

**PCHOME ONLINE INC. AND ITS SUBSIDIARIES  
CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS  
June 30, 2015 AND 2014  
(WITH INDEPENDENT ACCOUNTANTS' REVIEW  
REPORT THEREON)**

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## Independent Accountants' Review Report

To the Board of Directors of PChome Online Inc.:

We have reviewed the accompanying consolidated balance sheets of PChome Online Inc. and its subsidiaries (the Group) as of June 30, 2015, December 31, 2014 and June 30, 2014, the consolidated statements of comprehensive income for the second quarter of 2015 and 2014, and for the six months ended June 30, 2015 and 2014, and the consolidated statements of changes in equity and of cash flows for the six months ended June 30, 2015 and 2014. The Company's management is responsible for the preparation and presentation of the consolidated financial statements. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

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

Also included in the accompanying consolidated financial statements are the financial statements of certain subsidiaries, which were not reviewed by independent accountants. These consolidated subsidiaries had the total assets of NT\$566,213 thousand and NT\$286,426 thousand, constituting 8% and 5%, respectively, of the total consolidated assets as of June 30, 2015 and 2014. The total liabilities of these subsidiaries amounted to NT\$203,974 thousand and NT\$80,173 thousand, constituting 5% and 2%, respectively, of the total consolidated liabilities as of June 30, 2015 and 2014. The comprehensive income (loss) of these subsidiaries for the second quarter of 2015 and 2014 and for the six months ended June 30, 2015 and 2014 amounted to NT\$(9,119) thousand, NT\$(4,702) thousand, NT\$(17,465) thousand and NT\$(11,110) thousand, constituting (5)%, (3)%, (4)% and (3)%, respectively, of the consolidated comprehensive income.



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

August 13, 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 review such financial statements are those generally accepted and applied in the Republic of China.

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

June 30, 2015 and 2014 reviewed only, not audited in accordance with the generally accepted auditing standards

PCHOME ONLINE INC. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2015, DECEMBER 31, 2014 AND JUNE 30, 2014

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

ASSETS	2015.6.30		2014.12.31		2014.6.30		LIABILITIES AND STOCKHOLDERS' EQUITY	2015.6.30		2014.12.31		2014.6.30	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>Current Assets:</b>							<b>Current Liabilities:</b>						
Cash and cash equivalents (Note 6)(a))	\$ 4,970,934	71	4,887,418	76	4,296,039	74	Notes payable	\$ 6,141	-	1,732	-	5,444	-
Notes receivable, net (Note 6)(c))	4,775	-	4,114	-	7,277	-	Accounts payable	1,801,627	26	1,897,599	30	1,616,229	28
Accounts receivable, net (Note 6)(c))	370,397	5	301,905	5	370,623	6	Other payable	1,031,731	15	674,359	10	800,892	14
Other receivables (Note 6)(c))	388,694	6	180,788	3	162,780	3	Current tax liabilities	144,297	2	135,674	2	101,397	2
Inventories (Note 6)(d))	427,587	6	405,665	6	325,514	6	Other current liabilities (Note 6)(g))	1,336,965	19	1,021,055	16	988,916	17
Other financial assets – current (Note 8))	347,011	5	167,611	3	194,611	3		4,320,761	62	3,730,419	58	3,512,878	61
Other current assets	34,302	-	21,420	-	26,045	1	<b>Non-current Liabilities:</b>						
	<u>6,543,700</u>	<u>93</u>	<u>5,968,921</u>	<u>93</u>	<u>5,382,889</u>	<u>93</u>	Deferred income tax liabilities	16,592	-	14,795	-	12,479	-
<b>Non-Current Assets:</b>							Net defined benefit liabilities-non-current (Note 6)(i))	8,055	-	13,398	-	6,776	-
Financial assets measured at cost – noncurrent (Note 6)(b))	48,335	1	53,582	1	36,061	1		24,647	-	28,193	-	19,255	-
Property, plant, and equipment (Note 6)(e))	262,278	4	267,480	4	249,969	4	<b>TOTAL LIABILITIES</b>	4,345,408	62	3,758,612	58	3,532,133	61
Intangible assets (Note 6)(f))	12,980	-	11,863	-	12,909	-	<b>Owners' Equity Attributable to Equity Holders of the Parent Company (Note 6)(k)):</b>						
Deferred income tax assets	49,426	1	48,322	1	44,378	1	Capital Stock:						
Other financial assets – non-current (Note 8))	101,169	1	61,819	1	51,620	1	Common stock	868,168	12	868,168	13	822,448	14
Other non-current assets	8,576	-	3,407	-	9,977	-	Stock dividends to be distributed (Note 6)(l))	60,381	1	-	-	45,720	1
	<u>482,764</u>	<u>7</u>	<u>446,473</u>	<u>7</u>	<u>404,914</u>	<u>7</u>	Capital Surplus	65,321	1	65,321	1	65,321	1
<b>TOTAL ASSETS</b>	<u>\$ 7,026,464</u>	<u>100</u>	<u>6,415,394</u>	<u>100</u>	<u>5,787,803</u>	<u>100</u>	Retained Earnings:						
							Legal reserve	250,151	4	182,223	3	182,223	3
							Special reserve	-	-	7	-	7	-
							Retained earnings – unappropriated	850,960	12	1,001,521	16	641,554	11
							Other Equity:						
							Exchange differences on translation of foreign operations	(5,291)	-	2,022	-	140	-
							Total owners' equity attributable to equity holders of the parent company	2,089,690	30	2,119,262	33	1,757,413	30
							Non-controlling interest	591,366	8	537,520	9	498,257	9
							<b>TOTAL EQUITY</b>	<u>2,681,056</u>	<u>38</u>	<u>2,656,782</u>	<u>42</u>	<u>2,255,670</u>	<u>39</u>
							<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 7,026,464</u>	<u>100</u>	<u>6,415,394</u>	<u>100</u>	<u>5,787,803</u>	<u>100</u>

