Stock Code: 8044

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
March 31, 2016 AND 2015
(WITH INDEPENDENT ACCOUNTANTS' REVIEW REPORT THEREON)

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

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安侯建業聯合會計師事務所
KPMG
台北市11049信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No.7, Sec. 5,
Xinyi Road, Taipei City 11049, Taiwan (R.O.C.)
Telephone 電話 + 886 (2) 8101 6666
Fax 傳真 + 886 (2) 8101 6667
Internet 網址 kpmg.com/tw

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 March 31, 2016 and 2015, the consolidated statements of comprehensive income for the three months ended March 31, 2016 and 2015, and the consolidated statements of changes in equity and of cash flows for the three months ended March 31, 2016 and 2015. 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$607,859 thousand and NT$557,744 thousand, constituting 6% and 8%, respectively, of the total consolidated assets as of March 31, 2016 and 2015. The total liabilities of these subsidiaries amounted to NT$189,091 thousand and NT$198,646 thousand, constituting 4% and 5%, respectively, of the total consolidated liabilities as of March 31, 2016 and 2015. The comprehensive loss of these subsidiaries for the three months ended March 31, 2016 and 2015 amounted to NT$(10,588) thousand and NT$(8,346) thousand, constituting (4)% and (4)%, respectively, of the consolidated comprehensive income.

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

KPMG

May 12, 2016

Note to Readers

The accompanying financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with the International Financial Reporting Standards approved by the R.O.C. Financial Supervisory Commission and not those of any other jurisdictions. The standards, procedures and practices to review such financial statements are those generally accepted and applied in the Republic of China.

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

March 31, 2016 and 2015 reviewed only, not audited in accordance with the generally accepted auditing standards

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2016, DECEMBER 31, 2015 AND MARCH 31, 2015
(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	2016.3.31		2015.12.31		2015.3.31	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Current Assets:						
Cash and cash equivalents (Note (6)(a))	$ 8,124,255	79	7,783,348	78	4,832,243	70
Notes receivable, net (Note (6)(c))	5,072	-	3,358	-	4,930	-
Accounts receivable, net (Note (6)(c))	304,271	3	325,798	3	357,137	5
Other receivables (Note (6)(c))	495,730	5	414,440	4	418,912	6
Inventories (Note (6)(d))	413,975	4	449,888	5	397,852	6
Other financial assets – current (Note (8))	308,011	3	347,011	4	401,011	6
Other current assets	39,295	-	35,453	-	34,596	-
	9,690,609	94	9,359,296	94	6,446,681	93
Non-Current Assets:						
Financial assets measured at cost – non-current (Note (6)(b))	58,335	1	58,335	1	48,335	1
Property, plant, and equipment (Note (6)(e))	256,003	3	257,493	3	247,291	4
Intangible assets (Note (6)(f))	37,767	-	38,336	-	11,101	-
Deferred income tax assets	44,559	-	43,990	-	49,561	1
Other financial assets – non-current (Note (8))	187,569	2	185,382	2	97,925	1
Other non-current assets	14,444	-	14,049	-	3,798	-
	598,677	6	597,585	6	458,011	7
TOTAL ASSETS	**$ 10,289,286**	**100**	**9,956,881**	**100**	**6,904,692**	**100**

	2016.3.31		2015.12.31		2015.3.31	
LIABILITIES AND STOCKHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Current Liabilities:						
Notes payable	$ 880	-	5,899	-	2,875	-
Accounts payable	2,060,577	20	2,099,823	21	1,735,418	25
Other payable	576,732	6	626,359	6	592,241	9
Current tax liabilities	221,815	2	155,091	2	183,077	3
Other current liabilities (Note (6)(g))	1,393,751	14	1,328,030	13	1,442,842	21
	4,253,755	42	4,215,202	42	3,956,453	58
Non-current Liabilities:						
Deferred income tax liabilities	10,221	-	9,986	-	15,692	-
Net defined benefit liabilities-non-current (Note (6)(i))	4,017	-	4,440	-	8,511	-
	14,238	-	14,426	-	24,203	-
TOTAL LIABILITIES	4,267,993	42	4,229,628	42	3,980,656	58
Owners' Equity Attributable to Equity Holders of the Parent Company						
(Note (6)(k)):						
Capital Stock:						
Common stock	998,549	10	998,549	10	868,168	12
Capital Surplus	2,498,301	24	2,498,301	25	65,321	1
Retained Earnings:						
Legal reserve	250,151	2	250,151	3	182,223	3
Special reserve	-	-	-	-	7	-
Retained earnings – unappropriated	1,532,520	15	1,260,211	13	1,213,846	17
Other Equity:						
Exchange differences on translation of foreign operations	(1,909)	-	(4,270)	-	(2,034)	-
Total owners' equity attributable to equity holders of the parent company	5,277,612	51	5,002,942	51	2,327,531	33
Non-controlling interest	743,681	7	724,311	7	596,505	9
TOTAL EQUITY	6,021,293	58	5,727,253	58	2,924,036	42
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 10,289,286**	**100**	**9,956,881**	**100**	**6,904,692**	**100**

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 THREE MONTHS ENDED MARCH 31, 2016 AND 2015

