June 30, 2011		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Personnel expenses						
Salary expense	19,628	414,512	434,140	26,968	322,524	349,492
Health and labor insurance expense	1,350	27,970	29,320	3,419	19,774	23,193
Pension expense	739	16,081	16,820	2,141	12,160	14,301
Other expense	478	10,278	10,756	756	8,197	8,953
Depreciation expense	-	34,244	34,244	-	26,542	26,542
Amortization expense	-	3,258	3,258	-	2,018	2,018

(b) Certain accounts for the six months ended June 30, 2012 financial statements were reclassified to conform to the presentation of for the six months ended June 30, 2011 financial statements.

(c) Under order No. 0990004943 issued for the Financial Supervisory Commission, Executive Yuan, on February 2, 2010, starting from 2013, a corporation is required to prepare a financial report in conformity with International Financial Reporting Standards (IFRSs) and the explanations of the Standing Interpretations Committee (the predecessor of the IFRIC) and the International Financial Reporting Interpretations Committee accepted by the Financial Supervisory Commission. To assist in the adjustment, the Company has formed a special task force and established an IFRS adoption plan. The Chairman, General Manager, and Chief Finance Officer responsible for the adoption plan. Significant plan contents, expected completion times, and completion status are summarized as follows:

Plan Contents	Responsible Department (or Responsible Person)	Status
Phase 1 - Evaluation (2010.01.01 ~ 2011.12.31)		
◎ Establish adoption plan and form a special task force for IFRS conversion	Accounting Department	Completed
◎ Perform the first stage of internal training for employees	Accounting Department	Completed
◎ Compare and analyze the differences between the current accounting policies and IFRS	Accounting Department	Completed
◎ Evaluate proposed adjustments to current accounting policies	Accounting Department	Completed
◎ Evaluate the adoption of IFRS 1 - “First-time Adoption of IFRS”	Accounting Department	Completed
◎ Evaluate adjustments related to information systems and internal controls	Internal Control Department and IT Department	Completed

Plan Contents	Responsible Department (or Responsible Person)	Status
Phase 2 - Preparation (2011.01.01 ~ 2012.12.31)		
◎ Determine how to revise the current accounting policies to comply with IFRS	Accounting Department	Completed
◎ Determine how to adopt IFRS 1 - "First-time Adoption of IFRS"	Accounting Department	Completed
◎ Adjust relevant information systems and internal controls	Internal Control Department and IT Department	In Progress
◎ Perform the second stage of internal training for employees	Accounting Department	In Progress
Phase 3 - Implementation (2012.01.01 ~ 2013.12.31)		
◎ Test the operation of relevant information systems	Accounting Department and IT Department	In Progress
◎ Collect information for preparation of Balance Sheet and Comparative Financial Statements in conformity with IFRS on the date of first-time adoption	Accounting Department	Completed
◎ Prepare Financial Statements based on IFRS	Accounting Department	In Progress

(d) The significant differences between current GAAP and IFRSs in preparing the financial statements which the Company evaluated are listed below:

(i) Reconciliation of Balance Sheet on January 1, 2012

(Expressed in Thousands of New Taiwan Dollars)

Item	GAAP	Affect Amount	IFRSs
Current assets (1) and (2)	$ 3,757,194	(26,287)	3,730,907
Investments	82,610	-	82,610
Property, plant, and equipment	186,534	-	186,534
Intangible assets (2)	552	(552)	-
Other assets (1)	44,318	25,212	69,530
Total assets	**$ 4,071,208**	**(1,627)**	**4,069,581**
Current liabilities	$ 2,388,145	-	2,388,145
Other liabilities (1) and (2)	-	22,761	22,761
Total liabilities	**$ 2,388,145**	**22,761**	**2,410,906**
Common stock	$ 693,679	-	693,679
Advance receipts for common stock	1,006	-	1,006
Capital surplus	160,238	-	160,238
Retained earnings (2)	461,097	(22,934)	438,163
Non-controlling interest (2)	367,265	(1,454)	365,811
Other adjustments to stockholders' equity	(222)	-	(222)
Total stockholders' equity	**$ 1,683,063**	**(24,388)**	**1,658,675**
Total liabities and stockholders' equity	**$ 4,071,208**	**(1,627)**	**4,069,581**

