Stock Code: 8044

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
June 30, 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. and its subsidiaries (the Group) as of June 30, 2014, December 31, 2013, and June 30, 2013, the consolidated statements of comprehensive income for the second quarter of 2014 and 2013 and for the six months ended June 30, 2014 and 2013, and the consolidated statements of changes in equity and of cash flows for the six months ended June 30, 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 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$286,426 thousand and NT$359,832 thousand, constituting 5% and 8%, respectively, of total consolidated assets as of June 30, 2014 and 2013. The total liabilities of these subsidiaries amounted to NT$80,173 thousand and NT$39,249 thousand, constituting 2% and 1%, respectively, of total consolidated liabilities as of June 30, 2014 and 2013. The comprehensive income (loss) of these subsidiaries for the second quarter of 2014 and 2013 and for the six months ended June 30, 2014 and 2013 amounted to NT$(4,702) thousand, NT$(13,648) thousand, NT$(11,110) thousand and NT$(33,502) thousand, constituting (3)%, (11)%, (3)% and (13)%, respectively, of 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

August 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.

June 30, 2014 and 2013 reviewed only, not audited in accordance with generally accepted auditing standards

PCHOME ONLINE INC. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2014, DECEMBER 31, 2013 AND JUNE 30, 2013

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

ASSETS	2014.6.30 Amount	%	2013.12.31 Amount	%	2013.6.30 Amount	%
Current Assets:						
Cash and cash equivalents (Note (6)(a))	$ 4,296,039	74	3,859,455	73	3,322,622	72
Notes receivable, net (Note (6)(c))	7,277	-	4,861	-	8,006	-
Accounts receivable, net (Notes (6)(c)	370,623	6	348,961	7	299,659	6
Other receivables (Notes (6)(c)	162,780	3	155,021	3	132,713	3
Inventories (Note (6)(d))	325,514	6	330,260	6	309,852	7
Other financial assets – current (Note (8))	194,611	3	215,011	4	220,011	5
Other current assets	26,045	1	16,285	-	21,811	-
	5,382,889	93	4,929,854	93	4,314,674	93
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))	249,969	4	190,142	4	185,510	4
Intangible assets (Note (6)(f))	12,909	-	14,892	-	13,981	-
Deferred income tax assets	44,378	1	40,770	1	36,278	1
Other financial assets – non-current (Note (8))	51,620	1	43,205	1	43,385	1
Other non-current assets	9,977	-	18,934	-	9,901	-
	404,914	7	344,004	7	325,116	7
TOTAL ASSETS	$ 5,787,803	100	5,273,858	100	4,639,790	100

LIABILITIES AND STOCKHOLDERS' EQUITY	2014.6.30 Amount	%	2013.12.31 Amount	%	2013.6.30 Amount	%
Current Liabilities:						
Notes payable	$ 5,444	-	2,562	-	6,444	-
Accounts payable	1,616,229	28	1,650,636	31	1,308,470	28
Other payable	800,892	14	462,510	9	630,894	14
Current tax liabilities	101,397	2	100,713	2	60,709	1
Other current liabilities (Note (6)(g))	988,916	17	893,766	17	758,125	16
	3,512,878	61	3,110,187	59	2,764,642	59
Non-current Liabilities:						
Deferred income tax liabilities	12,479	-	10,681	-	8,428	-
Accrued pension liabilities (Note (6)(i))	6,776	-	6,958	-	8,116	-
	19,255	-	17,639	-	16,544	-
TOTAL LIABILITIES	3,532,133	61	3,127,826	59	2,781,186	59
Owners' Equity Attributable to Equity Holders of the Parent Company(Note (6)(k)):						
Capital Stock:						
Common stock	822,448	14	822,448	16	822,448	18
Stock dividends to be distributed (Note(6)(k))	45,720	1	-	-	-	-
Capital Surplus	65,321	1	61,834	1	61,573	1
Retained Earnings:						
Legal reserve	182,223	3	131,548	2	131,548	3
Special reserve	7	-	1,155	-	1,155	-
Retained earnings – unappropriated	641,554	11	722,216	14	445,936	10
Other Equity:						
Exchange differences on translation of foreign operations	140	-	(7)	-	1,070	-
Total owners' equity attributable to equity holders of the parent company	1,757,413	30	1,739,194	33	1,463,730	32
Non-controlling interest	498,257	9	406,838	8	394,874	9
TOTAL EQUITY	2,255,670	39	2,146,032	41	1,858,604	41
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 5,787,803	100	5,273,858	100	4,639,790	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 SECOND QUARTER OF 2014 AND 2013 AND FOR THE SIX MONTHS ENDED JUNE 30, 2014 AND 2013