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

	For the three months ended March 31,			
	2016		2015	
	Amount	%	Amount	%
Operating revenues (Note (6)(m))	$ 6,916,894	102	5,845,775	102
Less: Sales returns, discounts and allowances	143,815	2	124,480	2
Net sales	6,773,079	100	5,721,295	100
Operating costs (Note (6)(d))	5,624,262	83	4,739,371	83
Gross margin	1,148,817	17	981,924	17
Operating expenses:				
Selling expenses	604,540	9	527,937	9
General and administrative expenses	126,766	2	109,074	2
Research and development expenses	63,801	1	57,534	1
Total operating expenses	795,107	12	694,545	12
Income from operations	353,710	5	287,379	5
Non-operating income and expenses (Note (6)(o)):				
Other revenue	8,795	-	7,276	-
Other gains and losses	(4,978)	-	(6,693)	-
Financial costs	(3)	-	-	-
Total non-operating income and expenses	3,814	-	583	-
Profit before tax	357,524	5	287,962	5
Less: Income tax expense (Note (6)(j))	66,002	1	50,242	1
Profit	291,522	4	237,720	4
Other comprehensive income:				
Items that will be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	2,518	-	(6,113)	-
Other comprehensive income (net of tax)	2,518	-	(6,113)	-
Total comprehensive income	**$ 294,040**	**4**	**231,607**	**4**
Profit attributable to:				
Owners of parent	$ 272,309	4	212,325	4
Non-controlling interests	19,213	-	25,395	-
	$ 291,522	**4**	**237,720**	**4**
Comprehensive income attributable to:				
Owners of parent	$ 274,670	4	208,269	4
Non-controlling interests	19,370	-	23,338	-
	$ 294,040	**4**	**231,607**	**4**
Earnings per share (Note (6)(l))				
Basic earnings per share (dollars)	**$**	**2.73**		**2.29**
Diluted earnings per share (dollars)	**$**	**2.72**		**2.28**

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 THREE MONTHS ENDED MARCH 31, 2016 AND 2015

(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	Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings - Unappropriated	Exchange Differences on Translation of Foreign Operations	Total Equity Attributable to Owners of Parent	Non-controlling Interests	Total
Balance as of January 1, 2015	$ 868,168	65,321	182,223	7	1,001,521	2,022	2,119,262	537,520	2,656,782
Profit for the three months ended March 31, 2015	-	-	-	-	212,325	-	212,325	25,395	237,720
Other comprehensive income for the three months ended March 31, 2015	-	-	-	-	-	(4,056)	(4,056)	(2,057)	(6,113)
Total comprehensive income for the three months ended March 31, 2015	-	-	-	-	212,325	(4,056)	208,269	23,338	231,607
Increase in capital by cash from subsidiaries	-	-	-	-	-	-	-	35,647	35,647
Balance as of March 31, 2015	**$ 868,168**	**65,321**	**182,223**	**7**	**1,213,846**	**(2,034)**	**2,327,531**	**596,505**	**2,924,036**
Balance as of January 1, 2016	$ 998,549	2,498,301	250,151	-	1,260,211	(4,270)	5,002,942	724,311	5,727,253
Profit for the three months ended March 31, 2016	-	-	-	-	272,309	-	272,309	19,213	291,522
Other comprehensive income for the three months ended March 31, 2016	-	-	-	-	-	2,361	2,361	157	2,518
Total comprehensive income for the three months ended March 31, 2016	-	-	-	-	272,309	2,361	274,670	19,370	294,040
Balance as of March 31, 2016	**$ 998,549**	**2,498,301**	**250,151**	**-**	**1,532,520**	**(1,909)**	**5,277,612**	**743,681**	**6,021,293**

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 THREE MONTHS ENDED MARCH 31, 2016 AND 2015

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

	For the three months ended March 31, 2016	2015
Cash flows from operating activities:		
Profit before tax	$ 357,524	287,962
Adjustments:		
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation	32,729	27,315
Amortization	2,928	1,847
Reversal of provision (provision) for doubtful accounts	(1,451)	3,652
Interest expense	3	-
Interest income	(6,738)	(4,034)
Impairment loss on financial assets	-	5,247
Total adjustments to reconcile net income to net cash provided by (used in) operating activities	27,471	34,027
Changes in operating assets and liabilities:		
Changes in operating assets, net:		
Notes receivable	(1,714)	(816)
Accounts receivable	22,347	(58,884)
Other receivables	(73,909)	(236,940)
Inventories	35,913	7,813
Other financial assets	38,929	(269,548)
Other current assets	(2,214)	(13,196)
Total changes in operating assets, net	19,352	(571,571)
Changes in operating liabilities, net:		
Notes payable	(5,948)	1,143
Accounts payable	(40,986)	(162,178)
Other payable	(51,872)	(82,521)
Other current liabilities	65,761	421,789
Net defined benefit liabilities	(411)	(4,887)
Total changes in operating liabilities, net	(33,456)	173,346
Total changes in operating assets and liabilities, net	(14,104)	(398,225)
Total adjustments	13,367	(364,198)
Cash inflow (outflow) generated from operations	370,891	(76,236)
Interest received	4,456	2,886
Interest paid	(3)	-
Income tax return (paid)	1,551	(3,181)
Net cash provided by (used in) operating activities	376,895	(76,531)
Cash flows from investing activities:		
Acquired of financial assets measured at cost	(10,000)	-
Acquired of property, plant and equipment	(22,361)	(7,473)
Acquired of intangible assets	(3,546)	(285)
Increase in other non-current assets	(2,581)	(372)
Other investment activities	2,339	-
Net cash used in investing activities	(36,149)	(8,130)
Cash flows from financing activities:		
Increase in capital by cash	-	35,647
Net cash provided by financing activities	-	35,647
Foreign exchange rate effects	161	(6,161)
Net increase (decrease) in cash and cash equivalents	340,907	(55,175)
Cash and cash equivalents, beginning of period	7,783,348	4,887,418
Cash and cash equivalents, end of period	**$ 8,124,255**	**4,832,243**

