

Stock Code: 8044

**PCHOME ONLINE INC. AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(WITH INDEPENDENT AUDITORS' REPORT THEREON)**

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

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Independent Auditors' Report

To the Board of Directors of PChome Online Inc.:

We have audited the accompanying consolidated balance sheets of PChome Online Inc. and its subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of PChome Online Inc. and its subsidiaries as of December 31, 2014 and 2013, and the consolidated results of their operations and their consolidated cash flows for the years ended December 31, 2014 and 2013, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC Interpretations and SIC Interpretations endorsed by the FSC.

We have also audited the standalone financial statements of PChome Online Inc. as of December 31, 2014 and 2013, and the related statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2014 and 2013, on which we have issued an unqualified audit report.



March 26, 2015

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 audit such financial statements are those generally accepted and applied in the Republic of China.

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

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

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

	2014.12.31		2013.12.31			2014.12.31		2013.12.31	
	Amount	%	Amount	%		Amount	%	Amount	%
ASSETS					LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Assets:					Current Liabilities:				
Cash and cash equivalents (Notes (6)(a) and (6)(o))	\$ 4,887,418	76	3,859,455	73	Notes payable (Note (6)(o))	\$ 1,732	-	2,562	-
Notes receivable, net (Notes (6)(c) and (6)(o))	4,114	-	4,861	-	Accounts payable (Note (6)(o))	1,897,599	30	1,650,636	31
Accounts receivable, net (Notes (6)(c) and (6)(o))	301,905	5	348,961	7	Other payable (Notes (6)(o) and (7))	674,359	10	462,510	9
Other receivables (Notes (6)(c), (6)(o) and (7))	180,788	3	155,021	3	Current tax liabilities (Note (6)(j))	135,674	2	100,713	2
Inventories (Note (6)(d))	405,665	6	330,260	6	Other current liabilities (Notes (6)(g) and (6)(o))	<u>1,021,055</u>	<u>16</u>	<u>893,766</u>	<u>17</u>
Other financial assets – current (Notes (6)(o) and (8))	167,611	3	215,011	4		<u>3,730,419</u>	<u>58</u>	<u>3,110,187</u>	<u>59</u>
Other current assets	<u>21,420</u>	<u>-</u>	<u>16,285</u>	<u>-</u>	Non-current Liabilities:				
	<u>5,968,921</u>	<u>93</u>	<u>4,929,854</u>	<u>93</u>	Deferred income tax liabilities (Note (6)(j))	14,795	-	10,681	-
Non-Current Assets:					Accrued pension liabilities (Note (6)(i))	<u>13,398</u>	<u>-</u>	<u>6,958</u>	<u>-</u>
Financial assets measured at cost – noncurrent (Notes (6)(b) and (6)(o))	53,582	1	36,061	1		<u>28,193</u>	<u>-</u>	<u>17,639</u>	<u>-</u>
Property, plant, and equipment (Note (6)(e))	267,480	4	190,142	4	TOTAL LIABILITIES	<u>3,758,612</u>	<u>58</u>	<u>3,127,826</u>	<u>59</u>
Intangible assets (Note (6)(f))	11,863	-	14,892	-	Owners' Equity Attributable to Equity Holders of the Parent Company (Note (6)(k)):				
Deferred income tax assets (Note (6)(j))	48,322	1	40,770	1	Capital Stock:				
Other financial assets – non-current (Notes (6)(o) and (8))	61,819	1	43,205	1	Common stock	868,168	13	822,448	16
Other non-current assets	<u>3,407</u>	<u>-</u>	<u>18,934</u>	<u>-</u>	Capital Surplus	65,321	1	61,834	1
	446,473	7	344,004	7	Retained Earnings:				
					Legal reserve	182,223	3	131,548	2
					Special reserve	7	-	1,155	-
					Retained earnings – unappropriated	1,001,521	16	722,216	14
					Other Equity:				
					Exchange differences on translation of foreign operations	<u>2,022</u>	<u>-</u>	<u>(7)</u>	<u>-</u>
					Total owners' equity attributable to equity holders of the parent company	2,119,262	33	1,739,194	33
					Non-controlling interest	<u>537,520</u>	<u>9</u>	<u>406,838</u>	<u>8</u>
					TOTAL EQUITY	<u>2,656,782</u>	<u>42</u>	<u>2,146,032</u>	<u>41</u>
TOTAL ASSETS	<u>\$ 6,415,394</u>	<u>100</u>	<u>5,273,858</u>	<u>100</u>	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 6,415,394</u>	<u>100</u>	<u>5,273,858</u>	<u>100</u>

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

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

	2014		2013	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Operating revenues (Note (6)(m))	\$ 20,299,025	102	16,631,361	102
Less: Sales returns, discounts and allowances	<u>413,827</u>	<u>2</u>	<u>322,165</u>	<u>2</u>
Net sales	19,885,198	100	16,309,196	100
Operating costs (Note (6)(d))	<u>16,423,306</u>	<u>82</u>	<u>13,529,187</u>	<u>83</u>
Gross margin	<u>3,461,892</u>	<u>18</u>	<u>2,780,009</u>	<u>17</u>
Operating expenses:				
Selling expenses	1,941,889	10	1,634,918	10
General and administrative expenses	398,681	2	331,340	2
Research and development expenses	<u>216,408</u>	<u>1</u>	<u>150,097</u>	<u>1</u>
Total operating expenses	<u>2,556,978</u>	<u>13</u>	<u>2,116,355</u>	<u>13</u>
Income from operations	<u>904,914</u>	<u>5</u>	<u>663,654</u>	<u>4</u>
Non-operating income and expenses (Note (6)(n)):				
Other revenue	38,230	-	24,970	-
Other gains and losses	4,936	-	514	-
Finance costs	<u>-</u>	<u>-</u>	<u>(160)</u>	<u>-</u>
Total non-operating income and expenses	<u>43,166</u>	<u>-</u>	<u>25,324</u>	<u>-</u>
Profit before tax from continuing operations	948,080	5	688,978	4
Less: Income tax expense (Note (6)(j))	<u>186,135</u>	<u>1</u>	<u>141,468</u>	<u>1</u>
Profit	<u>761,945</u>	<u>4</u>	<u>547,510</u>	<u>3</u>
Other comprehensive income:				
Exchange differences on translation of foreign operations	2,150	-	1,518	-
Actuarial losses and gains on defined benefit plans	(9,723)	-	209	-
Income tax expense related to components of other comprehensive income	<u>(1,653)</u>	<u>-</u>	<u>442</u>	<u>-</u>
Other comprehensive income (net of tax)	<u>(5,920)</u>	<u>-</u>	<u>1,285</u>	<u>-</u>
Total comprehensive income	<u>\$ 756,025</u>	<u>4</u>	<u>548,795</u>	<u>3</u>
Profit attributable to:				
Owners of parent	\$ 679,280	4	506,756	3
Non-controlling interests	<u>82,665</u>	<u>-</u>	<u>40,754</u>	<u>-</u>
	<u>\$ 761,945</u>	<u>4</u>	<u>547,510</u>	<u>3</u>
Comprehensive income attributable to:				
Owners of parent	\$ 673,760	4	507,777	3
Non-controlling interests	<u>82,265</u>	<u>-</u>	<u>41,018</u>	<u>-</u>
	<u>\$ 756,025</u>	<u>4</u>	<u>548,795</u>	<u>3</u>
Earnings per share (Note (6)(l))				
Basic earnings per share (dollars)	<u>\$ 7.82</u>		<u>5.84</u>	
Diluted earnings per share (dollars)	<u>\$ 7.80</u>		<u>5.81</u>	