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

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

**PCHOME ONLINE INC. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014**

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

	Second Quarter of,				For the six months ended June 30,			
	2015		2014		2015		2014	
	Amount	%	Amount	%	Amount	%	Amount	%
Operating revenues (Note (6)(m))	\$ 5,578,665	102	4,777,125	102	11,424,440	102	9,682,801	102
Less: Sales returns, discounts and allowances	101,335	2	99,457	2	225,815	2	210,967	2
Net sales	5,477,330	100	4,677,668	100	11,198,625	100	9,471,834	100
Operating costs (Note (6)(d))	4,529,317	83	3,860,393	83	9,268,688	83	7,829,305	83
Gross margin	948,013	17	817,275	17	1,929,937	17	1,642,529	17
Operating expenses:								
Selling expenses	537,234	10	467,607	10	1,065,171	10	921,414	10
General and administrative expenses	102,862	2	96,987	2	211,936	2	204,258	2
Research and development expenses	59,431	1	46,977	1	116,965	1	91,399	1
Total operating expenses	699,527	13	611,571	13	1,394,072	13	1,217,071	13
Income from operations	248,486	4	205,704	4	535,865	4	425,458	4
Non-operating income and expenses (Note (6)(o)):								
Other revenue	8,406	-	15,777	-	15,682	-	20,880	-
Other gains and losses	(1,972)	-	(2,651)	-	(8,665)	-	(802)	-
Financial costs	(1)	-	-	-	(1)	-	-	-
Total non-operating income and expenses	6,433	-	13,126	-	7,016	-	20,078	-
Profit before tax from continuing operations	254,919	4	218,830	4	542,881	4	445,536	4
Less: Income tax expense (Note (6)(j))	81,445	1	50,595	1	131,687	1	90,778	1
Profit	173,474	3	168,235	3	411,194	3	354,758	3
Other comprehensive income:								
Items that may be subsequently reclassified into profit or loss								
Exchange differences on translation of foreign operations	(4,835)	-	(1,048)	-	(10,948)	-	155	-
Other comprehensive income (net of tax)	(4,835)	-	(1,048)	-	(10,948)	-	155	-
Total comprehensive income	\$ 168,639	3	167,187	3	400,246	3	354,913	3
Profit attributable to:								
Owners of parent	\$ 157,893	3	146,080	3	370,218	3	311,764	3
Non-controlling interests	15,581	-	22,155	-	40,976	-	42,994	-
	\$ 173,474	3	168,235	3	411,194	3	354,758	3
Comprehensive income attributable to:								
Owners of parent	\$ 154,636	3	145,103	3	362,905	3	311,911	3
Non-controlling interests	14,003	-	22,084	-	37,341	-	43,002	-
	\$ 168,639	3	167,187	3	400,246	3	354,913	3
Earnings per share (Note (6)(l))								
Basic earnings per share (dollars)	\$ 1.82		1.68		4.26		3.59	
Diluted earnings per share (dollars)	\$ 1.81		1.68		4.25		3.58	
Note : The following are the pro-forma retrospective earnings per share in consideration of the stock dividends that were issued :								
Pro-forma basic earnings per share (dollars)	\$ 1.70		1.57		3.99		3.36	
Pro-forma diluted earnings per share (dollars)	\$ 1.70		1.57		3.98		3.35	

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

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**PCHOME ONLINE INC. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014**

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

	Equity Attributable to Owners of Parent									
	Stock		Retained Earnings					Other Equity	Total Equity Attributable to Owners of Parent	Non-controlling Interests
	Common Stock	Stock Dividend to Be Distributed	Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings - Unappropriated	Exchange differences on translation of foreign operations			
Balance as of January 1, 2014	\$ 822,448	-	61,834	131,548	1,155	722,216	(7)	1,739,194	406,838	2,146,032
Profit for the six months ended June 30, 2014	-	-	-	-	-	311,764	-	311,764	42,994	354,758
Other comprehensive income for the six months ended June 30, 2014	-	-	-	-	-	-	147	147	8	155
Total comprehensive income for the six months ended June 30, 2014	-	-	-	-	-	311,764	147	311,911	43,002	354,913
Earnings distribution:										
Legal reserve	-	-	-	50,675	-	(50,675)	-	-	-	-
Special reserve	-	-	-	-	(1,148)	1,148	-	-	-	-
Cash dividends	-	-	-	-	-	(297,179)	-	(297,179)	-	(297,179)
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)	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	(18,096)	(18,096)
Balance as of June 30, 2014	<u>\$ 822,448</u>	<u>45,720</u>	<u>65,321</u>	<u>182,223</u>	<u>7</u>	<u>641,554</u>	<u>140</u>	<u>1,757,413</u>	<u>498,257</u>	<u>2,255,670</u>
Balance as of January 1, 2015	\$ 868,168	-	65,321	182,223	7	1,001,521	2,022	2,119,262	537,520	2,656,782
Profit for the six months ended June 30, 2015	-	-	-	-	-	370,218	-	370,218	40,976	411,194
Other comprehensive income for the six months ended June 30, 2015	-	-	-	-	-	-	(7,313)	(7,313)	(3,635)	(10,948)
Total comprehensive income for the six months ended June 30, 2015	-	-	-	-	-	370,218	(7,313)	362,905	37,341	400,246
Earnings distribution:										
Legal reserve	-	-	-	67,928	-	(67,928)	-	-	-	-
Special reserve	-	-	-	-	(7)	7	-	-	-	-
Cash dividends	-	-	-	-	-	(392,477)	-	(392,477)	-	(392,477)
Stock dividends	-	60,381	-	-	-	(60,381)	-	-	-	-
Increase in capital by cash from non-controlling interests	-	-	-	-	-	-	-	-	35,647	35,647
Change in non-controlling interests	-	-	-	-	-	-	-	-	(19,142)	(19,142)
Balance as of June 30, 2015	<u>\$ 868,168</u>	<u>60,381</u>	<u>65,321</u>	<u>250,151</u>	<u>-</u>	<u>850,960</u>	<u>(5,291)</u>	<u>2,089,690</u>	<u>591,366</u>	<u>2,681,056</u>