(ii) Reconciliation of Balance Sheet on June 30, 2012

(Expressed in Thousands of New Taiwan Dollars)

Item	GAAP	Affect Amount	IFRSs
Current assets (1) and (2)	$ 3,838,731	(17,493)	3,821,238
Investments	81,193	-	81,193
Property, plant, and equipment	192,282	-	192,282
Intangible assets (2)	552	(552)	-
Other assets (1)	60,933	18,135	79,068
Total assets	**$ 4,173,691**	**90**	**4,173,781**
Current liabilities	$ 2,533,020	-	2,533,020
Other liabilities (1) and (2)	-	24,083	24,083
Total liabilities	**$ 2,533,020**	**24,083**	**2,557,103**
Common stock	$ 819,118	-	819,118
Capital surplus	175,558	-	175,558
Retained earnings (2)	281,437	(22,557)	258,880
Non-controlling interest (2)	363,865	(1,436)	362,429
Other adjustments to stockholders' equity	693	-	693
Total stockholders' equity	**$ 1,640,671**	**(23,993)**	**1,616,678**
Total liabities and stockholders' equity	**$ 4,173,691**	**90**	**4,173,781**

(iii) Reconciliation of Income Statement for the six months ended June 30, 2012

(Expressed in Thousands of New Taiwan Dollars)

Item	GAAP	Affect Amount	IFRSs
Operating revenues (3)	$ 7,354,636	(241)	7,354,395
Operating costs	(6,060,940)	-	(6,060,940)
Gross margin	1,293,696	(241)	1,293,455
Operating expenses (2) and (3)	(1,066,940)	636	(1,066,304)
Income from operations	226,756	395	227,151
Non-operating income	10,897	-	10,897
Non-operating expenses	(1,863)	-	(1,863)
Income before income tax	235,790	395	236,185
Income tax expense	(29,660)	-	(29,660)
Net income ((2)~(3))	**$ 206,130**	**395**	**206,525**
Income attributable to :			
Stockholders of parent company	$ 190,320	377	190,697
Non-controlling interest	15,810	18	15,828
Total	**$ 206,130**	**395**	**206,525**

(iv) Summary of reconciliation

1) In accordance with the International Financial Reporting standards (IFRSs), the Consolidated Company considers the factors in investment tax credits and temporary differences to estimate deferred tax assets and liabilities which can only be offset if the Consolidated Company has a legally enforceable right to set off current tax assets against current tax liabilities under other related conditions. Therefore, the deferred tax reclassified into non-current assets amounted to $20,774 and $12,049, respectively, on January 1 and June 30, 2012. Net deferred tax assets and liabilities reclassified into non-current liabilities by expected realization date amounted to $4,438 and $6,086, respectively.

2) The Consolidated Company adopted the defined benefit plan which was measured as actuarial assumptions. The actuarial gain or loss generated from the adjustments in experience and the variance in actuarial assumptions under the ROC GAAP should be amortized during the remaining service life and charged to profit and loss in the period. The Consolidated Company adopt IFRS 1 "First-time adoption of International Financial Reporting Standards" (the IFRS 1) for optional exemptions. On January 1, 2012, actuarial gain and loss in equity decreased by $24,388. The reduced amounts of Current assets and Intangible assets were $5,513 and $552, respectively. The increased amounts of other liabilities were $18,323. On June 30, 2012, actuarial gain and loss in equity decreased by $23,993. The reduced amounts of Current assets and Intangible assets $5,444 and $552 respectively. The increased amounts of other liabilities were $17,997. The Consolidated Company determines that the discount rate of assumptions is different from the ROC GAAP and IFRS. Therefore, the pension expense decreased by $395 for the six months ended June 30, 2012.

3) The Consolidated Company gave points to clients when they joined the platform of opening online store and recognized the points as selling expenses. According to the Customer Loyalty Programs of IFRS, the Consolidated Company should accrue the deferred revenue when giving points to clients, and recognized the points as sales after being exchanged. Therefore, the operating revenues decreased by $241, and the operating expenses decreased by $241.

