Stock Code: 8044

PCHOME ONLINE INC. AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

MARCH 31, 2014 AND 2013

(WITH INDEPENDENT ACCOUNTANTS' REVIEW REPORT THEREON)

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Independent Accountants' Review Report

To the Board of Directors of PChome Online Inc.:

We have reviewed the accompanying consolidated balance sheets of PChome Online Inc. related and its subsidiaries (the Group) as of March 31, 2014, and 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2014 and 2013. The Company's management is responsible for the preparation and presentation of the consolidated financial statements. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

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

Also included in the accompanying consolidated financial statements are the financial statements of certain subsidiaries which were not reviewed by independent accountants. These consolidated subsidiaries had total assets of NT$299,084 thousand and NT$1,063,899 thousand as of March 31, 2014 and 2013, constituting 6% and 25%, respectively, of the total consolidated assets. The total liabilities of these subsidiaries as of March 31, 2014 and 2013 amounted to NT$78,272 thousand and NT$345,214 thousand, constituting 3% and 15%, respectively, of the total consolidated liabilities. The comprehensive income of these subsidiaries for the three months ended March 31, 2014 and 2013, amounted to NT$(6,408) thousand and NT$8,210 thousand, constituting (3)% and 6%, respectively, of the consolidated comprehensive income.

Based on our reviews, except for the effects of the adjustments, if any, that might have emerged had the financial statements of the said consolidated subsidiaries been reviewed by independent accountants, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements described in the first paragraph for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

KPMG

May 13, 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 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.

March 31, 2014 and 2013 reviewed only, not audited in accordance with generally accepted auditing standards

PCHOME ONLINE INC. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

MARCH 31, 2014, DECEMBER 31, 2012, AND MARCH 31, 2013

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

	2014.3.31		2013.12.31		2013.3.31	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Current Assets:						
Cash and cash equivalents (Note (6)(a))	$ 4,025,409	74	3,859,455	73	3,040,191	71
Notes receivable, net (Note (6)(c))	8,888	-	4,861	-	6,603	-
Accounts receivable, net (Note (6)(c))	308,379	6	348,961	7	279,496	6
Other receivables (Note (6)(c))	148,751	3	155,021	3	129,146	3
Inventories (Note (6)(d))	325,110	6	330,260	6	256,015	6
Other financial assets – current (Note (8))	204,611	4	215,011	4	209,111	5
Other current assets	22,743	-	16,285	-	25,070	1
	5,043,891	93	4,929,854	93	3,945,632	92
Non-Current Assets:						
Financial assets measured at cost – noncurrent (Note (6)(b))	36,061	1	36,061	1	36,061	1
Property, plant, and equipment (Note (6)(e))	210,527	4	190,142	4	201,265	5
Intangible assets (Note (6)(f))	14,141	-	14,892	-	15,110	-
Deferred income tax assets	41,783	1	40,770	1	41,291	1
Other financial assets – non-current (Note (8))	50,380	1	43,205	1	41,524	1
Other non-current assets	15,469	-	18,934	-	8,947	-
	368,361	7	344,004	7	344,198	8
TOTAL ASSETS	$ 5,412,252	100	5,273,858	100	4,289,830	100

	2014.3.31		2013.12.31		2013.3.31	
LIABILITIES AND STOCKHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Current Liabilities:						
Notes payable	25,381	-	2,562	-	4,168	-
Accounts payable	1,443,871	27	1,650,636	31	1,193,211	28
Other payable	403,620	8	462,510	9	323,320	8
Current tax liabilities	140,832	3	100,713	2	38,819	1
Other current liabilities (Note (6)(g))	976,324	18	893,766	17	723,540	17
	2,990,028	56	3,110,187	59	2,283,058	54
Non-current Liabilities:						
Deferred income tax liabilities	11,599	-	10,681	-	7,528	-
Accrued pension liabilities (Note (6)(i))	6,867	-	6,958	-	8,206	-
	18,466	-	17,639	-	15,734	-
TOTAL LIABILITIES	3,008,494	56	3,127,826	59	2,298,792	54
Owners' Equity Attributable to Equity Holders of the Parent Company(Note (6)(k)):						
Capital Stock:						
Common stock	822,448	15	822,448	16	822,448	19
Capital Surplus	65,321	1	61,834	1	61,573	1
Retained Earnings:						
Legal reserve	131,548	3	131,548	2	92,383	2
Special reserve	1,155	-	1,155	-	-	-
Retained earnings – unappropriated	887,900	16	722,216	14	618,340	15
Other Equity:						
Exchange differences on translation of foreign operations	1,117	-	(7)	-	792	-
Total owners' equity attributable to equity holders of the parent company	1,909,489	35	1,739,194	33	1,595,536	37
Non-controlling interest	494,269	9	406,838	8	395,502	9
TOTAL EQUITY	2,403,758	44	2,146,032	41	1,991,038	46
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 5,412,252	100	5,273,858	100	4,289,830	100

