

Stock Code: 8044

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

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Table of Contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Accountants' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Organization and Business	8
(2) Approval Date and Procedures of the Consolidated Financial Statements	8
(3) New Standards and Interpretations Not Yet Adopted	8~10
(4) Significant Accounting Policies	10~12
(5) Major Sources of Accounting Assumptions, Judgments and Estimation Uncertainty	13
(6) Summary of Major Accounts	13~24
(7) Related-Party Transactions	24
(8) Restricted Assets	25
(9) Significant Contingencies and Commitments	25
(10) Significant Catastrophic Losses	25
(11) Significant Subsequent Events	25
(12) Others	26
(13) Additional Disclosures	
a) Information on significant transactions	26~28
b) Information on investees	28~29
c) Information on investment in Mainland China	30
(14) Segment Information	31



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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 September 30, 2015, December 31 and September 30, 2014, the consolidated statements of comprehensive income for the third quarter of 2015 and 2014, and for the nine months ended September 30, 2015 and 2014, and the consolidated statements of changes in equity and of cash flows for the nine months ended September 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\$1,056,367 thousand and NT\$287,769 thousand, constituting 15% and 5%, respectively, of the total consolidated assets as of September 30, 2015 and 2014. The total liabilities of these subsidiaries amounted to NT\$202,608 thousand and NT\$88,481 thousand, constituting 5% and 3%, respectively, of the total consolidated liabilities as of September 30, 2015 and 2014. The comprehensive income (loss) of these subsidiaries for the third quarter of 2015 and 2014 and for the nine months ended September 30, 2015 and 2014 amounted to NT\$(6,139) thousand, NT\$(4,879) thousand, NT\$(23,604) thousand and NT\$(15,989) thousand, constituting (3)%, (2)%, (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.

A handwritten signature in black ink, appearing to read 'KPMG'.

November 12, 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.

September 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
SEPTEMBER 30, 2015, DECEMBER 31, 2014 AND SEPTEMBER 30, 2014
(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	2015.9.30		2014.12.31		2014.9.30	
	Amount	%	Amount	%	Amount	%
ASSETS						
Current Assets:						
Cash and cash equivalents (Note (6)(a))	\$ 4,856,445	68	4,887,418	76	4,226,916	73
Notes receivable, net (Note (6)(c))	3,991	-	4,114	-	6,294	-
Accounts receivable, net (Note (6)(c))	449,367	6	301,905	5	324,596	6
Other receivables (Note (6)(e))	423,087	6	180,788	3	163,484	3
Inventories (Note (6)(d))	391,391	6	405,665	6	377,865	7
Other financial assets - current (Note (8))	347,011	5	167,611	3	193,611	3
Other current assets	61,800	1	21,420	-	33,592	-
	<u>6,533,092</u>	<u>92</u>	<u>5,968,921</u>	<u>93</u>	<u>5,326,359</u>	<u>92</u>
Non-Current Assets:						
Financial assets measured at cost - non-current (Note (6)(b))	48,335	-	53,582	1	36,061	1
Property, plant, and equipment (Note (6)(e))	258,424	4	267,480	4	258,667	5
Intangible assets (Note (6)(f))	14,182	-	11,863	-	11,744	-
Deferred income tax assets	49,401	1	48,322	1	44,197	1
Other financial assets - non-current (Note (8))	185,487	3	61,819	1	52,402	1
Other non-current assets	12,345	-	3,407	-	9,744	-
	<u>568,174</u>	<u>8</u>	<u>446,473</u>	<u>7</u>	<u>412,815</u>	<u>8</u>
TOTAL ASSETS	<u>\$ 7,101,266</u>	<u>100</u>	<u>6,415,394</u>	<u>100</u>	<u>5,739,174</u>	<u>100</u>
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current Liabilities:						
Notes payable	\$ 5,802	-	1,732	-	5,450	-
Accounts payable	1,791,390	25	1,897,599	30	1,649,803	29
Other payable	567,905	8	674,359	10	474,435	8
Current tax liabilities	99,017	2	135,674	2	83,005	2
Other current liabilities (Note (6)(g))	1,410,470	20	1,021,055	16	1,054,920	18
	<u>3,874,584</u>	<u>55</u>	<u>3,730,419</u>	<u>58</u>	<u>3,267,613</u>	<u>57</u>
Non-current Liabilities:						
Deferred income tax liabilities	17,597	-	14,795	-	13,382	-
Net defined benefit liabilities-non-current (Note (6)(i))	7,579	-	13,298	-	6,683	-
	<u>25,176</u>	<u>-</u>	<u>28,193</u>	<u>-</u>	<u>20,065</u>	<u>-</u>
TOTAL LIABILITIES	<u>3,899,760</u>	<u>55</u>	<u>3,758,612</u>	<u>58</u>	<u>3,287,678</u>	<u>57</u>
Owners' Equity Attributable to Equity Holders of the Parent Company (Note (6)(k)):						
Capital Stock:						
Common stock	928,549	13	868,168	13	868,168	15
Advance receipts for common stock	214,195	3	-	-	-	-
Capital Surplus	67,441	1	65,321	1	65,321	1
Retained Earnings:						
Legal reserve	250,151	3	182,223	3	182,223	3
Special reserve	-	-	7	7	7	7
Retained earnings - unappropriated	1,036,863	15	1,001,521	16	813,643	15
Other Equity:						
Exchange differences on translation of foreign operations	(3,898)	-	2,022	-	856	-
Total owners' equity attributable to equity holders of the parent company	2,493,301	35	2,119,262	33	1,930,218	34
Non-controlling interest	708,205	10	537,520	9	521,278	9
	<u>3,201,506</u>	<u>45</u>	<u>2,656,782</u>	<u>42</u>	<u>2,451,496</u>	<u>43</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 7,101,266</u>	<u>100</u>	<u>6,415,394</u>	<u>100</u>	<u>5,739,174</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 NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