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

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

**PCHOME ONLINE INC. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014**

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

	For the six months ended June 30,	
	2015	2014
<b>Cash flows from operating activities:</b>		
Profit before tax	\$ 542,881	445,536
<b>Adjustments:</b>		
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	55,211	51,052
Amortization	3,543	4,062
Interest expense	1	-
Interest income	(9,777)	(9,200)
Dividend revenue	(1,488)	(1,191)
(Gain) loss on disposal and retirement of property, plant and equipment, net	(10)	315
Impairment loss on financial assets	7,246	17,185
Impairment loss on nonfinancial assets	5,247	-
Total adjustments to reconcile net income to net cash provided by operating activities	59,973	62,223
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets, net:</b>		
Notes receivable	(661)	(2,416)
Accounts receivable	(75,738)	(38,696)
Other receivables	(207,410)	(7,852)
Inventories	(21,922)	4,746
Other financial assets	(218,808)	11,835
Other current assets	(12,944)	(8,599)
Total changes in operating assets, net	(537,483)	(40,982)
<b>Changes in operating liabilities, net:</b>		
Notes payable	4,409	2,882
Accounts payable	(99,180)	(34,410)
Other payable	(63,687)	37,165
Other current liabilities	315,917	71,834
Net defined benefit liabilities-non-current	(5,343)	(1,065)
Total changes in operating liabilities, net	152,116	76,406
Total changes in operating assets and liabilities, net	(385,367)	35,424
Total adjustments	(325,394)	97,647
Cash inflow generated from operations	217,487	543,183
Interest received	9,317	9,155
Dividends received	1,488	1,191
Interest paid	(1)	-
Income tax paid	(122,371)	(92,187)
<b>Net cash provided by operating activities</b>	<b>105,920</b>	<b>461,342</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(38,579)	(88,476)
Disposal of property, plant and equipment	19	597
Purchase of intangible assets	(3,282)	(2,079)
Increase in other non-current assets	(5,151)	(4,950)
<b>Net cash used in investing activities</b>	<b>(46,993)</b>	<b>(94,908)</b>
<b>Cash flows from financing activities:</b>		
Increase in capital by cash from non-controlling interests	35,647	70,000
<b>Net cash provided by financing activities</b>	<b>35,647</b>	<b>70,000</b>
Foreign exchange rate effects	(11,058)	150
<b>Net increase in cash and cash equivalents</b>	<b>83,516</b>	<b>436,584</b>
Cash and cash equivalents, beginning of period	4,887,418	3,859,455
<b>Cash and cash equivalents, end of period</b>	<b>\$ 4,970,934</b>	<b>4,296,039</b>

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



**PCHOME ONLINE INC. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**(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 released the consolidated interim financial statements on August 13, 2015.

**(3) New Standards and Interpretations Not Yet Adopted**

- (a) Effect of new issuances and amendments to IFRSs as endorsed by the Financial Supervisory Commission ("FSC").

The Group adopt the 2013 version of IFRS (not including IFRS 9, 'Financial instruments') as endorsed by the FSC in preparing its 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 INTERIM FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**

(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
Employee benefits (as amendment to IAS 19)	January 1, 2013
Separate financial statements (as amendment to IAS 27)	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:

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 adjusts its presentation of the statement of comprehensive income for the reporting period and comparison period.

(b) New standards, interpretations and amendments not endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not endorsed by the FSC as of the reporting date:

<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
Acquisition of an interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 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 IAS 41)	January 1, 2016
Services related contributions from employees or third parties (amendments to IAS 19)	July 1, 2014

June 30, 2015 and 2014 reviewed only, not audited in accordance with the generally accepted auditing standards

**PCHOME ONLINE INC. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**

**(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>
Equity method in separate financial statements (amendments 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
The Annual Improvements : 2010-2012 & 2011-2013 Cycles	July 1, 2014
The Annual Improvements to IFRS : 2012-2014 Cycles	January 1, 2016
IFRIC 21, "Levies"	January 1, 2014

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

**(4) Significant Accounting Policies**

**(a) Statement of compliance**

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

Except as described in the following paragraph, the significant accounting policies applied in the preparation of the consolidated interim financial statements are applied consistently for the consolidated financial statements for the year ended December 31, 2014. For other information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2014.

The related changes for the Group adopted the 2013 version of IFRS as endorsed by the FSC, please refer to note 3.

**(b) Business combination**

The principles applied in the preparation of the consolidated interim financial statements are consistent with the consolidated financial statements for the year ended December 31, 2014. For information about the principles, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2014.

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1. List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			2015.6.30	2014.12.31	2014.6.30	
The Company	PChome eBay Co., Ltd.	Information processing and provision of electronic information	65.00 %	65.00 %	65.00 %	
"	PChome Store Inc.	Internet services	59.91 %	59.91 %	59.91 %	
"	Linktel Inc.	Type II Telecommunications Business	100.00 %	100.00 %	100.00 %	
"	PChomePay Inc.	Online payment processing services	22.22 %	22.22 %	22.22 %	Note 1
"	IT Home Publications Inc.	Magazine publication	100.00 %	100.00 %	100.00 %	
"	PChome US Inc.	E-commerce platform	90.91 %	90.91 %	90.91 %	
"	Liker Technology Inc.	O2O (Online to Offline) E-commerce	34.72 %	34.72 %	34.72 %	Notes 1, 4
"	PC Home Online International Co., Ltd.	International trade and investment activities	100.00 %	100.00 %	100.00 %	
"	Rakuya International Info. Co., Ltd.	Real estate business, and internet information rental service	22.04 %	22.04 %	22.04 %	Note 2
"	eCommerce Group Co., Ltd.	Investment activities	100.00 %	100.00 %	100.00 %	
"	Orange Network Inc.	Online television media business	- %	100.00 %	100.00 %	Note 3
"	Pi Mobile Technology Inc.	Online payment processing services	100.00 %	- %	- %	
"	PChome (Thailand) Co., Ltd.	E-commerce platform	65.00 %	- %	- %	
"	PChome Travel Inc.	Travel agency business	100.00 %	- %	- %	
PChome eBay Co., Ltd.	PChomePay Inc.	Online payment processing services	25.33 %	25.33 %	25.33 %	Note 1
PChome Store Inc.	Liker Technology Inc.	O2O (Online to Offline) E-commerce	41.67 %	41.67 %	41.67 %	Notes 1, 4
"	PChomePay Inc.	Online payment processing services	35.56 %	35.56 %	35.56 %	Note 1
PChome Pay Inc.	Pay and Link Inc.	Internet services	100.00 %	100.00 %	100.00 %	
IT Home Publications Inc.	Yiabi Inc.	Information processing and provision of electronic information	100.00 %	100.00 %	100.00 %	
PC Home Online International Co., Ltd.	PChome Online Inc.	International trade and investment activities	100.00 %	100.00 %	100.00 %	
eCommerce Group Co., Ltd.	EC Global Inc.	Investment activities	100.00 %	100.00 %	100.00 %	

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Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			2015.6.30	2014.12.31	2014.6.30	
PChome Online Inc.	PC Home Online (HK) Ltd.	Information service and indirect investment activities	100.00 %	100.00 %	100.00 %	
EC Global Inc.	EC Global Limited	Investment activities	100.00 %	100.00 %	100.00 %	
PC Home Online (HK) Ltd.	Shanghai Todo Inc.	Software and internet technical consulting service	100.00 %	100.00 %	100.00 %	
EC Global Limited	PChome Trading (Shenzhen) Ltd.	International trading E-commerce	100.00 %	100.00 %	100.00 %	
"	PChome Japan KK	"	100.00 %	100.00 %	100.00 %	

Note 1: The Group holds more than 50% of its 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 directs the relevant activities. Therefore, it was included in the consolidated financial statements.

