Stock Code: 8044

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
September 30, 2016 AND 2015
(WITH INDEPENDENT ACCOUNTANTS' REVIEW REPORT THEREON)

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Independent Accountants' Review Report

To the Board of Directors of PChome Online Inc.:

We have reviewed the accompanying consolidated balance sheets of PChome Online Inc. and its subsidiaries (the Group) as of September 30, 2016 and 2015, the consolidated statements of comprehensive income for the third quarter of 2016 and 2015, and for the nine months ended September 30, 2016 and 2015, and the consolidated statements of changes in equity and of cash flows for the nine months ended September 30, 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$626,080 thousand and NT$1,056,367 thousand, constituting 6% and 15%, respectively, of the total consolidated assets as of September 30, 2016 and 2015. The total liabilities of these subsidiaries amounted to NT$287,990 thousand and NT$202,608 thousand, constituting 7% and 5%, respectively, of the total consolidated liabilities as of September 30, 2016 and 2015. The comprehensive losses of these subsidiaries for the third quarter of 2016 and 2015, and for the nine months ended September 30, 2016 and 2015, amounted to NT$(27,882) thousand, NT$(6,139) thousand, NT$(50,843) thousand and NT$(23,604) thousand, constituting (15)%, (3)%, (8)% 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

November 11, 2016

Note to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and consolidated cash flows in accordance with the Regulations Governing the Preparation of Financial Report by Securities Issuers and IAS 34 Interim Financial Reporting as endorsed by the Financial Supervisory Commissions in the Republic of China 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, 2016 and 2015 reviewed only, not audited in accordance with the generally accepted auditing standards

PCHOME ONLINE INC. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

SEPTEMBER 30, 2016, DECEMBER 31, 2015 AND SEPTEMBER 30, 2015

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

	2016.9.30		2015.12.31		2015.9.30	
ASSETS	Amount	%	Amount	%	Amount	%
Current Assets:						
Cash and cash equivalents (Note (6)(a))	$ 7,812,028	78	7,783,348	78	4,856,445	68
Notes receivable, net (Note (6)(c))	2,593	-	3,358	-	3,991	-
Accounts receivable, net (Note (6)(c))	352,171	4	325,798	3	449,367	6
Other receivables (Note (6)(c))	242,921	2	414,440	4	423,087	6
Inventories (Note (6)(d))	507,888	5	449,888	5	391,391	6
Other financial assets – current (Note (8))	319,011	3	347,011	4	347,011	5
Other current assets	64,023	1	35,453	-	61,800	1
	9,300,635	93	9,359,296	94	6,533,092	92
Non-Current Assets:						
Financial assets measured at cost – non-current (Note (6)(b))	58,335	1	58,335	1	48,335	-
Property, plant, and equipment (Note (6)(e))	300,792	3	257,493	3	258,424	4
Intangible assets (Note (6)(f))	51,741	1	38,336	-	14,182	-
Deferred income tax assets	43,708	-	43,990	-	49,401	1
Other financial assets – non-current (Note (8))	164,647	2	185,382	2	185,487	3
Other non-current assets	47,951	-	14,049	-	12,345	-
	667,174	7	597,585	6	568,174	8
TOTAL ASSETS	$ 9,967,809	100	9,956,881	100	7,101,266	100