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

PCHOME ONLINE INC. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2016 and 2015

(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 May 12, 2016.

(3) New Standards and Interpretations Not Yet Adopted

(a) New standards and amendments not yet endorsed by the FSC

New standards and amendments issued by the IASB but not yet endorsed by the FSC：

New Standards, Interpretations and Amendments	IASB Effective Date
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)	Not yet endorsed by IASB
Investment entities: Applying the Consolidation Exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisitions of 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
IFRS16 'Lease'	January 1, 2019
Clarification of IFRS 15 (amendments to IFRS 15)	January 1, 2018
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealized losses (amendments to IAS 12)	January 1, 2017

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

New Standards, Interpretations and Amendments	IASB Effective Date
Clarification of Acceptable Methods of Depreciation and Amortization (amendments to IAS 16 and 38)	January 1, 2016
Agriculture: 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
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 and 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, the interpretations and the 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, 2015. For other information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2015.

(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, 2015. For information about the principles, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2015.

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
March 31, 2016 and 2015
(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 2016.3.31	Shareholding 2015.12.31	Shareholding 2015.3.31	Note
The Company	PChome eBay Co., Ltd.	Information processing and provision of electronic information	- %	- %	65.00 %	Note 5
〃	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 %	21.18 %	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 %	Note 3
〃	Pi Mobile Technology Inc.	Online payment processing services	100.00 %	100.00 %	100.00 %	
〃	PChome (Thailand) Co., Ltd.	E-commerce platform	65.00 %	65.00 %	65.00 %	
〃	PChome Travel Inc.	Travel agency business	100.00 %	100.00 %	- %	
PChome eBay Co., Ltd.	PChomePay Inc.	Online payment processing services	24.14 %	24.14 %	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 %	33.88 %	35.56 %	Note 1
PChomePay Inc.	Pay and Link Inc.	〃	100.00 %	100.00 %	100.00 %	
〃	Zhen Jin Lian Inc.	〃	100.00 %	100.00 %	- %	
〃	Yin Te Lian Inc.	〃	100.00 %	100.00 %	- %	
〃	Yun Tung Bao Inc.	〃	100.00 %	100.00 %	- %	

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
March 31, 2016 and 2015
(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

Name of investor	Name of subsidiary	Principal activity	Shareholding 2016.3.31	Shareholding 2015.12.31	Shareholding 2015.3.31	Note
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.	Ruten Global Inc. (previously known as EC Global Inc.)	Investment activities	100.00 %	100.00 %	100.00 %	
PChome Online Inc.	PC Home Online (HK) Ltd.	Information service and indirect investment activities	100.00 %	100.00	100.00 %	
Ruten Global Inc. (previously known as EC Global Inc.)	EC Global Limited	Investment activities	100.00 %	100.00	- %	
〃	PChome eBay Co., Ltd.	Information precessing and provision of electronic information	65.00 %	65.00 %	- %	Note 5
PC Home Online (HK) Ltd.	Shanghai Todo Inc.	Software and internet technical consulting service	100.00 %	100.00 %	100.00 %	
〃	PChome Japan KK	International trading E-commerce	100.00 %	- %	- %	Note 6
〃	Ruten Japan KK	〃	100.00 %	- %	- %	Note 6
EC Global Limited	PChome Trading (Shenzhen) Ltd.	〃	100.00 %	100.00 %	100.00 %	
〃	PChome Japan KK	〃	- %	100.00 %	100.00 %	Note 6
〃	Ruten Japan KK	〃	- %	100.00 %	- %	Note 6

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 March 31, 2016, the investee company was in the liquidation process.

Note 5: On December 7, 2015, a resolution, selling all shares of PChome eBay Co., Ltd.which amounted to 27,300 thousand shares to Ruten Global Inc. (previously known as EC Global Inc.), was approved by the board of directors.

Note 6: On March 23, 2016, a resolution on selling all shares of PChome Japan KK and Ruten Japan KK to PChome Online (HK) Ltd. was approved by the board of directors of EC Global Limited.

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.

(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, 2015.

(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, 2015.

For other information about the accounting policies, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2015.

