Stock Code: 8044

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(WITH INDEPENDENT AUDITORS' REPORT THEREON)

Address：12Fl, No. 105, Sec. 2, Tun-Hwa S. Rd., Taipei 106, Taiwan
Telephone: 886-2-2700-0898

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Independent Auditors' Report

To the Board of Directors of PChome Online Inc.:

We have audited the accompanying consolidated balance sheets of PChome Online Inc. and its subsidiaries as of December 31, 2013, and December 31, and January 1, 2012, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to issue a report on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and the auditing standards generally accepted in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of PChome Online Inc. and its subsidiaries as of December 31, 2013, and December 31, and January 1, 2012, and the consolidated results of their operations and their consolidated cash flows for the years ended December 31, 2013 and 2012, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC Interpretations and SIC Interpretations endorsed by the FSC.

We have also audited the standalone financial statements of PChome Online Inc. as of December 31, 2013, and December 31 and January 1, 2012, and the related statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2013 and 2012, on which we have issued an unqualified audit report.

KPMG

March 25, 2014

Note to Readers

The accompanying financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with the International Financial Reporting Standards approved by the R.O.C. Financial Supervisory Commission and not those of any other jurisdictions. The standards, procedures and practices to review such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers the auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language accountants' report and financial statements, the Chinese version shall prevail.

PCHOME ONLINE INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2013, DECEMBER 31, 2012, DECEMBER 31, 2012, AND JANUARY 1, 2012

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

	2013.12.31		2012.12.31		2012.1.1	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Current Assets:						
Cash and cash equivalents (Notes (6)(a) and (6)(q))	$ 3,859,455	73	2,929,153	68	2,887,802	71
Notes receivable, net (Notes (6)(c) and (6)(q))	4,861	-	9,168	-	9,684	-
Accounts receivable, net (Notes (6)(c) and (6)(p))	348,961	7	362,673	9	272,106	7
Other receivables (Notes (6)(c), (6)(p) and (7))	155,021	3	140,289	3	125,295	3
Inventories (Note (6)(d))	330,260	6	263,884	6	185,851	5
Other financial assets – current (Notes (6)(q) and (8))	215,011	4	218,111	5	238,000	6
Other current assets	16,285	-	13,516	1	12,765	-
	4,929,854	93	3,936,794	92	3,731,503	92
Non-Current Assets:						
Financial assets measured at cost – noncurrent (Notes (6)(b) and (6)(q))	36,061	1	36,061	1	40,763	1
Property, plant, and equipment (Note (6)(e))	190,142	4	215,691	5	175,166	4
Intangible assets (Note (6)(f))	14,892	-	16,443	-	12,015	-
Deferred income tax assets (Note (6)(k))	40,770	1	46,264	1	59,705	2
Other financial assets – non-current (Notes (6)(q) and (8))	43,205	1	41,391	1	41,847	1
Other non-current assets	18,934	-	4,470	-	12,386	-
	344,004	7	360,320	8	341,882	8
TOTAL ASSETS	**$ 5,273,858**	**100**	**4,297,114**	**100**	**4,073,385**	**100**

	2013.12.31		2012.12.31		2012.1.1	
LIABILITIES AND STOCKHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Current Liabilities:						
Short-term debt (Notes (6)(g) and (6)(q))	$ -	-	-	-	100,000	3
Notes payable (Note (6)(q))	2,562	-	9,443	-	8,797	-
Accounts payable (Note (6)(q))	1,650,636	31	1,344,143	32	1,282,148	32
Other payable (Notes (6)(q) and (7))	462,510	9	396,914	9	391,121	10
Current tax liabilities (Note (6)(k))	100,713	2	17,045	-	58,357	1
Other current liabilities (Note (6)(h))	893,766	17	662,150	16	547,722	13
	3,110,187	59	2,429,695	57	2,388,145	59
Non-current Liabilities:						
Deferred income tax liabilities (Note (6)(k))	10,681	-	6,628	-	3,547	-
Accrued pension liabilities (Note (6)(j))	6,958	-	8,295	-	18,919	-
	17,639	-	14,923	-	22,466	-
TOTAL LIABILITIES	3,127,826	59	2,444,618	57	2,410,611	59
Owners' Equity Attributable to Equity Holders of the Parent Company:						
Capital Stock:						
Common stock (Note (6)(l))	822,448	16	822,448	19	693,679	17
Advance receipts for common stock	-	-	-	-	1,006	-
Capital Surplus (Note (6)(l))	61,834	1	55,977	1	38,964	1
Retained Earnings (Note (6)(l)):						
Legal reserve	131,548	2	92,383	2	51,575	1
Special reserve	1,155	-	-	-	1,942	-
Retained earnings – unappropriated	722,216	14	501,745	12	509,791	13
Other Equity (Note (6)(l)):						
Exchange differences on translation of foreign operations	(7)	-	(1,011)	-	2,290	-
Treasury stock	-	-	-	-	(2,512)	-
Total owners' equity attributale to equity holders of the parent company	1,739,194	33	1,471,542	34	1,296,735	32
Non-controlling interest	406,838	8	380,954	9	366,039	9
TOTAL EQUITY	2,146,032	41	1,852,496	43	1,662,774	41
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 5,273,858**	**100**	**4,297,114**	**100**	**4,073,385**	**100**

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

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	2013		2012	
	Amount	%	Amount	%
Operating revenues (Note (6)(o))	$ 16,631,361	102	15,010,250	102
Less: Sales returns, discounts and allowances	322,165	2	301,276	2
Net sales	16,309,196	100	14,708,974	100
Operating costs (Note (6)(d))	13,529,187	83	12,284,371	84
Gross margin	2,780,009	17	2,424,603	16
Operating expenses:				
Selling expenses	1,634,918	10	1,518,050	10
General and administrative expenses	331,340	2	289,389	2
Research and development expenses	150,097	1	133,252	1
Total operating expenses	2,116,355	13	1,940,691	13
Income from operations	663,654	4	483,912	3
Non-operating income and expenses :				
Other revenue (Note (6)(p))	24,970	-	23,989	-
Other gains and losses (Note (6)(p))	514	-	(11,147)	-
Finance costs (Note (6)(p))	(160)	-	(1,062)	-
Total non-operating income and expenses	25,324	-	11,780	-
Profit before tax from continuing operations	688,978	4	495,692	3
Less:Income tax expense (Note (6)(k))	141,468	1	68,025	-
Profit	**547,510**	**3**	**427,667**	**3**
Other comprehensive income:				
Exchange differences on translation of foreign operations	1,518	-	(4,280)	-
Actuarial gains on defined benefit plans	209	-	8,942	-
Income tax expense related to components of other comprehensive income	442	-	871	-
Other comprehensive income (net of tax)	1,285	-	3,791	-
Total comprehensive income	**$ 548,795**	**3**	**431,458**	**3**
Profit attributable to:				
Owners of parent	$ 506,756	3	392,575	3
Non-controlling interests	40,754	-	35,092	-
	$ 547,510	**3**	**427,667**	**3**
Comprehensive income attributable to:				
Owners of parent	$ 507,777	3	397,499	3
Non-controlling interests	41,018	-	33,959	-
	$ 548,795	**3**	**431,458**	**3**
Earnings per share (Note (6)(n))				
Basic earnings per share (dollars)	**$**	**6.16**		**4.81**
Diluted earnings per share (dollars)	**$**	**6.14**		**4.73**

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

PCHOME ONLINE INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

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

	Equity Attributable to Owners of Parent										
	Stock			Retained Earnings			Other Equity				
	Common Stock	Advance Receipts for Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings - Unappropriated	Exchange difference on translation of foreign operations	Treasury Stock	Total Equity Attributable to Owners of Parent	Non-controlling Interests	Total
Balance as of January 1, 2012	$ 693,679	1,006	38,964	51,575	1,942	509,791	2,290	(2,512)	1,296,735	366,039	1,662,774
Profit for the year ended December 31,2012	-	-	-	-	-	392,575	-	-	392,575	35,092	427,667
Other comprehensive income for the year ended December 31,2012	-	-	-	-	-	8,225	(3,301)	-	4,924	(1,133)	3,791
Total comprehensive income for the year ended December 31,2012	-	-	-	-	-	400,800	(3,301)	-	397,499	33,959	431,458
Earnings distribution:											
Legal reserve	-	-	-	40,808	-	(40,808)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(258,100)	-	-	(258,100)	-	(258,100)
Stock dividends	110,614	-	-	-	-	(110,614)	-	-	-	-	-
Reversal of special reverse	-	-	-	-	(1,942)	1,942	-	-	-	-	-
Treasury stock retired	(1,060)	-	(186)	-	-	(1,266)	-	2,512	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	-	2,330	-	-	-	-	-	2,330	-	2,330
Share-based payment	19,215	(1,006)	14,869	-	-	-	-	-	33,078	-	33,078
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	(19,044)	(19,044)
Balance as of December 31, 2012	822,448	-	55,977	92,383	-	501,745	(1,011)	-	1,471,542	380,954	1,852,496
Profit for the year ended December 31,2013	-	-	-	-	-	506,756	-	-	506,756	40,754	547,510
Other comprehensive income for the year ended December 31,2013	-	-	-	-	-	17	1,004	-	1,021	264	1,285
Total comprehensive income for the year ended December 31,2013	-	-	-	-	-	506,773	1,004	-	507,777	41,018	548,795
Earnings distribution:										-	
Legal reserve	-	-	-	39,165	-	(39,165)	-	-	-	-	-
Special reserve	-	-	-	-	1,155	(1,155)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(245,935)	-	-	(245,935)	-	(245,935)
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	-	5,857	-	-	(47)	-	-	5,810	-	5,810
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	(15,134)	(15,134)
Balance as of December 31, 2013	**$ 822,448**	**-**	**61,834**	**131,548**	**1,155**	**722,216**	**(7)**	**-**	**1,739,194**	**406,838**	**2,146,032**

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

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012
(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