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

	Third Quarter of				For the nine months ended September 30,			
	2015		2014		2015		2014	
	Amount	%	Amount	%	Amount	%	Amount	%
Operating revenues (Note (6)(m))	\$ 5,828,326	102	5,233,673	102	17,252,766	102	14,916,474	102
Less: Sales returns, discounts and allowances	<u>110,586</u>	<u>2</u>	<u>103,450</u>	<u>2</u>	<u>336,401</u>	<u>2</u>	<u>314,417</u>	<u>2</u>
Net sales	5,717,740	100	5,130,223	100	16,916,365	100	14,602,057	100
Operating costs (Note (6)(d))	<u>4,749,535</u>	<u>83</u>	<u>4,252,165</u>	<u>83</u>	<u>14,018,223</u>	<u>83</u>	<u>12,081,470</u>	<u>83</u>
Gross margin	<u>968,205</u>	<u>17</u>	<u>878,058</u>	<u>17</u>	<u>2,898,142</u>	<u>17</u>	<u>2,520,587</u>	<u>17</u>
Operating expenses:								
Selling expenses	572,207	10	490,970	10	1,637,378	9	1,412,384	9
General and administrative expenses	96,551	2	90,597	2	308,487	2	294,855	2
Research and development expenses	<u>65,421</u>	<u>1</u>	<u>66,535</u>	<u>1</u>	<u>182,386</u>	<u>1</u>	<u>157,934</u>	<u>1</u>
Total operating expenses	<u>734,179</u>	<u>13</u>	<u>648,102</u>	<u>13</u>	<u>2,128,251</u>	<u>12</u>	<u>1,865,173</u>	<u>12</u>
Income from operations	<u>234,026</u>	<u>4</u>	<u>229,956</u>	<u>4</u>	<u>769,891</u>	<u>5</u>	<u>655,414</u>	<u>5</u>
Non-operating income and expenses (Note (6)(o)):								
Other revenue	4,151	-	6,149	-	19,833	-	27,029	-
Other gains and losses	8,984	-	1,753	-	319	-	951	-
Financial costs	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>13,131</u>	<u>-</u>	<u>7,902</u>	<u>-</u>	<u>20,147</u>	<u>-</u>	<u>27,980</u>	<u>-</u>
Profit before tax from continuing operations	247,157	4	237,858	4	790,038	5	683,394	5
Less: Income tax expense (Note (6)(j))	<u>42,816</u>	<u>-</u>	<u>42,808</u>	<u>-</u>	<u>174,503</u>	<u>1</u>	<u>133,586</u>	<u>1</u>
Profit	<u>204,341</u>	<u>4</u>	<u>195,050</u>	<u>4</u>	<u>615,535</u>	<u>4</u>	<u>549,808</u>	<u>4</u>
Other comprehensive income:								
Items that may be subsequently reclassified into profit or loss								
Exchange differences on translation of foreign operations	1,115	-	776	-	(9,833)	-	931	-
Other comprehensive income (net of tax)	<u>1,115</u>	<u>-</u>	<u>776</u>	<u>-</u>	<u>(9,833)</u>	<u>-</u>	<u>931</u>	<u>-</u>
Total comprehensive income	<u>\$ 205,456</u>	<u>4</u>	<u>195,826</u>	<u>4</u>	<u>605,702</u>	<u>4</u>	<u>550,739</u>	<u>4</u>
Profit attributable to:								
Owners of parent	\$ 185,903	4	172,089	4	556,121	4	483,853	3
Non-controlling interests	<u>18,438</u>	<u>-</u>	<u>22,961</u>	<u>-</u>	<u>59,414</u>	<u>-</u>	<u>65,955</u>	<u>1</u>
	<u>\$ 204,341</u>	<u>4</u>	<u>195,050</u>	<u>4</u>	<u>615,535</u>	<u>4</u>	<u>549,808</u>	<u>4</u>
Comprehensive income attributable to:								
Owners of parent	\$ 187,296	4	172,805	4	550,201	4	484,716	3
Non-controlling interests	<u>18,160</u>	<u>-</u>	<u>23,021</u>	<u>-</u>	<u>55,501</u>	<u>-</u>	<u>66,023</u>	<u>1</u>
	<u>\$ 205,456</u>	<u>4</u>	<u>195,826</u>	<u>4</u>	<u>605,702</u>	<u>4</u>	<u>550,739</u>	<u>4</u>
Earnings per share (Note (6)(l))								
Basic earnings per share (dollars)	<u>\$ 2.00</u>		<u>1.85</u>		<u>5.99</u>		<u>5.21</u>	
Diluted earnings per share (dollars)	<u>\$ 2.00</u>		<u>1.85</u>		<u>5.98</u>		<u>5.20</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 CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014
(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	Equity Attributable to Owners of Parent							
	Retained Earnings			Other Equity				
	Common Stock	Advance Receipts for Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings -	Total Equity Attributable to Owners of Parent	
						Exchanges on differences on translation of foreign operations		
							Non-controlling Interests	
							Total	
Balance as of January 1, 2014	822,448	-	61,834	131,548	1,155	722,216	1,739,194	2,146,032
Profit for the nine months ended September 30, 2014	-	-	-	-	-	483,853	483,853	549,808
Other comprehensive income for the nine months ended September 30, 2014	-	-	-	-	-	(7)	(7)	931
Total comprehensive income for the nine months ended September 30, 2014	-	-	-	-	-	483,853	483,853	550,739
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
Changes in equity of subsidiaries	-	-	3,487	-	-	-	3,487	(3,487)
Change in non-controlling interests	-	-	-	-	-	-	-	(18,096)
Balance as of September 30, 2014	868,168	-	65,321	182,223	7	813,643	1,930,218	2,451,496
Balance as of January 1, 2015	868,168	-	65,321	182,223	7	1,001,521	2,119,262	2,656,782
Profit for the nine months ended September 30, 2015	-	-	-	-	-	556,121	556,121	615,535
Other comprehensive income for the nine months ended September 30, 2015	-	-	-	-	-	(5,920)	(5,920)	(9,833)
Total comprehensive income for the nine months ended September 30, 2015	-	-	-	-	-	556,121	556,121	605,702
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	-	-	2,120	-	-	-	2,120	136,446
Changes in equity of subsidiaries	-	-	-	-	-	-	-	(2,120)
Change in non-controlling interests	-	-	-	-	-	-	-	(19,142)
Balance as of September 30, 2015	928,549	214,195	67,441	250,151	-	1,036,863	2,493,301	3,201,506