Note 3: On September 7, 2012, a resolution was approved by the shareholders of the investee company, Orange Network Inc., for dissolution. As of June 30, 2015, the investee company completed 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 June 30, 2015, the investee company was in the liquidation process.

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

(c) Employee benefits

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

(d) Income taxes

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

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

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

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

The preparation of the consolidated quarterly financial statements in conformity with IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and approved by the FSC) requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The principles of preparation of the consolidated interim financial statements and the related significant estimates and underlying assumptions are consistent with note 5 of the consolidated interim financial statements for the year ended December 31, 2014.

**(6) Summary of Major Accounts**

Except as described in the following paragraph, there were no significant changes in significant accounting policies as compared to the consolidated financial statements for the year ended December 31, 2014.

For other information about the accounting policies, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2014.

**(a) Cash and cash equivalents**

	<u>2015.6.30</u>	<u>2014.12.31</u>	<u>2014.6.30</u>
Cash on hand	\$ 365	358	256
Checking accounts	22,620	25,356	22,812
Savings accounts	3,690,074	3,155,406	2,605,146
Foreign currency deposits	150,031	149,200	136,701
Time deposits	1,081,960	1,539,200	1,523,200
Cash equivalents	<u>25,884</u>	<u>17,898</u>	<u>7,924</u>
Cash and cash equivalents in consolidated statement of cash flows	<u>\$ 4,970,934</u>	<u>4,887,418</u>	<u>4,296,039</u>

**(b) Financial assets**

Financial assets measured at cost:

	<u>2015.6.30</u>	<u>2014.12.31</u>	<u>2014.6.30</u>
Domestic stock of non-listed company	\$ <u>48,335</u>	<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.

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The Group invested 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 there was evidence indicating a decline in the value of the investment in PayEasy Ltd. and Taiwan Star Telecom Co., Ltd., the impairment losses of \$4,510 and \$737 were recognized for the three months ended June 30, 2015.

As of June 30, 2015, December 31, 2014, and June 30, 2014, the Group's financial assets were not pledged as collateral.

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

	<u>2015.6.30</u>	<u>2014.12.31</u>	<u>2014.6.30</u>
Notes receivable	\$ 4,775	4,114	7,277
Accounts receivable	385,078	321,822	399,548
Other receivables	388,694	180,788	162,930
Less: Allowance for impairment loss	<u>(14,681)</u>	<u>(19,917)</u>	<u>(29,075)</u>
	<u>\$ 763,866</u>	<u>486,807</u>	<u>540,680</u>

As of June 30, 2015, December 31, 2014 and June 30, 2014 the Group did not have accounts receivables which were past due but not impaired.

The movement in the allowance for impairment loss with respect to notes receivable, accounts receivable and other receivables for the three months ended June 30, 2015 and 2014, were as follows:

	<u>Individually assessed impairment</u>	<u>Collectively assessed impairment</u>	<u>Total</u>
Balance at January 1, 2015	\$ -	19,917	19,917
Impairment loss recognized	-	7,246	7,246
Amount of write-off	<u>-</u>	<u>(12,482)</u>	<u>(12,482)</u>
Balance at June 30, 2015	<u>\$ -</u>	<u>14,681</u>	<u>14,681</u>
Balance at January 1, 2014	\$ -	14,200	14,200
Impairment loss recognized	-	17,185	17,185
Amount of write-off	<u>-</u>	<u>(2,310)</u>	<u>(2,310)</u>
Balance at June 30, 2014	<u>\$ -</u>	<u>29,075</u>	<u>29,075</u>

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(d) Inventories

	<u>2015.6.30</u>	<u>2014.12.31</u>	<u>2014.6.30</u>
Merchandise inventories	\$ 436,129	409,472	328,780
Less: Allowance for inventory valuation and obsolescence losses	<u>(8,542)</u>	<u>(3,807)</u>	<u>(3,266)</u>
	<u>\$ 427,587</u>	<u>405,665</u>	<u>325,514</u>

As of June 30, 2015, December 31, 2014 and June 30, 2014, the Group's inventories were not pledged as collateral.

The details of operating cost were as follows:

	Second Quarter of		For the six months ended June 30,	
	2015	2014	2015	2014
Cost of goods sold	\$ 4,525,212	3,859,283	9,263,645	7,827,478
Provision for inventory market price decline and obsolescence	3,797	910	4,735	1,627
Loss on disposal of scrap	<u>308</u>	<u>200</u>	<u>308</u>	<u>200</u>
	<u>\$ 4,529,317</u>	<u>3,860,393</u>	<u>9,268,688</u>	<u>7,829,305</u>

(e) Property, plant and equipment

	Transportation equipment	Furniture and office equipment	Leasehold improvements	Total
Carrying amounts:				
At January 1, 2015	\$ <u>602</u>	<u>159,889</u>	<u>106,989</u>	<u>267,480</u>
At June 30, 2015	\$ <u>486</u>	<u>157,877</u>	<u>103,915</u>	<u>262,278</u>
At January 1, 2014	\$ <u>1,390</u>	<u>137,528</u>	<u>51,224</u>	<u>190,142</u>
At June 30, 2014	\$ <u>666</u>	<u>152,429</u>	<u>96,874</u>	<u>249,969</u>

There were no significant additions, disposal, or impairment in property, plant and equipment for the six months ended June 30, 2015 and 2014. The details of depreciation are disclosed in note 12. For other information about the property, plant and equipment, please refer to note 6(e) of the consolidated financial statements for the year ended December 31, 2014.



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(f) Intangible assets

	<u>Software</u>	<u>Patent and Trademark</u>	<u>Total</u>
Carrying amounts:			
Balance at January 1, 2015	\$ <u>9,006</u>	<u>2,857</u>	<u>11,863</u>
Balance at June 30, 2015	\$ <u>10,123</u>	<u>2,857</u>	<u>12,980</u>
Balance at January 1, 2014	\$ <u>12,035</u>	<u>2,857</u>	<u>14,892</u>
Balance at June 30, 2014	\$ <u>10,052</u>	<u>2,857</u>	<u>12,909</u>

There were no significant additions, disposals or impairment in intangible assets for the six months ended June 30, 2015 and 2014. The details of amortization expenses are disclosed in note 12. For other information about the intangible assets, please refer to note 6(f) of the consolidated financial statements for the year ended December 31, 2014.