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

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	Equity Attributable to Owners of Parent						Non-controlling Interests	Total	
	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		
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 year ended December 31, 2013	-	-	-	-	506,756	-	506,756	40,754	547,510
Other comprehensive income for the year ended December 31, 2013	-	-	-	-	17	1,004	1,021	264	1,285
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	506,773	1,004	507,777	41,018	548,795
Earnings distribution:									
Legal reserve	-	-	39,165	-	(39,165)	-	-	-	-
Special reserve	-	-	-	1,155	(1,155)	-	-	-	-
Cash dividends	-	-	-	-	(245,935)	-	(245,935)	(13,918)	(259,853)
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	-	5,857	-	-	(47)	-	5,810	-	5,810
Change in non-controlling interests	-	-	-	-	-	-	-	(7,216)	(7,216)
Balance as of December 31, 2013	822,448	61,834	131,548	1,155	722,216	(7)	1,739,194	406,838	2,146,032
Profit for the year ended December 31, 2014	-	-	-	-	679,280	-	679,280	82,665	761,945
Other comprehensive income for the year ended December 31, 2014	-	-	-	-	(7,549)	2,029	(5,520)	(400)	(5,920)
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	671,731	2,029	673,760	82,265	756,025
Earnings distribution:									
Legal reserve	-	-	50,675	-	(50,675)	-	-	-	-
Special reverse	-	-	-	(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 December 31, 2014	\$ 868,168	65,321	182,223	7	1,001,521	2,022	2,119,262	537,520	2,656,782

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

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	2014	2013
Cash flows from operating activities:		
Profit before tax	\$ 948,080	688,978
Adjustments:		
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	105,560	88,570
Amortization	8,108	7,549
Interest expense	-	160
Interest income	(20,081)	(16,455)
Dividends income	(1,304)	(1,333)
Loss on disposal and retirement of property, plant and equipment, net	541	692
Impairment loss on financial assets	21,456	12,975
Total adjustments to reconcile net income to net cash provided by operating activities	114,280	92,158
Changes in operating assets and liabilities:		
Changes in operating assets, net:		
Decrease in notes receivable	747	4,146
Decrease in accounts receivable	25,631	5,052
Increase in other receivables	(25,655)	(13,419)
Increase in inventories	(76,478)	(66,372)
Increase in other current assets	(8,118)	(10,153)
Decrease (increase) in other financial assets	28,786	(1,128)
Total changes in operating assets, net	(55,087)	(81,874)
Changes in operating liabilities, net:		
Decrease in notes payable	(830)	(7,811)
Increase in accounts payable	246,963	309,948
Increase in other payable	215,524	64,660
Increase in other current liabilities	127,366	232,152
Decrease in accrued pension liabilities	(267)	(2,610)
Total changes in operating liabilities, net	588,756	596,339
Total changes in operating assets and liabilities, net	533,669	514,465
Total Adjustments	647,949	606,623
Cash inflow generated from operations	1,596,029	1,295,601
Interest received	19,901	16,439
Dividends received	1,304	1,333
Interest paid	-	(160)
Income tax paid	(152,719)	(49,726)
Net cash provided by operating activities	1,464,515	1,263,487
Cash flows from investing activities:		
Purchase of financial assets measured at cost	(17,521)	-
Purchase of property, plant and equipment	(172,844)	(60,026)
Disposal of property, plant and equipment	691	1,262
Purchase of intangible assets	(5,079)	(5,926)
Decrease (increase) in other non-current assets	2,510	(15,990)
Net cash used in investing activities	(192,243)	(80,680)
Cash flows from financing activities:		
Dividends paid	(297,179)	(245,935)
Change in non-controlling interests	51,904	(8,306)
Net cash used in financing activities	(245,275)	(254,241)
Foreign exchange rate effects	966	1,736
Net increase in cash and cash equivalents	1,027,963	930,302
Cash and cash equivalents, beginning of year	3,859,455	2,929,153
Cash and cash equivalents, end of year	\$ 4,887,418	3,859,455

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

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

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

The Board of Directors approved and issued the consolidated financial statements on March 26, 2015.

(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:

<u>New Standards, Interpretations and Amendments</u>	<u>IASB Effective Date</u>
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 (Investment 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

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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

<u>New Standards, Interpretations and Amendments</u>	<u>IASB Effective Date</u>
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. Additionally, 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.

(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 :

<u>New Standards, Interpretations and Amendments</u>	<u>IASB Effective Date</u>
IFRS 9, "Financial instruments"	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	January 1, 2016
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016

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

<u>New Standards, Interpretations and Amendments</u>	<u>IASB Effective Date</u>
Acquisition of an interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRIC 14 “Regulatory deferral accounts”	January 1, 2016
IFRS 15 “Revenue from contracts with customers”	January 1, 2017
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortization (amendments to IAS 16 and 38)	January 1, 2016
Bearer plants (amendments to IAS 16 and 41)	January 1, 2016
Services related contributions from employees or third parties (admendments to IAS 19)	July 1, 2014
Equity method in separate financial statements (amendements to IAS 27)	January 1, 2016
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

The significant accounting policies adopted in the consolidated financial statements are as follows. Except for those described individually.

(a) Statement of compliance

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

(b) Basis of preparation

1. Basis of measurement

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

- 1) Liabilities for cash-settled share-based payment arrangements are measured at fair value; and
- 2) The defined benefit asset is recognized as plan assets, plus unrecognized past service cost, less the present value of the defined benefit obligation.