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

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

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013
(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	For the three months ended March 31,			
	2014		2013	
	Amount	%	Amount	%
Operating revenues(Note (6)(m))	$ 4,905,676	102	3,996,430	102
Less: Sales returns, discounts and allowances	111,510	2	82,362	2
Net sales	4,794,166	100	3,914,068	100
Operating costs (Note (6)(d))	3,968,912	83	3,268,262	83
Gross margin	825,254	17	645,806	17
Operating expenses:				
Selling expenses	453,807	9	383,932	10
General and administrative expenses	107,271	2	77,634	2
Research and development expenses	44,422	1	35,233	1
Total operating expenses	605,500	12	496,799	13
Income from operations	219,754	5	149,007	4
Non-operating income and expenses (Note (6)(n)):				
Other revenue	5,103	-	4,037	-
Other gains and losses	1,849	-	892	-
Total non-operating income and expenses	6,952	-	4,929	-
Profit before tax from continuing operations	226,706	5	153,936	4
Less:Income tax expense (Note (6)(j))	40,183	1	27,811	1
Profit	186,523	4	126,125	3
Other comprehensive income:				
Exchange differences on translation of foreign operations	1,203	-	1,940	-
Income tax expense related to components of other comprehensive income	-	-	-	-
Other comprehensive income (net of tax)	1,203	-	1,940	-
Total comprehensive income	**$ 187,726**	**4**	**128,065**	**3**
Profit attributable to:				
Owners of parent	$ 165,684	4	116,595	3
Non-controlling interests	20,839	-	9,530	-
	$ 186,523	**4**	**126,125**	**3**
Comprehensive income attributable to:				
Owners of parent	$ 166,808	4	118,398	3
Non-controlling interests	20,918	-	9,667	-
	$ 187,726	**4**	**128,065**	**3**
Earnings per share (Note (6)(l))				
Basic earnings per share (dollars)	**$**	**2.01**		**1.42**
Diluted earnings per share (dollars)	**$**	**2.01**		**1.41**

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

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

PCHOME ONLINE INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013

(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	Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings - Unappropriated	Exchange differences on translation of foreign operations	Total Equity Attributable to Owners of Parent	Non-controlling Interests	Total
Balance as of January 1, 2013	$ 822,448	55,977	92,383	-	501,745	(1,011)	1,471,542	380,954	1,852,496
Profit for the three months ended March 31,2013	-	-	-	-	116,595	-	116,595	9,530	126,125
Other comprehensive income for the three months ended March 31,2013	-	-	-	-	-	1,803	1,803	137	1,940
Total comprehensive income for the three months ended March 31,2013	-	-	-	-	116,595	1,803	118,398	9,667	128,065
Increase in capital by cash from non-controlling interests	-	-	-	-	-	-	-	6,000	6,000
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	5,596	-	-	-	-	5,596	-	5,596
Change in non-controlling interests	-	-	-	-	-	-	-	(1,119)	(1,119)
Balance as of March 31, 2013	**$ 822,448**	**61,573**	**92,383**	**-**	**618,340**	**792**	**1,595,536**	**395,502**	**1,991,038**
Balance as of January 1, 2014	$ 822,448	61,834	131,548	1,155	722,216	(7)	1,739,194	406,838	2,146,032
Profit for the three months ended March 31,2014	-	-	-	-	165,684	-	165,684	20,839	186,523
Other comprehensive income for the three months ended March 31,2014	-	-	-	-	-	1,124	1,124	79	1,203
Total comprehensive income for the three months ended March 31,2014	-	-	-	-	165,684	1,124	166,808	20,918	187,726
Increase in capital by cash from non-controlling interests	-	-	-	-	-	-	-	70,000	70,000
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	3,487	-	-	-	-	3,487	-	3,487
Change in non-controlling interests	-	-	-	-	-	-	-	(3,487)	(3,487)
Balance as of March 31, 2014	**$ 822,448**	**65,321**	**131,548**	**1,155**	**887,900**	**1,117**	**1,909,489**	**494,269**	**2,403,758**