(g) Other current liabilities

	<u>2015.6.30</u>	<u>2014.12.31</u>	<u>2014.6.30</u>
Advance receipts	\$ 181,337	194,796	226,364
Receipts under custody	1,145,203	817,846	755,497
Other	<u>10,425</u>	<u>8,413</u>	<u>7,055</u>
	<u>\$ 1,336,965</u>	<u>1,021,055</u>	<u>988,916</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>2015.6.30</u>	<u>2014.12.31</u>	<u>2014.6.30</u>
Less than one year	\$ 296,080	287,127	243,314
Between one and five years	<u>369,660</u>	<u>501,765</u>	<u>531,709</u>
	<u>\$ 665,740</u>	<u>788,892</u>	<u>775,023</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.

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Details of operating lease expense were as follows:

	Second Quarter of ,		For the six months ended June 30,	
	2015	2014	2015	2014
Operating lease expense	\$ 70,246	57,955	139,559	113,476

(i) Employee benefits

1. Defined benefit plans

In the prior fiscal year, there was no material volatility of the market, no material reimbursement or settlement, and no other material one-time events. As a result, pension cost in the interim financial statements is measured and disclosed according to the actuarial results determined on December 31, 2014 and 2013.

The details of expenses were as follows:

	Second Quarter of ,		For the six months ended June 30,	
	2015	2014	2015	2014
Operating costs	\$ -	1	1	1
Selling expense	63	16	125	32
General and administrative expenses	68	69	137	138
Research and development expenses	10	2	20	5
	<u>\$ 141</u>	<u>88</u>	<u>283</u>	<u>176</u>

2. Defined contribution plans

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

	Second Quarter of ,		For the six months ended June 30,	
	2015	2014	2015	2014
Operating costs	\$ 640	480	1,240	941
Selling expense	8,786	7,481	17,229	14,524
General and administrative expenses	1,385	1,384	2,687	2,755
Research and development expenses	2,478	1,910	4,955	3,679
	<u>\$ 13,289</u>	<u>11,255</u>	<u>26,111</u>	<u>21,899</u>

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(j) Income taxes

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

	<u>Second Quarter of</u>		<u>For the six months ended June 30,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current income tax expense:				
Current period	\$ 46,231	36,745	96,815	75,987
10% surtax on unappropriated earnings	32,285	16,768	32,285	16,768
Adjustment for prior periods	<u>1,894</u>	<u>(168)</u>	<u>1,894</u>	<u>(168)</u>
	<u>80,410</u>	<u>53,345</u>	<u>130,994</u>	<u>92,587</u>
Deferred tax expense:				
Origination and reversal of temporary differences	<u>1,035</u>	<u>(2,750)</u>	<u>693</u>	<u>(1,809)</u>
Income tax from continuing operations	<u>\$ 81,445</u>	<u>50,595</u>	<u>131,687</u>	<u>90,778</u>

2. The amount of income tax expense recognized in other comprehensive income for the six months ended June 30, 2015 and 2014, was both zero.

3. The Company's tax returns for the years through 2013 were examined and approved by the Taipei National Tax Administration.

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

	<u>2015.6.30</u>	<u>2014.12.31</u>	<u>2014.6.30</u>
Unappropriated earnings of 1998 and after	<u>\$ 850,960</u>	<u>1,001,521</u>	<u>641,554</u>
Balance of imputation credit account (ICA)	<u>\$ 172,617</u>	<u>99,910</u>	<u>113,560</u>
	<u>2014 (estimated)</u>	<u>2013 (actual)</u>	
Tax deduction ratio for earnings distribution to ROC residents	<u>17.24 %</u>	<u>15.67 %</u>	

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

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(k) Capital and other equity

Except as described in the following paragraph, there were no significant changes in the Company's capital stock and other equity components for the six months ended June 30, 2015 and 2014. For other information about the stockholders' equity please refer to note 6(k) of the consolidated financial statements for the year ended December 31, 2014.

1. Capital surplus

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

	<u>2015.6.30</u>	<u>2014.12.31</u>	<u>2014.6.30</u>
Share capital	\$ 53,647	53,647	53,647
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	8,187	8,187	8,187
Changes in equity of subsidiaries	<u>3,487</u>	<u>3,487</u>	<u>3,487</u>
	<u>\$ 65,321</u>	<u>65,321</u>	<u>65,321</u>

2. Retained earnings

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

- (1) No higher than 1.5 percent as rewards of directors and supervisors.
- (2) 1~15 percent as employee benefits.

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

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

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

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

According to The Company Act which was amended on May 2015, the employee benefits and the rewards of directors and supervisors were no longer the allotments for earnings distribution. The Company will amend the articles of association before the deadline which was set by the authorities.

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Employee benefits amounted to \$12,795 and \$27,762, and rewards of directors and supervisors amounted to \$1,919 and \$4,164 for the second quarter of 2014 and for the six months ended June 30, 2014, respectively. These amounts are calculated using the Company's net profit for each period and are determined according to the earnings allocation method, priority, and distribution ratios for employee benefits and rewards of directors and supervisors as stated under the articles of association. These benefits are expensed under operating expenses for each period. Employee benefits amounted to \$60,381 and \$45,683, and rewards of directors and supervisors amounted to \$7,257 and \$5,053 for 2014 and 2013, respectively.

The parent-company-only financial statements for the year ended December 31, 2014 estimated the employee benefits and the rewards of the directors and supervisors which differ from the actual distributions amount by \$0 thousand and \$464 thousand, respectively. The difference was the change in the estimate, which is accounted as profit or loss in 2015.

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 earnings distribution for 2014 and 2013 was decided by the general meeting of shareholders held on June 22, 2015 and June 24, 2014.