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

	Second Quarter of				For the six months ended June 30,			
	2014		2013		2014		2013	
	Amount	%	Amount	%	Amount	%	Amount	%
Operating revenues(Note (6)(m))	$ 4,777,125	102	3,886,912	102	9,682,801	102	7,883,342	102
Less: Sales returns, discounts and allowances	99,457	2	80,599	2	210,967	2	162,961	2
Net sales	4,677,668	100	3,806,313	100	9,471,834	100	7,720,381	100
Operating costs (Note (6)(d))	3,860,393	83	3,150,969	83	7,829,305	83	6,419,231	83
Gross margin	817,275	17	655,344	17	1,642,529	17	1,301,150	17
Operating expenses:								
Selling expenses	467,607	10	383,089	10	921,414	10	767,021	10
General and administrative expenses	96,987	2	78,212	2	204,258	2	155,846	2
Research and development expenses	46,977	1	35,111	1	91,399	1	70,344	1
Total operating expenses	611,571	13	496,412	13	1,217,071	13	993,211	13
Income from operations	205,704	4	158,932	4	425,458	4	307,939	4
Non-operating income and expenses (Note (6)(n)):								
Other revenue	15,777	-	10,179	-	20,880	-	14,216	-
Other gains and losses	(2,651)	-	349	-	(802)	-	1,241	-
Total non-operating income and expenses	13,126	-	10,528	-	20,078	-	15,457	-
Profit before tax from continuing operations	218,830	4	169,460	4	445,536	4	323,396	4
Less:Income tax expense (Note (6)(j))	50,595	1	42,333	1	90,778	1	70,144	1
Profit	**168,235**	**3**	**127,127**	**3**	**354,758**	**3**	**253,252**	**3**
Other comprehensive income:								
Exchange differences on translation of foreign operations	(1,048)	-	292	-	155	-	2,232	-
Income tax expense related to components of other comprehensive income	-	-	-	-	-	-	-	-
Other comprehensive income (net of tax)	(1,048)	-	292	-	155	-	2,232	-
Total comprehensive income	**$ 167,187**	**3**	**127,419**	**3**	**354,913**	**3**	**255,484**	**3**
Profit attributable to:								
Owners of parent	$ 146,080	3	113,851	3	311,764	3	230,446	3
Non-controlling interests	22,155	-	13,276	-	42,994	-	22,806	-
	$ 168,235	**3**	**127,127**	**3**	**354,758**	**3**	**253,252**	**3**
Comprehensive income attributable to:								
Owners of parent	$ 145,103	3	114,129	3	311,911	3	232,527	3
Non-controlling interests	22,084	-	13,290	-	43,002	-	22,957	-
	$ 167,187	**3**	**127,419**	**3**	**354,913**	**3**	**255,484**	**3**
Earnings per share (Note (6)(l))								
Basic earnings per share (dollars)	**$**	**1.78**		**1.38**		**3.79**		**2.80**
Diluted earnings per share (dollars)	**$**	**1.77**		**1.38**		**3.78**		**2.79**

Note：The following are the pro-forma retrospective earnings per share in consideration of the stock dividends that were issued：

Pro-forma basic earnings per share (dollars)	**$**	**1.68**		**1.31**		**3.59**		**2.65**
Pro-forma diluted earnings per share (dollars)	**$**	**1.68**		**1.31**		**3.58**		**2.64**