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

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

PCHOME ONLINE INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013

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

	For the three months ended March 31, 2014	For the three months ended March 31, 2013
Cash flows from operating activities:		
Profit before tax	$ 226,706	153,936
Adjustments:		
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	24,121	22,042
Amortization	2,012	1,804
Interest income	(3,890)	(3,449)
Loss on disposal and retirement of property, plant and equipment, net	55	268
Impairment loss on financial assets	14,170	189
Total adjustments to reconcile net income to net cash provided by operating activities	36,468	20,854
Changes in operating assets and liabilities:		
Changes in operating assets, net:		
(Increase) decrease in notes receivable	(4,027)	2,565
Decrease in accounts receivable	26,417	82,988
Decrease in other receivables	6,330	11,143
Decrease in inventories	5,150	7,869
Decrease in other financial assets	3,101	8,867
Increase in other current assets	(5,127)	(11,554)
Total changes in operating assets, net	31,844	101,878
Changes in operating liabilities, net:		
Increase (decrease) in notes payable	319	(5,275)
Decrease in accounts payable	(206,825)	(150,932)
Decrease in other payable	(52,495)	(73,594)
Increase in other current liabilities	82,554	61,390
Decrease in accrued pension liabilities	(532)	(89)
Total changes in operating liabilities, net	(176,979)	(168,500)
Total changes in operating assets and liabilities, net	(145,135)	(66,622)
Total Adjustments	(108,667)	(45,768)
Cash inflow generated from operations	118,039	108,168
Interest received	3,107	3,449
Income tax paid	(284)	(164)
Net cash provided by operating activities	120,862	111,453
Cash flows from investing activities:		
Purchase of property, plant and equipment	(21,790)	(8,373)
Disposal of property, plant and equipment	602	633
Purchase of intangible assets	(1,262)	(471)
Increase in other non-current assets	(3,749)	-
Net cash used in investing activities	(26,199)	(8,211)
Cash flows from financing activities:		
Change in non-controlling interest	70,000	6,000
Net cash provided by financing activities	70,000	6,000
Foreign exchange rate effects	1,291	1,796
Net increase in cash and cash equivalents	165,954	111,038
Cash and cash equivalents, beginning of period	3,859,455	2,929,153
Cash and cash equivalents, end of period	**$ 4,025,409**	**3,040,191**

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

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
March 31, 2014 AND 2013
(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.

As of March 31, 2014 and 2013, the Group had 1,362 and 1,152 employees, respectively.

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

The board of directors released the consolidated interim financial statements on May 13, 2014.

(3) New Standards and Interpretations Not Yet Adopted

(a) Effect of new issuances of or amendments to IFRSs as endorsed by the Financial Supervisory Commission ("FSC") but not yet adopted by the Group.

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued on April 3, 2014, commencing 2015, companies with shares listed on the TWSE or traded on the Taiwan GreTai Securities Market or Emerging Stock Market shall adopt the 2013 version of IFRS (not including IFRS 9, 'Financial instruments') as endorsed by the FSC in preparing the consolidated financial statements. The related new standards, interpretations and amendments are listed below:

New Standards, Interpretations and Amendments	IASB Effective Date
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendment to IFRS 1)	July 1, 2010
Severe hyperinflation and removal of fixed dates for first-time adopters (amendment to IFRS 1)	July 1, 2011
Government loans (amendment to IFRS 1)	January 1, 2013
Disclosures - transfers of financial assets (amendment to IFRS 7)	July 1, 2011
Disclosures-Offsetting financial assets and financial liabilities (amendment to IFRS 7)	January 1, 2013
IFRS 10, "Consolidated financial statements"	January 1, 2013
IFRS 11,"Joint arrangements"	January 1, 2013

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

New Standards, Interpretations and Amendments	IASB Effective Date
IFRS 12,"Disclosure of interests in other entities"	January 1, 2013
IFRS 13, "Fair value measurement"	January 1, 2013
Presentation of items of other comprehensive income (amendment to IAS 1)	July 1, 2012
Deferred tax: recovery of underlying assets (amendment to IAS 12)	January 1, 2012
IAS 19 revised, "Employee benefits" (as amended in 2011)	January 1, 2013
IAS 27,"Separate financial statements" (as amended in 2011)	January 1, 2013
Offsetting financial assets and financial liabilities (amendment to IAS 32)	January 1, 2014
IFRIC 20, "Stripping costs in the production phase of a surface mine"	January 1, 2013

Based on the Group's assessment, the adoption of the 2013 version of IFRS has no significant impact on the consolidated financial statements of the Group, except for the following:

1.IAS 1, "Presentation of financial statements"

The amendment requires entities to separate the items (presented in OCI classified by nature) into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Group will adjust its presentation of the statement of comprehensive income.

2.IFRS 12, "Disclosure of interests in other entities"

The standard integrates the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. Addionally, the Group will disclose additional information about its interests in consolidated entities and unconsolidated entities accordingly.

3.IFRS 13, "Fair value measurement"

The standard defines the fair value, sets out a framework for measuring fair value, and requires disclosures about fair value measurements. Based on the Group's assessment, the adoption of the standard has no significant impact on the consolidated financial statements of the Group, and the Group will disclose additional information about the fair value measurement accordingly.