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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

2. Functional and presentation currency

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

(c) Business combination

1. Principle of preparation of the consolidated financial statements

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

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

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

2. List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding		Note
			2014.12.31	2013.12.31	
The Company	PChome eBay Co., Ltd.	Information processing and provision of electronic information	65.00 %	65.00 %	
"	PChome Store Inc.	Internet services	59.91 %	59.91 %	
"	Linktel Inc.	Type II Telecommunications Business	100.00 %	100.00 %	
"	PChomePay Inc.	Online payment processing services	22.22 %	26.32 %	Note 1
"	IT Home Publications Inc.	Magazine publication	100.00 %	100.00 %	
"	PChome US Inc.	E-commerce platform	90.91 %	90.91 %	
"	Liker Technology Inc.	O2O (Online to Offline) E-commerce	34.72 %	34.72 %	Notes 1, 4
"	PC Home Online International Co., Ltd.	International trade and investment activities	100.00 %	100.00 %	
"	Rakuya International Info. Co. Ltd.	Real estate business, and internet information rental service	22.04 %	22.04 %	Note 2
"	eCommerce Group Co., Ltd.	Investment activities	100.00 %	100.00 %	
"	Orange Network Inc.	Online television media business	100.00 %	100.00 %	Note 3
PChome eBay Co., Ltd.	PChomePay Inc.	Online payment processing services	25.33 %	30.00 %	Note 1

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Name of investor	Name of subsidiary	Principal activity	Shareholding		Note
			2014.12.31	2013.12.31	
PChome Store Inc.	Liker Technology Inc.	O2O (Online to Offline) E-commerce	41.67 %	41.67 %	Notes 1, 4
"	PChomePay Inc.	Online payment processing services	35.56 %	42.11 %	Note 1
PChomePay 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 %	
eCommerce Group Co., Ltd.	EC Global Inc.	Investment activities	100.00 %	100.00 %	
PChome Online Inc.	PC Home Online (HK) Ltd.	Information service and indirect investment activities	100.00 %	100.00 %	
EC Global Inc.	EC Global Limited	Investment activities	100.00 %	100.00 %	
PC Home Online (HK) Ltd.	Shanghai Todo Inc.	Software and internet technical consulting service	100.00 %	100.00 %	
EC Global Limited	PChome Trading (Shenzhen) Ltd.	International trading E-commerce	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 December 31, 2014, the investee company was in the liquidation process.

Note 4: On October 22, 2014, a resolution was approved by the shareholders of the investee company (Liker Technology Inc.) for dissolution, with a record date of October 31, 2014. As of December 31, 2014, the investee company was in the liquidation process.

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

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(d) Foreign Currency

1.Foreign currency transaction

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

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

2.Foreign operations

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

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

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

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

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

An entity shall classify an asset as current when:

- 1.It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- 2.It holds the asset primarily for the purpose of trading;
- 3.It expects to realize the asset within twelve months after the reporting period; or

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

An entity shall classify a liability as current when:

- 1.It expects to settle the liability in its normal operating cycle;
- 2.It holds the liability primarily for the purpose of trading;
- 3.The liability is due to be settled within twelve months after the reporting period; or
- 4.It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash, cash in bank, and short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

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

1.Financial assets

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

1) Loans and receivables

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

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

2) Financial assets measured at cost

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

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

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3) Impairment of financial assets

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

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

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

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

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

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

2. Financial liabilities and equity instruments

1) Other financial liabilities

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

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2) Derecognizing of financial liabilities

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

3) Offsetting of financial assets and liabilities

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

(h) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories consists of all costs of purchase and other costs incurred in bringing the inventories to a salable and useable location and condition. Inventory cost is calculated using the weighted-average-cost formula.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Property, plant, and equipment

1. Recognition and measurement

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

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

2. Subsequent cost

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

3. Depreciation

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

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

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

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

(j) Leases

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

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

(k) Intangible assets

1. Intangible assets

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

2. Subsequent expenditure

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

3. Amortization

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

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

Software	1 ~ 5 years
----------	-------------

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

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(l) Impairment – non-derivative financial assets

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

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

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

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

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

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

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

(m) Revenue

1. Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

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2.Services

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

(n) Employee benefits

1. Defined contribution plans

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

2. Defined benefit plans

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

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

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

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

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

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

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3.Short-term employee benefits

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

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

(o) Income taxes

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

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

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

1. Assets and liabilities that are initially recognised but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.
2. Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse
3. Initial recognition of goodwill.

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

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

1. The entity has the legal right to settle tax assets and liabilities on a net basis; and
2. the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:
 - (1) levied by the same taxing authority; or
 - (2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

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

(p) Earnings per share

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

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

(q) Operating segments

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

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

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

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

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

- (a) Note (6)(i): measurement of defined benefit obligations
- (b) Note (6)(j): utilization of tax losses

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(6) **Summary of Major Accounts**

(a) Cash and cash equivalents

	<u>2014.12.31</u>	<u>2013.12.31</u>
Cash on hand	\$ 358	288
Checking accounts	25,356	18,265
Savings accounts	3,155,406	2,664,612
Foreign currency deposits	149,200	125,550
Time deposits	1,539,200	1,043,700
Cash equivalents	<u>17,898</u>	<u>7,040</u>
Cash and cash equivalents in consolidated statement of cash flows	<u>\$ 4,887,418</u>	<u>3,859,455</u>

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

(b) Financial assets

Financial assets measured at cost:

	<u>2014.12.31</u>	<u>2013.12.31</u>
Domestic stock of non-listed company	<u>\$ 53,582</u>	<u>36,061</u>

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.

The Group acquired 10.01% shares of 17Life Ltd., with 1,752 thousands shares of common stock which amounted to \$17,521 for the year ended December 31, 2014, and was recognized as financial assets measured at cost.

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

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

	<u>2014.12.31</u>	<u>2013.12.31</u>
Notes receivable	\$ 4,114	4,861
Accounts receivable	321,822	363,161
Other receivables	180,788	155,021
Less: Allowance for impairment loss	<u>(19,917)</u>	<u>(14,200)</u>
	<u>\$ 486,807</u>	<u>508,843</u>

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

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The movement in the allowance for impairment loss with respect to notes receivable, accounts receivable and other receivables for the years ended December 31, 2014 and 2013, was as follows:

	<u>Individually assessed impairment</u>	<u>Collectively assessed impairment</u>	<u>Total</u>
Balance at January 1, 2014	\$ -	14,200	14,200
Impairment loss recognized	-	21,456	21,456
Amount of write-off	-	(15,739)	(15,739)
Balance at December 31, 2014	<u>\$ -</u>	<u>19,917</u>	<u>19,917</u>
Balance at January 1, 2013	\$ -	7,000	7,000
Impairment loss recognized	-	12,975	12,975
Amount of write-off	-	(5,775)	(5,775)
Balance at December 31, 2013	<u>\$ -</u>	<u>14,200</u>	<u>14,200</u>

(d) Inventories

	<u>2014.12.31</u>	<u>2013.12.31</u>
Merchandise inventories	\$ 409,472	331,899
Less: Allowance for inventory valuation and obsolescence losses	(3,807)	(1,639)
	<u>\$ 405,665</u>	<u>330,260</u>