(e) According to IFRS 1, when the company first adopted the international accounting standards, the financial statements should be retroactively adjusted under the effective accounting standards. The section which might be exempted from the regulation is listed below:

To determine the benefit plans of the retired post-employment benefit obligations under the actuarial techniques, the adjustments in experience and changes in actuarial assumptions used to produce actuarial gain or loss shall not be retroactively recalculated and those actuarial gains and losses should be recognized under stockholders' equity on the date of conversion.

(f) The Consolidated Company conducted the evaluation above in accordance with the IFRS accepted by the Financial Supervisory Commission. There are significant differences between the International Financial Reporting Standards (IFRSs) and the ROC's accounting principles based on the preliminary decisions made accordingly to the current environment and circumstances, and the accounting policies should be selected in accordance with the IFRS "International Financial Reporting Standards First Adopted". This may change depending on the environment and circumstances in the future.

(11) Additional Disclosures

a. Major transaction information

(v) Loans to others: None

(vi) Endorsements and guarantees to others:

(Expressed in thousands of New Taiwan dollars, unless specified otherwise)

No. (Note 1)	Name of endorsers	Endorsee		Endorsement limit for a single entity (Note 2)	Highest balance during the period	Balance as of June 30, 2012	Balance secured by collateral	Ratio of accumulated amount to net worth of the Company	Maximum amount of endorsement (Note 2)
		Name of endorsees	Relationship						
0	The Company	Linktel Inc.	Note 3	638,403	31,052	29,797	-	2.33%	1,276,806

Note 1: 0 is issuer.

Note 2: Highest balance during the period can't exceed net assets value 50%, and the maximum amount of endorsement can't exceed net assets value.

Note 3: The subsidiary of the Company

Note 4: Aforementioned inter–company transactions have been eliminated in the consolidated financial statements.

(vii) Marketable securities held on period end:

(Expressed in thousands of New Taiwan dollars and thousands of shares, unless specified otherwise)

Holding Company	Name and Type of Marketable Securities	Relationship with the Issuer of Securities	Financial Statement Account	End of the Period				Note
				Shares/ Units	Carrying Amount	Percentage	Fair Value	
	Common Stock:							
PChome Online Inc.	IT Home Publications Inc.	An investee company accounted for under the equity method	Long-term investments under the equity method	4,636	49,577	100.00	49,577	Note
〃	Linktel Inc.	〃	〃	12,500	153,047	100.00	153,047	〃
〃	PC Home Travel Inc.	〃	〃	600	3,048	100.00	3,048	〃
〃	Liker Technology Inc.	〃	〃	2,500	26,221	34.72	25,203	〃
〃	PC Home Online International Co., Ltd.	〃	〃	122	14,054	100.00	14,054	〃
〃	PChome eBay Co., Ltd.	〃	〃	27,300	198,926	65.00	198,926	〃
〃	Orange Network Inc.	〃	〃	100	104	100.00	104	〃
〃	Rakuya International Info. Co. Ltd	〃	〃	3,430	23,692	21.99	23,692	〃
〃	Pay and Link Inc.	〃	〃	100	571	100.00	571	〃
〃	PChome Store Inc.	〃	〃	8,477	219,300	59.91	839,223	〃
〃	Paylink Inc.	〃	〃	5,000	42,521	100.00	42,521	〃
〃	PChome US Inc.	〃	〃	40,000	88,157	90.91	88,157	〃
〃	eCommerce Group Co., Ltd.	〃	〃	3,500	2,647	100.00	2,647	〃
	Sub-Total				821,865		1,440,770	
〃	Eastern Online Co., Ltd.	An investee company accounted for under the cost method	Financial assets carried at cost – non-current	119	-	4.19		
〃	Syspower Ltd.	〃	〃	372	2,846	3.72		
〃	The Journalist Co., Ltd.	〃	〃	3	-	0.10		
〃	Openfind Information Technology, Inc.	〃	〃	800	4,031	7.42		
〃	Career Consulting Co., Ltd.	〃	〃	113	1,015	0.72		
〃	PayEasy Ltd.	〃	〃	5,438	4,510	12.51		
〃	Vibo Telecom Inc.	〃	〃	145	1,447	0.01		
〃	IPEVO Inc.	〃	〃	2,691	26,914	19.44		
	Sub-Total				40,763			
	Total				862,628			

Note：Aforementioned inter–company transactions have been eliminated in the consolidated financial statements.