	2016.9.30		2015.12.31		2015.9.30	
LIABILITIES AND STOCKHOLDERS' EQUITY	Amount	%	Amount	%	Amount	%
Current Liabilities:						
Short-term debt (Note (6)(g))	$ 94,050	1	-	-	-	-
Notes payable	4,850	-	5,899	-	5,802	-
Accounts payable	2,009,685	20	2,099,823	21	1,791,390	25
Other payable	588,075	6	626,359	6	567,905	8
Current tax liabilities	111,692	1	155,091	2	99,017	2
Other current liabilities (Note (6)(h))	1,304,538	13	1,328,030	13	1,410,470	20
	4,112,890	41	4,215,202	42	3,874,584	55
Non-current Liabilities:						
Deferred income tax liabilities	10,222	-	9,986	-	17,597	-
Net defined benefit liabilities-non-current (Note (6)(j))	3,266	-	4,440	-	7,579	-
	13,488	-	14,426	-	25,176	-
TOTAL LIABILITIES	4,126,378	41	4,229,628	42	3,899,760	55
Owners' Equity Attributable to Equity Holders of the Parent Company (Note (6)(l)):						
Capital Stock:						
Common stock	1,103,161	11	998,549	10	928,549	13
Advance receipts for common stock	-	-	-	-	214,195	3
Capital Surplus	2,497,037	25	2,498,301	25	67,441	1
Retained Earnings:						
Legal reserve	327,935	3	250,151	3	250,151	3
Special reserve	4,271	-	-	-	-	-
Retained earnings – unappropriated	1,170,112	12	1,260,211	13	1,036,863	15
Other Equity:						
Exchange differences on translation of foreign operations	(2,360)	-	(4,270)	-	(3,898)	-
Total owners' equity attributable to equity holders of the parent company	5,100,156	51	5,002,942	51	2,493,301	35
Non-controlling interest	741,275	8	724,311	7	708,205	10
TOTAL EQUITY	5,841,431	59	5,727,253	58	3,201,506	45
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 9,967,809	100	9,956,881	100	7,101,266	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 NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

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

	Third Quarter of ,				For the nine months ended September 30,			
	2016		2015		2016		2015	
	Amount	%	Amount	%	Amount	%	Amount	%
Operating revenues (Note (6)(n))	$ 6,463,412	102	5,828,326	102	19,476,289	102	17,252,766	102
Less: Sales returns, discounts and allowances	129,379	2	110,586	2	371,453	2	336,401	2
Net sales	6,334,033	100	5,717,740	100	19,104,836	100	16,916,365	100
Operating costs (Note (6)(d))	5,246,376	83	4,749,535	83	15,826,771	83	14,018,223	83
Gross margin	1,087,657	17	968,205	17	3,278,065	17	2,898,142	17
Operating expenses:								
Selling expenses	674,272	10	572,207	10	1,899,218	10	1,637,378	9
General and administrative expenses	111,165	2	96,551	2	349,308	2	308,487	2
Research and development expenses	69,753	1	65,421	1	200,749	1	182,386	1
Total operating expenses	855,190	13	734,179	13	2,449,275	13	2,128,251	12
Income from operations	232,467	4	234,026	4	828,790	4	769,891	5
Non-operating income and expenses (Note (6)(p)):								
Other revenue	7,796	-	4,151	-	28,671	-	19,833	-
Other gains and losses	(6,133)	-	8,984	-	(10,854)	-	319	-
Financial costs	(518)	-	(4)	-	(871)	-	(5)	-
Total non-operating income and expenses	1,145	-	13,131	-	16,946	-	20,147	-
Profit before tax	233,612	4	247,157	4	845,736	4	790,038	5
Less: Income tax expense (Note (6)(k))	49,310	1	42,816	-	179,484	1	174,503	1
Profit	184,302	3	204,341	4	666,252	3	615,535	4
Other comprehensive income:								
Items that will be reclassified subsequently to profit or loss								
Exchange differences on translation of foreign operations	(1,446)	-	1,115	-	1,739	-	(9,833)	-
Other comprehensive income (net of tax)	(1,446)	-	1,115	-	1,739	-	(9,833)	-
Total comprehensive income	**$ 182,856**	**3**	**205,456**	**4**	**667,991**	**3**	**605,702**	**4**
Profit attributable to:								
Owners of parent	$ 169,682	3	185,903	4	619,628	3	556,121	4
Non-controlling interests	14,620	-	18,438	-	46,624	-	59,414	-
	$ 184,302	**3**	**204,341**	**4**	**666,252**	**3**	**615,535**	**4**
Comprehensive income attributable to:								
Owners of parent	$ 168,563	3	187,296	4	621,538	3	550,201	4
Non-controlling interests	14,293	-	18,160	-	46,453	-	55,501	-
	$ 182,856	**3**	**205,456**	**4**	**667,991**	**3**	**605,702**	**4**
Earnings per share (Note (6)(m))								
Basic earnings per share (dollars)	**$**	**1.54**		**1.81**		**5.62**		**5.42**
Diluted earnings per share (dollars)	**$**	**1.54**		**1.81**		**5.61**		**5.41**