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

(a) Cash and cash equivalents

	2016.3.31	2015.12.31	2015.3.31
Cash on hand	$ 832	802	351
Checking accounts	99,163	21,720	8,243
Savings accounts	4,343,723	5,198,953	3,597,959
Foreign currency deposits	167,409	173,386	160,088
Time deposits	3,489,700	2,365,700	1,043,710
Cash equivalents	23,428	22,787	21,892
Cash and cash equivalents in consolidated statement of cash flows	**$ 8,124,255**	**7,783,348**	**4,832,243**

(b) Financial assets

Financial assets measured at cost:

	2016.3.31	2015.12.31	2015.3.31
Domestic stock of non-listed company	**$ 58,335**	**58,335**	**48,335**

The aforementioned investments held by the Group are measured at amortized cost at year-end given the range of reasonable fair value estimates is large and the probability for each estimate cannot be reasonably determined. Therefore, the Group management has determined that the fair value cannot be measured reliably.

The Group acquired the shares of 17Life Ltd., with 500 thousands shares of common stock, which amounted to $10,000 for the year ended December 31, 2015, and was recognized as financial assets measured at cost. The shareholding ratio at the year ended December 31, 2015 was 12.87%.

The Group invested PayEasy Ltd. and Taiwan Star Telecom Co., Ltd. However, the value has impaired through the assessment. The Group recognized the impairment losses of $4,510 and $737 were recognized for the three months ended March 31, 2015.

As of March 31, 2016, December 31, 2015, and March 31, 2015, the Group’s financial assets were not pledged as collateral.

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

	2016.3.31	2015.12.31	2015.3.31
Notes receivable	$ 5,212	3,498	4,930
Accounts receivable	317,084	341,763	370,167
Other receivables	495,948	414,658	418,912
Less: Allowance for impairment loss	(13,171)	(16,323)	(13,030)
	$ 805,073	**743,596**	**780,979**

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

The accounts receivables and notes receivables which were past due but not impaired were as follows:

	2016.3.31	2015.12.31	2015.3.31
Past under 90 days	$ 2,454	971	-
Past over 360 days	93	-	-
	$ 2,547	**971**	**-**

The movement in the allowance for impairment loss with respect to notes receivable, accounts receivable and other receivables for the three months ended March 31, 2016 and 2015, were as follows:

	Individually assessed impairment	Collectively assessed impairment	Total
Balance at January 1, 2016	$ -	16,323	16,323
Reversal of impairment loss	-	(1,451)	(1,451)
Amount of write-off	-	(1,701)	(1,701)
Balance at March 31, 2016	**$ -**	**13,171**	**13,171**
Balance at January 1, 2015	$ -	19,917	19,917
Impairment loss recognized	-	3,652	3,652
Amount of write-off	-	(10,539)	(10,539)
Balance at March 31, 2015	**$ -**	**13,030**	**13,030**

(d) Inventories

	2016.3.31	2015.12.31	2015.3.31
Merchandise inventories	$ 421,385	459,778	402,597
Less: Allowance for inventory valuation and obsolescence losses	(7,410)	(9,890)	(4,745)
	$ 413,975	**449,888**	**397,852**

As of March 31, 2016, December 31, 2015 and March 31, 2015, the Group's inventories were not pledged as collateral.

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

The details of operating cost were as follows:

	For the three months ended March 31, 2016	For the three months ended March 31, 2015
Cost of goods sold	$ 5,626,742	4,738,433
Provision (reversal of provision) for inventory market price decline and obsolescence	(2,480)	938
	$ 5,624,262	**4,739,371**

The losses on inventories impairment were reversed because part of the inventories whose net realizable value were lower than cost were sold for the three months ended March 31, 2016.

(e) Property, plant and equipment

	Transportation equipment	Furniture and office equipment	Leasehold improvements	Total
Carrying amounts:				
At January 1, 2016	**$ 412**	**168,953**	**88,128**	**257,493**
At March 31, 2016	**$ 350**	**173,379**	**82,274**	**256,003**
At January 1, 2015	**$ 602**	**159,889**	**106,989**	**267,480**
At March 31, 2015	**$ 545**	**146,548**	**100,198**	**247,291**

There were no significant additions, disposal, or impairment in property, plant and equipment for the three months ended March 31, 2016 and 2015. 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, 2015.

(f) Intangible assets

	Software	Patent and Trademark	Total
Carrying amounts:			
Balance at January 1, 2016	**$ 35,479**	**2,857**	**38,336**
Balance at March 31, 2016	**$ 34,910**	**2,857**	**37,767**
Balance at January 1, 2015	**$ 9,006**	**2,857**	**11,863**
Balance at March 31, 2015	**$ 8,244**	**2,857**	**11,101**

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

There were no significant additions, disposals or impairment in intangible assets for the three months ended March 31, 2016 and 2015. 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, 2015.

(g) Other current liabilities

	2016.3.31	2015.12.31	2015.3.31
Advance receipts	$ 217,373	205,317	184,792
Receipts under custody-online payment processing services	1,168,793	1,114,337	1,247,499
Other	7,585	8,376	10,551
	$ 1,393,751	1,328,030	1,442,842

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:

	2016.3.31	2015.12.31	2015.3.31
Less than one year	$ 207,278	242,777	292,427
Between one and five years	240,949	277,766	433,674
	$ 448,227	520,543	726,101

The Group leases a number of offices and warehouses under operating leases. The leases typically run for a period of 1 to 5 years, with an option to renew the lease after that date.