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

(b) IFRSs issued by the International Accounting Standard Board ("IASB") but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRS as endorsed by the FSC：

New Standards, Interpretations and Amendments	IASB Effective Date
IFRS 9, "Financial instruments"	January 1, 2016 (Tentative)
IFRIC 14 "Regulatory deferral accounts"	January 1, 2016
Services related contributions from employees or third parties (admendments to IAS 19)	July 1, 2014
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, "Levies"	January 1, 2014

The Group is assessing the potential impact of the new standards, interpretations and amendments above and has not yet been able to reliably estimate their impact on the consolidated financial statements.

(4) Significant Accounting Policies

(a) Statement of compliance

These consolidated interim financial statements have been prepared in accordance with the guidelines of IAS 34 Interim Financial Reporting which are approved by the FSC and do not include all of the information required for full annual financial statements.

Except as described in the following paragraph, the significant accounting policies applied in the preparation of the consolidated interim financial statements are applied consistently for the consolidated financial statements for the year ended December 31, 2013. For other information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2013.

(b) Business combination

The principles applied in the preparation of the consolidated interim financial statements are consistent with the consolidated financial statements for the year ended December 31, 2013. For information about the principles, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2013.

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
March 31, 2014 AND 2013
(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

1. List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding 2014.3.31	Shareholding 2013.12.31	Shareholding 2013.3.31	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 %	
〃	PChome Pay Inc.	Information processing and provision of electronic information	22.22 %	26.32 %	62.50 %	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 %	34.72 %	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 %	22.04 %	21.99 %	Note 2
〃	eCommerce Group Co., Ltd.	Investment activities	100.00 %	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 %	
PChome eBay Co., Ltd.	PChome Pay Inc.	Information processing and provision of electronic information	25.33 %	30.00 %	30.00 %	Note 1
PChome Store Inc.	Liker Technology Inc.	O2O (Online to Offline) E-commerce	41.67 %	41.67 %	41.67 %	Note 1
〃	PChome Pay Inc.	Information processing and provision of electronic information	35.56 %	42.11 %	- %	Note 1
PChome Pay Inc.	Pay and Link Inc.	Internet services	100.00 %	100.00 %	- %	
IT Home Publications Inc.	Yiabi Inc.	Information processing and provision of electronic information	100.00 %	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 %	100.00 %	

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

Name of investor	Name of subsidiary	Principal activity	Shareholding 2014.3.31	2013.12.31	2013.3.31	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 %	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 %	100.00 %	
〃	PChome Japan KK	〃	100.00 %	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 Group holds less than 50% of the company's outstanding equity shares, the Group has control over the company'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 March 31, 2014, the investee company was in the liquidation process.

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

(c) Employee benefits

The income taxes of consolidated interim financial statements have been measured and disclosed in accordance with the guideline of IAS 34 Interim Financial Reporting B12 which are approved by the FSC.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(d) Income taxes

Income tax expense for the year is best estimated by multiplying pretax income for the interim reporting period by the effective annual tax rate as forecasted by the management.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the effective tax rate at time of realization or liquidation and recognized directly in equity or other comprehensive income as tax expense.

(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 interim financial statements in conformity with IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and approved by the FSC) 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.

The principles of preparation of the consolidated interim financial statements and the related significant estimates and underlying assumptions are consistent with note 5 of the consolidated interim financial statements for the year ended December 31, 2013.

(6) Summary of Major Accounts

Except as described in the following paragraph, there were no significant changes in significant accounting policies as compared to the consolidated financial statements for the year ended December 31, 2013.

For other information about the accounting policies, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2013.

(a) Cash and cash equivalents

	2014.3.31	2013.12.31	2013.3.31
Cash on hand	$ 342	288	202
Checking accounts	22,422	18,265	21,958
Savings accounts	2,799,634	2,664,612	2,046,701
Foreign currency deposits	138,940	125,550	98,353
Time deposits	1,060,200	1,043,700	865,200
Cash equivalents	3,871	7,040	7,777
Cash and cash equivalents in consolidated statement of cash flows	**$ 4,025,409**	**3,859,455**	**3,040,191**

(b) Financial assets

Financial assets measured at cost:

	2014.3.31	2013.12.31	2013.3.31
Domestic stock of non-listed company	**$ 36,061**	**36,061**	**36,061**

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 March 31, 2014, December 31, 2013, and March 31, 2013, the Group's financial assets were not pledged as collateral.

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

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

	2014.3.31	2013.12.31	2013.3.31
Notes receivable	$ 8,888	4,861	6,603
Accounts receivable	336,102	363,161	285,360
Other receivables	148,751	155,021	129,146
Less: Allowance for impairment loss	(27,723)	(14,200)	(5,864)
	$ 466,018	508,843	415,245

As of March 31, 2014, December 31, 2013, and March 31, 2013, the Group did not have accounts receivables which were past due but not impaired.