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 NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

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

	For the nine months ended September 30,	
	2015	2014
Cash flows from operating activities:		
Profit before tax	\$ 790,038	683,394
Adjustments:		
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	85,688	78,102
Amortization	5,282	6,118
Provision for doubtful accounts	11,848	18,687
Interest expense	5	-
Interest income	(13,154)	(14,200)
Dividend revenue	(1,601)	(1,304)
(Gain) loss on disposal and retirement of property, plant and equipment, net	(10)	242
Impairment loss on financial assets	5,247	-
Total adjustments to reconcile net income to net cash provided by operating activities	<u>93,305</u>	<u>87,645</u>
Changes in operating assets and liabilities:		
Changes in operating assets, net:		
Notes receivable	123	(1,433)
Accounts receivable	(158,725)	5,683
Other receivables	(240,430)	(7,476)
Inventories	14,274	(47,605)
Other financial assets	(303,172)	12,834
Other current assets	(36,623)	(15,953)
Total changes in operating assets, net	<u>(724,553)</u>	<u>(53,950)</u>
Changes in operating liabilities, net:		
Notes payable	3,147	2,888
Accounts payable	(108,411)	(857)
Other payable	(110,397)	(11,871)
Other current liabilities	389,500	159,868
Net defined benefit liabilities-non-current	(5,819)	(1,600)
Total changes in operating liabilities, net	<u>168,020</u>	<u>148,428</u>
Total changes in operating assets and liabilities, net	<u>(556,533)</u>	<u>94,478</u>
Total adjustments	<u>(463,228)</u>	<u>182,123</u>
Cash inflow generated from operations	326,810	865,517
Interest received	11,320	13,215
Dividends received	1,601	1,304
Interest paid	(5)	-
Income tax paid	(210,199)	(152,020)
Net cash provided by operating activities	<u>129,527</u>	<u>728,016</u>
Cash flows from investing activities:		
Purchase of property, plant and equipment	(76,738)	(126,605)
Disposal of property, plant and equipment	20	676
Purchase of intangible assets	(7,184)	(2,970)
Increase in other non-current assets	(6,043)	(5,468)
Net cash used in investing activities	<u>(89,945)</u>	<u>(134,367)</u>
Cash flows from financing activities:		
Dividends paid	(392,477)	(297,179)
Proceeds from issuance of common stock	214,195	-
Increase in capital by cash from non-controlling interests	117,304	70,000
Net cash used in financing activities	<u>(60,978)</u>	<u>(227,179)</u>
Foreign exchange rate effects	(9,577)	991
Net (decrease) increase in cash and cash equivalents	<u>(30,973)</u>	<u>367,461</u>
Cash and cash equivalents, beginning of period	<u>4,887,418</u>	<u>3,859,455</u>
Cash and cash equivalents, end of period	<u>\$ 4,856,445</u>	<u>4,226,916</u>