The relevant dividend distribution to shareholders was as follows:

	2014	2013
Dividends distributed to common shareholders		
Cash	\$ 392,477	297,179
Shares	60,381	45,720
Total	\$ 452,858	342,899

3. Other equity (net of tax)

	<u>Foreign currency translation differences for foreign operations</u>
Balance at January 1, 2015	\$ 2,022
Foreign currency translation differences	(7,313)
Balance at June 30, 2015	\$ (5,291)
Balance at January 1, 2014	\$ (7)
Foreign currency translation differences	147
Balance at June 30, 2014	\$ 140

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(l) Earnings per share

	Second Quarter of		For the six months ended June 30,	
	2015	2014	2015	2014
<b>Basic earnings per share</b>				
Profit attributable to common stockholders of the Company	\$ 157,893	146,080	370,218	311,764
Weighted-average number of ordinary shares	86,817	86,817	86,817	86,817
	\$ 1.82	1.68	4.26	3.59
<b>Diluted earnings per share</b>				
Profit attributable to common stockholders of the Company	\$ 157,893	146,080	370,218	311,764
Weighted-average number of ordinary shares (basic)	86,817	86,817	86,817	86,817
Effect of employee stock bonus	187	218	193	218
Weighted-average number of ordinary shares (adjusted with potential effect of diluted ordinary shares)	87,004	87,035	87,010	87,035
	\$ 1.81	1.68	4.25	3.58

On June 22, 2015, the meeting of shareholders resolved to issue stock dividends. In addition, on August 10, 2015, the board of directors resolved to set the ex-rights (ex-dividend) date on August 31, 2015. Considering the resolution of stock dividends issuance, pro-forma retrospective earnings per share were calculated as follows:

	Second Quarter of		For the six months ended June 30,	
	2015	2014	2015	2014
Pro-forma basic earnings per share	\$ 1.70	1.57	3.99	3.36
Pro-forma diluted earnings per share	\$ 1.70	1.57	3.98	3.35

(m) Revenue

For the six months ended June 30, 2015 and 2014, the details of revenue are as follows:

	Second Quarter of		For the six months ended June 30,	
	2015	2014	2015	2014
Sale of goods	\$ 4,928,207	4,316,153	10,151,623	8,769,606
Rendering of services	549,123	361,515	1,047,002	702,228
	\$ 5,477,330	4,677,668	11,198,625	9,471,834

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(n) Rewards of employees, directors and supervisors

The rewards of employees amounted to \$14,257 and \$33,205, and rewards of directors and supervisors amounted to \$1,154 and \$2,836 in the second quarter of 2015 and for the six months ended June 30, 2015 respectively. These amounts are calculated using the Company's profit before tax without the rewards of employees, directors and supervisors for each period, and are determined using the earnings allocation method which was stated under the Company's prepared article. These rewards are expensed under operating cost or expenses for each period. If there are subsequent adjustment to actual rewards amount after the board of directors released the financial statements, the difference shall be accounted for under profit or loss in 2015.

(o) Non-operating income and expenses

1. Other revenue

The details of other revenue were as follows:

	Second Quarter of ,		For the six months ended June 30,	
	2015	2014	2015	2014
Interest income	\$ 5,743	5,310	9,777	9,200
Dividend revenue	1,488	1,191	1,488	1,191
Tax refunds income	-	8,955	-	10,054
Other	1,175	321	4,417	435
	<u>\$ 8,406</u>	<u>15,777</u>	<u>15,682</u>	<u>20,880</u>

2. Other gains and losses

The details of other gains and losses were as follows:

	Second Quarter of ,		For the six months ended June 30,	
	2015	2014	2015	2014
Foreign currency exchange gain or loss, net	\$ (1,940)	(2,359)	(3,383)	(455)
Disposal gain (loss) on property, plant and equipment	10	(260)	10	(315)
Impairment loss	-	-	(5,247)	-
Other	(42)	(32)	(45)	(32)
	<u>\$ (1,972)</u>	<u>(2,651)</u>	<u>(8,665)</u>	<u>(802)</u>

(p) Financial instruments

Except as described in the following paragraph, there were no significant changes in the Group's fair value of financial instruments exposed to credit risk, and market risk for the six months ended June 30, 2015 and 2014. For other information about the fair value of financial instruments, please refer to note 6(o) of the consolidated financial statements for the year ended December 31, 2014.

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1. Liquidity risks

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

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Balance at June 30, 2015							
Non-derivative financial liabilities							
Notes payable	\$ 6,141	6,141	6,141	-	-	-	-
Accounts payable	1,801,627	1,801,627	1,801,627	-	-	-	-
Other payable	1,031,731	1,031,731	1,031,731	-	-	-	-
Receipts under custody	<u>1,145,203</u>	<u>1,145,203</u>	<u>1,145,203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,984,702</u>	<u>3,984,702</u>	<u>3,984,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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	<u>817,846</u>	<u>817,846</u>	<u>817,846</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<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 June 30, 2014							
Non-derivative financial liabilities							
Notes payable	\$ 5,444	5,444	5,444	-	-	-	-
Accounts payable	1,616,229	1,616,229	1,616,229	-	-	-	-
Other payable	800,892	800,892	800,892	-	-	-	-
Receipts under custody	<u>755,497</u>	<u>755,497</u>	<u>755,497</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,178,062</u>	<u>3,178,062</u>	<u>3,178,062</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.

2. Market risk

1) Currency risk exposure

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

	2015.6.30			2014.12.31			2014.6.30			
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	
<b>Financial assets</b>										
<b>Monetary items</b>										
USD	\$	4,908	30.85	151,422	4,682	31.62	148,056	4,612	29.87	137,768
<b>Financial liabilities</b>										
<b>Monetary items</b>										
USD		966	30.85	29,812	592	31.62	18,706	598	29.87	17,874



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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 as at June 30, 2015 and 2014, would have increased or decreased net income by \$4,606 and \$4,773, respectively. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for the second quarter of 2015 and 2014.

Due to the wide variety of the Group's functional currency, the Group had disclosed the exchange gains and losses of monetary items by using the aggregated method. For the six months ended June 30, 2015 and 2014, the exchange gains and losses (including realized and unrealized) were \$(3,383) and \$(455), respectively.

2) Interest analysis

The interest rate exposure of the Group's financial assets and liabilities is described in note (6)(p)1. on liquidity risk management.

3. Fair value

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

(q) Financial risk management

There were no significant changes in the Group's objectives and policies applied in the financial risk management as compared to note 6(p) of the consolidated interim financial statements for the year ended December 31, 2014.

(r) Capital management

The Group's objectives, policies, and processes for capital management were consistent with the consolidated financial statements for the year ended December 31, 2014. There were no significant changes in the quantified factors of capital management as compared to the consolidated financial statements for the year ended December 31, 2014. For other information about the capital management, please refer to note 6(q) of the consolidated financial statements for the year ended December 31, 2014.