Details of operating lease expense were as follows:

	For the three months ended March 31,	
	2016	2015
Operating lease expense	$ 72,853	69,313

(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, 2015 and 2014.

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

The details of expenses were as follows:

	For the three months ended March 31, 2016	2015
Operating costs	$ -	1
Selling expense	(10)	62
General and administrative expenses	57	69
Research and development expenses	(2)	10
	$ 45	**142**

2. Defined contribution plans

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

	For the three months ended March 31, 2016	2015
Operating costs	$ 852	600
Selling expense	10,002	8,443
General and administrative expenses	1,418	1,302
Research and development expenses	2,698	2,477
	$ 14,970	**12,822**

(j) Income taxes

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

	For the three months ended March 31, 2016	2015
Current income tax expense:		
Current period	$ 66,094	50,584
Adjustment for prior periods	(548)	-
	65,546	50,584
Deferred tax expense:		
Origination and reversal of temporary differences	456	(342)
Income tax from continuing operations	**$ 66,002**	**50,242**

2. The amount of income tax expense recognized in other comprehensive income for the three months ended March 31, 2016 and 2015, was both zero.

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

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

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

	2016.3.31	2015.12.31	2015.3.31
Unappropriated earnings of 1998 and after	$ 1,532,520	1,260,211	1,213,846
Balance of imputation credit account (ICA)	$ 143,997	143,997	102,825

	2015 (estimated)	2014 (actual)
Tax deduction ratio for earnings distribution to ROC residents	19.26 %	18.24 %

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.

(k) Capital and other equity

Except as described in the following paragraph, there were no significant changes in the Company's capital stock and other equity components for the three months ended March 31, 2016 and 2015. For other information about the stockholders' equity please refer to note 6(k) of the consolidated financial statements for the year ended December 31, 2015.

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, at a total of $2,506,000. The offering was approved with permit No 1040029026 by the Financial Supervisory Commission on August 6, 2015, with all registration amendments completed.

On January 22, 2015, the Company's shareholders resolved to capitalize its unappropriated retained earnings of $60,381 with a total of 6,038 thousand shares issued at par value. The capital increase was effective on August 31, 2015, with all registration amendments completed.

2. Capital surplus

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

	2016.3.31	2015.12.31	2015.3.31
Share capital	$ 2,484,507	2,484,507	53,647
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	10,307	10,307	8,187
Changes in equity of subsidiaries	3,487	3,487	3,487
	$ 2,498,301	2,498,301	65,321

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

3. Retained earnings

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

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

(2) 1~15 percent as employee benefits.

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

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

1) The reserve for the Company's projected capital expenditure;

2) The reserve used to repay outstanding borrowings;

3) Bonuses and dividends that may be distributed in cash and by issuing shares.

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

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.

The rewards to employees amounted to $18,948 and the rewards to directors and supervisors amounted to $1,682 for the three months ended March 31, 2015, which were in accordance with The Company Act prior to May 2015. These amounts are calculated using the Company's net profit for each period and are determined according to the earnings allocation method, priority, and distribution ratios for employee benefits and rewards of directors and supervisors as stated under the articles of association. These benefits are expensed under operating expenses for each period. The differences between the actual amounts and the estimation of employee compensation will be treated as changes in accounting estimates and adjusted in profit or loss in the following year.

The earnings distribution proposal for 2015 was approved by the Board of Directors on March 29, 2016. The earnings distribution for 2014 was decided in the general meeting of the shareholders held on June 22, 2015.

The relevant dividend distribution to shareholders was as follows:

	2015	2014
Dividends distributed to common shareholders		
Cash	$ 523,060	392,477
Shares	104,612	60,381
Total	**$ 627,672**	**452,858**

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

4. Other equity (net of tax)

	Foreign currency translation differences for foreign operations
Balance at January 1, 2016	$ (4,270)
Foreign currency translation differences	2,361
Balance at March 31, 2016	**$ (1,909)**
Balance at January 1, 2015	$ 2,022
Foreign currency translation differences	(4,056)
Balance at March 31, 2015	**$ (2,034)**

(l) Earnings per share

	For the three months ended March 31,	
	2016	**2015**
Basic earnings per share		
Profit attributable to common stockholders of the Company	**$ 272,309**	**212,325**
Weighted-average number of ordinary shares	**99,855**	**92,855**
	$ 2.73	**2.29**
Diluted earnings per share		
Profit attributable to common stockholders of the Company	**$ 272,309**	**212,325**
Weighted-average number of ordinary shares (basic)	99,855	92,855
Effect of employee stock bonus	-	195
Effect of employee stock compensation	262	-
Weighted-average number of ordinary shares (adjusted with potential effect of diluted ordinary shares)	**100,117**	**93,050**
	$ 2.72	**2.28**

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

(m) Revenue

For the three months ended March 31, 2016 and 2015, the details of revenue are as follows:

	For the three months ended March 31,	
	2016	**2015**
Sale of goods	$ 6,256,185	5,223,416
Rendering of services	516,894	497,879
	$ 6,773,079	**5,721,295**

(n) Rewards of employees, directors and supervisors

According to the Company's article, which was approved by the board on directors but yet resolved by the shareholders, the Company shall assign 1%~15% as rewards to employees, and less than 1.5% as rewards to directors and supervisors, if there are earnings during the year. However, the Company has to retain the amount while there are accumulated loss.