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

September 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 November 12, 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
September 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, 2018
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

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

September 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
September 30, 2015 and 2014

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

1. List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			2015.9.30	2014.12.31	2014.9.30	
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	21.18 %	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	24.14 %	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	33.88 %	35.56 %	35.56 %	Note 1
PChome Pay Inc.	Pay and Link Inc.	Online payment processing 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 %	

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
September 30, 2015 and 2014

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

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			2015.9.30	2014.12.31	2014.9.30	
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 %	
"	Ruten Japan KK	"	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. On November 21, 2014, the investee company completed the liquidation process. The related payments had been made on May 6, 2015 .

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.

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
September 30, 2015 and 2014

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

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

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

The principles of preparation of the consolidated interim financial statements and the related significant estimates and underlying assumptions are consistent with note 5 of the consolidated interim financial statements for the year ended December 31, 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>2015.9.30</u>	<u>2014.12.31</u>	<u>2014.9.30</u>
Cash on hand	\$ 717	358	317
Checking accounts	22,044	25,356	10,120
Savings accounts	3,747,448	3,155,406	2,521,242
Foreign currency deposits	162,920	149,200	156,876
Time deposits	899,210	1,539,200	1,525,200
Cash equivalents	<u>24,106</u>	<u>17,898</u>	<u>13,161</u>
Cash and cash equivalents in consolidated statement of cash flows	<u>\$ 4,856,445</u>	<u>4,887,418</u>	<u>4,226,916</u>

(b) Financial assets

Financial assets measured at cost:

	<u>2015.9.30</u>	<u>2014.12.31</u>	<u>2014.9.30</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.

September 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

September 30, 2015 and 2014

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

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 nine months ended September 30, 2015.

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

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

	2015.9.30	2014.12.31	2014.9.30
Notes receivable	\$ 3,991	4,114	6,294
Accounts receivable	467,052	321,822	353,653
Other receivables	423,087	180,788	163,484
Less: Allowance for impairment loss	(17,685)	(19,917)	(29,057)
	\$ 876,445	486,807	494,374

As of September 30, 2015, December 31, 2014 and September 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 nine months ended September 30, 2015 and 2014, were as follows:

	Individually assessed impairment	Collectively assessed impairment	Total
Balance at January 1, 2015	\$ -	19,917	19,917
Impairment loss recognized	-	11,848	11,848
Amount of write-off	-	(14,080)	(14,080)
Balance at September 30, 2015	\$ -	17,685	17,685
Balance at January 1, 2014	\$ -	14,200	14,200
Impairment loss recognized	-	18,687	18,687
Amount of write-off	-	(3,830)	(3,830)
Balance at September 30, 2014	\$ -	29,057	29,057

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
September 30, 2015 and 2014

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

(d) Inventories

	2015.9.30	2014.12.31	2014.9.30
Merchandise inventories	\$ 400,120	409,472	382,003
Less: Allowance for inventory valuation and obsolescence losses	(8,729)	(3,807)	(4,138)
	\$ 391,391	405,665	377,865

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

The details of operating cost were as follows:

	Third Quarter of		For the nine months ended September 30,	
	2015	2014	2015	2014
Cost of goods sold	\$ 4,749,348	4,251,293	14,012,993	12,078,771
Provision for inventory market price decline and obsolescence	187	872	4,922	2,499
Loss on disposal of scrap	-	-	308	200
	\$ 4,749,535	4,252,165	14,018,223	12,081,470

(e) Property, plant and equipment

	Transportation equipment	Furniture and office equipment	Leasehold improvements	Total
Carrying amounts:				
At January 1, 2015	\$ 602	159,889	106,989	267,480
At September 30, 2015	\$ 466	158,927	99,031	258,424
At January 1, 2014	\$ 1,390	137,528	51,224	190,142
At September 30, 2014	\$ 628	159,210	98,829	258,667

There were no significant additions, disposal, or impairment in property, plant and equipment for the nine months ended September 30, 2015 and 2014. The details of depreciation are disclosed in note 12(a). 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.