(viii) Accumulated buying/sales of the same marketable securities for which the dollar amount reaches $100 million or 20% or more of paid-in capital: None

(ix) Acquisition of real estate for which the dollar amount reaches $100 million or 20% or more of paid-in capital: None

(x) Disposition of real estate for which the dollar amount reaches $100 million or 20% or more of paid-in capital: None

(xi) Buying/selling products with related parties for which the dollar amount reaches $100 million or 20% or more of paid-in capital: None

(xii) Accounts receivable from related parties for which the dollar amount reaches $100 million or 20% or more of the paid-in capital: None

(xiii) Derivative transactions: None

b. Investment related information

(i) Investee Company's name, location, and other related information:

(Expressed in thousands of New Taiwan dollars and thousands of shares, unless specified otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance As of June 30, 2012			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized by the Investor Company	Note
				As of June 30, 2012	As of December 31, 2011	Shares	Percentage of Ownership	Carrying Amount			
PChome Online Inc.	IT Home Publications Inc.	12F., No.105, Sec. 2, Tun-Hwa S. Rd., Taipei	Magazine publication, information management, information services, electronic information providing services	30,000	30,000	4,636	100.00	49,577	(1,596)	(1,596)	Note
〃	Linktel Inc.	〃	Network services	125,000	125,000	12,500	100.00	153,047	23,989	23,989	〃
〃	PChome Travel Inc.	〃	Travel agency business	6,000	6,000	600	100.00	3,048	4	4	〃
〃	Liker Technology Inc.	24F., No.105, Sec. 2, Tun-Hwa S. Rd., Taipei	O2O (Online to offline) E-commerce	25,000	25,000	2,500	34.72	26,221	(10,617)	(3,723)	〃
〃	PC Home Online International Co., Ltd.	Tropic Isle Building, PO Box 438, Road Town, Tortola, British Virgin Islands.	International trade and investment activities	25,485 (US 734)	25,485 (US 734)	122	100.00	14,054	28	28	〃
〃	PChome eBay Co., Ltd.	12F, No.105, Sec. 2, Tun-Hwa S. Rd., Taipei	Online auction	273,000	273,000	27,300	65.00	198,926	49,142	31,942	〃
〃	Orange Network Inc.	〃	Online television media business	1,000	1,000	100	100.00	104	(45)	(45)	〃
〃	Rakuya International Info. Co. Ltd	〃	Real estate business, and internet information rental service	34,300	34,300	3,430	21.99	23,692	(12,783)	(2,811)	〃
〃	Pay and Link Inc.	〃	Internet services	1,000	1,000	100	100.00	571	(83)	(83)	〃
〃	PChome Store Inc.	14F., No.105, Sec. 2, Tun-Hwa S. Rd., Taipei	Internet services	84,770	84,770	8,477	59.91	219,300	31,920	19,123	〃
〃	Paylink Inc.	12F., No.105, Sec. 2, Tun-Hwa S. Rd., Taipei	Information processing and provision of electronic information	50,000	50,000	5,000	100.00	42,521	(6,841)	(6,841)	〃
〃	PChome US Inc.	American California	E-commerce platform	116,490 (US 4,000)	116,490 (US 4,000)	40,000	90.91	88,157	(19,681)	(17,895)	〃
〃	eCommerce Group Co., Ltd	P.O. Box 957.Offshore Incorporations Center, Rood Town, Torola, British Virgin Islands.	Investment activities	10,533 (US 350	-	3,500	100.00	2,647	(7,838)	(7,838)	〃