The movement in the allowance for impairment loss with respect to notes receivable, accounts receivable and other receivables for the three months ended March 31, 2014 and 2013, were as follows:

	Individually assessed impairment	Collectively assessed impairment	Total
Balance at January 1, 2014	$ -	14,200	14,200
Impairment loss recognized	-	14,170	14,170
Amount of write-off	-	(647)	(647)
Balance at March 31, 2014	$ -	27,723	27,723
Balance at January 1, 2013	$ -	7,000	7,000
Impairment loss recognized	-	189	189
Amount of write-off	-	(1,325)	(1,325)
Balance at March 31, 2013	$ -	5,864	5,864

(d) Inventories

	2014.3.31	2013.12.31	2013.3.31
Merchandise inventories	$ 327,466	331,899	258,135
Less: Allowance for inventory valuation and obsolescence losses	(2,356)	(1,639)	(2,120)
	$ 325,110	330,260	256,015

As of March 31, 2014, December 31, 2013, and March 31, 2013, the Group's inventories were not pledged as collateral.

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

The details of operating cost were as follows:

	For the three months ended March 31, 2014	2013
Cost of goods sold	$ 3,968,195	3,267,315
Provision for inventory market price decline and obsolescence	717	947
	$ 3,968,912	**3,268,262**

(e) Property, plant and equipment

The cost, depreciation and impairment loss of the property, plant and equipment of the Group for the three months ended March 31, 2014 and 2013, were as follows:

	Transportation equipment	Furniture and office equipment	Leasehold improvements	Total
Cost:				
Balance at January 1, 2014	$ 2,150	506,884	163,995	673,029
Additions	-	10,012	27,717	37,729
Transferred from prepayments	-	222	7,143	7,365
Disposals	(994)	(4,636)	-	(5,630)
Effect of movements in exchange rates	36	78	29	143
Balance at March 31, 2014	**$ 1,192**	**512,560**	**198,884**	**712,636**
Balance at January 1, 2013	$ 4,176	454,715	154,384	613,275
Additions	-	8,240	133	8,373
Disposals	(1,159)	(53)	-	(1,212)
Effect of movements in exchange rates	98	74	35	207
Balance at March 31, 2013	**$ 3,115**	**462,976**	**154,552**	**620,643**
Depreciation and impairment loss:				
Balance at January 1, 2014	$ 760	369,356	112,771	482,887
Depreciation for the year	63	16,460	7,598	24,121
Disposals	(372)	(4,601)	-	(4,973)
Effect of movements in exchange rates	12	39	23	74
Balance at March 31, 2014	**$ 463**	**381,254**	**120,392**	**502,109**
Balance at January 1, 2013	$ 859	311,338	85,387	397,584
Depreciation for the year	150	14,224	7,668	22,042
Disposals	(258)	(53)	-	(311)
Effect of movements in exchange rates	22	25	16	63
Balance at March 31, 2013	**$ 773**	**325,534**	**93,071**	**419,378**

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

	Transportation equipment	Furniture and office equipment	Leasehold improvements	Total
Carrying amounts:				
At January 1, 2014	$ 1,390	137,528	51,224	190,142
At March 31, 2014	$ 729	131,306	78,492	210,527
At January 1, 2013	$ 3,317	143,377	68,997	215,691
At March 31, 2013	$ 2,342	137,442	61,481	201,265

(f) Intangible assets

The costs, amortization and impairment loss of intangible assets of the Group for the three months ended March 31, 2014 and 2013, were as follows:

	Software	Patent and Trademark	Total
Carrying amounts:			
Balance at January 1, 2014	$ 12,035	2,857	14,892
Balance at March 31, 2014	$ 11,284	2,857	14,141
Balance at January 1, 2013	$ 16,443	-	16,443
Balance at March 31, 2013	$ 15,110	-	15,110

There were no significant additions, disposals or impairment in intangible assets for the three months ended March 31, 2014 and 2013. The details of amortization expenses are disclosed in Note 12. For other information about the intangible assets, please refer to note 6(f) of the consolidated financial statements for the year ended December 31, 2013.

(g) Other current liabilities

	2014.3.31	2013.12.31	2013.3.31
Advance receipts	$ 238,193	229,860	224,755
Receipts under custody	731,402	656,962	495,742
Other	6,729	6,944	3,043
	$ 976,324	893,766	723,540

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.

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(h) Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2014.3.31	2013.12.31	2013.3.31
Less than one year	$ 198,081	184,170	122,054
Between one and five years	333,225	261,591	146,120
	$ 531,306	445,761	268,174

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.

Details of operating lease expense were as follows:

	For the three months ended March 31,	
	2014	2013
Operating lease expense	$ 55,521	48,289

(i) Employee benefits

1. Defined benefit plans

In the prior fiscal year, there was no material volatility of the market, no material reimbursement or settlement, and no other material one-time events. As a result, pension cost in the interim financial statements is measured and disclosed according to the actuarial results determined on December 31, 2013 and 2012.