The employees mentioned before include the employees in the subsidiaries who meet the specific conditions.

The rewards to employees amounted to $24,161, and the rewards to directors and supervisors amounted to $2,712 for the three months ended March 31, 2016. These amounts are calculated using the Company's profit before tax without the rewards of employees, directors and supervisors for the period, and are determined using the earnings allocation method which was stated under the Company's article. These rewards are expensed under operating expenses for the period. The differences between the actual amounts and the estimation of employee compensation will be treated as changes in accounting estimates and adjusted in profit or loss in the following year.

The rewards to employees amounted to $68,744, and the rewards to directors and supervisors amounted to $7,736 for the year ended December 31, 2015. These amounts are calculated using the Company's profit before tax without the rewards of employees, directors and supervisors for the period, and are determined using the earnings allocation method which was stated under the Company's article. These rewards are expensed under operating expenses for each period. The differences between the actual amounts and the estimation of employee compensation will be treated as changes in accounting estimates and adjusted in profit or loss in the following year. Related information would be available at the website of the Market observation post system after the convening of the meeting of the shareholders.

(o) Non-operating income and expenses

1. Other revenue

The details of other revenue were as follows:

	For the three months ended March 31,	
	2016	**2015**
Interest income	$ 6,738	4,034
Other	2,057	3,242
	$ 8,795	**7,276**

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

2. Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended March 31, 2016	2015
Foreign currency exchange loss, net	$ (4,955)	(1,443)
Impairment loss	-	(5,247)
Other	(23)	(3)
	$ (4,978)	(6,693)

3. Finance costs

The details of finance cost were as follows:

	For the three months ended March 31, 2016	2015
Interest expense	$ (3)	-

(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 three months ended March 31, 2016 and 2015. For other information about the fair value of financial instruments, please refer to note 6(p) of the consolidated financial statements for the year ended December 31, 2015.

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 March 31, 2016							
Non-derivative financial liabilities							
Notes payable	$ 880	880	880	-	-	-	-
Accounts payable	2,060,577	2,060,577	2,060,577	-	-	-	-
Other payable	576,732	576,732	576,732	-	-	-	-
Receipts under custody	1,168,793	1,168,793	1,168,793	-	-	-	-
	$ 3,806,982	3,806,982	3,806,982	-	-	-	-
Balance at December 31, 2015							
Non-derivative financial liabilities							
Notes payable	$ 5,899	5,899	5,899	-	-	-	-
Accounts payable	2,099,823	2,099,823	2,099,823	-	-	-	-
Other payable	626,359	626,359	626,359	-	-	-	-
Receipts under custody	1,114,337	1,114,337	1,114,337	-	-	-	-
	$ 3,846,418	3,846,418	3,846,418	-	-	-	-

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

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Balance at March 31, 2015							
Non-derivative financial liabilities							
Notes payable	$ 2,875	2,875	2,875	-	-	-	-
Accounts payable	1,735,418	1,735,418	1,735,418	-	-	-	-
Other payable	592,241	592,241	592,241	-	-	-	-
Receipts under custody	1,247,499	1,247,499	1,247,499	-	-	-	-
	$ 3,578,033	3,578,033	3,578,033	-	-	-	-

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:

	2016.3.31			2015.12.31			2015.3.31		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets									
Monetary items									
USD	$ 4,850	32.19	156,136	7,371	32.96	242,995	5,213	31.30	163,156
Financial liabilities									
Monetary items									
USD	743	32.19	23,908	942	32.96	31,052	959	31.30	30,018

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 March 31, 2016 and 2015, would have increased or decreased net income by $5,391 and $5,496, respectively. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for the third quarter of 2016 and 2015.

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 three months ended March 31, 2016 and 2015, the exchange losses (including realized and unrealized) was $4,955 and $1,443, 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.

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

(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(q) of the consolidated interim financial statements for the year ended December 31, 2015.

(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, 2015. 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, 2015. For other information about the capital management, please refer to note 6(r) of the consolidated financial statements for the year ended December 31, 2015.

(7) Related-Party Transactions

Key management personnel compensation comprised:

	For the three months ended March 31, 2016	2015
Short-term employee benefits	$ 24,890	19,374

(8) Restricted Assets

The following assets were restricted in use:

Assets	Purpose of Pledge	2016.3.31	2015.12.31	2015.3.31
Deposit account-current	Security for performance and purchase guarantee	$ 308,011	347,011	401,011
Refundable deposit	Security for provisional seizure, etc. and deposits for office rental	187,569	185,382	97,925
		$ 495,580	532,393	498,936

(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 March 31, 2016, December 31, 2015, and March 31, 2015, notes payable deposited as guarantee for commercial vehicle and office and building leases were $110,062, $111,760, and $88,117, respectively.

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

(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 were all $40,000 as of March 31, 2016, December 31, 2015, and March 31, 2015.