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance As of June 30, 2012			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized by the Investor Company	Note
				As of June 30, 2012	As of December 31, 2011	Shares	Percentage of Ownership	Carrying Amount			
PC Home Online International Co., Ltd.	PChome Online Inc.	Eland Trust (Cayman) Limited, PO Box 439GT, Grand Cayman, Cayman Islands	Investment activities	US 729	US 729	10,000	100.00	US 488	US 7	US 7	Note
eCommerce Group Co., Ltd	EC Global Inc.	Scotia Centre,4th Floor, P.O.BOX 2804, Georeg Town, Grand Cayman Cayman Islands	Investment activities	US 350	-	3,500	100.00	US 91	US (258)	US (258)	〃
PChome Store Inc.	Liker Technology Inc.	24F., No.105, Sec. 2, Tun-Hwa S. Rd., Taipei	O2O (Online to offline) E-commerce	30,000	30,000	3,000	41.67	30,245	(10,617)	(4,468)	〃
PChome Online Inc.	PC Home Online (HK) Ltd.	Flat/RM504 4/F Winner House 310 King's Road North Point	Information service and indirect investment activities	HK 5,641	HK 5,641	5,641	100.00	HK 3,971	HK 141	HK 141	〃
EC Global Inc.	EC Global Limited	Room 511, 5 Tszlou, Building 1, No.30 Singang Center, Canton Road, Jianju, Kowloon	Investment activities	HK 2,719 (US 350)	-	3,500	100.00	HK 743	HK (1,967)	HK (1,967)	〃
PC Home Online (HK) Ltd.	Shanghai Todo Inc.	Luwan District, Shanghai Jin Jiang Hotel 59 Maoming South Road, Jun Ling Building Room 1352	Software and internet technical consulting service	CNY 1,242 (US 150)	CNY 1,242 (US 150)	-	100.00	CNY 556	CNY -	CNY -	〃
EC Global Limited	PChome Trading (Shenzhen) Ltd.	Q Unit, 3/F Xibu Logistics Zhnogdian, No.88, Linhaihuo Ave., Nanshan District, Shenzhen	E-commerce on international trading	CNY 2,210 (US 350)	-	-	100.00	CNY 637	CNY (1,575)	CNY (1,575)	〃

Note：Aforementioned inter–company transactions have been eliminated in the consolidated financial statements.

(ii) Loans to others: None

(iii) Endorsements and guarantees to others: None

(iv) Period ended marketable securities held

(Expressed in thousands of New Taiwan dollars and thousands of shares, unless specified otherwise)

Holding Company	Name and Type of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	Ending Balance				Note
				Shares/ Units	Book Value	Percentage	Fair value	
PC Home Online International Co., Ltd.	PChome Online Inc.	An investee company accounted for under the equity method	Long-term investments at equity	10,000	US 488	100.00	US 488	Note
eCommerce Group Co., Ltd	EC Global Inc.	〃	〃	3,500	US 91	100.00	US 91	"
PChome Store Inc.	Liker Technology Inc.	〃	〃	3,000	30,245	41.67	30,245	"
PChome Online Inc.	PC Home Online (HK) Ltd.	〃	〃	5,641	HK 3,971	100.00	HK 3,971	"
EC Global Inc.	EC Global Limited	〃	〃	3,500	HK 743	100.00	HK 743	"
PC Home Online (HK) Ltd.	Shanghai Todo Inc.	〃	〃	-	CNY 556	100.00	CNY 556	"
EC Global Limited	PChome Trading (Shenzhen) Ltd.	〃	〃	-	CNY 637	100.00	CNY 637	"

Note：These transactions were eliminated when prepared the consolidated financial statements.

(v) Accumulated buying/sales of the same marketable securities for which the dollar amount reaches $100 million or 20% or more of paid-in capital: None

(vi) Acquisition of real estate for which the dollar amount reaches $100 million or 20% or more of paid-in capital: None

(vii) Disposition of real estate for which the dollar amount reaches $100 million or 20% or more of paid-in capital: None

(viii) Buying/selling products with related parties for which the dollar amount reaches $100 million or 20% or more of paid-in capital: None

(ix) Accounts receivable from related parties for which the dollar amount reaches $100 million or 20% or more of the paid-in capital: None

(x) Derivative transactions: None

c. Information of investments in mainland China

(i) Investment related information in mainland China

(Expressed in thousands of New Taiwan dollars, unless specified otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan (R.O.C.)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2011	Percentage of Ownership	Investment Income (Loss) Recognized 〔Note 2、(2) 〕	Carrying Amount as of June 30, 2011	Accumulated inward Remittance of Earnings as of June 30, 2011
					Outflow	Inflow					
Shanghai Todo Inc.	Software and internet technical consulting service	US 150 (TWD 4,481)	(2)	US 150 (TWD 4,481)	-	-	US 150 (TWD 4,481)	100%	CNY - (TWD -) (2) 3	CNY 556 (TWD 2,614)	-
PChome Trading (Shenzhen) Ltd.	E-commerce on international trading	US 350 (TWD 10,455)	(2)	-	US 350 (TWD10,455)	-	US 350 (TWD 10,455)	100%	CNY (1,575) (TWD 7,404) (2) 3	CNY 637 (TWD 2,995)	-