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

The details of operating cost were as follows:

	<u>2014</u>	<u>2013</u>
Cost of goods sold	\$ 16,419,082	13,527,293
Provision for inventory market price decline and obsolescence	2,168	465
Loss on inventory obsolescence	1,384	1,275
Loss on disposal of scrap	672	154
	<u>\$ 16,423,306</u>	<u>13,529,187</u>

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(e) Property, plant and equipment

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

	<u>Transportation equipment</u>	<u>Furniture and office equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
Cost:				
Balance at January 1, 2014	\$ 2,150	506,884	163,995	673,029
Additions	-	93,475	76,652	170,127
Transferred from prepayments	-	222	13,835	14,057
Disposals	(1,013)	(112,641)	(27,534)	(141,188)
Effect of movements in exchange rates	101	216	46	363
Balance at December 31, 2014	<u>\$ 1,238</u>	<u>488,156</u>	<u>226,994</u>	<u>716,388</u>
Balance at January 1, 2013	\$ 4,176	454,697	154,384	613,257
Additions	-	53,696	11,087	64,783
Disposals	(2,109)	(1,592)	(1,513)	(5,214)
Effect of movements in exchange rates	83	83	37	203
Balance at December 31, 2013	<u>\$ 2,150</u>	<u>506,884</u>	<u>163,995</u>	<u>673,029</u>
Depreciation and impairment loss:				
Balance at January 1, 2014	\$ 760	369,356	112,771	482,887
Depreciation for the year	214	70,615	34,731	105,560
Disposals	(380)	(111,822)	(27,534)	(139,736)
Effect of movements in exchange rates	42	118	37	197
Balance at December 31, 2014	<u>\$ 636</u>	<u>328,267</u>	<u>120,005</u>	<u>448,908</u>
Balance at January 1, 2013	\$ 859	311,320	85,387	397,566
Depreciation for the year	464	59,534	28,572	88,570
Disposals	(584)	(1,529)	(1,208)	(3,321)
Effect of movements in exchange rates	21	31	20	72
Balance at December 31, 2013	<u>\$ 760</u>	<u>369,356</u>	<u>112,771</u>	<u>482,887</u>
Carrying amounts:				
At December 31, 2014	<u>\$ 602</u>	<u>159,889</u>	<u>106,989</u>	<u>267,480</u>
At December 31, 2013	<u>\$ 1,390</u>	<u>137,528</u>	<u>51,224</u>	<u>190,142</u>

As of December 31, 2014 and 2013, the property, plant and equipment were not pledged as collateral.

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(f) Intangible assets

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

	<u>Software</u>	<u>Patent and Trademark</u>	<u>Total</u>
Cost:			
Balance at January 1, 2014	\$ 59,346	2,857	62,203
Acquired separately	5,079	-	5,079
Disposals	<u>(17,697)</u>	<u>-</u>	<u>(17,697)</u>
Balance at December 31, 2014	<u>\$ 46,728</u>	<u>2,857</u>	<u>49,585</u>
Balance at January 1, 2013	\$ 56,205	-	56,205
Acquired separately	<u>3,141</u>	<u>2,857</u>	<u>5,998</u>
Balance at December 31, 2013	<u>\$ 59,346</u>	<u>2,857</u>	<u>62,203</u>
Amortisation and impairment losses:			
Balance at January 1, 2014	\$ 47,311	-	47,311
Amortisation for the year	8,108	-	8,108
Disposals	<u>(17,697)</u>	<u>-</u>	<u>(17,697)</u>
Balance at December 31, 2014	<u>\$ 37,722</u>	<u>-</u>	<u>37,722</u>
Balance at January 1, 2013	\$ 39,762	-	39,762
Amortisation for the year	<u>7,549</u>	<u>-</u>	<u>7,549</u>
Balance at December 31, 2013	<u>\$ 47,311</u>	<u>-</u>	<u>47,311</u>
Carrying amounts:			
Balance at December 31, 2014	<u>\$ 9,006</u>	<u>2,857</u>	<u>11,863</u>
Balance at December 31, 2013	<u>\$ 12,035</u>	<u>2,857</u>	<u>14,892</u>

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

	<u>2014</u>	<u>2013</u>
Operating expense	<u>\$ 8,108</u>	<u>7,549</u>

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(g) Other current liabilities

	<u>2014.12.31</u>	<u>2013.12.31</u>
Advance receipts	\$ 194,796	229,860
Receipts under custody	817,846	656,962
Other	<u>8,413</u>	<u>6,944</u>
	<u>\$ 1,021,055</u>	<u>893,766</u>

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.

(h) Operating leases

Non-cancellable operating lease rentals are payable as follows:

	<u>2014.12.31</u>	<u>2013.12.31</u>
Less than one year	\$ 287,127	184,170
Between one and five years	<u>501,765</u>	<u>261,591</u>
	<u>\$ 788,892</u>	<u>445,761</u>

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:

	<u>2014</u>	<u>2013</u>
Operating lease expense	\$ <u>238,377</u>	<u>183,263</u>

(i) Employee benefits

1. Defined benefit plans

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

	<u>2014.12.31</u>	<u>2013.12.31</u>
Present value of defined benefit obligation	\$ 60,513	49,546
Fair value of plan assets	<u>(47,115)</u>	<u>(43,720)</u>
Recognised liabilities for defined benefit obligations	<u>\$ 13,398</u>	<u>5,826</u>

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

1) Composition of plan assets

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

The Group's Bank of Taiwan pension reserve account balance amounted to \$47,115 at the end of the reporting period. The information used to calculate pension fund assets includes the asset allocation and yield of the fund. Please refer to the information published on the website of the Council of Labor Affairs and the Labor Pension Supervisory Committee.

2) Movements in present value of the defined benefit obligations

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

	<u>2014</u>	<u>2013</u>
Defined benefit obligation at January 1	\$ 49,546	48,983
Current service costs and interest	1,111	977
Actuarial (losses) gains	<u>9,856</u>	<u>(414)</u>
Defined benefit obligation at December 31	<u>\$ 60,513</u>	<u>49,546</u>

3) Movements of defined benefit plan assets

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

	<u>2014</u>	<u>2013</u>
Fair value of plan assets at January 1	\$ 43,720	40,845
Benefits paid by the plan	2,365	2,344
Expected return on plan assets	897	736
Actuarial gains (losses)	<u>133</u>	<u>(205)</u>
Fair value of plan assets at December 31	<u>\$ 47,115</u>	<u>43,720</u>

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4) Expenses recognised in profit or loss