The details of expenses were as follows:

	For the three months ended March 31,	
	2014	2013
Selling expense	$ 16	56
General and administrative expenses	69	1
Research and development expenses	3	3
	$ 88	60

2. Defined contribution plans

The Group deposited the amounts as follows under the pension plans to the Bureau of the Labor Insurance.

	For the three months ended March 31,	
	2014	2013
Operating costs	$ 461	398
Selling expense	7,043	5,809
General and administrative expenses	1,371	1,590
Research and development expenses	1,769	1,128
	$ 10,644	8,925

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(j) Income taxes

1.The details of income tax expenses were as follows:

	For the three months ended March 31, 2014	2013
Current income tax expense:		
Current period	$ 39,242	21,040
Deferred tax expense:		
Origination and reversal of temporary differences	941	6,771
Income tax from continuing operations	**$ 40,183**	**27,811**

2. The amount of income tax expense recognized in other comprehensive income for the three months ended March 31, 2014 and 2013, was both zero.

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 unappropriated earnings and tax deduction ratio is summarized below:

	2014.3.31	2013.12.31	2013.3.31
Unappropriated earnings of 1998 and after	**$ 887,900**	**722,216**	**618,340**
Balance of imputation credit account (ICA)	**$ 45,781**	**45,781**	**25,485**

	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.

(k) Capital and other equity

Except as described in the following paragraph, there were no significant changes in the Company's capital stock and other equity components for the three months ended March 31, 2014 and 2013. For other information about the stockholders' equity please refer to note 6(l) of the consolidated financial statements for the year ended December 31, 2013.

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1. Capital surplus

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

	2014.3.31	2013.12.31	2013.3.31
Share capital	$ 53,647	53,647	53,647
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	11,674	8,187	7,926
	$ 65,321	**61,834**	**61,573**

2. 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:

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

(2) 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.

Employee benefits amounted to $14,967 and $11,460, and rewards of directors and supervisors amounted to $2,245 and $0 for the three months ended March 31, 2014 and 2013, 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. Employee benefits amounted to $45,683 and $38,743, and rewards of directors and supervisors amounted to $5,053 and $0 for 2013 and 2012, respectively. The amounts are identical to the actual distributions. 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.

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During the meeting on March 25, 2014 and June 26, 2013, the board of directors and stockholders, respectively, approved to distribute the 2013 and 2012 earings as follows:

	2013	2012
Dividends distributed to common shareholders		
Cash	$ 297,178	245,935
Shares	45,720	-
Total	**$ 342,898**	**245,935**

3. Other equity

	Foreign currency translation differences for foreign operations
Balance at January 1,2014	$ (7)
Foreign currency translation differences (net of tax):	
The Group	1,124
Balance at March 31, 2014	**$ 1,117**
Balance at January 1, 2013	$ (1,011)
Foreign currency translation differences (net of tax):	
The Group	1,803
Balance at March 31, 2013	**$ 792**

(l) Earnings per share

	For the three months ended March 31, 2014	For the three months ended March 31, 2013
Basic earnings per share		
Profit attributable to common stockholders of the Company	**$ 165,684**	**116,595**
Weighted-average number of ordinary shares	**82,245**	**82,245**
	$ 2.01	**1.42**
Diluted earnings per share		
Profit attributable to common stockholders of the Company	**$ 165,684**	**116,595**
Weighted-average number of ordinary shares (basic)	82,245	82,245
Effect of employee stock bonus	266	389
Weighted-average number of ordinary shares (adjusted with potential effect of diluted ordinary shares)	**82,511**	**82,634**
	$ 2.01	**1.41**

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(m) Net sales

For the three months ended March 31, 2014 and 2013, the details of net sales were as follows

	For the three months ended March 31, 2014	For the three months ended March 31, 2013
Sale of goods	$ 4,545,562	3,723,981
Rendering of services	248,604	190,087
	$ 4,794,166	**3,914,068**

(n) Non-operating income and expenses

1. Other revenue

The details of other revenue were as follows:

	For the three months ended March 31, 2014	For the three months ended March 31, 2013
Interest income	$ 3,890	3,449
Tax refunds income	1,099	-
Other	114	588
	$ 5,103	**4,037**

2. Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended March 31, 2014	For the three months ended March 31, 2013
Foreign currency exchange gain, net	$ 1,904	1,160
Disposal loss on property, plant and equipment	(55)	(268)
	$ 1,849	**892**

(o) Financial instruments

Except as described in the following paragraph, there were no significant changes in the Group's fair value of financial instruments exposed to credit risk, liquidity risk, and market risk for the three months ended March 31, 2014 and 2013. For other information about the fair value of financial instruments, please refer to note 6(q) of the consolidated financial statements for the year ended December 31, 2013.