Accumulated Investment in Mainland China as of June 30, 2012	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on Investment (Note 4)
US 500 (TWD 14,936)	US 1,930 (TWD 57,649)	766,084

Note 1: Investments in mainland China are differentiated by the following five methods:

(1) Direct investment in mainland China with remittance through a third region

(2) Incorporation of an investee company at third region and indirect re-investment in mainland China through the new entity.

(3) Indirect investment in mainland China through an existing investee companies at third region.

(4) Direct investment in mainland China

(5) Other methods

Note 2: Recognition of investment gain or loss during current period in pursuant to the following:

(1) If the corporation is under set-up phase, no investment gain or loss recognized is required.

(2) Recognition basis of investment gains or losses is determined by the following three types:

1. Financial statements on the investee company were audited and certified by an international firm in cooperation with an R.O.C, accounting firm.

2. Financial statements on the investee company were audited and certified by the external accountant of parent company.

3. Others

Note 3: On the above-mentioned table, all relevant amounts were disclosed in TWD.

Note 4: Upper limit on investment was based on greater of 60% of the individual or consolidate total net worth.

Note 5: Aforementioned inter–company transactions have been eliminated in the consolidated financial statements.

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

d. Inter-company business relationship and transaction condition

(i) For the six Months Ended of June 30, 2012

No. (Note 1)	Transaction Party	Counterparty	Relationship (Note 2)	Transaction Condition			
				Account	Amount	Terms and Condition	Proportion to total revenue or asset
0	PChome Online Inc.	Linktel Inc.	1	Sales	5,521	Usual terms and condition	0.07 %
0	〃	〃	1	Accounts Receivable	772	〃	0.02 %
0	〃	〃	1	Other financial asset – current	36,565	No comparable counter-parties	0.87 %
0	〃	PChome eBay Co., Ltd.	1	Sales	2,546	Usual terms and condition	0.03 %
0	〃	Rakuya International Info. Co. Ltd.	1	Sales	2,715	〃	0.04 %
0	〃	PChome Store Inc.	1	Accrued Expenses	5	No comparable counter-parties	- %
0	〃	〃	1	Account Receivable	387	Usual terms and condition	0.01 %
0	〃	〃	1	Other Payables	9,210	〃	0.22 %
0	〃	〃	1	Other financial asset – current	34,757	No comparable counter-parties	0.83 %
0	〃	PChome US Inc.	1	Sales	7,411	Usual terms and condition	0.10 %
0	〃	IT Home Publications Inc.	1	Other financial asset – current	5,944	No comparable counter-parties	0.14 %
0	〃	PChome Trading (Shenzhen) Ltd.	1	Other financial asset – current	4,011	〃	0.10 %
1	Linktel Inc.	PChome Online Inc.	2	Service Expense	5,521	〃	0.07 %
1	〃	〃	2	Other Payables	36,522	〃	0.87 %
1	〃	〃	2	Accrued Expenses	815	〃	0.02 %
2	PChome eBay Co., Ltd.	〃	2	Advertisement Expense	2,546	〃	0.03 %
3	Rakuya International Info. Co. Ltd.	〃	2	Advertisement Expense	2,589	Usual terms and condition	0.03 %
3	〃	〃	2	Purchase	126	〃	- %
4	PChome Store Inc.	〃 .	2	Other financial asset – current	9,215	No comparable counter-parties	0.22 %
4	〃	〃	2	Accrued Expenses	809	〃	0.02 %
4	〃	〃	2	Other Payables	33,948	〃	0.81 %
4	〃	〃	2	Accounts Payble	387	Usual terms and condition	0.01 %
5	PChome US Inc.	〃 .	2	Purchase	7,411	〃	0.10 %
6	IT Home Publications Inc.	〃	2	Accrued Expenses	5,944	〃	0.14 %
7	PChome Trading (Shenzhen) Ltd.	〃	2	Accrued Expenses	4,011	No comparable counter-parties	0.10 %