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

	<u>2014</u>	<u>2013</u>
Current service costs	\$ 120	450
Interest on obligation	991	527
Expected return on plan assets	(897)	(736)
	<u>\$ 214</u>	<u>241</u>
Operating costs	\$ 1	1
Selling expenses	64	223
General and administrative expenses	139	5
Research and development expenses	10	12
	<u>\$ 214</u>	<u>241</u>
Actual return on assets	<u>\$ 1,030</u>	<u>531</u>

5) Actuarial gains and losses recognised in other comprehensive income

The Group's actuarial gains and losses recognised in other comprehensive income as at December 31, 2014 and 2013 were as follows:

	<u>2014</u>	<u>2013</u>
Cumulative amount at January 1	\$ (9,151)	(8,942)
Recognised during the period	9,723	(209)
Cumulative amount at December 31	<u>\$ 572</u>	<u>(9,151)</u>

6) Actuarial assumptions

The following are the Group's principal actuarial assumptions:

	<u>2014</u>	<u>2013</u>
Discount rate	2.00 %	2.00 %
Expected return on plan assets	2.00 %	2.00 %
Future salary increases	3.00 %	3.00 %

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

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7) Experience adjustments on historical information

	<u>2014.12.31</u>	<u>2013.12.31</u>	<u>2012.12.31</u>	<u>2012.1.1</u>
Present value of defined benefit plans	\$ 60,513	49,546	48,983	57,062
Fair value of plan assets	<u>(47,115)</u>	<u>(43,720)</u>	<u>(40,845)</u>	<u>(38,143)</u>
Net liabilities (assets) of defined benefit obligations	<u>\$ 13,398</u>	<u>5,826</u>	<u>8,138</u>	<u>18,919</u>
Experience adjustments arising on the present value of defined benefit plans	<u>\$ 9,856</u>	<u>2,197</u>	<u>(13,395)</u>	<u>-</u>
Experience adjustments arising on the fair value of the plan assets	<u>\$ (133)</u>	<u>205</u>	<u>403</u>	<u>-</u>

The expected allocation payment made by the Group to the defined benefit plans for the one year period after the reporting date is \$2,369.

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

As of December 31, 2014, the Group's accrued pension liabilities were \$13,398. If the discount rate had increased or decreased by 0.25%, the Group's accrued pension liabilities would have decreased by \$2,735 or increased by \$2,897, respectively.

2. Defined contribution plans

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

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

For the years ended December 31, 2014 and 2013, the Group set aside \$46,479 and \$39,192, respectively, under the pension plan to the Bureau of the Labor Insurance.

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(j) Income taxes

1. Income tax expense recognized in profits or losses

The amount of income tax was as follows:

	<u>2014</u>	<u>2013</u>
Current income tax expense (benefit):		
Current period	\$ 190,123	132,364
Adjustment for prior periods	<u>(2,443)</u>	<u>(1)</u>
	<u>187,680</u>	<u>132,363</u>
Deferred tax expense (benefit):		
Origination and reversal of temporary differences	<u>(1,545)</u>	<u>9,105</u>
Income tax expense	<u>\$ 186,135</u>	<u>141,468</u>

Income tax recognized in other comprehensive income:

	<u>2014</u>	<u>2013</u>
Foreign currency translation differences for foreign operations	\$ -	407
Defined benefit plan actuarial (losses) gains	<u>(1,653)</u>	<u>35</u>
	<u>\$ (1,653)</u>	<u>442</u>

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

	<u>2014</u>	<u>2013</u>
Profit excluding income tax	<u>\$ 948,080</u>	<u>688,978</u>
Income tax using the Company's domestic tax rate	193,486	149,753
Permanent differences	(25,129)	(20,339)
Recognition of previously unrecognised tax losses	-	1,642
Change in temporary differences	3,216	-
Over provision in prior periods	(2,206)	(1)
10% surtax on unappropriated earnings	<u>16,768</u>	<u>10,413</u>
Total	<u>\$ 186,135</u>	<u>141,468</u>

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2. Deferred tax assets and liabilities

1) Unrecognised deferred tax assets

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

	2014.12.31	2013.12.31
Tax losses	\$ 45,263	38,723

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

As of December 31, 2014 the Group had not recognized the prior years' loss carry-forwards as deferred tax assets. The expiry years are as follows:

Year of Occurrence	Operating Loss Carryforward	Year of Expiration
2008	\$ 14,247	2018
2009	23,418	2019
2010	19,309	2020
2011	38,656	2021
2012	59,209	2022
2013	72,836	2023
2014	38,579	2024
	\$ 266,254	

2) Recognised deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2014 and 2013 are as follows:

	Defined Benefit Plans	Unrealized Gain (Loss) of Investment	Unrealized profits of Related Company	Others	Total
Deferred Tax Liabilities:					
Balance at January 1, 2014	\$ 193	-	-	10,488	10,681
Debit (Credited) Income statement	(193)	-	-	4,547	4,354
Foreign currency translation differences for foreign operations	-	-	-	(240)	(240)
Balance at December 31, 2014	\$ -	-	-	14,795	14,795

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	Defined Benefit Plans	Unrealized Gain (Loss) of Investment	Unrealized profits of Related Company	Others	Total
Balance at January 1, 2013	\$ 27	-	-	6,601	6,628
Debit (Credited) Income statement	297	-	-	3,480	3,777
Debit (Credited) Other Comprehensive Income	(131)	-	-	407	276
Balance at December 31, 2013	<u>\$ 193</u>	<u>-</u>	<u>-</u>	<u>10,488</u>	<u>10,681</u>
Deferred Tax Assets:					
Balance at January 1, 2014	\$ 1,183	17,685	18,002	3,900	40,770
(Debit) Credited Income statement	(101)	4,588	-	1,412	5,899
(Debit) Credited Other Comprehensive Income	1,653	-	-	-	1,653
Balance at December 31, 2014	<u>\$ 2,735</u>	<u>22,273</u>	<u>18,002</u>	<u>5,312</u>	<u>48,322</u>
Balance at January 1, 2013	\$ 1,410	12,866	18,002	13,986	46,264
(Debit) Credited Income statement	(61)	4,819	-	(10,086)	(5,328)
(Debit) Credited Other Comprehensive Income	(166)	-	-	-	(166)
Balance at December 31, 2013	<u>\$ 1,183</u>	<u>17,685</u>	<u>18,002</u>	<u>3,900</u>	<u>40,770</u>

3. The Company's tax returns for the years through 2012 were examined and approved by the Taipei National Tax Administration.