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 SIX MONTHS ENDED JUNE 30, 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	Stock Dividend to Be Distributed	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 six months ended June 30, 2013	-	-	-	-	-	230,446	-	230,446	22,806	253,252
Other comprehensive income for the six months ended June 30, 2013	-	-	-	-	-	-	2,081	2,081	151	2,232
Total comprehensive income for the six months ended June 30, 2013	-	-	-	-	-	230,446	2,081	232,527	22,957	255,484
Earnings distribution:										
Legal reserve	-	-	-	39,165	-	(39,165)	-	-	-	-
Special reverse	-	-	-	-	1,155	(1,155)	-	-	-	-
Cash dividends	-	-	-	-	-	(245,935)	-	(245,935)	(13,918)	(259,853)
Increase in capital by cash from non-controlling interests	-	-	-	-	-	-	-	-	6,000	6,000
Changes in equity of subsidiaries	-	-	5,596	-	-	-	-	5,596	(5,596)	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	4,477	4,477
Balance as of June 30, 2013	**$ 822,448**	**-**	**61,573**	**131,548**	**1,155**	**445,936**	**1,070**	**1,463,730**	**394,874**	**1,858,604**
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 six months ended June 30, 2014	-		-	-	-	311,764	-	311,764	42,994	354,758
Other comprehensive income for the six months ended June 30, 2014	-	-	-	-	-	-	147	147	8	155
Total comprehensive income for the six months ended June 30, 2014	-	-	-	-	-	311,764	147	311,911	43,002	354,913
Earnings distribution:										
Legal reserve	-	-	-	50,675	-	(50,675)	-	-	-	-
Special reserve	-	-	-	-	(1,148)	1,148	-	-	-	-
Cash dividends	-	-	-	-	-	(297,179)	-	(297,179)	(18,096)	(315,275)
Stock dividends	-	45,720	-	-	-	(45,720)	-	-	-	-
Increase in capital by cash from non-controlling interests	-	-	-	-	-	-	-	-	70,000	70,000
Changes in equity of subsidiaries	-	-	3,487	-	-	-	-	3,487	(3,487)	-
Balance as of June 30, 2014	**$ 822,448**	**45,720**	**65,321**	**182,223**	**7**	**641,554**	**140**	**1,757,413**	**498,257**	**2,255,670**

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

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

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2014 AND 2013
(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	For the six months ended June 30,	
	2014	2013
Cash flows from operating activities:		
Profit before tax	$ 445,536	323,396
Adjustments:		
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	51,052	44,051
Amortization	4,062	3,642
Interest income	(9,200)	(8,022)
Loss on disposal and retirement of property, plant and equipment, net	315	310
Impairment loss on financial assets	17,185	1,760
Total adjustments to reconcile net income to net cash provided by operating activities	63,414	41,741
Changes in operating assets and liabilities:		
Changes in operating assets, net:		
(Increase) decrease in notes receivable	(2,416)	1,162
(Increase) decrease in accounts receivable	(38,696)	61,254
(Increase) decrease in other receivables	(7,852)	7,576
Decrease (increase) in inventories	4,746	(45,968)
Decrease (increase) in other financial assets	11,835	(3,894)
Increase in other current assets	(8,599)	(8,295)
Total changes in operating assets, net	(40,982)	11,835
Changes in operating liabilities, net:		
Increase (decrease) in notes payable	2,882	(2,999)
Decrease in accounts payable	(34,410)	(35,673)
Increase (decrease) in other payable	37,165	(25,872)
Increase in other current liabilities	71,834	95,975
Decrease in accrued pension liabilities	(1,065)	(179)
Total changes in operating liabilities, net	76,406	31,252
Total changes in operating assets and liabilities, net	35,424	43,087
Total Adjustments	98,838	84,828
Cash inflow generated from operations	544,374	408,224
Interest received	9,155	8,022
Income tax paid	(92,187)	(14,696)
Net cash provided by operating activities	461,342	401,550
Cash flows from investing activities:		
Purchase of property, plant and equipment	(88,476)	(14,650)
Disposal of property, plant and equipment	597	634
Purchase of intangible assets	(2,079)	(1,180)
Increase in other non-current assets	(4,950)	-
Net cash used in investing activities	(94,908)	(15,196)
Cash flows from financing activities:		
Increase in capital by cash from non-controlling interests	70,000	6,000
Net cash provided by financing activities	70,000	6,000
Foreign exchange rate effects	150	1,115
Net increase in cash and cash equivalents	436,584	393,469
Cash and cash equivalents, beginning of period	3,859,455	2,929,153
Cash and cash equivalents, end of period	**$ 4,296,039**	**3,322,622**

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
JUNE 30, 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 June 30, 2014 and 2013, the Group had 1,409 and 1,196 employees, respectively.