(ii) For the six Months Ended June 30, 2011

No. (Note 1)	Transaction Party	Counterparty	Relationship (Note 2)	Transaction Condition			
				Account	Amount	Terms and Condition	Proportion to total revenue or asset
0	PChome Online Inc.	Linktel Inc.	1	Service Expense	2,465	Usual terms and condition	0.04 %
0	〃	PChome eBay Co., Ltd.	1	Sales	2,046	〃	0.03 %
0	〃	〃	1	Other income	1,478	No comparable counter-parties	0.02 %
0	〃	〃	1	Advertisement Expense	2,450	〃	0.04 %
0	〃	Rakuya International Info. Co. Ltd	1	Sales	2,024	Usual terms and condition	0.03 %
0	〃	PChome Store Inc.	1	Sales	2,943	〃	0.04 %
0	〃	〃	1	Other revenue	2,005	No comparable counter-parties	0.03 %
0	〃	〃	1	Other Payables	7,012	Usual terms and condition	0.20 %
1	Linktel Inc.	PChome Online Inc.	2	Sales	2,465	〃	0.04 %

No. (Note 1)	Transaction Party	Counterparty	Relationship (Note 2)	Transaction Condition			
				Account	Amount	Terms and Condition	Proportion to total revenue or asset
2	PChome eBay Co., Ltd.	PChome Online Inc.	2	Sales	2,450	Usual terms and condition	0.04 %
2	〃	〃	2	Advertisement Expense	3,524	No comparable counter-parties	0.05 %
2	〃	Rakuya International Info. Co. Ltd	3	Sales	1,200	Usual terms and condition	0.02 %
3	Rakuya International Info. Co. Ltd	PChome Online Inc.	2	Advertisement Expense	2,024	No comparable counter-parties	0.03 %
3	〃	PChome eBay Co., Ltd.	3	Advertisement Expense	1,200	〃	0.02 %
4	PChome Store Inc.	PChome Online Inc.	2	Advertisement Expense	2,943	〃	0.04 %
4	〃	〃	2	Rent Expense	2,005	〃	0.03 %
4	〃	〃	2	Other financial asset - current	7,012	Usual terms and condition	0.20 %

Note 1: Inter-company business relationship and transaction condition is labeled in "No." column, labeling method is described as follow:

(1) Parent company labeled 0

(2) Subsidiaries labeled in sequence number from 1

Note 2: Relationship is classified in three types:

(1) Parent company to subsidiary

(2) Subsidiary to parent company

(3) Subsidiary to subsidiary

Note 3: The proportion of the transaction amount is calculated with the consolidate revenue or asset. If categorized as asset or liability, calculation is compared with the consolidate asset, if categorized as income or loss, calculation is compared with the consolidate income or loss,

(12) Segment Financial Information

The segment financial information and reconciliations were as follow:

(Expressed in thousands of New Taiwan Dollars)

	E-Commerce	Other	Adjustments and Elimination	Consolidated
June 30, 2012				
Revenue				
Non-inter-company revenue	$ 6,607,960	746,676	-	7,354,636
Inter-company revenue	20,668	4,630	(25,298)	-
Other revenue	5,290	5,607	-	10,897
Total	**$ 6,633,918**	**756,913**	**(25,298)**	**7,365,533**
Segment profit	**$ 190,320**	**45,595**	**(29,785)**	**206,130**
Total segment assets	**$ 3,108,117**	**2,119,091**	**(1,053,517)**	**4,173,691**
June 30, 2011				
Revenue				
Non-inter-company revenue	$ 5,944,492	602,203	-	6,546,695
Inter-company revenue	8,400	9,332	(17,732)	-
Other revenue	27,742	1,890	-	29,632
Total	**$ 5,980,634**	**613,425**	**(17,732)**	**6,576,327**
Segment profit	**$ 209,695**	**58,344**	**(51,686)**	**216,353**
Total segment assets	**$ 2,808,998**	**1,539,021**	**(813,245)**	**3,534,774**