		2013	2012
Cash flows from operating activities:			
Profit before tax	$	688,978	495,692
Adjustments:			
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation		88,570	76,233
Amortization		7,549	6,737
Interest expense		160	1,062
Interest income		(16,455)	(15,065)
Dividends income		(1,333)	(1,883)
Loss on disposal and retirement of property, plant and equipment, net		692	12
Impairment loss on financial assets		12,975	944
Impairment loss on nonfinancial assets		-	4,703
Total adjustments to reconcile net income to net cash provided by operating activities		92,158	72,743
Changes in operating assets and liabilities:			
Changes in operating assets, net:			
Decrease in notes receivable		4,146	556
Decrease (increase) in accounts receivable		5,052	(97,863)
Increase in other receivables		(13,419)	(8,282)
Increase in inventories		(66,372)	(78,037)
Increase in other current assets		(10,153)	(5,066)
(Increase) decrease in other financial assets		(1,128)	7,426
Total changes in operating assets, net		(81,874)	(181,266)
Changes in operating liabilities, net:			
(Decrease) increase in notes payable		(7,811)	646
Increase in accounts payable		309,948	62,095
Increase in other payable		64,660	24,414
Increase in other current liabilities		232,152	117,065
Decrease (increase) in accrued pension liabilities		(2,610)	4
Total changes in operating liabilities, net		596,339	204,224
Total changes in operating assets and liabilities, net		514,465	22,958
Total Adjustments		606,623	95,701
Cash inflow generated from operations		1,295,601	591,393
Interest received		16,439	15,065
Dividends received		1,333	1,883
Interest paid		(160)	(1,062)
Income tax paid		(49,726)	(93,686)
Net cash provided by operating activities		1,263,487	513,593
Cash flows from investing activities:			
Purchase of property, plant and equipment		(60,026)	(127,313)
Disposal of property, plant and equipment		1,262	612
Purchase of intangible assets		(5,926)	(11,165)
(Increase) decrease other non-current assets		(15,990)	11,512
Net cash used in investing activities		(80,680)	(126,354)
Cash flows from financing activities:			
Decrease in short-term debt		-	(100,000)
Dividends paid		(245,935)	(258,100)
Execution of employee share options		-	33,078
Change in non-controlling interests		(8,306)	(16,714)
Net cash used in financing activities		(254,241)	(341,736)
Foreign exchange rate effects		1,736	(4,152)
Net increase in cash and cash equivalents		930,302	41,351
Cash and cash equivalents, beginning of year		2,929,153	2,887,802
Cash and cash equivalents, end of year	**$**	**3,859,455**	**2,929,153**

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

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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

(1) Organization and Business

PChome Online Inc. (the Company) was incorporated on July 14, 1998. The primary business scope of the Company and its subsidiaries (together referred to as the Group) 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 it became officially listed and traded on January 25, 2005.

To enhance competitiveness and operating effectiveness, the Company decided to spin off its store segment 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. The consolidated interim financial statements of the Company as at and for the year ended December 31, 2013, comprise the Company and its subsidiaries (together referred to as the Group)

As of December 31, 2013 and 2012, the Group had 1,314 and 1,136 employees, respectively.

(2) Approval Date and Procedures of the Consolidated Financial Statements

The Board of Directors approved and issued the consolidated financial statements on March 25, 2014.

(3) New Standards and Interpretations Not Yet Adopted

(a) New standards and interpretations approved by the R.O.C. Financial Supervisory Commissions but not yet effective

The International Accounting Standards Board ("IASB") issued International Financial Reporting Standard 9 Financial instruments ("IFRS 9") in November 2009, which is effective on January 1, 2013. (In December 2011,the IASB announced the effective date would be postponed till January 1, 2015.) This standard had been approved by the R.O.C. Financial Supervisory Commission ("FSC"); however, the effective date has not been announced. In accordance with FSC rules, early adoption is not permitted, and companies shall follow theguidance in the 2009 version of International Accounting Standards 39 Financial Instruments ("IAS 39"). At the adoption of this new standard, it is expected there will be significant impacts on the classification and measurement of financial instruments in the consolidated financial statements.

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

(b) New standards and interpretations not yet approved by the FSC

A summary of the new standards and amendments issued recently by the IASB that may have an impact on the consolidated financial statements, but not yet endorsed by the FSC, and whose effective date in Taiwan has not been announced as of the reporting date:

Issue date	New standards and amendments	Description	Effective date per IASB
May 12, 2011 June 28, 2012	IFRS 10 Consolidated Financial Statements IFRS 11 JointArrangements IFRS 12 Disclosure of Interests in Other Entities Amended IAS 27 Separate Financial Statements Amended IAS 28 Investments in Associates and Joint Ventures	On May 12, 2011, the IASB issued a series of standards and amendments related to consolidation, joint arrangements, and investments. The new standards provide a single model for determining whether an entity has control over an investee (including special purpose entities). However, the original guidance and method apply to the consolidation process. In addition, joint arrangements are separated into joint operations (formerly known as jointly controlled assets and jointly controlled operations), and joint venture (formerly known as jointly controlled entities), and removal of the proportionate consolidation method. On June 28, 2012, amendments were issued clarifying the guidance over the transition period. At the adoption of the above standards, some of the determinations of the investees could be changed, which would increase the disclosure of the equity of the subsidiaries and associates.	January 1, 2013
May 12, 2011	IFRS 13 Fair Value Measurement	Replaces fair value measurement guidance in other standards, and consolidates as one single guidance. At the adoption of this standard, the Group should analyze the impact on the measurement of assets and liabilities. The amendment could also increase the disclosure of their fair value.	January 1, 2013
June 16, 2011	Amended IAS 1 Presentation of Financial Statements	Items presented in other comprehensive income shall be based on whether they are potentially reclassifiable to profit or loss subsequently.Upon adoption, this standard could change the disclosure of the other comprehensive income in the comprehensive income statement.	July 1, 2012

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

Issue date	New standards and amendments	Description	Effective date per IASB
June 16, 2011	Amended IAS 19 Employee Benefits	Eliminates the corridor method and eliminates the option to recognize changes in the net defined benefit liability (asset) in profit or loss; in addition, requires the immediate recognition of past service cost. Upon adoption, the standard could change the measurement and presentation of the pension liability and actuarial gains or losses.	January 1, 2013
May 29, 2013	Amended IAS 36 Impairment of Assets	Per amendments to IAS 36 published in January 2013, an entity was required to disclose the recoverable amount for each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives. This provision is amended so that the recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed. In addition, if the recoverable amount is based on fair value less costs of disposal, it is required to disclose the valuation technique(s) used for fair value measurements categorized within Levels 2 and 3 of the fair value hierarchy, and the key valuation assumptions made. Upon adoption, the standard could change the measurement and presentation of the good will or intangible assets.	January 1, 2014; earlier application is permitted.

(4) Significant Accounting Policies

The significant accounting policies adopted in the consolidated financial statements are as follows. Except for those described individually, the significant accounting policies have been applied consistently to all periods presented in these financial statements, and have been applied consistently to the opening balance sheet as of January 1, 2012, which is prepared for the purpose of transition to the IFRSs endorsed by the FSC (R.O.C).

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to the Regulations) and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to as the IFRS endorsed by the FSC)

These are the Group's first IFRS consolidated annual financial statements for part of the period covered by the IFRS endorsed by the FSC annual financial statements, and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied. An explanation of how the transition to IFRS has affected the reported financial position, financial performance, and cash flows of the Group is provided in Note 15.

(b) Basis of preparation

1.Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the statement of financial position:

1) Liabilities for cash-settled share-based payment arrangements are measured at fair value; and

2) The defined benefit asset is recognized as plan assets, plus unrecognized past service cost, less the present value of the defined benefit obligation.

2.Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(c) Business combination

1.Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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

2. List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding 2013.12.31	Shareholding 2012.12.31	Shareholding 2012.1.1	Note
The Company	PChome eBay Co., Ltd.	Information processing and provision of electronic information	65.00 %	65.00 %	65.00 %	
〃	PChome Store Inc.	Internet services	59.91 %	59.91 %	59.91 %	
〃	Linktel Inc.	Type II Telecommunications Business	100.00 %	100.00 %	100.00 %	
〃	PChomePay Inc.	Information processing and provision of electronic information	26.32 %	100.00 %	100.00 %	Note 1
〃	IT Home Publications Inc.	Magazine publication	100.00 %	100.00 %	100.00 %	
〃	PChome US Inc.	E-commerce platform	90.91 %	90.91 %	90.91 %	
〃	Liker Technology Inc.	O2O (Online to Offline) E-commerce	34.72 %	34.72 %	35.71 %	Note 1
〃	PC Home Online International Co., Ltd.	International trade and investment activities	100.00 %	100.00 %	100.00 %	
〃	Rakuya International Info. Co. Ltd.	Real estate business, and internet information rental service	22.04 %	21.99 %	21.99 %	Note 2
〃	eCommerce Group Co., Ltd.	Investment activities	100.00 %	100.00 %	- %	
〃	Orange Network Inc.	Online television media business	100.00 %	100.00 %	100.00 %	Note 3
〃	Pay and Link Inc.	Internet services	- %	100.00 %	100.00 %	
〃	PChome Travel Inc.	Travel agency business	- %	- %	100.00 %	Note 4
PChome eBay Co., Ltd.	PChomePay Inc.	Information processing and provision of electronic information	30.00 %	- %	- %	Note 1
PChome Store Inc.	Liker Technology Inc.	O2O (Online to Offline) E-commerce	41.67 %	41.67 %	42.86 %	Note 1
〃	PChomePay Inc.	Information processing and provision of electronic information	42.11 %	- %	- %	Note 1
PChomePay Inc.	Pay and Link Inc.	Internet services	100.00 %	- %	- %	
IT Home Publications Inc.	Yiabi Inc.	Information processing and provision of electronic information	100.00 %	- %	- %	
PC Home Online International Co., Ltd.	PChome Online Inc.	International trade and investment activities	100.00 %	100.00 %	100.00 %	
eCommerce Group Co., Ltd.	EC Global Inc.	Investment activities	100.00 %	100.00 %	- %	

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

Name of investor	Name of subsidiary	Principal activity	Shareholding 2013.12.31	Shareholding 2012.12.31	Shareholding 2012.1.1	Note
PChome Online Inc.	PC Home Online (HK) Ltd.	Information service and indirect investment activities	100.00 %	100.00 %	100.00 %	
EC Global Inc.	EC Global Limited	Investment activities	100.00 %	100.00 %	- %	
PC Home Online (HK) Ltd.	Shanghai Todo Inc.	Software and internet technical consulting service	100.00 %	100.00 %	100.00 %	
EC Global Limited	PChome Trading (Shenzhen) Ltd.	International trading E-commerce	100.00 %	100.00 %	- %	
〃	PChome Japan KK	〃	100.00 %	- %	- %	

Note 1: The Group holds more than 50% of it's outstanding equity shares. Therefore, it was included in the consolidated financial statement.

Note 2: Although the Company holds less than 50% of Rakuya International Info. Co. Ltd.'s outstanding equity shares, it has control over Rakuya International Info. Co. Ltd.'s finance, operations, and employment decisions. Therefore, it was included in the consolidated financial statements.

Note 3: On September 7, 2012, a resolution was approved by the shareholders of the investee company (Orange Network Inc.) for dissolution. As of December 31, 2013, the investee company was in the liquidation process.

Note 4: On October 16, 2012, PChome Travel Inc. completed the dissolution.

3. List of subsidiaries which are not included in the consolidated interim financial statements: None.

(d) Foreign Currency

1.Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation. Those foreign currency differences arising on retranslation are recognized in profit or loss.