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

The board of directors released the consolidated interim financial statements on August 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

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

New Standards, Interpretations and Amendments	IASB Effective Date
IFRS 10, “Consolidated financial statements”	January 1, 2013 (Investement entities will adopt on January 1, 2014)
IFRS 11,“Joint arrangements”	January 1, 2013
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, 2018
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
JUNE 30, 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 2014.6.30	Shareholding 2013.12.31	Shareholding 2013.6.30	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 %	

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013
(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

Name of investor	Name of subsidiary	Principal activity	Shareholding 2014.6.30	2013.12.31	2013.6.30	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 June 30, 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

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

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.

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 quarterly 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

	2014.6.30	2013.12.31	2013.6.30
Cash on hand	$ 256	288	208
Checking accounts	22,812	18,265	20,849
Savings accounts	2,605,146	2,664,612	2,152,844
Foreign currency deposits	136,701	125,550	95,381
Time deposits	1,523,200	1,043,700	1,045,700
Cash equivalents	7,924	7,040	7,640
Cash and cash equivalents in consolidated statement of cash flows	$ 4,296,039	3,859,455	3,322,622

(b) Financial assets

Financial assets measured at cost:

	2014.6.30	2013.12.31	2013.6.30
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 June 30, 2014, December 31, 2013, and June 30, 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

	2014.6.30	2013.12.31	2013.6.30
Notes receivable	$ 7,277	4,861	8,006
Accounts receivable	399,548	363,161	305,147
Other receivables	162,930	155,021	132,713
Less: Allowance for impairment loss	(29,075)	(14,200)	(5,488)
	$ 540,680	**508,843**	**440,378**

As of June 30, 2014, December 31, 2013, and June 30, 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 six months ended June 30, 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	-	17,185	17,185
Amount of write-off	-	(2,310)	(2,310)
Balance at June 30, 2014	**$ -**	**29,075**	**29,075**
Balance at January 1, 2013	$ -	7,000	7,000
Impairment loss recognized	-	1,760	1,760
Amount of write-off	-	(3,272)	(3,272)
Balance at June 30, 2013	**$ -**	**5,488**	**5,488**

(d) Inventories

	2014.6.30	2013.12.31	2013.6.30
Merchandise inventories	$ 328,780	331,899	312,768
Less: Allowance for inventory valuation and obsolescence losses	(3,266)	(1,639)	(2,916)
	$ 325,514	**330,260**	**309,852**

As of June 30, 2014, December 31, 2013, June 30, 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:

	Second Quarter of		For the six months ended June 30,	
	2014	2013	2014	2013
Cost of goods sold	$ 3,859,283	3,150,173	7,827,478	6,417,488
Provision for inventory market price decline and obsolescence	910	796	1,627	1,743
Loss on disposal of scrap	200	-	200	-
	$ 3,860,393	3,150,969	7,829,305	6,419,231

(e) Property, plant and equipment

The cost, depreciation and impairment loss of the property, plant and equipment of the Group for the six months ended June 30, 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	-	48,476	49,251	97,727
Transferred from prepayments	-	222	13,835	14,057
Disposals	(985)	(95,500)	(26,354)	(122,839)
Effect of movements in exchange rates	4	8	4	16
Balance at June 30, 2014	$ 1,169	460,090	200,731	661,990
Balance at January 1, 2013	$ 4,176	454,715	154,384	613,275
Additions	-	13,546	1,104	14,650
Disposals	(1,162)	(1,277)	-	(2,439)
Effect of movements in exchange rates	116	90	40	246
Balance at June 30, 2013	$ 3,130	467,074	155,528	625,732
Depreciation and impairment loss:				
Balance at January 1, 2014	$ 760	369,356	112,771	482,887
Depreciation for the year	111	33,504	17,437	51,052
Disposals	(369)	(95,204)	(26,354)	(121,927)
Effect of movements in exchange rates	1	5	3	9
Balance at June 30, 2014	$ 503	307,661	103,857	412,021
Balance at January 1, 2013	$ 859	311,338	85,387	397,584
Depreciation for the year	279	28,719	15,053	44,051
Disposals	(259)	(1,236)	-	(1,495)
Effect of movements in exchange rates	28	31	23	82
Balance at June 30, 2013	$ 907	338,852	100,463	440,222