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

	<u>2014.12.31</u>	<u>2013.12.31</u>
Unappropriated earnings of 1998 and after	<u>\$ 1,001,521</u>	<u>722,216</u>
Balance of imputation credit account (ICA)	<u>\$ 99,910</u>	<u>45,485</u>
	<u>2014 (estimated)</u>	<u>2013 (actual)</u>
Tax deduction ratio for earnings distribution to ROC residents	<u>18.45 %</u>	<u>15.67 %</u>

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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

As of December 31, 2014 and 2013, the total value of nominal ordinary shares amounted to \$888,000. The face value of each share is \$10. In total, there were 86,817 and 82,245 ordinary shares, respectively, issued. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for the year ended December 31, 2014 and 2013 was as follows:

	Ordinary shares	
	(in thousands of shares)	
	<u>2014</u>	<u>2013</u>
Balance at January 1	\$ 82,245	82,245
Stock dividends	<u>4,572</u>	<u>-</u>
Balance at December 31	<u><u>\$ 86,817</u></u>	<u><u>82,245</u></u>

1. Issuance of common stock

On June 24, 2014, the Company's shareholders resolved to capitalize its unappropriated retained earnings of \$45,720 with a total of 4,572 thousand shares issued at par value. The capital increase was effective on August 17, 2014, with all registration amendments completed.

2. Capital surplus

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

	<u>2014.12.31</u>	<u>2013.12.31</u>
Share capital	\$ 53,647	53,647
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	8,187	8,187
Changes in equity of subsidiaries	<u>3,487</u>	<u>-</u>
	<u><u>\$ 65,321</u></u>	<u><u>61,834</u></u>

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

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3. Retained earnings

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

- 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.

1) Legal reserve

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

2) Special reserve

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

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3) Earnings distribution

Employee benefits amounted to \$60,381 and \$45,683, and rewards of directors and supervisors amounted to \$7,257 and \$5,053 for the years ended of 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.

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 and \$5, respectively. The difference was the change in the estimate, which is accounted as profit or loss in 2014.

The number of shares to be distributed for employee benefits for 2014 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 2015.

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 is as follows:

	<u>2013</u>		<u>2012</u>	
	<u>Dividend per Share (NT\$)</u>	<u>Amount</u>	<u>Dividend per Share (NT\$)</u>	<u>Amount</u>
Dividends distributed to common shareholders				
Cash	\$ 3.6133	297,179	2.9903	245,935
Shares	0.5559	<u>45,720</u>	-	<u>-</u>
Total		<u>\$ 342,899</u>		<u>245,935</u>

4. Other equity(net of tax)

	<u>Foreign currency translation differences for foreign operations</u>
Balance at January 1, 2014	\$ (7)
Foreign currency translation differences	<u>2,029</u>
Balance at December 31, 2014	<u>\$ 2,022</u>
Balance at January 1, 2013	\$ (1,011)
Foreign currency translation differences	<u>1,004</u>
Balance at December 31, 2013	<u>\$ (7)</u>

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(l) Earnings per share

The Group calculated the basic and diluted EPS as follows:

	2014	2013
1. Basic earnings per share		
Profit attributable to common stockholders of the Company	\$ <u>679,280</u>	<u>506,756</u>
Weighted-average number of ordinary shares	<u>86,817</u>	<u>86,817</u>
	\$ <u>7.82</u>	<u>5.84</u>
2. Diluted earnings per share		
Profit attributable to common stockholders of the Company	\$ <u>679,280</u>	<u>506,756</u>
Weighted-average number of ordinary shares (basic)	86,817	86,817
Effect of employee stock bonus	<u>262</u>	<u>333</u>
Weighted-average number of ordinary shares (adjusted with potential effect of diluted ordinary shares)	<u>87,079</u>	<u>87,150</u>
	\$ <u>7.80</u>	<u>5.81</u>

(m) Revenue

For the years ended December 31, 2014 and 2013, the details of revenue are as follows

	Continuing Operations	
	2014	2013
Sale of goods	\$ 18,396,139	15,010,636
Rendering of services	<u>1,489,059</u>	<u>1,298,560</u>
	<u>\$ 19,885,198</u>	<u>16,309,196</u>

(n) Non-operating income and expenses

1. Other revenue

The details of other revenue were as follows:

	2014	2013
Interest income	\$ 20,081	16,455
Dividend income	1,304	1,333
Other	<u>16,845</u>	<u>7,182</u>
	<u>\$ 38,230</u>	<u>24,970</u>

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2. Other gains and losses

The details of other gains and losses were as follows:

	<u>2014</u>	<u>2013</u>
Foreign currency exchange gain or loss, net	\$ 5,489	1,319
Disposal loss on property, plant and equipment	(541)	(692)
Other	(12)	(113)
	<u>\$ 4,936</u>	<u>514</u>

3. Finance costs

The details of finance cost were as follows:

	<u>2014</u>	<u>2013</u>
Interest expense	\$ -	(160)

(o) Financial instruments

1. Categories of financial instruments

Financial assets

	<u>2014.12.31</u>	<u>2013.12.31</u>
Current financial assets at cost	\$ 53,582	36,061
Loans and receivables		
Cash and cash equivalents	4,887,418	3,859,455
Notes and accounts receivables and other receivables	486,807	508,843
Other financial assets-current	167,611	215,011
Other financial assets-non-current	61,819	43,205
Subtotal	<u>5,603,655</u>	<u>4,626,514</u>
Total	<u>\$ 5,657,237</u>	<u>4,662,575</u>

Financial liabilities

Current financial asstes at amortized cost		
Payables	\$ 2,573,690	2,115,708
Receipts under custody	817,846	656,962
Total	<u>\$ 3,391,536</u>	<u>2,772,670</u>

2. Credit risk

1) Credit risks exposure

The carrying amount of financial assets represents represents the maximum exposure to credit risk. As of December 31, 2014 and 2013, the maximum exposure to credit risk amounted to \$5,657,237 and \$4,662,575, respectively.

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3. Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
Balance at December 31, 2014							
Non-derivative financial liabilities							
Notes payable	\$ 1,732	1,732	1,732	-	-	-	-
Accounts payable	1,897,599	1,897,599	1,897,599	-	-	-	-
Other payable	674,359	674,359	674,359	-	-	-	-
Receipts under custody	817,846	817,846	817,846	-	-	-	-
	<u>\$ 3,391,536</u>	<u>3,391,536</u>	<u>3,391,536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2013							
Non-derivative financial liabilities							
Notes payable	\$ 2,562	2,562	2,562	-	-	-	-
Accounts payable	1,650,636	1,650,636	1,650,636	-	-	-	-
Other payable	462,510	462,510	462,510	-	-	-	-
Receipts under custody	656,962	656,962	656,962	-	-	-	-
	<u>\$ 2,772,670</u>	<u>2,772,670</u>	<u>2,772,670</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

4. Currency risk

1) Currency risk exposure

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

	<u>2014.12.31</u>			<u>2013.12.31</u>		
	<u>Foreign currency (thousands of dollars)</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency (thousands of dollars)</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
TWD	\$ 18,646	1.00	18,646	8,963	1.00	8,963
USD	4,682	31.62	148,056	4,270	29.80	127,256
EUR	87	38.45	3,342	87	41.10	3,572
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	592	31.62	18,706	1,482	29.80	44,149

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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 TWD against the USD and EUR as at December 31, 2014 and 2013, would have increased or decreased net income by \$6,281 and \$3,969, respectively. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for the years ended December 31, 2014 and 2013.