2.Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Group's functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Group's functional currency at the average rate. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity.

However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate of a joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(e) Assets and liabilities classified as current and non-current

An entity shall classify an asset as current when:

1.It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

2.It holds the asset primarily for the purpose of trading;

3.It expects to realize the asset within twelve months after the reporting period; or

4.The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify a liability as current when:

1.It expects to settle the liability in its normal operating cycle;

2.It holds the liability primarily for the purpose of trading;

3.The liability is due to be settled within twelve months after the reporting period; or

4.It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

The time deposits with maturities of less than one year are used for short-term cash commitments instead of investment and are subject to an insignificant risk of changes in their fair value, and are classified as cash and cash equivalents.

(g) Financial instruments

Financial assets and financial liabilities are initially recognized when the Group become a party to the contractual provisions of the instruments.

1.Financial assets

The Group classifies financial assets into the following categories: loans and receivables, and financial assets measured at cost.

1) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade receivables and other receivables. Such assets are recognized initially at fair value, plus any directly attributable transaction costs.

Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses other than insignificant interest on short-term receivables. A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade-date accounting.

2) Financial assets measured at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at amortised cost and are included in financial assets measured at cost.

The dividend revenue of investement should be recognized when the Company have the right to receive it, and is included in the statement of comprehensive income.

3) Impairment of financial assets

A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial assets that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is accounted for as objective evidence of impairment.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred, adjusted for management’s judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than those suggested by historical trends.

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversible in subsequent periods.

An impairment loss in respect of a financial asset is reduced from the carrying amount, except for trade receivables, in which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Any subsequent recovery of receivable written off is recorded in the allowance account. Changes in the amount of the allowance accounts are recognized in profit or loss.

Provision for doubtful accounts is recorded as general and administrative expenses. The impairment loss on financial assets other than accounts receivable is recorded as other gains and losses under non-operating income and expenses.

2.Financial liabilities and equity instruments

1) Other financial liabilities

Financial liabilities not classified as held for trading, or designated as at fair value through profit or loss, which comprise loans and borrowings, and trade and other payables, are measured at fair value, plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss, and is included in the statement of comprehensive income.

2) Derecognizing of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged or cancelled or expires. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in the statement of comprehensive income.

3) Offsetting of financial assets and liabilities

The Group presents financial assets and liabilities on a net basis when the Group has the legally enforceable right to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(h) Inventories

Inventories are measured at the lower of cost or net realizable value. 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. 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.

(i) Property, plant, and equipment

1.Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

The gain or loss arising from derecognizing an item of property, plant or equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses and included in the statement of comprehensive income.

2.Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts of fixed assets that are replaced is derecognized. Ongoing repairs and maintenance is expensed as incurred.

3.Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and it shall be allocated on a systematic basis over its useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

1) Transportation equipment	5 years
2) Furniture and office equipment	3 ~ 5 years
3) Leasehold improvements	1 ~ 5 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change(s) is accounted for as a change in an accounting estimate.

(j) Leases

The Group's leases are operating leases and are not recognized in the Group's statement of financial position.

Payments made under an operating lease (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease.

(k) Intangible assets

1.Intangible assets

Software that is acquired by the Group is measured at cost less accumulated amortization and any accumulated impairment losses.

2.Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

3.Amortization

The depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with an indefinite useful life, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Software	1 ~ 5 year

The residual value, amortization period and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year-end. Any changes shall be accounted for as changes in accounting estimates.

(l) Impairment – non-derivative financial assets

To ensure inventories, deferred tax assets, and assets arising from employee benefits are carried at no more than their recoverable amount, and to define how the recoverable amount is determined, if it is not possible to determine the recoverable amount (fair value less cost to sell and value in use) for the individual asset, then the Group will have to determine the recoverable amount for the asset's cash-generating unit (CGU).

The recoverable amount for individual asset or a cash-generating unit is the higher of its fair value less costs to sell or its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss shall be recognized immediately in profit or loss.

The Group should assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset.

An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Notwithstanding whether indicators exist, recoverability of goodwill and intangible assets with indefinite useful lives or those not yet in use is required to be tested at least annually. Impairment loss is recognized if the recoverable amount is less than the carrying amount.

(m) Treasury stock

Repurchased shares are recognized under treasury shares (a contra-equity account) based on their repurchase price (including all directly accountable costs), net of tax. Gains on disposal of treasury shares should be recognized under "capital reserve – treasury share transactions"; Losses on disposal of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings. The carrying amount of treasury shares should be calculated using the weighed average of different types of repurchase.

During the cancellation of treasury shares, "capital reserve – share premiums and share capital" should be debited proportionately. Gains on cancellation of treasury shares should be recognized under existing capital reserves arising from similar types of treasury shares; Losses on cancellation of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings.

(n) Revenue

1.Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. 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, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

2.Services

Revenue from internet and management services rendered are recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

(o) Employee benefits

1.Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

2.Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group’s net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on market yields of high-quality corporate bonds or government bonds that have maturity dates approximating the terms of the Group’s obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

All actuarial gains and losses at January 1, 2012, the date of transition to FSC-approved IFRS, were recognized in retained earnings. The Group recognizes all actuarial gains and losses arising subsequently from defined benefit plans in other comprehensive income and expenses related to defined benefit plans in personnel expenses in profit or loss.

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, and any related actuarial gains or losses and past service cost that had not previously been recognized.

3.Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(p) Share-based payment

The grant-date fair value of share-based payment awards granted to employees is recognized as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities over the period that the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and settlement date. Any changes in the fair value of the liability are recognized as personnel expenses in profit or loss.

(q) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognised directly in equity or other comprehensive income, all current and deferred taxes shall be recognised in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognised for the below exceptions:

1. Assets and liabilities that are initially recognised but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.

2. Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse

3. Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to be applied to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

1. The entity has the legal right to settle tax assets and liabilities on a net basis; and

2. the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:

(1) levied by the same taxing authority; or

(2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognised for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilised.

(r) Earnings per share

The Group discloses the Company’s basic and diluted earnings per share attributable to ordinary equity holders of the Company. The basic earnings per share are calculated as the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding.

The diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as employee stock bonus and employee stock options.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group’s chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

(5) Major Sources of Accounting Assumptions, Judgments and Estimation Uncertainty

The preparation of the consolidated (or individual) quarterly financial statements requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Management continued to monitor the accounting assumptions, estimates and judgments. Management recognized the changes in the accounting estimates during the period and the impact of the changes in the accounting estimates in the next period.

Information about critical judgments in applying accounting policies that have the most significant effect on amounts recognized in the consolidated financial statements is included in the following notes:

(a) Note (6)(j): measurement of defined benefit obligations

(b) Note (6)(k): utilization of tax losses

(6) Summary of Major Accounts

(a) Cash and cash equivalents

	2013.12.31	2012.12.31	2012.1.1
Cash on hand	$ 288	198	182
Checking accounts	18,265	22,193	9,347
Savings accounts	2,664,612	1,948,962	2,054,781
Foreign currency deposits	125,550	85,846	72,903
Time deposits	1,043,700	865,200	745,050
Cash equivalents	7,040	6,754	5,539
Cash and cash equivalents in consolidated statement of cash flows	$ 3,859,455	2,929,153	2,887,802

Please refer to Note 6(q) for the interests analysis of financial assets and liabilities.

(b) Financial assets

Financial assets measured at cost:

	2013.12.31	2012.12.31	2012.1.1
Domestic stock of non-listed company	$ 36,061	36,061	40,763

The aforementioned investments held by the Group are measured at amortized cost at year-end given the range of reasonable fair value estimates is large and the probability for each estimate cannot be reasonably determined. Therefore, the Group management has determined that the fair value cannot be measured reliably.

As of December 31, 2012, the carrying value of the investment in IPEVO Inc. was $26,914. As there was evidence indicating a decline in the value of the investment, an impairment loss of $3,993 was recognized for the period ended December 31, 2012.

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

As of December 31, 2012, IPEVO Inc. underwent a reorganization. Under which plan, the entire shares of IPEVO Inc. are converted to the shares of P2V Holdings Ltd. (Samoa) (The ultimate parent Company of IPEVO Inc.)

As of December 31, 2012, the carrying value of the investment in Vibo Telecom Inc. was $1,447. As there was evidence indicating a decline in the value of the investment, an impairment loss of $710 was recognized for the year ended December 31, 2012.

As of December 31, 2013, December 31, 2012, and January 1,2012, the Group’s financial assets were not pledged as collateral.

(c) Notes and accounts receivable and other receivable, net

	2013.12.31	2012.12.31	2012.1.1
Notes receivable	$ 4,861	9,168	9,684
Accounts receivable	363,161	369,673	288,862
Other receivables	155,021	140,289	125,295
Less: Allowance for impairment loss	(14,200)	(7,000)	(16,756)
	$ 508,843	**512,130**	**407,085**

The Group's ageing analysis of accounts receivables and other receivables:

	2013.12.31	2012.12.31	2012.1.1
Not past due	$ 512,183	494,050	401,741
Past due 0-90 days	3,706	7,116	6,384
Past due 91-180 days	1,800	1,058	1,713
Past due 181-360 days	493	4,958	1,748
Past due more than 360 days	-	2,780	2,571
	$ 518,182	**509,962**	**414,157**

The Group recognized the impairment loss based on the economic environment and historical default rates.

Allowance for impairment was used to record impairment loss. If the Group determines that the relevant receivables cannot be recovered, it writes off allowance for impairment accounts and financial assets.

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

The movement in the allowance for impairment loss with respect to accounts receivable and other receivables for the years ended December 31, 2013 and 2012, was as follows:

Balance at January 1, 2013	$	7,000
Impairment loss recognized		12,975
Amount of write-off		(5,775)
Balance at December 31, 2013	**$**	**14,200**
Balance at January 1, 2012	$	16,756
Impairment loss recognized		944
Amount of write-off		(10,700)
Balance at December 31, 2012	**$**	**7,000**

(d) Inventories

		2013.12.31	2012.12.31	2012.1.1
Merchandise inventories	$	331,899	265,057	188,079
Less: Allowance for inventory valuation and obsolescence losses		(1,639)	(1,173)	(2,228)
	$	**330,260**	**263,884**	**185,851**

As of December 31, 2013, December 31, 2012, and January 1, 2012, the Group's inventories were not pledged as collateral.