(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 June 30, 2014	$ 666	152,429	96,874	249,969
At January 1, 2013	$ 3,317	143,377	68,997	215,691
At June 30, 2013	$ 2,223	128,222	55,065	185,510

(f) Intangible assets

The costs and amortization and impairment loss of intangible assets of the Group for the six months ended June 30, 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 June 30, 2014	$ 10,052	2,857	12,909
Balance at January 1, 2013	$ 16,443	-	16,443
Balance at June 30, 2013	$ 13,981	-	13,981

There were no significant additions, disposals or impairment in intangible assets for the six months ended June 30, 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

	2014.6.30	2013.12.31	2013.6.30
Advance receipts	$ 226,364	229,860	217,331
Receipts under custody	755,497	656,962	534,831
Other	7,055	6,944	5,963
	$ 988,916	893,766	758,125

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.

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

(h) Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2014.6.30	2013.12.31	2013.6.30
Less than one year	$ 243,314	184,170	162,308
Between one and five years	531,709	261,591	212,164
	$ 775,023	**445,761**	**374,472**

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:

	Second Quarter of		For the six months ended June 30,	
	2014	**2013**	**2014**	**2013**
Operating lease expense	**$ 57,955**	**43,989**	**113,476**	**88,050**

(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:

	Second Quarter of		For the six months ended June 30,	
	2014	**2013**	**2014**	**2013**
Operating costs	$ 1	1	1	1
Selling expense	16	101	32	157
General and administrative expenses	69	48	138	49
Research and development expenses	2	3	5	6
	$ 88	**153**	**176**	**213**

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

2. Defined contribution plans

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

	Second Quarter of		For the six months ended June 30,	
	2014	2013	2014	2013
Operating costs	$ 480	401	941	799
Selling expense	7,481	1,876	14,524	3,812
General and administrative expenses	1,384	5,357	2,755	10,587
Research and development expenses	1,910	1,376	3,679	2,737
	$ 11,255	**9,010**	**21,899**	**17,935**

(j) Income taxes

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

	Second Quarter of		For the six months ended June 30,	
	2014	2013	2014	2013
Current income tax expense:				
Current period	$ 36,745	26,900	75,987	47,940
10% surtax on unappropriated earnings	16,768	10,413	16,768	10,413
Adjustment for prior periods	(168)	5	(168)	5
	53,345	37,318	92,587	58,358
Deferred tax expense:				
Origination and reversal of temporary differences	(2,750)	5,015	(1,809)	11,786
Income tax from continuing operations	**$ 50,595**	**42,333**	**90,778**	**70,144**

2. The amount of income tax expense recognized in other comprehensive income for the six months ended June 30, 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.

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

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

	2014.6.30	2013.12.31	2013.6.30
Unappropriated earnings of 1998 and after	$ 641,554	722,216	445,936
Balance of imputation credit account (ICA)	$ 113,560	45,781	14,539

	2013 (expected)	2012 (actual)
Tax deduction ratio for earnings distribution to ROC residents	15.71 %	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 six months ended June 30, 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.

1. Capital surplus

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

	2014.6.30	2013.12.31	2013.6.30
Share capital	$ 53,647	53,647	53,647
Changes in equity of subsidiaries	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.

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

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 $12,795, $9,202, $27,762 and $20,662, and rewards of directors and supervisors amounted to $1,919, $3,099, $4,164 and $3,099 for the second quarter of 2014 and 2013 and for the six months ended June 30, 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 for 2012 are identical to the actual distributions.