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
September 30, 2015 and 2014
(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

(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 September 30, 2015	\$ <u>11,325</u>	<u>2,857</u>	<u>14,182</u>
Balance at January 1, 2014	\$ <u>12,035</u>	<u>2,857</u>	<u>14,892</u>
Balance at September 30, 2014	\$ <u>8,887</u>	<u>2,857</u>	<u>11,744</u>

There were no significant additions, disposals or impairment in intangible assets for the nine months ended September 30, 2015 and 2014. The details of amortization expenses are disclosed in note 12(a). 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>2015.9.30</u>	<u>2014.12.31</u>	<u>2014.9.30</u>
Advance receipts	\$ 187,203	194,796	206,873
Receipts under custody-online payment processing services	1,207,977	817,846	839,129
Other	<u>15,290</u>	<u>8,413</u>	<u>8,918</u>
	<u>\$ 1,410,470</u>	<u>1,021,055</u>	<u>1,054,920</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>2015.9.30</u>	<u>2014.12.31</u>	<u>2014.9.30</u>
Less than one year	\$ 278,204	287,127	243,655
Between one and five years	<u>314,590</u>	<u>501,765</u>	<u>471,781</u>
	<u>\$ 592,794</u>	<u>788,892</u>	<u>715,436</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.

September 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
September 30, 2015 and 2014

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

Details of operating lease expense were as follows:

	Third Quarter of		For the nine months ended September 30,	
	2015	2014	2015	2014
Operating lease expense	\$ 72,730	58,732	212,289	172,208

(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:

	Third Quarter of		For the nine months ended September 30,	
	2015	2014	2015	2014
Operating costs	\$ 1	-	2	1
Selling expense	62	16	187	48
General and administrative expenses	69	69	206	207
Research and development expenses	10	3	30	8
	<u>\$ 142</u>	<u>88</u>	<u>425</u>	<u>264</u>

2. Defined contribution plans

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

	Third Quarter of		For the nine months ended September 30,	
	2015	2014	2015	2014
Operating costs	\$ 709	460	1,949	1,401
Selling expense	9,219	7,912	26,448	22,436
General and administrative expenses	1,514	1,030	4,201	3,785
Research and development expenses	2,350	2,634	7,305	6,313
	<u>\$ 13,792</u>	<u>12,036</u>	<u>39,903</u>	<u>33,935</u>

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

September 30, 2015 and 2014

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

(j) Income taxes

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

	Third Quarter of		For the nine months ended	
	2015	2014	September 30, 2015	2014
Current income tax expense:				
Current period	\$ 43,727	41,725	140,542	117,712
10% surtax on unappropriated earnings	-	-	32,285	16,768
Adjustment for prior periods	(2,901)	-	(1,007)	(168)
	<u>40,826</u>	<u>41,725</u>	<u>171,820</u>	<u>134,312</u>
Deferred tax expense:				
Origination and reversal of temporary differences	1,990	1,083	2,683	(726)
Income tax from continuing operations	<u>\$ 42,816</u>	<u>42,808</u>	<u>174,503</u>	<u>133,586</u>

2. The amount of income tax expense recognized in other comprehensive income for the nine months ended September 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:

	2015.9.30	2014.12.31	2014.9.30
Unappropriated earnings of 1998 and after	<u>\$ 1,036,863</u>	<u>1,001,521</u>	<u>813,643</u>
Balance of imputation credit account (ICA)	<u>\$ 87,677</u>	<u>99,910</u>	<u>51,821</u>
	<u>2014 (actual)</u>	<u>2013 (actual)</u>	
Tax deduction ratio for earnings distribution to ROC residents	<u>18.24 %</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.

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

September 30, 2015 and 2014

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

(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 nine months ended September 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. Issuance of common stock

Pursuant to the Company's board of directors' resolution on August 18, 2015, the Company issued a total of 7,000 thousand shares of common stock, at a par value of \$10 per share, which was priced at 358 per unit. The offering was approved with permit No 1040029026 by the Financial Supervisory Commission on August 6, 2015. As of September 30, 2015, the advance receipts amounted to \$214,195, which was accounted for as advance receipts for common stock

2. Capital surplus

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

	<u>2015.9.30</u>	<u>2014.12.31</u>	<u>2014.9.30</u>
Share capital	\$ 53,647	53,647	53,647
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	10,307	8,187	8,187
Changes in equity of subsidiaries	<u>3,487</u>	<u>3,487</u>	<u>3,487</u>
	<u>\$ 67,441</u>	<u>65,321</u>	<u>65,321</u>

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.

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

September 30, 2015 and 2014

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

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.