The details of operating cost were as follows:

		2013	2012
Cost of goods sold	$	13,527,293	12,281,446
Provision (reversal of provision) for inventory market price decline and obsolescence		465	(1,055)
Loss on inventory obsolescence		1,275	3,414
Loss on disposal of scrap		154	566
	$	**13,529,187**	**12,284,371**

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

(e) Property, plant and equipment

The cost and depreciation and impairment loss of the property, plant and equipment of the Group for the years ended December 31, 2013 and 2012, were as follows:

	Transportation equipment	Furniture and office equipment	Leasehold improvements	Total
Cost:				
Balance at January 1, 2013	$ 4,176	454,715	154,384	613,275
Additions	-	53,736	11,087	64,823
Disposals	(2,109)	(1,787)	(1,513)	(5,409)
Effect of movements in exchange rates	83	84	37	204
Balance at December 31, 2013	**$ 2,150**	**506,748**	**163,995**	**672,893**
Balance at January 1, 2012	$ 4,355	401,971	98,968	505,294
Additions	-	62,313	55,316	117,629
Transferred from prepayments	-	-	358	358
Disposals	-	(9,493)	(201)	(9,694)
Effect of movements in exchange rates	(179)	(76)	(57)	(312)
Balance at December 31, 2012	**$ 4,176**	**454,715**	**154,384**	**613,275**
Depreciation and impairment loss:				
Balance at January 1, 2013	$ 859	311,338	85,387	397,584
Depreciation for the year	464	59,534	28,572	88,570
Disposals	(584)	(1,683)	(1,208)	(3,475)
Effect of movements in exchange rates	21	31	20	72
Balance at December 31, 2013	**$ 760**	**369,220**	**112,771**	**482,751**
Balance at January 1, 2012	$ 169	267,979	61,980	330,128
Depreciation for the year	711	51,989	23,533	76,233
Disposals	-	(8,605)	(110)	(8,715)
Effect of movements in exchange rates	(21)	(25)	(16)	(62)
Balance at December 31, 2012	**$ 859**	**311,338**	**85,387**	**397,584**
Carrying amounts:				
At December 31, 2013	**$ 1,390**	**137,528**	**51,224**	**190,142**
At January 1, 2012	**$ 4,186**	**133,992**	**36,988**	**175,166**
At December 31, 2012	**$ 3,317**	**143,377**	**68,997**	**215,691**

As of December 31, 2013, December 31, 2012 and January 1 2012, the property, plant and equipment were not pledged as collateral.

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

(f) Intangible assets

The costs and amortization and impairment loss of intangible assets of the Group in the years ended December 31, 2013 and 2012, were as follows:

	Software	Patent and Trademark	Total
Balance at January 1, 2013	$ 56,205	-	56,205
Acquired separately	3,141	2,857	5,998
Balance at December 31, 2013	**$ 59,346**	**2,857**	**62,203**
Balance at January 1, 2012	$ 45,040	-	45,040
Acquired separately	11,165	-	11,165
Balance at December 31, 2012	**$ 56,205**	-	**56,205**
Amortisation and impairment losses:			
Balance at January 1, 2013	$ 39,762	-	39,762
Amortisation for the year	7,549	-	7,549
Balance at December 31, 2013	**$ 47,311**	-	**47,311**
Balance at January 1, 2012	$ 33,025	-	33,025
Amortisation for the year	6,737	-	6,737
Balance at December 31, 2012	**$ 39,762**	-	**39,762**
Carrying amounts:			
Balance at December 31, 2013	**$ 12,035**	**2,857**	**14,892**
Balance at January 1, 2012	**$ 12,015**	-	**12,015**
Balance at December 31, 2012	**$ 16,443**	-	**16,443**

The amortisation of intangible assets is included in the statement of comprehensive income:

	2013	2012
Operating expense	**$ 7,549**	**6,737**

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

(g) Short-term debt

Details of loans and borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	2013.12.31	2012.12.31	2012.1.1
Unsecured bank loans	TWD	2.84%	2012	$ -	-	100,000

The above-mentioned loan was repaid early in May 2012.

The Group discloses in Note 6(q) the liquidity and interest rate risk associated with financial instruments.

(h) Other current liabilities

	2013.12.31	2012.12.31	2012.1.1
Advance receipts	$ 229,860	218,570	233,382
Receipts under custody	656,962	439,615	309,740
Other	6,944	3,965	4,600
	$ 893,766	662,150	547,722

The Group received the advance receipts from consumers who purchased goods or online service points.

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

(i) Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2013.12.31	2012.12.31	2012.1.1
Less than one year	$ 184,170	141,059	131,190
Between one and five years	261,591	172,890	124,220
	$ 445,761	313,949	255,410

The Group leases a number of offices and warehouses under operating leases. The leases typically run for a period of 1 to 5 years, with an option to renew the lease after that date. Lease payments are increased every five years to reflect market rentals.

Details of operating lease expense were as follows:

	2013	2012
Operating lease expense	$ 183,263	180,993

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

(j) Employee benefits

1.Defined benefit plans

The Group determined the movement in the present value of the defined benefit obligations and fair value of plan assets as follows:

		2013.12.31	2012.12.31	2012.1.1
Present value of defined benefit obligation	$	49,546	48,983	57,062
Fair value of plan assets		(43,720)	(40,845)	(38,143)
Recognised liabilities for defined benefit obligations	$	**5,826**	**8,138**	**18,919**

The Group makes defines benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years or service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Group sets aside pension funds in accordance with the regulations of the Council of Labor Affairs, and the pension funds are managed by the Pension Supervisory Committee. The annual budget for the allocation of the minimum income cannot be lower than the income calculated based on the interest rate of the banks' two-year time deposit in accordance with the Management and Utilization of Labor Pension Funds regulations.

The Group's Bank of Taiwan pension reserve account balance amounted to $43,720 at the end of the reporting period. The information used to calculate pension fund assets includes the asset allocation and yield of the fund. Please refer to the information published on the website of the Council of Labor Affairs and the Labor Pension Supervisory Committee.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Group were as follows:

		2013	2012
Defined benefit obligation at January 1	$	48,983	57,063
Current service costs and interest		977	1,265
Actuarial (losses) gains		(414)	(9,345)
Defined benefit obligation at December 31	$	**49,546**	**48,983**

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

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	2013	2012
Fair value of plan assets at January 1	$ 40,845	38,143
Benefits paid by the plan	2,344	2,321
Expected return on plan assets	736	784
Actuarial gains (losses)	(205)	(403)
Fair value of plan assets at December 31	**$ 43,720**	**40,845**

4) Expenses recognised in profit or loss

The expenses recognised in profit or loss for the Group were as follows:

	2013	2012
Current service costs	$ 450	437
Interest on obligation	527	829
Expected return on plan assets	(736)	(784)
	$ 241	**482**
Operating costs	$ 1	3
Selling expenses	223	430
General and adminstrative expenses	5	15
Research and development expenses	12	34
	$ 241	**482**
Actual return on assets	**$ 531**	**381**

5) Actuarial gains and losses recognised in other comprehensive income

The Group's actuarial gains and losses recognised in other comprehensive income as at December 31, 2013 and 2012 were as follows:

	2013	2012
Cumulative amount at January 1	$ (8,942)	-
Recognised during the period	(209)	(8,942)
Cumulative amount at 31 December	**$ (9,151)**	**(8,942)**

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

6) Actuarial assumptions

The following are the Group's principal actuarial assumptions:

	2013	**2012**
Discount rate	2.00 %	1.75 %
Expected return on plan assets	2.00 %	1.75 %
Future salary increases	3.00 %	3.00 %

The expected rate of return of plan assets is based on the portfolio as a whole and not on the sum of the returns on individual assets categories. The return is based exclusively on historical returns, without adjustment.

7) Experience adjustments on historical information

	2013.12.31	**2012.12.31**	**2012.1.1**
Present value of defined benefit plans	$ 49,546	48,983	57,062
Fair value of plan assets	(43,720)	(40,845)	(38,143)
Net liabilities (assets) of defined benefit obligations	**$ 5,826**	**8,138**	**18,919**
Experience adjustments arising on the present value of defined benefit plans	**$ 2,197**	**(13,395)**	**-**
Experience adjustments arising on the fair value of the plan assets	**$ 205**	**403**	**-**

The expected allocation payment made by the Group to the defined benefit plans for the one year period after he reporting date is $2,247.

8) When calculating the present value of the defined benefit obligations, the Group uses judgments and estimations to determine the actuarial assumptions, including discount rate and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

As of December 31, 2013, the Group's accrued pension liabilities were $5,826. If the discount rate had increased or decreased by 0.25%, the Group's accrued pension liabilities would have decreased by $2,426 or increased by $2,619, respectively.

2.Defined contribution plans

The Group set aside 6% of the employees' monthly wages to the Labor Pension personal accounts at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act.

The Group set aside a fixed amount to the Bureau of the Labor Insurance without the payment of additional legal or constructive obligations.

For the years ended December 31, 2013 and 2012, the Group set aside $39,192 and $33,852, respectively, under the pension plan to the Bureau of the Labor Insurance.

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

(k) Income taxes

1.Income tax expense recognized in profits or losses

The amount of income tax was as follows:

		2013	**2012**
Current income tax expense (benefit):			
Current period	$	132,364	52,667
Adjustment for prior periods		(1)	(293)
		132,363	52,374
Deferred tax expense (benefit):			
Origination and reversal of temporary differences		9,105	(20,517)
Change in urrecognised deductible temporary differences		-	36,168
		9,105	15,651
Income tax expense	**$**	**141,468**	**68,025**

Income tax recognized in other comprehensive income

		2013	**2012**
Foreign currency translation differences for foreign operations	$	407	(649)
Defined benefit plan actuarial gains		35	1,520
	$	**442**	**871**

The reconciliation of income tax and profit before tax was as follows:

		2013	**2012**
Profit excluding income tax	$	688,978	495,692
Income tax using the Company's domestic tax rate		149,753	105,644
Permanent differences		(20,339)	(18,955)
Recognition of previously unrecognised tax losses		1,642	(18,596)
Over provision in prior periods		(1)	(293)
10% surtax on unappropriated earnings		10,413	-
Others		-	225
Total	**$**	**141,468**	**68,025**

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

2.Deferred tax assets and liabilities

1) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2013.12.31	2012.12.31	2012.1.1
Deductible Temporary Differences	$ -	19,436	-
Tax losses	38,723	7,715	22,513
	$ 38,723	**27,151**	**22,513**

The ROC Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. As the Group likely will not have enough taxable income in the future, the above losses were not recognized as deferred tax assets.