(d) As of March 31, 2016, December 31, 2015, and March 31, 2015, the Group has entered into an agreement with Shanghai Commercial and Savings Bank, Ltd. for providing performance guarantee for the Group on the balance amount received through the Group's online payment processing services to online sellers; the amount of performance guarantee agreed therein are $28,000, $28,000 and $13,000, respectively.

(e) As of March 31, 2016, December 31, 2015, and March 31, 2015, the Group has entered into an agreement with Taishin International Bank, Ltd., Shanghai Commercial and Savings Bank and CTBC Bank, Ltd. for providing performance guarantee for the Group on the balance amount received through the Group's online payment processing services; the amount of performance guarantee agreed therein are $1,003,000, $1,003,000 and $1,200,000, respectively.

(10) Significant Catastrophic Losses: None.

(11) Significant Subsequent Events: None.

(12) Others

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

Categorized as	For the three months ended March 31, 2016			For the three months ended March 31, 2015		
Nature	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	15,619	362,926	378,545	14,513	306,973	321,486
Labor and health insurance	1,709	26,540	28,249	1,288	24,013	25,301
Pension	852	14,163	15,015	601	12,363	12,964
Others employee benefits	643	9,538	10,181	444	8,003	8,447
Depreciation	-	32,729	32,729	-	27,315	27,315
Amortization	-	2,928	2,928	-	1,847	1,847

(b) Seasonality of operations:

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

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
March 31, 2016 and 2015
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(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 three months ended March 31, 2016:

1. Fund financing to other parties: None.
2. Guarantees and endorsements for other parties:

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

No. (Note 1)	Name of company	Counter-party		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 2)	Parent Company endorsement/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsement/ guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Linktel Inc.	3	2,638,806	13,954	11,359	11,359	-	0.22 %	5,277,612	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	
	Common Stock:							
PChome Online Inc.	Eastern Online Co., Ltd.	-	Financial assets measured at cost	118,750	-	4.19 %	-	
〃	Syspower Ltd.	-	〃	744,118	2,846	3.72 %	-	
〃	Openfind Information Technology, Inc.	-	〃	800,000	4,031	7.42 %	-	
〃	Career Consulting Co., Ltd.	-	〃	113,005	1,015	0.72 %	-	
〃	PayEasy Ltd.	-	〃	5,437,762	-	12.51 %	-	
〃	Taiwan Star Telecom Co., Ltd.	-	〃	3,942	-	- %	-	
〃	P2V Holdings Ltd. (Samoa)	-	〃	2,691,030	22,922	11.13 %	-	
〃	17 Life Ltd.	-	〃	2,252,098	27,521	12.87 %	-	

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 related parties for which the dollar amount reaches $100 million or 20% or more of paid-in capital: None.

8. Accounts receivable from related parties for which the dollar amount reaches $100 million or 20% or more of paid-in capital: None.
9. Derivative transactions: None.
10. Business relationships and significant inter-company transactions:

No. (Note 1)	Name of company	Name of counter-party	Existing relationship with the counter-party (Note 2)	Transaction			
				Account name	Amount	Terms of trading	Percentage of the total consolidated revenue or total assets
0	PChome Online Inc.	Linktel Inc.	1	Sales	1,066	Usual terms and conditions	0.02 %
0	〃	PChome Store Inc.	1	Sales	25,481	〃	0.38 %
0	〃	〃	1	Accounts Receivable	4,970	〃	0.05 %
0	〃	PChome eBay Co., Ltd.	1	Sales	3,450	〃	0.05 %
0	〃	〃	1	Account Receivable	1,208	〃	0.01 %
0	〃	〃	1	Advertisement Expenses	1,657	〃	0.02 %
0	〃	Rakuya International Info. Co. Ltd.	1	Other Payable	1,861	〃	0.02 %
0	〃	PChome Trading (Shenzhen) Ltd.	1	Other Receivables	4,384	〃	0.04 %
0	〃	PChome Pay Inc.	1	Cash Equivalents	1,302	〃	0.01 %

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

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

Note 2: Relationship is classified into three types:

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

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

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

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

(b) Information on investees:

For the three months ended March 31, 2016, 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 %	48,545	(2,289)	(2,289)	Note
〃	Linktel Inc.	〃	Type II Telecommunications Business	125,000	125,000	17,325,940	100.00 %	153,034	2,707	2,707	〃
〃	Liker Technology Inc.	〃	O2O (Online to Offline) E-commerce	25,000	25,000	2,500,000	34.72 %	16,698	-	-	〃
〃	PC Home Online International Co., Ltd.	British Virgin Islands	International trade and investment activities	25,485	25,485	122,328	100.00 %	11,698	(42)	(42)	〃