5. Interest analysis

The interest rate exposure of the Group's financial assets and liabilities is described in note (6)(o)3. on liquidity risk management.

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

If the interest rate increases or decreased by 0.1%, the Group's net income would increase or decrease by \$4 and \$5 as of December 31, 2014 and 2013, respectively. This is mainly due to the Group's borrowing and its cash and cash equivalents being at variable rates.

6. Fair value

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

(p) Financial risk management

1. Summary

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

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

2. Risk management framework

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

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

3. Credit risk

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

1) Accounts receivable and other receivables

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

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

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

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

2) Investment

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

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3) Guarantees

The Group's policy is to provide financial guarantees only for transactions involving equity investment that is more than 50% owned, and they should be approved by the Board. As of December 31, 2014 and 2013, the Group's guarantees for non-related parties to fulfill their obligations in accordance with the service contract with its subsidiary Linktel Inc. were \$722, and \$544, respectively.

4. Liquidity risk

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

5. Market risk

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

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

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

(q) Capital management

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

(7) Related-Party Transactions

(a) Ultimate controlling party

The Company is the ultimate controlling party of the Group.

(b) Related-party transactions

1. Receivables from related parties

Item	Related party categories	2014.12.31	2013.12.31
Other receivables	Other	\$ 6	13

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- (c) Transactions with key management personnel

Key management personnel compensation comprised:

	For the years ended December 31,	
	2014	2013
Short-term employee benefits	\$ 63,658	54,383

(8) Restricted Assets

The following assets were restricted in use:

Assets	Purpose of Pledge	2014.12.31	2013.12.31
Deposit account-current	Security for performance and purchase guarantee	\$ 167,611	215,011
Refundable deposit	Security for provisional seizure, etc.	620	620
Refundable deposit	Deposits for office rental	61,199	42,585
		\$ 229,430	258,216

(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 December 31, 2014 and 2013, notes payable deposited as guarantee for commercial vehicle and office and building leases were \$128,490 and \$52,927, 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 and \$100,000 as of December 31, 2014 and 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 \$243,000 and \$76,000, as of December 31, 2014 and 2013, respectively.

(10) Significant Catastrophic Losses: None.

(11) Significant Subsequent Events: None.

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(12) Others

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

Categorized as Nature	For the year ended December 31, 2014			For the year ended December 31, 2013		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	50,909	1,101,562	1,152,471	44,458	995,893	1,040,351
Labor and health insurance	3,874	86,151	90,025	3,340	70,410	73,750
Pension	1,939	44,754	46,693	1,662	37,771	39,433
Others employee benefits	1,462	29,209	30,671	1,188	24,984	26,172
Depreciation	-	105,560	105,560	-	88,570	88,570
Amortization	-	8,108	8,108	-	7,549	7,549

(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 year ended December 31, 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 guarantees and 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	Lanktel Inc.	3	1,059,631	22,446	722	722	-	0.03 %	2,119,262	Y		

Note 1: 0 is issuer.

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

Note 3: A subsidiary of the Company.

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

3. Information regarding securities held at balance sheet date:

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

Name of holder	Category and name of security	Category and name of security	Account title	Ending balance				Peak Holding Percentage	Note
				Number	Book value	Percentage	Market value		
PChome Online Inc.	Common Stock:								
	Eastern Online Co., Ltd.	-	Financial assets measured at cost	118,750	-	4.19 %	-	4.19 %	
"	Syspower Ltd.	-	"	744,118	2,846	3.72 %	-	3.72 %	

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Name of holder	Category and name of security	Category and name of security	Account title	Ending balance				Peak Holding	Note
				Number	Book value	Percentage	Market value	Percentage	
PChome Online Inc.	Openfind Information Technology, Inc.	-	Financial assets measured at cost	800,000	4,031	7.42 %	-	7.42 %	
"	Career Consulting Co., Ltd.	-	"	113,005	1,015	0.72 %	-	0.72 %	
"	PayEasy Ltd.	-	"	5,437,762	4,510	12.51 %	-	12.51 %	
"	Taiwan Star Telecom Co., Ltd.	-	"	3,942	737	- %	-	0.01 %	
"	P2V Holdings Ltd. (Samoa)	-	"	2,691,030	22,922	11.13 %	-	11.13 %	
"	17Life Ltd.	-	"	1,752,098	17,521	10.01 %	-	10.01 %	

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	Percentage of the total consolidated revenue or total assets
0	PChome Online Inc.	Linktel Inc.	1	Sales	6,244	Usual terms and conditions	0.03 %
0	"	"	1	Other Expenses	2,530	No comparable counter-parties	0.01 %
0	"	PChome Store Inc.	1	Sales	79,974	Usual terms and conditions	0.40 %
0	"	"	1	Accounts Receivable	5,667	"	0.09 %
0	"	PChome eBay Co., Ltd.	1	Sales	5,086	"	0.03 %
0	"	"	1	Advertisement Expenses	6,000	No comparable counter-parties	0.03 %
0	"	Rakuya International Info. Co. Ltd.	1	Other Payable	4,797	"	0.07 %
0	"	"	1	Sales	5,714	Usual terms and conditions	0.03 %
0	"	PChome US Inc.	1	Sales	8,803	"	0.04 %
0	"	PChome Trading (Shenzhen) Ltd.	1	Other Receivables	4,507	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

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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 year ended December 31, 2014, the following was the information on investees (excluding investees in Mainland China) :