As of December 31, 2013 the Group had not recognized the prior years' loss carry-forwards as deffered tax assets. The expiry years are as follows:

Year of Occurrence	Operating Loss Carryforward	Year of Expiration
2008	$ 14,247	2018
2009	23,418	2019
2010	19,310	2020
2011	38,656	2021
2012	59,209	2022
2013	72,944	2023
	$ 227,784	

2) Recognised deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2013 and 2012 are as follows:

	Defined Benefit Plans	Unrealized Gain (Loss) of Investment	Unrealized profits of Related Company	Others	Total
Deferred Tax Liabilities:					
Balance at January 1, 2013	$ 27	-	-	6,601	6,628
Debit (Credited) Income statement	297	-	-	3,480	3,777
Debit (Credited) Other Comprehensive Income	(131)	-	-	407	276
Balance at December 31, 2013	**$ 193**			**10,488**	**10,681**

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

	Defined Benefit Plans	Unrealized Gain (Loss) of Investment	Unrealized profits of Related Company	Others	Total
Balance at January 1, 2012	$ -	-	-	3,547	3,547
Debit (Credited) Income statement	27	-	-	3,054	3,081
Balance at December 31, 2012	**$ 27**	**-**	**-**	**6,601**	**6,628**
Deferred Tax Assets:					
Balance at January 1, 2013	$ 1,410	12,866	18,002	13,986	46,264
(Debit) Credited Income statement	(61)	4,819	-	(10,086)	(5,328)
(Debit) Credited Other Comprehensive Income	(166)	-	-	-	(166)
Balance at December 31, 2013	**$ 1,183**	**17,685**	**18,002**	**3,900**	**40,770**
Balance at January 1, 2012	$ 3,155	5,701	18,002	32,847	59,705
(Debit) Credited Income statement	(225)	7,165	-	(19,510)	(12,570)
(Debit) Credited Other Comprehensive Income	(1,520)	-	-	649	(871)
Balance at December 31, 2012	**$ 1,410**	**12,866**	**18,002**	**13,986**	**46,264**

3.The Company's tax returns for the years through 2011 were examined and approved by the Taipei National Tax Administration.

4.The Company's information related to the inappropriate earnings and tax deduction ratio is summarized below:

	2013.12.31	2012.12.31	2012.1.1
Unappropriated earnings of 1998 and after	**$ 722,216**	**501,745**	**509,791**
Balance of imputation credit account (ICA)	**$ 45,781**	**24,838**	**650**

	2013 (estimated)	2012 (actual)
Tax deduction ratio for earnings distribution to ROC residents	**16.38** %	**6.74** %

The above-mentioned information of the unappropriated earnings and tax deduction ratio have been prepared in accordance with the permit No.10204562810 issued by the Ministry of Finance on October 17, 2013.

(l) Capital and other equity

As of December 31, 2013, December 31,2012, and January 1, 2012, the total value of nominal ordinary shares amounted to $888,000. The face value of each share is $10. In total, there were 82,245, 82,245,and 69,368 ordinary shares, respectively, issued. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for the year ended December 31, 2013 and 2012 was as follows:

	Ordinary shares (in thousands of shares)	
	2013	**2012**
Balance at January 1	$ 82,245	69,368
Stock dividends	-	11,061
Exercise of employee stock options	-	1,922
Cancellation of treasury shares	-	(106)
Balance at December 31,	**$ 82,245**	**82,245**

1. Issuance of common 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, with all registration amendments completed.

In addition, the employee stock options which were awarded in 2008 were converted into 1,922 thousand common shares in 2012.

On March 30, 2012, the Company's board of directors resolved to reduce treasury stock by 106 thousand shares. The capital decrease was effective on March 31, 2012, with all registration amendments completed.

2. Capital surplus

The balance of additional paid-in capital was as follows:

	2013.12.31	**2012.12.31**	**2012.1.1**
Share capital	$ 53,647	53,647	26,917
Treasury share transactions	-	-	129
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	8,187	2,330	-
Employee stock options	-	-	11,918
	$ 61,834	**55,977**	**38,964**

In accordance with the Company Act as amended in January 2012, realized capital reserves can only be reclassified as share capital or be distributed as cash dividends after offsetting against losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital reserves to be reclassified under share capital shall not exceed 10 percent of the actual share capital amount.

3. Retained earnings

According to the articles of association, current-period earnings should first be used to settle all outstanding tax payables and prior-year losses. Next, after 10 percent of statutory earnings reserves, the recognition or reversal of special earnings reserves according to statutory requirements may be distributed as follows:

No higher than 1.5 percent as rewards of directors and supervisors.

1~15 percent as employee benefits.

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.

1) Legal reserve

In accordance with the Company Act as amended in 2012, 10 percent of net income should be set aside as statutory earnings reserve until it is equal to share capital. If the Company experienced profit for the year, the meeting of shareholders shall decide on the distribution of the statutory earnings reserve, either by new shares or by cash, of up to 25 percent of the actual share capital.

2) Special reserve

In accordance with Permit No. 1010012865 issued by the Financial Supervisory Commission on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net reduction of current-period special earnings reserve resulting from first-time adoption of IFRS and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to first-time adoption of IFRS. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

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

3) Earnings distribution

Employee benefits amounted to $45,683 and $38,743, and rewards of directors and supervisors amounted to $5,053 and $0 for the year ended of 2013 and 2012, respectively. These amounts are calculated using the Company's net profit for each period and are determined according to the earnings allocation method, priority, and distribution ratios for employee benefits and rewards of directors and supervisors as stated under the articles of association. These benefits are expensed under operating expenses for each period.

The number of shares to be distributed for employee benefits for 2013 is yet to be decided by the meeting of shareholders. Related information would be available on the Market Observation Post System after the convening of the meeting of shareholders. For subsequent adjustments to the actual distributed amount as determined by a future meeting of shareholders, the difference shall be accounted for under profit or loss in 2014.

The relevant dividend distribution to shareholders is as follows:

	2012		2011	
	Dividend per Share (NT$)	**Amount**	**Dividend per Share (NT$)**	**Amount**
Dividends distributed to common shareholders				
Cash	$ 2.9903	245,935	3.6818	258,100
Shares	-	-	1.5779	110,614
Total		**$ 245,935**		**368,714**

4. Other equity

	Foreign currency translation differences for foreign operations
Balance at January 1, 2013	$ (1,011)
Foreign currency translation differences (net of tax):	
The Group	1,004
Balance at December 31, 2013	**$ (7)**
Balance at January 1, 2012	$ 2,290
Foreign currency translation differences (net of tax):	
The Group	(3,301)
Balance at December 31, 2012	**$ (1,011)**

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

(m) Share-based payment

As of December 31,2012, the Group had 2 share-based payment arrangements as follows:

	Equity-settled	
	Employee stock option plan 1	**Employee stock option plan 2**
Grant date	August 27, 2008	December 19, 2008
Number of shares	1,900 thousand	1,900 thousand
Contract term	4 years	4 years
Recipients	Full-time official employees of the Group	Full-time official employees of the Group
Vesting conditions	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.	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.

1.Determining the fair value of equity instruments granted

For the adoption of the Black-Scholes options model to estimate the fair value of share-based payment at the grant date, the factors were as follows:

	For the year ended December31, 2012	
	Employee stock option plan1	**Employee stock option plan2**
Fair value at grant date	7.29	5.33
Share price at grant date	26.10	19.50
Exercise price	26.10	19.50
Expected volatility (%)	42.55 %	41.50 %
Expected life (years)	4.00	4.00
Risk-free interest rate (%)	1.891 %	1.891 %

Expected volatility is based on the weighted average of historical volatility, and it is adjusted accordingly when there is additional market information about the volatility. The Group determined the expected dividends and risk-free rate during the life of the option. These rates are determined based on government bonds, and they are in accordance with the regulations. Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value.

The historic volatility rate is 41.50%~42.55%, and this includes rates for the first few years after the Company was incorporated. The Group expected the volatility of the share price to decrease when the market matures.

2.Employee stock options

Details of the employee stock options and the transfer of treasury stock were as follows:

(Amounts Expressed in Thousands)

	For the year ended December 31, 2012	
	Weighted-average exercise price	**Number of stock options**
Outstanding at January 1	$ 21.90	1,874
Exercised during the year	17.65	(1,874)
Outstanding at December 31		-

At the date of exercise of the options for the year ended December 31, 2012, the weighted-average share price amounted to $17.65.

The details of the share options of the Group as of December 31, 2012, are as follows:

	2012.12.31	**2012.1.1**
Exercise price range	13.41-17.90	15.84-21.17
Weighted-average remaining contractual period (years)	-	0.75-0.97

3.Employee expenses and liabilities

The compensation costs with respect to employee stock options granted for the years ended December 31, 2012 and 2011, were both $0.

(n) Earnings per share

The Group calculated the basic and diluted EPS as follows:

	2013	**2012**
1. Basic earnings per share		
Profit attributable to ordinary shareholders	**$ 506,756**	**392,575**
Weighted-average number of ordinary shares	**82,245**	**81,697**
	$ 6.16	**4.81**

	2013	**2012**
2. Diluted earnings per share		
Profit attributable to ordinary shareholders	**$ 506,756**	**392,575**
Weighted-average number of ordinary shares (basic)	82,245	81,697
Effect of employee stock bonus	315	437
Effect of share options issued	-	891
Weighted-average number of ordinary shares (adjusted with potential effect of diluted ordinary shares)	**82,560**	**83,025**
	$ 6.14	**4.73**

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

(o) revenue

For the years ended December 31, 2013 and 2012, the details of revenue are as follows

	Continuing Operations	
	2013	**2012**
Sale of goods	$ 15,423,949	13,864,397
Rendering of services	885,247	844,577
	$ 16,309,196	**14,708,974**

(p) Non-operating income and expenses

1. Other revenue

The details of other revenue were as follows:

	2013	**2012**
Interest income	$ 16,455	15,065
Dividend income	1,333	1,883
Other	7,182	7,041
	$ 24,970	**23,989**

2. Other gains and losses

The details of other gains and losses were as follows:

	2013	**2012**
Net foreign currency exchange gain or loss	$ 1,319	(2,337)
Disposal loss on property, plant and equipment	(692)	(12)
Impairment loss	-	(4,703)
Other	(113)	(4,095)
	$ 514	**(11,147)**

3. Finance costs

The details of finance cost were as follows:

	2013	**2012**
Interest expense	**$ (160)**	**(1,062)**

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

(q) Financial instruments

1.Categories of financial instruments

Financial assets

	2013.12.31	2012.12.31	2012.1.1
Current financial assets at cost	$ 36,061	36,061	40,763
Loans and receivables			
Cash and cash equivalents	3,859,455	2,929,153	2,887,802
Notes and accounts receivables and other receivables	508,843	512,130	407,085
Other financial assets-current	215,011	218,111	238,000
Other financial assets-Non-current	43,205	41,391	41,847
Subtotal	4,626,514	3,700,785	3,574,734
Total	**$ 4,662,575**	**3,736,846**	**3,615,497**

Financial liabilities

Current financial asstes at amortized cost			
Short-term loans	$ -	-	100,000
Payables	2,115,708	1,750,500	1,682,066
Total	**$ 2,115,708**	**1,750,500**	**1,782,066**

2.Credit risk

1) Credit risks exposure

The carrying amount of financial assets represents represents the maximum exposure to credit risk. As of December 31, 2013, December 31, 2012, and January 1, 2012, the maximum exposure to credit risk amounted to $4,662,575, $3,736,846 and $3,615,497, respectively.