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

<u>**Reviewed only, not audited in accordance with the generally accepted auditing standards**</u>

PCHOME ONLINE INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	Advance Receipts from 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 nine months ended September 30, 2015	-	-	-	-	-	556,121	-	556,121	59,414	615,535
Other comprehensive income for the nine months ended September 30, 2015	-	-	-	-	-	-	(5,920)	(5,920)	(3,913)	(9,833)
Total comprehensive income for the nine months ended September 30, 2015	-	-	-	-	-	556,121	(5,920)	550,201	55,501	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	-	214,195	-	-	-	-	-	214,195	136,446	350,641
Changes in equity of subsidiaries	-	-	2,120	-	-	-	-	2,120	(2,120)	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	(19,142)	(19,142)
Balance as of September 30, 2015	**$ 928,549**	**214,195**	**67,441**	**250,151**	**-**	**1,036,863**	**(3,898)**	**2,493,301**	**708,205**	**3,201,506**
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 nine months ended September 30, 2016	-	-	-	-	-	619,628	-	619,628	46,624	666,252
Other comprehensive income for the nine months ended September 30, 2016	-	-	-	-	-	-	1,910	1,910	(171)	1,739
Total comprehensive income for the nine months ended September 30, 2016	-	-	-	-	-	619,628	1,910	621,538	46,453	667,991
Earnings distribution:										
Legal reserve	-	-	-	77,784	-	(77,784)	-	-	-	-
Special reserve	-	-	-	-	4,271	(4,271)	-	-	-	-
Cash dividends	-	-	-	-	-	(523,060)	-	(523,060)	-	(523,060)
Stock dividends	104,612	-	-	-	-	(104,612)	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	(1,274)	-	-	-	-	(1,274)	1,274	-
Change in equity of subsidiaries	-	-	10	-	-	-	-	10	(10)	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	(30,753)	(30,753)
Balance as of September 30, 2016	**$ 1,103,161**	**-**	**2,497,037**	**327,935**	**4,271**	**1,170,112**	**(2,360)**	**5,100,156**	**741,275**	**5,841,431**

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, 2016 AND 2015

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

	For the nine months ended September 30, 2016	2015
Cash flows from operating activities:		
Profit before tax	$ 845,736	790,038
Adjustments:		
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	101,128	85,688
Amortization	10,299	5,282
(Reversal of provision) provision for doubtful accounts	(2,195)	11,848
Interest expense	871	5
Interest income	(20,228)	(13,154)
Dividend revenue	(3,255)	(1,601)
Gain on disposal and retirement of property, plant and equipment, net	(34)	(10)
Impairment loss on financial assets	-	5,247
Total adjustments to reconcile net income to net cash provided by operating activities	86,586	93,305
Changes in operating assets and liabilities:		
Changes in operating assets, net:		
Notes receivable	765	123
Accounts receivable	(24,152)	(158,725)
Other receivables	171,883	(240,430)
Inventories	(58,000)	14,274
Other financial assets	48,697	(303,172)
Other current assets	(27,724)	(36,623)
Total changes in operating assets, net	111,469	(724,553)
Changes in operating liabilities, net:		
Notes payable	(1,048)	3,147
Accounts payable	(91,897)	(108,411)
Other payable	(42,450)	(110,397)
Other current liabilities	(24,015)	389,500
Net defined benefit liabilities	(1,174)	(5,819)
Total changes in operating liabilities, net	(160,584)	168,020
Total changes in operating assets and liabilities, net	(49,115)	(556,533)
Total adjustments	37,471	(463,228)
Cash inflow generated from operations	883,207	326,810
Interest received	18,569	11,320
Dividends received	3,255	1,601
Interest paid	(811)	(5)
Income tax paid	(221,203)	(210,199)
Net cash provided by operating activities	683,017	129,527
Cash flows from investing activities:		
Acquired of financial assets measured at cost	(10,000)	-
Acquired of property, plant and equipment	(111,551)	(76,738)
Disposal of property, plant and equipment	34	20
Acquired of intangible assets	(24,909)	(7,184)
Increase in other non-current assets	(49,632)	(6,043)
Other investment activities	2,339	-
Net cash used in investing activities	(193,719)	(89,945)
Cash flows from financing activities:		
Increase in short-term debt	96,990	-
Dividends paid	(523,060)	(392,477)
Change in non-controlling interests	(30,730)	117,304
Increase in capital by cash	-	214,195
Net cash used in financing activities	(456,800)	(60,978)
Foreign exchange rate effects	(3,818)	(9,577)
Net increase (decrease) in cash and cash equivalents	28,680	(30,973)
Cash and cash equivalents, beginning of period	7,783,348	4,887,418
Cash and cash equivalents, end of period	**$ 7,812,028**	**4,856,445**