The parent-company-only financial statements for the year ended December 31, 2013 estimated the employee benefits and the rewards of the directors and supervisors which differ from the actual distributions amount by $37 thousand and $5 thousand, respectively. The difference was the change in the estimate, which is accounted as profit or loss in 2014.

The earnings distribution for 2013 and 2012 was decided by the general meeting of shareholders held on June 24, 2014, and June 26, 2013.

The relevant dividend distribution to shareholders was as follows:

	2013	2012
Dividends distributed to common shareholders		
Cash	$ 297,179	245,935
Shares	45,720	-
Total	**$ 342,899**	**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	147
Balance at June 30, 2014	**$ 140**

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

	Foreign currency translation differences for foreign operations
Balance at January 1, 2013	$ (1,011)
Foreign currency translation differences (net of tax):	
The Group	2,081
Balance at June 30, 2013	$ 1,070

(l) Earnings per share

	Second Quarter of		For the six months ended June 30,	
	2014	2013	2014	2013
Basic earnings per share				
Profit attributable to common stockholders of the Company	$ 146,080	113,851	311,764	230,446
Weighted-average number of ordinary shares	82,245	82,245	82,245	82,245
	$ 1.78	1.38	3.79	2.80
Diluted earnings per share				
Profit attributable to common stockholders of the Company	$ 146,080	113,851	311,764	230,446
Weighted-average number of ordinary shares	82,245	82,245	82,245	82,245
Effect of employee stock bonus	218	377	218	377
Weighted-average number of ordinary shares (adjusted with potential effect of diluted ordinary shares)	82,463	82,622	82,463	82,622
	$ 1.77	1.38	3.78	2.79

On June 24, 2014, the meeting of shareholders resolved to issue stock dividends. In addition, on July 25, 2014, the board of directors resolved to set the ex-rights (ex-dividend) date on August 17, 2014. Considering the resolution of stock dividends issuance, pro-forma retrospective earnings per share were calculated as follows:

	Second Quarter of		For the six months ended June 30,	
	2014	2013	2014	2013
Pro-forma basic earnings per share	$ 1.68	1.31	3.59	2.65
Pro-forma diluted earnings per share	$ 1.68	1.31	3.58	2.64

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

(m) Net sales

For the six months ended June 30, 2014 and 2013, the details of revenue are as follows:

	Second Quarter of		For the six months ended June 30,	
	2014	2013	2014	2013
Sale of goods	$ 4,302,084	3,495,263	8,769,606	7,118,326
Rendering of services	375,584	311,050	702,228	602,055
	$ 4,677,668	**3,806,313**	**9,471,834**	**7,720,381**

(n) Non-operating income and expenses

1. Other revenue

The details of other revenue were as follows:

	Second Quarter of		For the six months ended June 30,	
	2014	2013	2014	2013
Interest income	$ 5,310	4,573	9,200	8,022
Dividend revenue	1,191	1,265	1,191	1,265
Tax refunds income	8,955	-	10,054	-
Other	321	4,341	435	4,929
	$ 15,777	**10,179**	**20,880**	**14,216**

2. Other gains and losses

The details of other gains and losses were as follows:

	Second Quarter of		For the six months ended June 30,	
	2014	2013	2014	2013
Foreign currency exchange gain or loss, net	$ (2,359)	391	(455)	1,551
Disposal loss on property, plant and equipment	(260)	(42)	(315)	(310)
Other	(32)	-	(32)	-
	$ (2,651)	**349**	**(802)**	**1,241**

(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 six months ended June 30, 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.

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

1. Currency risk

1) Currency risk exposure

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

	2014.6.30			2013.12.31			2013.6.30		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets									
Monetary items									
TWD	$ 8,792	1.00	8,792	8,963	1.00	8,963	9,153	1.00	9,153
USD	4,612	29.87	137,768	4,270	29.80	127,256	3,236	29.97	96,999
EUR	87	40.75	3,542	87	41.10	3,572	119	39.11	4,653
Financial liabilities									
Monetary items									
USD	598	29.87	17,874	1,482	29.80	44,149	740	29.97	22,192

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 June 30, 2014 and 2013, would have increased or decreased net income by $5,264 and $3,850, respectively. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for the second 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 interim 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 financial statements for the year ended December 31, 2013.