(7) Related-Party Transactions

Key management personnel compensation comprised:

	Second Quarter of,		For the six months ended June 30,	
	2015	2014	2015	2014
Short-term employee benefits	\$ 30,064	16,011	49,438	30,516

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**(8) Restricted Assets**

The following assets were restricted in use:

Assets	Purpose of Pledge	2015.6.30	2014.12.31	2014.6.30
Deposit account-current	Security for performance and purchase guarantee	\$ 347,011	167,611	194,611
Refundable deposit	Security for provisional seizure, etc. and deposits for office rental	101,169	61,819	51,620
		<u>\$ 448,180</u>	<u>229,430</u>	<u>246,231</u>

**(9) Significant Contingencies and Commitments**

- (a) The agreement with a non-related party for internet phone services entered into in July 2004 was renewed on April 1, 2009. Pursuant to the newly revised agreement, the net revenue from these services is allocated each month between the parties by a set ratio. As the Company sold its internet phone services to Linktel Inc. (with 100% shareholding) on March 1, 2011, Linktel Inc. and the Company signed a contract with the non-related party in which the Company acts as the guarantor of the non-related party at all times and during the term of the agreement.
- (b) As of June 30, 2015, December 31, 2014, and June 30, 2014, notes payable deposited as guarantee for commercial vehicle and office and building leases were \$143,038, \$128,490, and \$144,964, 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 \$40,000, \$80,000 and \$80,000 as of June 30, 2015, December 31, 2014, and June 30, 2014, 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 \$1,031,000, \$243,000 and \$166,000 as of June 30, 2015, December 31, 2014, and June 30, 2014, respectively.

**(10) Significant Catastrophic Losses: None.**

**(11) Significant Subsequent Events: None.**

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**(12) Others**

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

Categorized as Nature	Second Quarter of 2015			Second Quarter of 2014		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	10,745	309,821	320,566	10,677	266,596	277,273
Labor and health insurance	1,287	24,331	25,618	955	20,715	21,670
Pension	640	12,790	13,430	481	10,862	11,343
Others employee benefits	486	8,172	8,658	335	7,162	7,497
Depreciation	98	27,798	27,896	-	26,931	26,931
Amortization	-	1,696	1,696	-	2,050	2,050

Categorized as Nature	For the six months ended June 30, 2015			For the six months ended June 30, 2014		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	25,258	616,794	642,052	22,960	525,719	548,679
Labor and health insurance	2,575	48,344	50,919	1,865	40,900	42,765
Pension	1,241	25,153	26,394	942	21,133	22,075
Others employee benefits	930	16,175	17,105	654	14,094	14,748
Depreciation	98	55,113	55,211	-	51,052	51,052
Amortization	-	3,543	3,543	-	4,062	4,062

- (b) Seasonality of operations:

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

**(13) Additional Disclosures**

- (a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the six months ended June 30, 2015:

1. Fund financing to other parties: None.

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2. Guarantees and endorsements for other parties:

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

No. (Note 1)	Name of company	Counter-party		Limitation on amount of 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/ guarantee to third parties on behalf of subsidiary	Subsidiary endorsement/ guarantee to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Linktel Inc.	3	1,044,945	14,348	14,348	14,348	-	0.69 %	2,089,690	Y		

Note 1: 0 is issuer.

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

Note 3: A subsidiary of the Company.

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

3. Information regarding securities held at balance sheet date

(excluding investments in subsidiaries, associates and jointly controllable entities):

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

Name of holder	Category and name of security	Category and name of security	Account title	Ending balance				Note
				Number	Book value	Percentage	Market value	
PChome Online Inc.	Common Stock:							
	Eastern Online Co., Ltd.	-	Financial assets measured at cost	118,750	-	4.19 %	-	
	Syspower Ltd.	-	"	744,118	2,846	3.72 %	-	
	Openfind Information Technology, Inc.	-	"	800,000	4,031	7.42 %	-	
	Career Consulting Co., Ltd.	-	"	113,005	1,015	0.72 %	-	
	PayEasy Ltd.	-	"	5,437,762	-	12.51 %	-	
	Taiwan Star Telecom Co., Ltd.	-	"	3,942	-	- %	-	
	P2V Holdings Ltd. (Samoa)	-	"	2,691,030	22,922	11.13 %	-	
17 Life Ltd.	-	"	1,752,098	17,521	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.

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10. Business relationships and significant inter-company transactions:

No. (Note 1)	Name of company	Name of counter-party	Existing relationship with the counter-party (Note 2)	Transaction			
				Account name	Amount	Terms of trading	Percentage of the total consolidated revenue or total assets
0	PChome Online Inc.	Linktel Inc.	1	Sales	2,709	Usual terms and conditions	0.02 %
0	"	PChome Store Inc.	1	Sales	51,398	"	0.46 %
0	"	"	1	Accounts Receivable	4,391	"	0.05 %
0	"	"	1	Other Receivable	29,575	No comparable counter-parties	0.42 %
0	"	PChome eBay Co., Ltd.	1	Sales	3,793	Usual terms and conditions	0.03 %
0	"	"	1	Advertisement Expenses	3,300	No comparable counter-parties	0.03 %
0	"	Rakuya International Info. Co. Ltd.	1	Sales	2,928	Usual terms and conditions	0.03 %
0	"	"	1	Other Payable	1,654	No comparable counter-parties	0.02 %
0	"	PChome Trading (Shenzhen) Ltd.	1	Other Receivable	4,377	"	0.06 %
0	"	PChome (Thailand) Co., Ltd.	1	Other Receivable	3,266	"	0.05 %

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

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

Note 2: Relationship is classified into three types:

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

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

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

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

(b) Information on investees:

For the six months ended June 30, 2015, the following was the information on investees (excluding investees in Mainland China) :

(Expressed in thousands of dollars)

Name of investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Net income (loss) of the investee	Investment income (losses)	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
PChome Online Inc.	IT Home Publications Inc.	Taiwan	Magazine publication	30,000	30,000	4,889,920	100.00 %	44,652	(4,928)	(4,928)	Note
"	Linktel Inc.	"	Type II Telecommunications Business	125,000	125,000	14,937,864	100.00 %	197,131	9,910	9,910	"
"	Liker Technology Inc.	"	O2O (Online to Offline) E-commerce	25,000	25,000	2,500,000	34.72 %	16,715	2,611	907	"
"	PC Home Online International Co., Ltd.	British Virgin Islands	International trade and investment activities	25,485	25,485	122,328	100.00 %	11,988	(69)	(69)	"