Employee benefits amounted to \$15,583 and \$43,345, and rewards of directors and supervisors amounted to \$2,338 and \$6,502 for the third quarter of 2014 and for the nine months ended September 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

4. 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	(5,920)
Balance at September 30, 2015	\$ (3,898)

September 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
September 30, 2015 and 2014

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

	<u>Foreign currency translation differences for foreign operations</u>
Balance at January 1, 2014	\$ (7)
Foreign currency translation differences	<u>863</u>
Balance at September 30, 2014	<u>\$ 856</u>

(l) Earnings per share

	Third Quarter of		For the nine months ended September 30,	
	2015	2014	2015	2014
Basic earnings per share				
Profit attributable to common stockholders of the Company	\$ <u>185,903</u>	<u>172,089</u>	<u>556,121</u>	<u>483,853</u>
Weighted-average number of ordinary shares	<u>92,855</u>	<u>92,855</u>	<u>92,855</u>	<u>92,855</u>
	\$ <u>2.00</u>	<u>1.85</u>	<u>5.99</u>	<u>5.21</u>
Diluted earnings per share				
Profit attributable to common stockholders of the Company	\$ <u>185,903</u>	<u>172,098</u>	<u>556,121</u>	<u>483,853</u>
Weighted-average number of ordinary shares (basic)	92,855	92,855	92,855	92,855
Effect of employee stock bonus	<u>41</u>	<u>147</u>	<u>214</u>	<u>261</u>
Weighted-average number of ordinary shares (adjusted with potential effect of diluted ordinary shares)	<u>92,896</u>	<u>93,002</u>	<u>93,069</u>	<u>93,116</u>
	\$ <u>2.00</u>	<u>1.85</u>	<u>5.98</u>	<u>5.20</u>

(m) Revenue

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

	Third Quarter of		For the nine months ended September 30,	
	2015	2014	2015	2014
Sale of goods	\$ 5,195,424	4,735,414	15,347,047	13,505,020
Rendering of services	<u>522,316</u>	<u>394,809</u>	<u>1,569,318</u>	<u>1,097,037</u>
	<u>\$ 5,717,740</u>	<u>5,130,223</u>	<u>16,916,365</u>	<u>14,602,057</u>

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
September 30, 2015 and 2014

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

(n) Rewards of employees, directors and supervisors

The rewards of employees amounted to \$15,680 and \$48,885, and rewards of directors and supervisors amounted to \$1,315 and \$4,151 for the third quarter of 2015 and for the nine months ended September 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 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 2016.

(o) Non-operating income and expenses

1. Other revenue

The details of other revenue were as follows:

	Third Quarter of		For the nine months ended September 30,	
	2015	2014	2015	2014
Interest income	\$ 3,377	5,000	13,154	14,200
Dividend revenue	113	113	1,601	1,304
Tax refunds income	-	827	-	10,881
Other	661	209	5,078	644
	<u>\$ 4,151</u>	<u>6,149</u>	<u>19,833</u>	<u>27,029</u>

2. Other gains and losses

The details of other gains and losses were as follows:

	Third Quarter of		For the nine months ended September 30,	
	2015	2014	2015	2014
Foreign currency exchange gain or loss, net	\$ 8,991	1,680	5,608	1,225
Disposal gain (loss) on property, plant and equipment	-	73	10	(242)
Impairment loss	-	-	(5,247)	-
Other	(7)	-	(52)	(32)
	<u>\$ 8,984</u>	<u>1,753</u>	<u>319</u>	<u>951</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 nine months ended September 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.

September 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
September 30, 2015 and 2014

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

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 September 30, 2015							
Non-derivative financial liabilities							
Notes payable	\$ 5,802	5,802	5,802	-	-	-	-
Accounts payable	1,791,390	1,791,390	1,791,390	-	-	-	-
Other payable	567,905	567,905	567,905	-	-	-	-
Receipts under custody	<u>1,207,977</u>	<u>1,207,977</u>	<u>1,207,977</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,573,074</u>	<u>3,573,074</u>	<u>3,573,074</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 September 30, 2014							
Non-derivative financial liabilities							
Notes payable	\$ 5,450	5,450	5,450	-	-	-	-
Accounts payable	1,649,803	1,649,803	1,649,803	-	-	-	-
Other payable	474,435	474,435	474,435	-	-	-	-
Receipts under custody	<u>839,129</u>	<u>839,129</u>	<u>839,129</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,968,817</u>	<u>2,968,817</u>	<u>2,968,817</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:

	2015.9.30			2014.12.31			2014.9.30			
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	
<u>Financial assets</u>										
<u>Monetary items</u>										
USD	\$	4,938	32.93	162,594	4,682	31.62	148,056	4,342	30.42	132,089
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD		795	32.93	26,183	592	31.62	18,706	626	30.42	19,031

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
September 30, 2015 and 2014

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

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 September 30, 2015 and 2014, would have increased or decreased net income by \$5,314 and \$4,548, respectively. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for the third 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 nine months ended September 30, 2015 and 2014, the exchange gains and losses (including realized and unrealized) were \$5,608 and \$1,225, 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:

	<u>Third Quarter of</u>		<u>For the nine months ended</u>	
	<u>2015</u>	<u>2014</u>	<u>September 30,</u>	
			<u>2015</u>	<u>2014</u>
Short-term employee benefits	<u>\$ 27,343</u>	<u>18,504</u>	<u>72,235</u>	<u>49,020</u>

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
September 30, 2015 and 2014
(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

(8) Restricted Assets

The following assets were restricted in use:

<u>Assets</u>	<u>Purpose of Pledge</u>	<u>2015.9.30</u>	<u>2014.12.31</u>	<u>2014.9.30</u>
Deposit account-current	Security for performance and purchase guarantee	\$ 347,011	167,611	193,611
Refundable deposit	Security for provisional seizure, etc. and deposits for office rental	185,487	61,819	52,402
		<u>\$ 532,498</u>	<u>229,430</u>	<u>246,013</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 September 30, 2015, December 31, 2014, and September 30, 2014, notes payable deposited as guarantee for commercial vehicle and office and building leases were \$126,139, \$128,490, and \$112,694, 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 September 30, 2015, December 31, 2014, and September 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 \$216,000 as of September 30, 2015, December 31, 2014, and September 30, 2014, respectively.

(10) Significant Catastrophic Losses: None.

(11) Significant Subsequent Events

The payments of the issuance in 2015 had been completely collected. The record date of the issuance was October 12, 2015, and the actual payments amounted to \$2,506,000. The relevant statutory registration procedure is still in process.

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

September 30, 2015 and 2014

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

(12) Others

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

Categorized as Nature	Third Quarter of 2015			Third Quarter of 2014		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	19,588	310,649	330,237	15,007	287,086	302,093
Labor and health insurance	1,394	24,279	25,673	939	22,263	23,202
Pension	710	13,224	13,934	460	11,664	12,124
Others employee benefits	507	8,862	9,369	408	7,400	7,808
Depreciation	-	30,477	30,477	-	27,050	27,050
Amortization	-	1,739	1,739	-	2,056	2,056

Categorized as Nature	For the nine months ended September 30, 2015			For the nine months ended September 30, 2014		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	44,506	927,783	972,289	37,967	812,805	850,772
Labor and health insurance	3,960	72,632	76,592	2,804	63,163	65,967
Pension	1,951	38,377	40,328	1,402	32,797	34,199
Others employee benefits	1,437	25,037	26,474	1,062	21,494	22,556
Depreciation	-	85,688	85,688	-	78,102	78,102
Amortization	-	5,282	5,282	-	6,118	6,118

- (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 nine months ended September 30, 2015:

1. Fund financing to other parties: None.

September 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
September 30, 2015 and 2014

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

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	Linktel Inc.	3	1,246,631	14,348	13,337	13,337	-	0.53 %	2,493,301	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.

September 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
September 30, 2015 and 2014

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

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	3,932	Usual terms and conditions	0.02 %
0	"	"	1	Professional service fees	1,484	"	0.01 %
0	"	PChome Store Inc.	1	Sales	74,318	"	0.43 %
0	"	"	1	Accounts Receivable	3,684	"	0.05 %
0	"	PChome eBay Co., Ltd.	1	Sales	6,767	"	0.04 %
0	"	"	1	Account Receivable	1,208	"	0.02 %
0	"	"	1	Advertisement Expenses	5,250	"	0.03 %
0	"	Rakuya International Info. Co. Ltd.	1	Sales	4,334	"	0.03 %
0	"	PChome Trading (Shenzhen) Ltd.	1	Other Receivable	4,577	"	0.06 %

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 nine months ended September 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 %	44,451	(5,128)	(5,128)	Note
"	Linktel Inc.	"	Type II Telecommunications Business	125,000	125,000	17,325,940	100.00 %	201,248	14,026	14,026	"
"	Liker Technology Inc.	"	O2O (Online to Offline) E-commerce	25,000	25,000	2,500,000	34.72 %	16,698	2,561	889	"
"	PC Home Online International Co., Ltd.	British Virgin Islands	International trade and investment activities	25,485	25,485	122,328	100.00 %	12,231	(580)	(580)	"

September 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
September 30, 2015 and 2014