3.Liquidity risk

The following are the contractual maturities of financial liabilities of the Group, including estimated interest payments and excluding the impact of netting arrangements:

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Balance at December 31, 2013							
Non-derivative financial liabilities							
Notes payable	$ 2,562	2,562	2,562	-	-	-	-
Accounts payable	1,650,636	1,650,636	1,650,636	-	-	-	-
Other payable	462,510	462,510	462,510	-	-	-	-
	$ 2,115,708	**2,115,708**	**2,115,708**	-	-	-	-

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

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Balance at December 31, 2012							
Non-derivative financial liabilities							
Notes payable	$ 9,443	9,443	9,443	-	-	-	-
Accounts payable	1,344,143	1,344,143	1,344,143	-	-	-	-
Other payable	396,914	396,914	396,914	-	-	-	-
	$ 1,750,500	**1,750,500**	**1,750,500**	-	-	-	-
Balance at January 1, 2012							
Non-derivative financial liabilities							
Short-term borrowing	$ 100,000	100,000	100,000	-	-	-	-
Notes payable	8,797	8,797	8,797	-	-	-	-
Accounts payable	1,282,148	1,282,148	1,282,148	-	-	-	-
Other payable	391,121	391,121	391,121	-	-	-	-
	$ 1,782,066	**1,782,066**	**1,782,066**	-	-	-	-

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or in significantly different amounts.

4.Currency risk

1) Currency risk exposure

The Group's significant exposure to foreign currency risk was as follows:

	2013.12.31			2012.12.31			2012.1.1		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets									
Monetary items									
TWD	$ 8,963	1.00	8,963	9,302	1.00	9,302	9,673	1.00	9,673
USD	4,270	29.80	127,256	2,705	29.04	78,566	524	30.28	15,865
EUR	87	41.10	3,572	129	38.48	4,945	1,506	39.19	59,025
Financial liabilities									
Monetary items									
USD	1,482	29.80	44,149	901	29.04	26,165	-	-	-
EUR	-	-	-	-	-	-	1,564	39.19	61,306

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, other receivables, and accounts payable that are denominated in foreign currency.

A 5% appreciation or depreciation of the NTD against the USD and EUR as at December 31, 2013 and 2012, would have increased or decreased net income by $3,969 and $2,761, respectively. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for the years ended December 31, 2013 and 2012.

5.Interest analysis

The interest rate exposure of the Group’s financial assets and liabilities is described in note (6)(q)2. on liquidity risk management.

The following sensitivity analysis is based on the exposure to interest rate risk of the financial assets and liabilities on the reporting date.

If the interest rate increases or decreased by 0.1%, the Group’s net income would increase or decrease by $5 and $3 as of December 31, 2013 and 2012, respectively. This is mainly due to the Group’s borrowing and its cash and cash equivalents being at variable rates.

6. Fair value

The Group considers the carrying amount of its financial assets and financial liabilities measured at amortized cost to be a reasonable approximation of fair value.

(r) Financial risk management

1.Summary

The Group’s use of financial instruments is exposed to the credit, liquidity and market risks.

This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risk, and the Group’s management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

2.Risk management framework

The General Manager’s office has responsibility for the development and control of the Group's risk management policies and regularly reports to the Board on its operation, if necessary. The Group establishes risk management policies for the identification and analysis of the Group's exposure to risk and sets appropriate risk limits to control risk. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the operation of the Group. The Group uses advocacy, management standards and operating procedures to develop a disciplined and constructive control environment, so that all employees understand their roles and obligations.

The Board oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework. The Board is assisted in its supervisory role by the internal audit staff, who undertake both regular and ad hoc reviews of risk management controls and procedures, and report the results of the review to the Board.

3.Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s receivables from customers and investment.

1) Accounts receivable and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry in which customers operate, as these factors may have an influence on credit risk. However, geographically there is no concentration of credit risk.

The management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment terms are offered. The Group's review includes external ratings, when available, and in some cases bank references. Credit limits are established for each customer, which represent the maximum open amount without requiring approval from the General Manager's office; these limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a cash basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Customers that are graded as "high risk" are placed on a restricted customer list and monitored by the General Manager's office. If customers default, the Group will stop transactions with those customers or trade on a cash basis.

The Group established an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss incurred but not yet identified. The collective loss allowance is determined based on historical data on payment statistics for similar financial assets.

2) Investment

The credit risk exposure in the bank deposits, fixed income investments and other financial instruments is measured and monitored by the General Manager's office. The Group only deals with financial institutions, corporations and organizations with a credit rating of investment grade or higher; therefore, there are no significant doubts regarding default on the above financial insruments, and as a result, there is no significant credit risk.

3) Guarantees

The Group's policy is to provide financial guarantees only for transactions involving equity investment that is more than 50% owned, and they should be approved by the Board. As at December 31, 2013, December 31, 2012, and January 1, 2012, the Group's guarantees for non-related parties to fulfill their obligations in accordance with the service contract with its subsidiary Linktel Inc. were $544, $544 and $30,967, respectively.

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

4.Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group’s approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

5.Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group’s entities, primarily the NTD, USD, HKD and RMB. These transactions are denominated in NTD and USD.

The interest is denominated in the currency used in the borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily the NTD.

(s) Capital management

The Group meets its objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return to shareholders and other related parties, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shareholders, issue new shares or sell assets to sesttle any liabilities.

(7) Related-Party Transactions

(a) Ultimate controlling party

The Company is the ultimate controlling party of the Group.

(b) Related-party transactions

1.Receivables from related parties

Item	Related party categories	2013.12.31	2012.12.31	2012.1.1
Other receivable	Other	$ 13	11	7

2.Payables to related parties

Item	Related party categories	2013.12.31	2012.12.31	2012.1.1
Other payables	Other	$ -	20	20

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

(c) Transactions with key management personnel

Key management personnel compensation comprised:

	For the years ended December 31,	
	2013	**2012**
Short-term employee benefits	$ **54,383**	**53,182**

(8) Restricted Assets

The following assets were restricted in use:

Assets	Purpose of Pledge	2013.12.31	2012.12.31	2012.1.1
Deposit account-current	Security for performance and purchase guarantee	$ 215,011	218,111	238,000
Deposit account-noncurrent	Security for provisional seizure, etc.	500	600	600
Refundable deposit	Deposits for office rental	42,705	40,791	41,247
		$ **258,216**	**259,502**	**279,847**

(9) Significant Contingencies and Commitments

The agreement with a non-related party for internet phone services entered into in July 2004 was renewed on 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 non-related party at all times and during the term of the agreement.

As of December 31, 2013, December 31, 2012, and January 1, 2012, notes payable deposited as guarantee for commercial vehicle and office and building leases were $52,927, $88,298 and $33,144, 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 Group entered into an agreement with the Shanghai Commercial & Savings Bank, Ltd. for a guarantee limit of $100,000 and $130,000 as of December 31, 2013 and 2012.

According to the “Standardized contract for collection on behalf of others”, the payment guarantee should be fully provided by financial institutions. Therefore, the Group entered into an agreement with Taishin International Bank, Ltd. for a guarantee limit of $70,000 and $50,000 as of December 31, 2013 and 2012.

The Group has entered into an agreement with the Shanghai Commercial and Savings Bank, Ltd for providing performance guarantee for the Group on the balance amount received through the Group’s credit card payment processing services; the amount of performance guarantee agreed therein is 3,000 as of 2013.

(10) Significant Catastrophic Losses: None.

(11) Significant Subsequent Events: None.

(12) Others

Employee benefits, depreciation, and amortization expenses, categorized as operating cost or expense, were as follows:

Categorized as / Nature	For the year ended December 31, 2013			For the year ended December 31, 2012		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	44,458	995,893	1,040,351	40,467	835,260	875,727
Labor and health insurance	3,340	70,410	73,750	2,855	58,369	61,224
Pension	1,662	37,771	39,433	1,563	32,771	34,334
Others employee benefits	1,188	24,984	26,172	1,067	22,232	23,299
Depreciation	-	88,570	88,570	-	76,233	76,233
Amortization	-	7,549	7,549	-	6,737	6,737

(13) Additional Disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the years ended December 31, 2013:

1. Fund financing to other parties: None.
2. Guarantees and endorsements for other parties:

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

No. (Note 1)	Name of company	Counter-party		Limitation on amount of guaranteesand endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 2)	Parent Company endorsement/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsement/ guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Linktel Inc.	3	869,597	23,994	544	-	-	0.03 %	1,739,194	Y		

Note 1: 0 is issuer.

Note 2: Highest balance during the period cannot exceed 50% of net asset value, and the maximum amount of endorsement cannot exceed net asset value.

Note 3: A subsidiary of the Company.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

3. Information regarding securities held at balance sheet date:

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

Name of holder	Category and name of security	Category and name of security	Account title	Ending balance				Peak Holking Percentage	Note
				Number	Book value	Percentage	Market value		
	Common Stock:								
PChome Online Inc.	Eastern Online Co., Ltd.	-	Financial assets measured at cost	118,750	-	4.19 %	-	4.19 %	
〃	Syspower Ltd.	-	〃	744,118	2,846	3.72 %	-	3.72 %	
〃	Openfind Information Technology, Inc.	-	〃	800,000	4,031	7.42 %	-	7.42 %	
〃	Career Consulting Co., Ltd.	-	〃	113,005	1,015	0.72 %	-	0.72 %	
〃	PayEasy Ltd.	-	〃	5,437,762	4,510	12.51 %	-	12.51 %	
〃	Vibo Telecom Inc.	-	〃	61,535	737	- %	-	0.01 %	
〃	P2V Holdings Ltd. (Samoa)	-	〃	2,691,030	22,922	11.13 %	-	11.13 %	

Note : The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

4. Accumulated buying/selling of the same marketable securities for which the dollar amount reaches $300 million or 20% or more of paid-in capital: None.
5. Acquisition of real estate for which the dollar amount reaches $300 million or 20% or more of paid-in capital : None.
6. Disposition of real estate for which the dollar amount reaches $300 million or 20% or more of paid-in capital: None.
7. Buying/selling products with the dollar amount reaches $100 million or 20% or more of paid-in capital: None.
8. Accounts receivable from related parties for which the dollar amount reaches $100 million or 20% or more of paid-in capital: None.
9. Derivative transactions: None.