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Name of investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Net income (loss) of the investee	Investment income (losses)	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
PChome Online Inc.	PChome eBay Co. Ltd.	Taiwan	Information processing and provision of electronic information	273,000	273,000	27,300,000	65.00 %	517,317	124,147	80,695	Note
"	Orange Network Inc.	"	Online television media business	-	1,000	-	- %	-	-	-	"
"	Rakuya International Info. Co. Ltd.	"	Real estate business, and internet information rental service	34,300	34,300	3,430,000	22.04 %	6,757	(13,165)	(2,901)	"
"	PChome Store Inc.	"	Internet services	84,770	84,770	11,715,715	59.91 %	270,274	27,322	16,369	"
"	PChomePay Inc.	"	Online payment processing services	100,000	100,000	10,000,000	22.22 %	83,841	(15,578)	(3,462)	"
"	PChome US Inc.	United States of America	E-commerce platform	116,490	116,490	40,000,000	90.91 %	11,770	(9,667)	(8,788)	"
"	eCommerce Group Co., Ltd.	British Virgin Islands	Investment activities	24,269	15,300	8,000,000	100.00 %	8,633	(1,848)	(1,848)	"
"	Pi Mobile Technology Inc.	Taiwan	Online payment processing services	10,000	-	1,000,000	100.00 %	9,728	(272)	(272)	"
"	PChome (Thailand) Co., Ltd.	Thailand	E-commerce platform	66,200	-	6,500,000	65.00 %	58,984	(774)	(503)	"
"	PChome Travel Inc.	Taiwan	Travel Agency business	6,000	-	600,000	100.00 %	5,967	(35)	(33)	"
IT Home Publications Inc.	Yiabi Inc.	"	Information processing and provision of electronic information	5,000	5,000	500,000	100.00 %	3,178	(353)	(353)	"
PChome eBay Co. Ltd.	PChomePay Inc.	"	Online payment processing services	114,000	114,000	11,400,000	25.33 %	95,576	(15,578)	(3,946)	"
PChome Store Inc.	Liker Technology Inc.	"	O2O (Online to Offline) E-commerce	30,000	30,000	3,000,000	41.67 %	20,061	2,611	1,088	"
"	PChomePay Inc.	"	Online payment processing services	160,000	160,000	16,000,000	35.56 %	134,159	(15,578)	(5,539)	"
PChomePay Inc.	Pay and Link Inc.	"	Internet services	388	388	100,000	100.00 %	242	(41)	(41)	"
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 %	12,933	(12)	(12)	"
eCommerce Group Co., Ltd.	EC Global Inc.	"	Investment activities	23,722	15,061	7,820,000	100.00 %	8,375	(1,808)	(1,808)	"
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 %	14,364	101	101	"
EC Global Inc.	EC Global Limited	"	Investment activities	22,740	14,406	7,494,641	100.00 %	7,982	(1,719)	(1,719)	"
EC Global Limited	PChome Japan KK	Japan	International trading E-commerce	2,397	2,397	800,000	100.00 %	872	(1,084)	(1,084)	"

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	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	4,628	(2)	4,628	-	-	4,628	(81)	100.00 %	(81)	2,289	-
PChome Trading (Shenzhen) Ltd.	International trading E-commerce	10,798	(2)	10,798	-	-	10,798	(558)	100.00 %	(558)	(1,708)	-

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	15,426	59,541	1,608,634

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 30.85 at the six months ended June 30, 2015.

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

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

3. Significant transactions: None.

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**(14) Segment Information**

	Second Quarter of 2015				
	E-Commerce- Sales	Market Place	Other	Adjustments and Eliminations	Consolidated
<b>Revenue:</b>					
Non-inter-company revenue	\$ 4,696,037	665,060	116,233	-	5,477,330
Inter-company revenue	<u>29,302</u>	<u>3,934</u>	<u>1,742</u>	<u>(34,978)</u>	<u>-</u>
<b>Total Revenue</b>	<b><u>\$ 4,725,339</u></b>	<b><u>668,994</u></b>	<b><u>117,975</u></b>	<b><u>(34,978)</u></b>	<b><u>5,477,330</u></b>
<b>Segment profit</b>	<b><u>\$ 157,893</u></b>	<b><u>66,769</u></b>	<b><u>(11,937)</u></b>	<b><u>(39,251)</u></b>	<b><u>173,474</u></b>
	Second Quarter of 2014				
	E-Commerce- Sales	Market Place	Other	Adjustments and Eliminations	Consolidated
<b>Revenue:</b>					
Non-inter-company revenue	\$ 4,189,554	369,641	118,473	-	4,677,668
Inter-company revenue	<u>25,995</u>	<u>4,555</u>	<u>583</u>	<u>(31,133)</u>	<u>-</u>
<b>Total Revenue</b>	<b><u>\$ 4,215,549</u></b>	<b><u>374,196</u></b>	<b><u>119,056</u></b>	<b><u>(31,133)</u></b>	<b><u>4,677,668</u></b>
<b>Segment profit</b>	<b><u>\$ 146,080</u></b>	<b><u>52,084</u></b>	<b><u>1,386</u></b>	<b><u>(31,315)</u></b>	<b><u>168,235</u></b>
	For the six months ended June 30, 2015				
	E-Commerce- Sales	Market Place	Other	Adjustments and Eliminations	Consolidated
<b>Revenue:</b>					
Non-inter-company revenue	\$ 9,728,667	1,257,265	212,693	-	11,198,625
Inter-company revenue	<u>60,899</u>	<u>7,868</u>	<u>4,128</u>	<u>(72,895)</u>	<u>-</u>
<b>Total Revenue</b>	<b><u>\$ 9,789,566</u></b>	<b><u>1,265,133</u></b>	<b><u>216,821</u></b>	<b><u>(72,895)</u></b>	<b><u>11,198,625</u></b>
<b>Segment profit</b>	<b><u>\$ 370,218</u></b>	<b><u>141,802</u></b>	<b><u>(24,538)</u></b>	<b><u>(76,288)</u></b>	<b><u>411,194</u></b>
	For the six months ended June 30, 2014				
	E-Commerce- Sales	Market Place	Other	Adjustments and Eliminations	Consolidated
<b>Revenue:</b>					
Non-inter-company revenue	\$ 8,516,012	729,937	225,885	-	9,471,834
Inter-company revenue	<u>48,144</u>	<u>8,509</u>	<u>1,253</u>	<u>(57,906)</u>	<u>-</u>
<b>Total Revenue</b>	<b><u>\$ 8,564,156</u></b>	<b><u>738,446</u></b>	<b><u>227,138</u></b>	<b><u>(57,906)</u></b>	<b><u>9,471,834</u></b>
<b>Segment profit</b>	<b><u>\$ 311,764</u></b>	<b><u>103,939</u></b>	<b><u>(4,878)</u></b>	<b><u>(56,067)</u></b>	<b><u>354,758</u></b>