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

Name of investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			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 %	556,908	184,172	119,712	Note
"	Rakuya International Info. Co., Ltd.	"	Real estate business, and internet information rental service	34,300	34,300	3,430,000	22.04 %	5,523	(18,765)	(14,136)	"
"	PChome Store Inc.	"	Interact services	84,770	84,770	12,941,501	59.91 %	277,049	37,395	22,403	"
"	PChomePay Inc.	"	Online payment processing services	180,000	100,000	18,000,000	21.18 %	163,141	(22,640)	(4,969)	"
"	PChome US Inc.	United States of America	E-commerce platform	116,490	116,490	40,000,000	90.91 %	9,731	(12,521)	(11,383)	"
"	eCommerce Group Co., Ltd.	British Virgin Islands	Investment activities	24,269	15,300	8,000,000	100.00 %	8,972	(2,208)	(2,208)	"
"	Pi Mobile Technology Inc.	Taiwan	Online payment processing services	10,000	-	1,000,000	100.00 %	9,613	(387)	(387)	"
"	PChome (Thailand) Co., Ltd.	Thailand	E-commerce platform	66,200	-	6,500,000	65.00 %	57,351	(2,337)	(1,519)	"
"	PChome Travel Inc.	Taiwan	Travel Agency business	6,000	-	600,000	100.00 %	5,813	(187)	(187)	"
IT Home Publications Inc.	Yiabi Inc.	"	Information processing and provision of electronic information	5,000	5,000	500,000	100.00 %	3,007	(524)	(524)	"
PChome eBay Co., Ltd.	PChomePay Inc.	"	Online payment processing services	205,200	114,000	20,520,000	24.14 %	185,941	(22,640)	(5,564)	"
PChome Store Inc.	Liker Technology Inc.	"	O2O (Online to Offline) E-commerce	30,000	30,000	3,000,000	41.67 %	20,040	2,561	1,067	"
"	PChomePay Inc.	"	Online payment processing services	288,000	160,000	28,800,000	33.88 %	260,983	(22,640)	(7,950)	"
PChomePay Inc.	Pay and Link Inc.	"	Online payment processing services	500,388	388	50,100,000	100.00 %	499,936	(347)	(347)	"
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 %	13,240	(521)	(521)	"
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 %	14,767	(404)	(404)	"
eCommerce Group Co., Ltd.	EC Global Inc.	Cayman Islands	Investment activities	23,722	15,061	7,820,000	100.00 %	8,717	(2,148)	(2,148)	"
EC Global Inc.	EC Global Limited	Hong Kong	Investment activities	22,740	14,406	7,494,641	100.00 %	8,343	(2,011)	(2,011)	"
EC Global Limited	PChome Japan KK	Japan	International trading E-commerce	2,397	2,397	800,000	100.00 %	880	(1,196)	(1,196)	"
"	Ruten Japan KK	"	"	5,487	-	2,000,000	100.00 %	5,486	-	-	"

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

September 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
September 30, 2015 and 2014
(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

(c) Information on investment in Mainland China:

1. Information on investment in Mainland China:

(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	4,940	(2)	4,940	-	-	4,940	(21)	100.00 %	(21)	2,455	-
PChome Trading (Shenzhen) Ltd.	International trading E-commerce	11,526	(2)	11,526	-	-	11,526	(683)	100.00 %	(683)	(1,899)	-

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	16,466	63,555	1,920,904

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 32.93 at the nine months ended September 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.

September 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

September 30, 2015 and 2014

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

(14) Segment Information

Third Quarter of 2015					
	E-Commerce- Sales	Market Place	Other	Adjustments and Eliminations	Consolidated
Revenue:					
Non-inter-company revenue	\$ 4,933,603	680,595	103,542	-	5,717,740
Inter-company revenue	28,523	4,241	1,070	(33,834)	-
Total Revenue	\$ 4,962,126	684,836	104,612	(33,834)	5,717,740
Segment profit	\$ 185,903	67,244	(11,978)	(36,828)	204,341
Third Quarter of 2014					
	E-Commerce- Sales	Market Place	Other	Adjustments and Eliminations	Consolidated
Revenue:					
Non-inter-company revenue	\$ 4,603,596	378,105	148,522	-	5,130,223
Inter-company revenue	27,610	4,916	1,126	(33,652)	-
Total Revenue	\$ 4,631,206	383,021	149,648	(33,652)	5,130,223
Segment profit	\$ 172,089	60,111	883	(38,033)	195,050
For the nine months ended September 30, 2015					
	E-Commerce- Sales	Market Place	Other	Adjustments and Eliminations	Consolidated
Revenue:					
Non-inter-company revenue	\$ 14,662,270	1,937,860	316,235	-	16,916,365
Inter-company revenue	89,422	12,109	5,198	(106,729)	-
Total Revenue	\$ 14,751,692	1,949,969	321,433	(106,729)	16,916,365
Segment profit	\$ 556,121	209,046	(36,516)	(113,116)	615,535
For the nine months ended September 30, 2014					
	E-Commerce- Sales	Market Place	Other	Adjustments and Eliminations	Consolidated
Revenue:					
Non-inter-company revenue	\$ 13,119,608	1,108,042	374,407	-	14,602,057
Inter-company revenue	75,754	13,426	2,379	(91,559)	-
Total Revenue	\$ 13,195,362	1,121,468	376,786	(91,559)	14,602,057
Segment profit	\$ 483,853	164,051	(3,995)	(94,101)	549,808