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

(7) Related-Party Transactions

Key management personnel compensation comprised:

	Second Quarter of		For the six months ended June 30,	
	2014	2013	2014	2013
Short-term employee benefits	$ 16,011	13,608	30,516	24,942

(8) Restricted Assets

The following assets were restricted in use:

Assets	Purpose of Pledge	2014.6.30	2013.12.31	2013.6.30
Deposit account-current	Security for performance and purchase guarantee	$ 194,611	215,011	220,011
Deposit account-noncurrent	Security for provisional seizure, etc.	500	500	600
Refundable deposit	Deposits for office rental	51,120	42,705	42,785
		$ 246,231	258,216	263,396

(9) Significant Contingencies and Commitments

(a) 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.

(b) As of June 30, 2014, December 31, 2013, and June 30, 2013, notes payable deposited as guarantee for commercial vehicle and office and building leases were $144,964, $52,927, and $94,419, respectively.

(c) 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 $82,520 as of June 30, 2014, December 31, 2013, and June 30, 2013, respectively.

(d) 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 $166,000, $76,000 and $70,995 as of June 30, 2014, December 31, 2013 and June 30, 2013, respectively.

(10) Significant Catastrophic Losses: None.

(11) Significant Subsequent Events: None.

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

(12) Others

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

Categorized as	Second Quarter of 2014			Second Quarter of 2013		
Nature	**Operating Cost**	**Operating Expense**	**Total**	**Operating Cost**	**Operating Expense**	**Total**
Employee benefits						
Salary	10,677	266,596	277,273	10,111	215,910	226,021
Labor and health insurance	955	20,715	21,670	786	17,453	18,239
Pension	481	10,862	11,343	402	8,761	9,163
Others employee benefits	335	7,162	7,497	294	5,654	5,948
Depreciation	-	26,931	26,931	-	22,009	22,009
Amortization	-	2,050	2,050	-	1,838	1,838

Categorized as	For the six months ended June 30, 2014			For the six months ended June 30, 2013		
Nature	**Operating Cost**	**Operating Expense**	**Total**	**Operating Cost**	**Operating Expense**	**Total**
Employee benefits						
Salary	22,960	525,719	548,679	21,955	430,944	452,899
Labor and health insurance	1,865	40,900	42,765	1,644	35,355	36,999
Pension	942	21,133	22,075	800	17,348	18,148
Others employee benefits	654	14,094	14,748	583	11,584	12,167
Depreciation	-	51,052	51,052	-	44,051	44,051
Amortization	-	4,062	4,062	-	3,642	3,642

(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 is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the six months ended June 30, 2014:

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	878,707	22,446	366	-	-	0.02 %	1,757,413	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 %	-	
〃	Taiwan Star Telecom Co., Ltd.	-	〃	3,942	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.

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	3,317	Usual terms and conditions	0.04 %
0	〃	〃	1	Other Expenses	1,142	No comparable counter-parties	0.01 %
0	〃	PChome Store Inc.	1	Sales	32,080	Usual terms and conditions	0.34 %
0	〃	〃	1	Accounts Receivable	3,757	〃	0.06 %
0	〃	〃	1	Other Receivable	27,852	No comparable counter-parties	0.48 %
0	〃	PChome eBay Co., Ltd.	1	Sales	2,543	Usual terms and conditions	0.03 %
0	〃	〃	1	Advertisement Expenses	2,700	No comparable counter-parties	0.03 %
0	〃	Rakuya International Info. Co. Ltd.	1	Sales	2,731	Usual terms and conditions	0.03 %
0	〃	〃	1	Other Payable	1,542	No comparable counter-parties	0.03 %
0	〃	PChome US Inc.	1	Sales	7,473	Usual terms and conditions	0.08 %
0	〃	PChome Trading (Shenzhen) Ltd.	1	Other Receivable	4,253	No comparable counter-parties	0.07 %

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 six months ended June 30, 2014, the following was the information on investees (excluding investees in Mainland China) :