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
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				Initial investment (Amount)		Ending balance					
Name of investor	Name of investee	Location	Major operations	Ending balance	Beginning balance	Shares	Ratio of shares	Book value	Net income (loss) of the investee	Investment income (losses)	Note
PChome Online Inc.	Rakuya International Info. Co. Ltd.	Taiwan	Real estate business, and internet information rental service	34,300	34,300	3,430,000	22.04 %	2,026	(4,571)	(1,007)	Note
〃	PChome Store Inc.	〃	Internet services	84,770	84,770	12,941,501	59.91 %	289,415	6,843	4,100	〃
〃	PChomePay Inc.	〃	Online payment processing services	180,000	180,000	18,000,000	21.18 %	159,290	(9,060)	(1,919)	〃
〃	PChome US Inc.	United States of America	E-commerce platform	116,490	116,490	40,000,000	90.91 %	5,749	(2,238)	(2,035)	〃
〃	eCommerce Group Co., Ltd.	British Virgin Islands	Investment activities	875,250	875,250	268,000,000	100.00 %	719,168	40,362	40,362	〃
〃	Pi Mobile Technology Inc.	Taiwan	Online payment processing services	10,000	10,000	1,000,000	100.00 %	9,368	(204)	(204)	〃
〃	PChome (Thailand) Co., Ltd.	Thailand	E-commerce platform	66,200	66,200	6,500,000	65.00 %	55,291	(2,071)	(1,346)	〃
〃	PChome Travel Inc.	Taiwan	Travel agency business	6,000	6,000	600,000	100.00 %	5,693	(47)	(47)	〃
IT Home Publications Inc.	Yiabi Inc.	〃	Information processing and provision of electronic information	5,000	5,000	500,000	100.00 %	2,657	(176)	(176)	〃
PChome eBay Co., Ltd.	PChomePay Inc.	〃	Online payment processing services	205,200	205,200	20,520,000	24.14 %	181,551	(9,060)	(2,187)	〃
PChome Store Inc.	Liker Technology Inc.	〃	O2O (Online to Offline) E-commerce	30,000	30,000	3,000,000	41.67 %	20,040	-	-	〃
〃	PChomePay Inc.	〃	Online payment processing services	288,000	288,000	28,800,000	33.88 %	254,822	(9,060)	(3,070)	〃
PChomePay Inc.	Pay and Link Inc.	〃	〃	500,388	500,388	50,100,000	100.00 %	493,227	(5,193)	(5,193)	〃
〃	Zhen Jin Lian Inc.	〃	〃	3,000	3,000	300,000	100.00 %	2,762	(61)	(61)	〃
〃	Yin Te Lian Inc.	〃	〃	3,000	3,000	300,000	100.00 %	2,762	(61)	(61)	〃
〃	Yum Tung Bao Inc.	〃	〃	3,000	3,000	300,000	100.00 %	2,762	(61)	(61)	〃
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 %	12,762	17	17	〃
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 %	14,390	134	134	〃
PChome Online (HK) Ltd.	PChome Japan KK	Japan	International trading E-commerce	841	-	800,000	100.00 %	794	(56)	(6)	〃
〃	Ruten Japan KK	〃	〃	5,438	-	2,000,000	100.00 %	5,461	(44)	(6)	〃
eCommerce Group Co., Ltd.	Ruten Global Inc. (Previously Known as EC Global Inc.)	Cayman Islands	Investment activities	874,702	874,702	267,820,000	100.00 %	719,007	40,389	40,389	〃
Ruten Global Inc. (Previously Known as EC Global Inc.)	EC Global Limited	Hong Kong	〃	22,740	22,740	7,494,642	100.00 %	7,441	(368)	(368)	〃
〃	PChome eBay Co., Ltd.	Taiwan	Information processing and provision of electronic information	779,688	779,659	27,300,000	65.00 %	640,220	65,275	42,429	〃
EC Global Limited	PChome Japan KK	Japan	nternational trading E-commerce	-	2,397	-	- %	-	(56)	(50)	〃
〃	Ruten Japan KK	〃	〃	-	5,487	-	- %	-	(44)	(38)	〃

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

(c) Information on investment in Mainland China:

1. Information on investment in Mainland China:

(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	4,829	(2)	4,829	-	-	4,829	(48)	100.00 %	(48)	2,340	-
PChome Trading (Shenzhen) Ltd.	International trading E-commerce	11,267	(2)	11,267	-	-	11,267	(244)	100.00 %	(244)	(2,259)	-

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	16,096	62,127	3,612,776

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 32.19 at the three months ended March 31, 2016.

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.

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

(14) Segment Information

	For the three months ended March 31, 2016				
	E-Commerce-Sales	Market Place	Other	Adjustments and Eliminations	Consolidated
Revenue:					
Non-inter-company revenue	$ 5,913,117	772,893	87,069	-	6,773,079
Inter-company revenue	30,184	3,768	988	(34,940)	-
Total Revenue	**$ 5,943,301**	**776,661**	**88,057**	**(34,940)**	**6,773,079**
Segment profit	**$ 272,309**	**69,880**	**19,145**	**(69,812)**	**291,522**

	For the three months ended March 31, 2015				
	E-Commerce-Sales	Market Place	Other	Adjustments and Eliminations	Consolidated
Revenue:					
Non-inter-company revenue	$ 5,032,630	592,205	96,460	-	5,721,295
Inter-company revenue	31,597	3,934	2,386	(37,917)	-
Total Revenue	**$ 5,064,227**	**596,139**	**98,846**	**(37,917)**	**5,721,295**
Segment profit	**$ 212,325**	**75,033**	**(12,601)**	**(37,037)**	**237,720**