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1. Currency risk

1) Currency risk exposure

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

	2014.3.31			2013.12.31			2013.3.31		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets									
Monetary items									
TWD	$ 8,951	1.00	8,951	8,963	1.00	8,963	9,243	1.00	9,243
USD	4,704	30.46	143,294	4,270	29.80	127,256	3,256	29.83	97,125
EUR	87	41.89	3,641	87	41.10	3,572	119	38.23	4,548
Financial liabilities									
Monetary items									
USD	592	30.46	18,020	1,482	29.80	44,149	846	29.83	25,243

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 March 31, 2014 and 2013, would have increased or decreased net income by $5,672 and $3,510, respectively. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for the first quarter of 2014 and 2013.

2. 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.

(p) Financial risk management

There were no significant changes in the Group's objectives and policies applied in the financial risk management as compared to note 6(r) of the consolidated financial statements for the year ended December 31, 2013.

(q) Capital management

The Group's objectives, policies, and processes for capital management were consistent with the consolidated financial statements for the year ended December 31, 2013. There were no significant changes in the quantified factors of capital management as compared to the consolidated financial statements for the year ended December 31, 2013. For other information about the capital management, please refer to note 6(s) of the consolidated interim financial statements for the year ended December 31, 2013.

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(7) Related-Party Transactions

Key management personnel compensation comprised:

	For the three months ended March 31, 2014	For the three months ended March 31, 2013
Short-term employee benefits	$ 14,505	11,334

(8) Pledge Assets

The following assets were restricted in use:

Assets	Purpose of Pledge	2014.3.31	2013.12.31	2013.3.31
Deposit account-current	Security for performance and purchase guarantee	$ 204,611	215,011	209,111
Deposit account-noncurrent	Security for provisional seizure, etc.	500	500	600
Refundable deposit	Deposits for office rental	49,880	42,705	40,924
		$ 254,991	258,216	250,635

(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 March 31, 2014, December 31, 2013, and March 31, 2013, notes payable deposited as guarantee for commercial vehicle and office and building leases were $77,172, $52,927 and $64,392, 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 Shanghai Commercial & Savings Bank, Ltd. for a guarantee limit of $80,000, $100,000 and $130,000 as of March 31, 2014, December 31, 2013, and March 31, 2013, respectively.

The Group has entered into an agreement with Taishin International Bank and 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 performance guarantee limit amounted to $156,000, 76,000 and 50,000 as of March 31, 2014, December 31, 2013 and March 31, 2013, respectively.

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(10) Significant Catastrophic Losses: None.

(11) Significant Subsequent Events: None.

(12) Others

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

Categorized as	For the three months ended March 31, 2014			For the three months ended March 31,, 2013		
Nature	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	12,283	259,123	271,406	11,844	215,034	226,878
Labor and health insurance	910	20,185	21,095	858	17,902	18,760
Pension	461	10,271	10,732	398	8,587	8,985
Others employee benefits	319	6,932	7,251	289	5,930	6,219
Depreciation	-	24,121	24,121	-	22,042	22,042
Amortization	-	2,012	2,012	-	1,804	1,804

(b) Seasonality of operations:

The factors of season or cycle have no impact on the operations of the Group.

(c) Reclassification:

Certain accounts in prior period were reclassied to conform to the presentation adopted in the current period's financial statements.

(13) Additional Disclosures

(a) Information on significant transactions

The following was the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the first quarter of 2014:

1. Fund financing to other parties: None.

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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	954,745	22,446	366	-	-	0.02 %	1,909,489	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
   (excluding investments in subsidiaries, associates and jointly controllal entities):

(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				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 %	-	
〃	Syspower Ltd.	-	〃	744,118	2,846	3.72 %	-	
〃	Openfind Information Technology, Inc.	-	〃	800,000	4,031	7.42 %	-	
〃	Career Consulting Co., Ltd.	-	〃	113,005	1,015	0.72 %	-	
〃	PayEasy Ltd.	-	〃	5,437,762	4,510	12.51 %	-	
〃	Vibo Telecom Inc.	-	〃	61,535	737	- %	-	
〃	P2V Holdings Ltd. (Samoa)	-	〃	2,691,030	22,922	11.13 %	-	

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.

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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	1,965	Usual terms and conditions	0.04 %
0	〃	〃	1	Other payable	1,539	No comparable counter-parties	0.03 %
0	〃	PChome Store Inc.	1	Sales	12,525	Usual terms and conditions	0.26 %
0	〃	〃	1	Accounts Receivable	3,712	〃	0.07 %
0	〃	PChome eBay Co., Ltd.	1	Sales	1,271	〃	0.03 %
0	〃	〃	1	Advertisement Expenses	1,050	No comparable counter-parties	0.02 %
0	〃	Rakuya International Info. Co. Ltd.	1	Sales	1,324	Usual terms and conditions	0.03 %
0	〃	PChome US Inc.	1	Accounts Receivable	3,582	〃	0.07 %
0	〃	〃	1	Sales	5,064	〃	0.11 %
0	〃	PChome Trading (Shenzhen) Ltd.	1	Other Receivable	4,330	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 three months ended March 31, 2014, the following was the information on investees (excluding investees in Mainland China) :