(Expressed in thousands of dollars)

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	4,889,920	100.00 %	47,419	(5,196)	(5,196)	Note
〃	Linktel Inc.	〃	Type II Telecommunications Business	125,000	125,000	14,937,884	100.00 %	172,996	12,309	12,309	〃
〃	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 %	16,120	(2,844)	(988)	〃
〃	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 %	12,527	(260)	(260)	〃

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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.	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 %	366,855	83,661	54,380	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 %	12,427	3,496	771	〃
〃	PChome Store Inc.	14F., No.105, Sec. 2, Tun-Hwa S. Rd., Taipei	Internet services	84,770	84,770	10,556,799	59.91 %	259,545	37,454	22,439	〃
〃	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 %	90,562	(11,102)	(2,488)	〃
〃	PChome US Inc.	California	E-commerce platform	116,490	116,490	40,000,000	90.91 %	32,663	(17,176)	(15,614)	〃
〃	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 %	2,611	(671)	(671)	〃
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 %	329	(570)	(570)	〃
PChome eBay Co., Ltd.	PChomePay Inc.	12F., No.105, Sec. 2, Tun-Hwa S. Rd., Taipei	Online payment processing services	114,000	114,000	11,400,000	25.33 %	103,238	(11,102)	(2,837)	〃
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 %	19,346	(2,844)	(1,185)	〃
〃	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 %	144,914	(11,102)	(3,982)	〃
PChome Pay Inc.	Pay and Link Inc.	〃	Investment activities	388	388	100,000	100.00 %	344	(41)	(41)	〃
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 %	13,368	(207)	(207)	〃
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 %	2,586	(633)	(633)	〃
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 %	14,629	(99)	(99)	〃
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 %	2,354	(551)	(551)	〃

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			
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 %	2,270	(83)	(83)	Note

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	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	4,481	(2)	4,481	-	-	4,481	39	100.00 %	39	2,455	-
PChome Trading (Shenzhen) Ltd.	International trading E-commerce	15,234	(2)	15,234	-	-	15,234	(471)	100.00 %	(471)	(632)	-

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	19,715	57,650	1,353,402

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 29.87 at the six months ended June 30, 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.

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(14) Segment Information

	Second Quarter of 2014			
	E-Commerce-Sales	Other	Adjustments and Eliminations	Consolidated
Revenue:				
Non-inter-company revenue	$ 4,189,554	488,114	-	4,677,668
Inter-company revenue	25,995	3,278	(29,273)	-
Total Revenue	**$ 4,215,549**	**491,392**	**(29,273)**	**4,677,668**
Segment profit	**$ 146,080**	**56,168**	**(34,013)**	**168,235**

	Second Quarter of 2013			
	E-Commerce-Sales	Other	Adjustments and Eliminations	Consolidated
Revenue:				
Non-inter-company revenue	$ 3,438,217	368,096	-	3,806,313
Inter-company revenue	9,335	3,065	(12,400)	-
Total Revenue	**$ 3,447,552**	**371,161**	**(12,400)**	**3,806,313**
Segment profit	**$ 113,851**	**42,248**	**(28,972)**	**127,127**

	For the six months ended June 30, 2014			
	E-Commerce-Sales	Other	Adjustments and Eliminations	Consolidated
Revenue:				
Non-inter-company revenue	$ 8,516,012	955,822	-	9,471,834
Inter-company revenue	48,144	6,042	(54,186)	-
Total Revenue	**$ 8,564,156**	**961,864**	**(54,186)**	**9,471,834**
Segment profit	**$ 311,764**	**104,839**	**(61,845)**	**354,758**

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	For the six months ended June 30, 2013			
	E-Commerce-Sales	Other	Adjustments and Eliminations	Consolidated
Revenue:				
Non-inter-company revenue	$ 7,006,430	713,951	-	7,720,381
Inter-company revenue	19,168	6,115	(25,283)	-
Total Revenue	**$ 7,025,598**	**720,066**	**(25,283)**	**7,720,381**
Segment profit	**$ 230,446**	**67,114**	**(44,308)**	**253,252**