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Name of investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Peak Holding Percentage	Net income (loss) of the investee	Investment income (losses)	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value				
PChome Online Inc.	IT Home Publications Inc.	Taiwan	Magazine publication	30,000	30,000	4,889,920	100.00 %	49,579	100.00 %	(3,114)	(3,114)	Note
"	Linktel Inc.	"	Type II Telecommunications Business	125,000	125,000	14,937,884	100.00 %	187,221	100.00 %	26,534	26,534	"
"	Liker Technology Inc.	"	O2O (Online to Offline) E-commerce	25,000	25,000	2,500,000	34.72 %	15,809	34.72 %	(3,741)	(1,299)	"
"	PC Home Online International Co., Ltd.	British Virgin Islands	International trade and investment activities	25,485	25,485	122,328	100.00 %	12,366	100.00 %	(1,140)	(1,140)	"
"	PChome eBay Co., Ltd.	Taiwan	Information processing and provision of electronic information	273,000	273,000	27,300,000	65.00 %	436,622	65.00 %	190,994	124,146	"
PChome Online Inc.	Orange Network Inc.	Taiwan	Online television media business	1,000	1,000	100,000	100.00 %	43	100.00 %	-	-	Note
"	Rakuya International Info. Co. Ltd.	"	Real estate business, and internet information rental service	34,300	34,300	3,430,000	22.04 %	9,659	22.04 %	(9,062)	(1,997)	"
"	PChome Store Inc.	"	Internet services	84,770	84,770	11,715,715	59.91 %	282,507	59.91 %	77,082	46,180	"
"	PChomePay Inc.	"	Online payment processing services	100,000	100,000	10,000,000	22.22 %	87,303	26.32 %	(25,772)	(5,748)	"
"	PChome US Inc.	United States of America	E-commerce platform	116,490	116,490	40,000,000	90.91 %	20,779	90.91 %	(31,502)	(28,639)	"
"	eCommerce Group Co., Ltd.	British Virgin Islands	Investment activities	15,300	15,300	5,100,000	100.00 %	1,580	100.00 %	(1,484)	(1,484)	"
IT Home Publications Inc.	Yiabi Inc.	Taiwan	Information processing and provision of electronic information	5,000	1,000	500,000	100.00 %	3,531	100.00 %	(1,368)	(1,368)	"
PChome eBay Co., Ltd.	PChomePay Inc.	"	Online payment processing services	114,000	114,000	11,400,000	25.33 %	99,521	30.00 %	(25,772)	(6,553)	"
PChome Store Inc.	Liker Technology Inc.	"	O2O (Online to Offline) E-commerce	30,000	30,000	3,000,000	41.67 %	18,973	41.67 %	(3,741)	(1,559)	"
"	PChomePay Inc.	"	Online payment processing services	160,000	160,000	16,000,000	35.56 %	139,698	42.11 %	(25,772)	(9,197)	"
PChomePay Inc.	Pay and Link Inc.	"	Internet services	388	388	100,000	100.00 %	282	100.00 %	(92)	(92)	"
PC Home Online International Co., Ltd.	PChome Online Inc.	Cayman Islands	International trade and investment activities	25,311	25,311	10,000,000	100.00 %	13,276	100.00 %	(1,065)	(1,065)	"
eCommerce Group Co., Ltd.	EC Global Inc.	"	Investment activities	15,061	15,061	5,020,000	100.00 %	1,592	100.00 %	(1,408)	(1,408)	"
PChome Online Inc.	PC Home Online (HK) Ltd.	Hong Kong	Information service and indirect investment activities	25,140	25,140	5,641,239	100.00 %	14,629	100.00 %	(936)	(936)	"
EC Global Inc.	EC Global Limited	"	Investment activities	14,406	14,406	4,800,000	100.00 %	1,432	100.00 %	(1,241)	(1,241)	"
EC Global Limited	PChome Japan KK	Japan	International trading E-commerce	2,397	2,397	800,000	100.00 %	2,020	100.00 %	(96)	(96)	"

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

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(c) Information on investment in Mainland China:

1. Information on investment in Mainland China:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan (R.O.C.)	Investment Flows		Accumulated Outflow of Investment from Taiwan	Net income (loss) of the investee	Percentage of Ownership	Peak Holding Percentage	Investment Income (Loss) Recognized (Note 2(2))	Carrying Amount	Accumulated Inward Remittance of Earnings
					Outflow	Inflow							
Shanghai Todo Inc.	Software and internet technical consulting service	4,743	(2)	4,743	-	-	4,743	(120)	100.00 %	100.00 %	(120)	2,439	-
PChome Trading (Shenzhen) Ltd.	International trading E-commerce	16,126	(2)	16,126	-	-	16,126	(998)	100.00 %	100.00 %	(998)	(1,192)	-

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	20,869	61,027	1,594,069

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 currency was translated on the exchange rate 31.62 at the year ended December 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

(a) General information

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

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

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

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

The Group's regional financial information was as follows:

<u>2014</u>	<u>E-Commerce-Sales</u>	<u>Market Place</u>	<u>Other</u>	<u>Adjustments and Eliminations</u>	<u>Consolidated</u>
Revenue:					
Non-inter-company revenue	\$ 17,848,216	1,559,560	495,571	-	19,903,347
Inter-company revenue	105,910	17,854	5,240	(129,004)	-
Interest revenue	<u>7,418</u>	<u>8,857</u>	<u>3,806</u>	<u>-</u>	<u>20,081</u>
Total Revenue	\$ <u>17,961,544</u>	<u>1,586,271</u>	<u>504,617</u>	<u>(129,004)</u>	<u>19,923,428</u>
Depreciation and amortization	80,000	25,900	7,768	-	113,668
Reportable Segment profit	\$ <u>679,280</u>	<u>236,573</u>	<u>(19,239)</u>	<u>(134,669)</u>	<u>761,945</u>
Reportable segment assets	\$ <u>4,597,004</u>	<u>2,140,259</u>	<u>1,171,763</u>	<u>(1,493,632)</u>	<u>6,415,394</u>
Reportable segment liabilities	\$ <u>2,477,742</u>	<u>974,127</u>	<u>434,901</u>	<u>(128,158)</u>	<u>3,758,612</u>
 <u>2013</u>					
Revenue:					
Non-inter-company revenue	\$ 14,708,506	1,073,454	535,751	-	16,317,711
Inter-company revenue	40,502	11,195	3,721	(55,418)	-
Interest revenue	<u>6,432</u>	<u>7,886</u>	<u>2,137</u>	<u>-</u>	<u>16,455</u>
Total Revenue	\$ <u>14,755,440</u>	<u>1,092,535</u>	<u>541,609</u>	<u>(55,418)</u>	<u>16,334,166</u>
Interest expense	\$ 160	-	-	-	160
Depreciation and amortization	65,717	22,272	8,130	-	96,119
Reportable Segment profit	\$ <u>506,756</u>	<u>184,165</u>	<u>(45,959)</u>	<u>(97,452)</u>	<u>547,510</u>
Reportable segment assets	\$ <u>3,836,385</u>	<u>1,738,678</u>	<u>1,065,929</u>	<u>(1,367,134)</u>	<u>5,273,858</u>
Reportable segment liabilities	\$ <u>2,097,191</u>	<u>767,581</u>	<u>384,475</u>	<u>(121,421)</u>	<u>3,127,826</u>

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

(c) Enterprise-wide Disclosures

1. Information about Products and Services

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

<u>Product and Service</u>	<u>2014</u>	<u>2013</u>
E-Commerce	\$ 17,848,216	14,708,506
Other	<u>2,055,131</u>	<u>1,609,205</u>
Total	<u>\$ 19,903,347</u>	<u>16,317,711</u>

2. Information about Geographic Areas: None.

3. Information about Major Customers: None.