Name of investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			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 %	47,400	(5,215)	(5,215)	Note
〃	Linktel Inc.	〃	Type II Telecommunications Business	125,000	125,000	12,500,000	100.00 %	166,502	5,815	5,815	〃
〃	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 %	16,395	(2,053)	(713)	〃
〃	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 %	12,777	(250)	(250)	〃

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				Initial investment (Amount)		Ending balance					
Name of investor	Name of investee	Location	Major operations	Ending balance	Beginning balance	Shares	Ratio of shares	Book value	Net income (loss) of the investee	Investment income (losses)	Note
PChome Online Inc.	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 %	339,511	41,593	27,035	Note
〃	Orange Network Inc.	〃	Online television media business	1,000	1,000	100,000	100.00 %	43	-	-	〃
〃	Rakuya International Info. Co. Ltd.	〃	Real estate business, and internet information rental service	34,300	34,300	3,430,000	22.04 %	11,990	1,515	334	〃
〃	PChome Store Inc.	14F., No.105, Sec. 2, Tun-Hwa S. Rd., Taipei	Internet services	84,770	84,770	10,556,799	59.91 %	274,808	17,794	10,660	〃
〃	PChomePay Inc.	12F., No.105, Sec. 2, Tun-Hwa S. Rd., Taipei	Online payment processing services	100,000	100,000	10,000,000	22.22 %	91,786	(5,594)	(1,265)	〃
〃	PChome US Inc.	California	E-commerce platform	116,490	116,490	40,000,000	90.91 %	42,144	(7,532)	(6,847)	〃
〃	eCommerce Group Co., Ltd.	P.O.Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investment activities	15,300	15,300	5,100,000	100.00 %	3,026	(280)	(280)	〃
IT Home Publications Inc.	Yiabi Inc.	24F., No.105, Sec. 2, Dun-Hwa S. Rd., DA-DN DIST	Information processing and provision of electronic information	1,000	1,000	100,000	100.00 %	718	(181)	(181)	〃
PChome eBay Co., Ltd.	PChome Pay Inc.	12F., No.105, Sec. 2, Tun-Hwa S. Rd., Taipei	Online payment processing services	114,000	114,000	11,400,000	25.33 %	104,633	(5,594)	(1,442)	〃
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 %	19,676	(2,053)	(855)	〃
〃	PChome Pay Inc.	12F., No.105, Sec. 2, Tun-Hwa S. Rd., Taipei	Online payment processing services	160,000	160,000	16,000,000	35.56 %	146,873	(5,594)	(2,023)	〃
PChome Pay Inc.	Pay and Link Inc.	〃	Internet services	388	388	100,000	100.00 %	354	(20)	(20)	〃
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 %	13,579	(250)	(250)	〃
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	15,061	5,020,000	100.00 %	2,967	(276)	(276)	〃
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 %	14,865	(141)	(141)	〃
EC Global Inc.	EC Global Limited	Room 511, 5 Tszlou, Building 1, No.30 Singang Center, Canton Road, Jianju, Kowloon	Investment activities	14,406	14,406	4,800,000	100.00 %	2,688	(235)	(235)	〃
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	2,397	800,000	100.00 %	2,351	(15)	(15)	〃

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

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

(c) Information on investment in Mainland China:

1. Information on investment in Mainland China:

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	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	4,569	(2)	4,569	-	-	4,569	64	100.00 %	64	2,523	-
PChome Trading (Shenzhen) Ltd.	International trading E-commerce	15,535	(2)	15,535	-	-	15,535	(207)	100.00 %	(207)	(376)	-

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	20,104	58,788	1,442,255

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 30.46 at the three months ended March 31, 2014.

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.

(14) Segment Information

	For the three months ended March 31, 2014			
	E-Commerce-Sales	Other	Adjustments and Eliminations	Consolidated
Revenue:				
Non-inter-company revenue	$ 4,326,458	467,708	-	4,794,166
Inter-company revenue	22,149	2,764	(24,913)	-
Total Revenue	**$ 4,348,607**	**470,472**	**(24,913)**	**4,794,166**
Segment profit	**$ 165,684**	**48,671**	**(27,832)**	**186,523**

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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	For the three months ended March 31, 2013			
	E-Commerce-Sales	Other	Adjustments and Eliminations	Consolidated
Revenue:				
Non-inter-company revenue	$ 3,568,213	345,855	-	3,914,068
Inter-company revenue	9,833	3,050	(12,883)	-
Total Revenue	**$ 3,578,046**	**348,905**	**(12,883)**	**3,914,068**
Segment profit	**$ 116,595**	**24,866**	**(15,336)**	**126,125**