10. Business relationships and significant inter-company transactions:

No. (Note 1)	Name of company	Name of counter-party	Existing relationship with the counter-party (Note 2)	Transaction			
				Account name	**Amount**	**Terms of trading**	**Precentage of the total consolidated revenue or total assets**
0	PChome Online Inc.	Linktel Inc.	1	Sales	7,843	Usual terms and conditions	0.05 %
0	〃	〃	1	Other Expenses	3,428	No comparable counter-parties	0.02 %
0	〃	PChome Store Inc.	1	Sales	1,810	Usual terms and conditions	0.01 %
0	〃	PChome eBay Co., Ltd.	1	Sales	5,046	〃	0.03 %
0	〃	〃	1	Advertisement Expenses	2,780	No comparable counter-parties	0.02 %
0	〃	Rakuya International Info. Co. Ltd.	1	Other Payable	4,212	〃	0.08 %
0	〃	〃	1	Sales	5,957	Usual terms and conditions	0.04 %
0	〃	PChome US Inc.	1	Accounts Receivable	1,620	〃	0.03 %
0	〃	〃	1	Sales	19,846	〃	0.12 %
0	〃	PChome Trading (Shenzhen) Ltd.	1	Other Receivable	4,349	No comparable counter-parties	0.08 %

Note 1: For the inter-company business relationship and transaction condition in the “No.” column, the labeling method is as follows:

1. Parent company labeled 0.
2. Subsidiaries labeled in number sequence from 1.

Note 2: Relationship is classified into three types:

1. Parent company to subsidiary
2. Subsidiary to parent company
3. Subsidiary to subsidiary

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

Note 4: The Group did not disclose transactions for which the dollar amount did not reach $1,000 thousand.

Note 5: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(b) Information on investees:

For the years ended December 31, 2013, the following is the information on investees:

(Expressed in thousands of dollars)

Name of investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Peak Holding Percentage	Net income (loss) of the investee	Investment income (losses)	Note
				Ending balance	**Beginning balance**	**Shares**	**Ratio of shares**	**Book value**				
PChome Online Inc.	IT Home Publications Inc.	12F., No.105, Sec. 2, Tun-Hwa S. Rd., Taipei	Magazine publication	30,000	30,000	4,635,600	100.00 %	52,615	100.00 %	2,936	2,936	Note
〃	Linktel Inc.	〃	Type II Telecommunications Business	125,000	125,000	12,500,000	100.00 %	160,687	100.00 %	27,088	27,088	〃
〃	Liker Technology Inc.	24F., No.105, Sec. 2, Tun-Hwa S. Rd., Taipei	O2O (Online to Offline) E-commerce	25,000	25,000	2,500,000	34.72 %	17,108	34.72 %	(13,624)	(4,730)	〃
〃	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	25,485	122,328	100.00 %	12,814	100.00 %	(722)	(722)	〃
〃	PChome eBay Co., Ltd.	12F., No.105, Sec. 2, Tun-Hwa S. Rd., Taipei	Information processing and provision of electronic information	273,000	273,000	27,300,000	65.00 %	311,518	65.00 %	132,702	86,256	〃

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

Name of investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Peak Holding Percentage	Net income (loss) of the investee	Investment income (losses)	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value				
PChome Online Inc.	Orange Network Inc.	″	Online television media business	1,000	1,000	100,000	100.00 %	43	100.00 %	-	-	Note
″	Rakuya International Info. Co. Ltd.	″	Real estate business, and internet information rental service	34,300	34,300	3,430,000	22.04 %	11,656	22.04 %	(40,498)	(8,918)	″
″	Pay and Link Inc.	12F., No.105, Sec. 2, Tun-Hwa S. Rd., Taipei	Internet services	-	1,000	-	- %	-	100.00 %	(114)	(100)	″
″	PChome Store Inc.	14F., No.105, Sec. 2, Tun-Hwa S. Rd., Taipei	Internet services	84,770	84,770	10,556,799	59.91 %	262,898	59.91 %	79,004	47,331	″
″	PChomePay Inc.	12F., No.105, Sec. 2, Tun-Hwa S. Rd., Taipei	Information processing and provision of electronic information	100,000	50,000	10,000,000	26.32 %	91,771	100.00 %	(18,341)	(11,276)	″
″	PChome US Inc.	California	E-commerce platform	116,490	116,490	40,000,000	90.91 %	48,199	90.91 %	(27,543)	(25,039)	″
″	eCommerce Group Co., Ltd.	P.O.Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investment activities	15,300	10,533	5,100,000	100.00 %	3,187	100.00 %	(2,586)	(2,586)	″
IT Home Publications	Yiabi Inc.	24F., No.105, Sec. 2, Dun-Hwa S. Rd., DA-DN DIST	Information processing and provision of electronic information	1,000	-	100,000	100.00 %	899	100.00 %	(101)	(101)	″
PChome eBay Co., Ltd.	PChome Pay Inc.	12F., No.105, Sec. 2, Tun-Hwa S. Rd., Taipei	Information processing and provision of electronic information	114,000	-	11,400,000	30.00 %	104,602	30.00 %	(18,341)	(4,921)	″
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	3,000,000	41.67 %	20,532	41.67 %	(13,624)	(5,677)	″
″	PChome Pay Inc.	12F., No.105, Sec. 2, Tun-Hwa S. Rd., Taipei	Information processing and provision of electronic information	160,000	-	16,000,000	42.11 %	146,810	42.11 %	(18,341)	(1,063)	″
PChome Pay Inc.	Pay and Link Inc.	12F., No.105, Sec. 2, Tun-Hwa S. Rd., Taipei	Internet services	388	-	100,000	100.00 %	374	100.00 %	(114)	(14)	″
PC Home Online International Co., Ltd.	PChome Online Inc.	Eland Trust (Cayman) Limited, PO Box 439GT, Grand Cayman, Cayman Islands	International trade and investment activities	25,311	25,311	10,000,000	100.00 %	13,599	100.00 %	(650)	(650)	″
eCommerce Group Co., Ltd.	EC Global Inc.	Scotia Centre,4th Floor, P.O.BOX 2804,George Town, Grand Cayman, Cayman Islands	Investment activities	15,061	10,533	5,020,000	100.00 %	3,125	100.00 %	(2,499)	(2,499)	″
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	25,140	25,140	5,641,239	100.00 %	14,749	100.00 %	(525)	(525)	″
EC Global Inc.	EC Global Limited	Room 511, 5 Tszlou, Building 1, No.30 Singang Center, Canton Road, Jianju, Kowloon	Investment activities	14,406	10,533	4,800,000	100.00 %	2,811	100.00 %	(2,325)	(2,325)	″
EC Global Limited	PChome Japan KK	4F Azabu Green Terrace, 3-20-1, Minamiazabu, Minato-ku, Tokyo, 106-0047 Japan	International trading E-commerce	2,397	-	800,000	100.00 %	2,271	100.00 %	-	-	″

Note: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(c) Information on investment in Mainland China:

1. Information on investment in Mainland China:

(Expressed in thousands of dollars)

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	Net income (loss) of the investee	Percentage of Ownership	Peak Holding Percentage	Investment Income (Loss) Recognized (Note 2(2))	Carrying Amount	Accumulated Inward Remittance of Earnings
					Outflow	Inflow							
Shanghai Todo Inc.	Software and internet technical consulting service	5,201	(2)	5,201	-	-	5,201	(204)	100.00 %	100.00 %	(204)	2,471	-
PChome Trading (Shenzhen) Ltd.	International trading E-commerce	10,533	(2)	10,533	-	-	10,533	(1,703)	100.00 %	100.00 %	(1,703)	(171)	-

2. Limitation on investment in Mainland China:

Company	Aggregate investment amount remitted from Taiwan to Mainland China at the end of the period	Approved investment (amount) by Ministry of Economic Affairs Investment Commission(Note 3)	Limitation on investment in Mainland China in accordance with regulations of Ministry of Economic Affairs Investment Commission (Note 4)
The Company	19,668	57,514	1,262,881

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 in a third region and indirect re-investment in Mainland China through the new entity.

(3) Indirect investment in Mainland China through an existing investee company in a third region.

(4) Direct investment in Mainland China

(5) Other methods

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

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

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

1. Financial statements of the investee company were audited and certified by an international firm in cooperation with an R.O.C. accounting firm.
2. Financial statements of the investee company were audited and certified by the external accountant of the parent company.
3. Others

Note 3: In the above table, all relevant amounts are disclosed in TWD, and the foreign curency was translated on the exchange rate 29.8 at the year ended December 31, 2013.

Note 4: The upper limit on investment was the greater of 60% of the individual or consolidated total net worth.

Note 5: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

3. Significant transactions: None.

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

(14) Segment Information

(a) General information

The Group's reportable segments are the E-Commerce segment and other segment. The E-Commerce segment is revenue collection from the online platform from the sale of goods. The other segment is revenue generated from the online platform to provide search engine services and provide telecommunication and communication services.

The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies.

(b) Information about profit or loss, and assets and liabilities

The Group's segment report amounts were consistent with the Group CEO's internal management reports. There was no material inconsistency between the accounting policies of the operating segments and the accounting policies described in note 4. The Group uses operating profit after tax as the measurement for segment profit and the basis for performance assessment. The inter-company transaction price was the same as that with other customers. The price was based on the market value.

The Group's regional financial information was as follows:

2013	E-Commerce-Sales	Other	Adjustments and Eliminations	Consolidated
Revenue:				
Non-inter-company revenue	$ 14,708,506	1,609,205	-	16,317,711
Inter-company revenue	40,502	10,756	(51,258)	-
Interest revenue	6,432	10,023	-	16,455
Total Revenue	**$ 14,755,440**	**1,629,984**	**(51,258)**	**16,334,166**
Interest expense	$ 160	-	-	160
Depreciation and amortization	65,717	30,402	-	96,119
Reportable Segment profit	**$ 506,756**	**145,061**	**(104,307)**	**547,510**
Reportable segment assets	**$ 3,836,385**	**2,635,295**	**(1,197,822)**	**5,273,858**
Reportable segment liabilities	**$ 2,097,191**	**1,151,359**	**(120,724)**	**3,127,826**

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

2012	E-Commerce-Sales	Other	Adjustments and Eliminations	Consolidated
Revenue:				
Non-inter-company revenue	$ 13,133,261	1,584,637	-	14,717,898
Inter-company revenue	42,683	10,383	(53,066)	-
Interest revenue	6,272	8,793	-	15,065
Total Revenue	**$ 13,182,216**	**1,603,813**	**(53,066)**	**14,732,963**
Interest expense	$ 1,062	-	-	1,062
Depreciation and amortization	51,125	31,845	-	82,970
Reportable Segment profit	**$ 392,575**	**114,968**	**(79,876)**	**427,667**
Reportable segment assets	**$ 3,166,777**	**2,138,999**	**(1,008,662)**	**4,297,114**
Reportable segment liabilities	**$ 1,695,235**	**867,006**	**(117,623)**	**2,444,618**

(c) Enterprise-wide Disclosures

1.Information about Products and Services

The Consolidated Company reports revenues from external customers for each product and service or each group of similar products and services for the enterprise as follows:

Product and Service	2013	2012
E-Commerce	$ 14,708,506	13,133,261
Other	1,609,205	1,584,637
Total	**$ 16,317,711**	**14,717,898**

2.Information about Geographic Areas: None

3.Information about Major Customers: None

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

(15) First-time Adoption of International Financial Reporting Standards

The consolidated financial statements of the Group as of December 31, 2012, were prepared in accordance with accounting practices generally accepted in Taiwan, the Republic of China. As described in Note 4(a), these are the Group's first IFRS consolidated interim financial statements for the period covered by the first IFRS (approved by the FSC) annual financial statements, and IFRS 1 "First-time Adoption of International Financial Reporting Standards" has been applied.

The accounting policies set out in Note 4 have been applied in preparing the comparative consolidated financial statement for the year ended December 31, 2012, the consolidated statement of financial position at December 31, 2012, and the IFRS consolidated statement of financial position at January 1, 2012 (the Group's date of transition).

In preparing its 2012 report, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with accounting practices generally accepted in Taiwan, the Republic of China. An explanation of how the transition to IFRSs has affected the Group's financial position, financial performance, and cash flows is set out in the following tables and the notes that accompany the tables. For the adjustment information of the consolidated statement of financial position at December 31, 2012, and January 1, 2012 (the Group's date of transition) and consolidated statement of comprehensive income for the year ended December 31, 2012 as follow:

(a) Reconciliation of Blance Sheet

	2012.12.31			2012.1.1		
	Previous GAAP	Effects of transition to IFRS	IFRSs	Previous GAAP	Effects of transition to IFRS	IFRSs
Assets						
Cash and cash equivalents	$ 2,922,399	6,754	2,929,153	2,882,263	5,539	2,887,802
Notes receivable, net	9,168	-	9,168	9,684	-	9,684
Accounts receivable, net	394,523	(31,850)	362,673	296,440	(24,334)	272,106
Deferred income tax assets – current	3,356	(3,356)	-	20,774	(20,774)	-
Inventories, net	263,884	-	263,884	185,851	-	185,851
Other receivable	-	140,289	140,289	-	125,295	125,295
Other financial assets – current	115,193	102,918	218,111	106,500	131,500	238,000
Restricted assets	218,111	(218,111)	-	238,000	(238,000)	-
Other current assets	18,745	(5,229)	13,516	17,682	(4,917)	12,765
Total current assets	3,945,379	(8,585)	3,936,794	3,757,194	(25,691)	3,731,503
Financial assets measured at cost – non-current	36,061	-	36,061	40,763	-	40,763
Other financial assets – non-current	41,391	-	41,391	41,847	-	41,847
Property, plant and equipment	215,883	(192)	215,691	186,534	(11,368)	175,166
Deferred pension cost	613	(613)	-	552	(552)	-
Intangible assets	-	16,443	16,443	-	12,015	12,015
Deferred tax assets – non-current	33,926	12,338	46,264	31,285	28,420	59,705
Other non-current assets	20,721	(16,251)	4,470	13,033	(647)	12,386
Total non-current assets	348,595	11,725	360,320	314,014	27,868	341,882
Total assets	**$ 4,293,974**	**3,140**	**4,297,114**	**4,071,208**	**2,177**	**4,073,385**

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

	2012.12.31			2012.1.1		
	Previous GAAP	Effects of transition to IFRS	IFRSs	Previous GAAP	Effects of transition to IFRS	IFRSs
Liabilities						
Short-term debt	$ -	-	-	100,000	-	100,000
Notes payable	9,443	-	9,443	8,797	-	8,797
Accounts payable	1,344,143	-	1,344,143	1,282,148	-	1,282,148
Current tax liabilities	17,045	-	17,045	58,357	-	58,357
Accrued expenses	311,183	(311,183)	-	293,090	(293,090)	-
Other payable	59,499	337,415	396,914	74,290	316,831	391,121
Advance receipts	218,570	(218,570)	-	233,382	(233,382)	-
Other current liabilities	469,812	192,338	662,150	338,081	209,641	547,722
Total current liabilities	2,429,695	-	2,429,695	2,388,145	-	2,388,145
Deferred income tax liabilites	-	6,628	6,628	-	3,547	3,547
Accrued pension liabilities	-	8,295	8,295	-	18,919	18,919
Total non-current liabilities	-	14,923	14,923	-	22,466	22,466
Total liabilities	2,429,695	14,923	2,444,618	2,388,145	22,466	2,410,611
Owners' equity attributable to equity holders of the parent company						
Common stock	822,448	-	822,448	694,685	-	694,685
Capital surplus	177,251	(121,274)	55,977	160,238	(121,274)	38,964
Retained earnings	482,772	111,356	594,128	461,097	102,211	563,308
Other equity	(1,155)	144	(1,011)	(222)	-	(222)
Total owners' equity attributable to equity holders of the parent company	1,481,316	(9,774)	1,471,542	1,315,798	(19,063)	1,296,735
Non-controlling interests	382,963	(2,009)	380,954	367,265	(1,226)	366,039
Total stockholders' equity	1,864,279	(11,783)	1,852,496	1,683,063	(20,289)	1,662,774
Total liabilities and equity	**$ 4,293,974**	**3,140**	**4,297,114**	**4,071,208**	**2,177**	**4,073,385**

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

(b) Reconciliation of comprehensive income statement

	2012		
	Previous GAAP	Effects of transition to IFRS	IFRSs
Revenue	$ 14,960,830	(251,856)	14,708,974
Cost of sales	(12,287,188)	2,817	(12,284,371)
Gross profit	2,673,642	(249,039)	2,424,603
Operating expenses			
Selling expenses	(1,767,920)	249,870	(1,518,050)
General and administration expenses	(289,632)	243	(289,389)
Research and development expenses	(133,343)	91	(133,252)
Total operating expenses	(2,190,895)	250,204	(1,940,691)
Income from operations	482,747	1,165	483,912
Non-operating income and expenses:			
Other income	23,989	-	23,989
Other gains and losses	(11,147)	-	(11,147)
Finance costs	(1,062)	-	(1,062)
Total non-operating income and expenses	11,780	-	11,780
Consolidated income before income tax from continuing operations	494,527	1,165	495,692
Tax expense	(67,800)	(225)	(68,025)
Consolidated net income	426,727	940	427,667
Other comprehensive income:			
Foreign currency translation differences	-	(4,280)	(4,280)
Defined benefit plan actuarial gains	-	8,942	8,942
Tax on other comprehensive income	-	(871)	(871)
Tax on other comprehensive income	-	-	-
Other comprehensive income (net of tax)	-	3,791	3,791
Total comprehensive income	**$ 426,727**	**4,731**	**431,458**
Net income attributable to:			
Owners of the parent company	$ 391,655	920	392,575
Non-controlling interest	35,072	20	35,092
Net income	**$ 426,727**	**940**	**427,667**
Comprehensive income attributable to:			
Owners of the parent company	$ 391,655	3,908	395,563
Non-controlling interest	35,072	823	35,895
Total comprehensive income for the period	**$ 426,727**	**4,731**	**431,458**
Earnings per share			
Basic earnings per share (dollars)	**$ 4.79**	**0.02**	**4.81**
Diluted earnings per share (dollars)	**$ 4.72**	**0.01**	**4.73**

(c) Significant adjustment of the cash flow statement

There is no significant adjustment of the cash flow statement from conversion from R.O.C. GAAP to IFRS.

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

(d) Adjustment instructions

1. The Group recognized actuarial gains and losses in other comprehensive income in accordance with the IFRS accounting policies approved by the FSC. Under previous R.O.C. GAAP, the Group recognized actuarial gains and losses in profit or loss over the employees' remaining service period. At the date of conversion, all previously unrecognized cumulative actuarial gains and losses were recognized in retained earnings and reversed in the previous year's statement of comprehensive income.

   The impact arising from the change is summarized as follows:

	2012
Consolidated statements of comprehensive income	
Cost of sales	$ (9)
Selling expenses	(822)
General and adminstrative expenses	(243)
Research and development expenses	(91)
Adjustment before income tax	**$ (1,165)**

	2012.12.31	2012.1.1
Consolidated statement of financial position		
Employee benefits	$ (21,806)	(22,934)
Related tax effects	1,979	3,871
Other comprehensive income	9,909	-
Adjustments to retained earnings	**$ (9,918)**	**(19,063)**

2. Under the IFRS accounting policies approved by the FSC, the Group considers the factors of investment tax credits and temporary differences to estimate the deferred tax assets and liabilities which can only be offset if the Group has a legally enforceable right to set off the current tax assets against the current tax liabilities under other related conditions.

   The impact arising from the change is summarized as follows:

	2012.12.31	2012.1.1
Consolidated statement of financial position		
Deferred tax assets－current	$ (3,356)	(20,774)
Deferred tax assets－non-current	9,984	24,321
Deferred tax liabilities－non-current	(6,628)	(3,547)
Adjustment of retained earnings	**$ -**	**-**

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

3. Under R.O.C. GAAP, when an investee company issues new shares and the Group does not acquire new shares in proportion to its original ownership percentage, the Group's equity in the investee's net assets will be changed. The capital surplus is adjusted for the change in equity interest.

   After the transition to IFRS as approved by the R.O.C. Financial Supervisory Commission, when an investee company issues new shares and the Group does not acquire new shares in proportion to its original ownership percentage, in addition to the adjustment in capital surplus as described above, when there is a reduction in ownership interest as a result of the adjustment, the Group reclasses any comprehensive income related to income or loss in proportion to the reduction in ownership interest.

   When there is a change in ownership that does not result in a loss of control of a subsidiary, such transactions should be accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consolidation paid or received shall be adjusted in capital surplus and recognized in other equity of the related subsidiaries.

   The Group elected to not adjust for business combination transactions that occurred before the transition date retrospectively. Any capital surplus which was not in accordance with the Republic of China Company Act and does not meet the requirement of a capital surplus in accordance with the IFRS as approved by the R.O.C. Financial Supervisory Commission is reclassified to retained earnings on the transition date.

   The impact arising from the change is summarized as follows:

	2012.12.31	2012.1.1
Consolidated statement of financial position		
Capital surplus	$ (121,274)	(121,274)
Adjustment to retained earnings	**$ (121,274)**	**(121,274)**

4. The aforementioned changes are calculated in accordance with the income tax rate of 17%. The increase in deferred income tax assets was as follows:

	2012.12.31	2012.1.1
Deferred income tax assets	**$ 2,354**	**4,099**

   The impact on the consolidated income statements for the year ended December 31, 2012, was a decrease in income tax expense of $208 , respectively.

5. The above-mentioned changes in the retained earnings were as follows:

	2012.12.31	2012.1.1
Employee benefits	$ (9,918)	(19,063)
Reclassification of other interest	121,274	121,274
Increase in retained earnings	**$ 111,356**	**102,211**