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, 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 November 11, 2016.

(3) New Standards and Interpretations Not Yet Adopted

(a) Impact of the International Financial Reporting Standard ("IFRS") endorsed by the Financial Supervisory Commissions R.O.C. ("FSC") but not yet in effect.

According to official letter No.1050026834 issued on July 18, 2016 by the FSC, public entities are required to conform to the IFRSs, which were issued by the International Accounting Standards Board ("IASB") before January 1, 2016, and were endorsed by the FSC on January 1, 2017. (Excluding IFRS 9 Financial instruments, IFRS 15 "Agreement for contracts with customers," and others which have yet to be approved and decided by the FSC in order for them to take effect) in preparing their financial statements. The related new standards, interpretations and amendments were as follows:

New Standards, Interpretations and Amendments	IASB Effective Date
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
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
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016

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

New Standards, Interpretations and Amendments	IASB Effective Date
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 had assessed that the initial application of the above new IFRSs, whenever applied, would not have any material impact on its consolidated financial statements.

(b) 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
IFRS 15 'Revenue from contracts with customers'	January 1, 2018
IFRS 16 'Lease'	January 1, 2019
Classification and measurement of share-based payment transaction (amendments to IFRS2)	January 1, 2018
Clarification of IFRS 15 (amendments to IFRS 15)	January 1, 2018
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)

The relevant impacts for the Group are as follows:

Issue Date	New Standards and Amendments	Main Amendments
May 28, 2014 April 12, 2016	IFRS 15 “Revenue from Contracts with Customers”	The new standard provides a single model for determining whether an entity recognizes revenue in accordance with the method, timing and amount by applying the five-step model. IFRS 15 replaces IAS 11 “Construction Contracts”, IAS 18 “Revenue”, and the relevant interpretations. In April 12, 2016, the amendments clarify how to identify performance obligations in a contract; determine whether a company is a principal or an agent; and determine whether the revenue from granting a license should be recognized at a point in time or over time.
November 19, 2013 July 24, 2014	IFRS 9 “Financial Instruments”	The new standard replaces IAS 39 “Financial Instruments: Recognition and Measurement”. The main amendments are as follows: ・Clarification and Measurement: The financial asset is driven by the entity’s business model and the contractual cash flow characteristics, which would be classified as financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income (OCI), and financial assets at fair value through profit or loss. The financial liabilities measured at fair value through profit or loss that have changes in fair value related to the changes in its credit risk are recognized in OCI. ・Impairment: The new expected credit loss model is to replace the current incurred loss model.

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

Issue Date	New Standards and Amendments	Main Amendments
January 13, 2016	IFRS 16 "Lease"	The new standard of accounting for lease is amended as follows: • For a contract that is, or contains, a lease, the lessee shall recognize a right-of-use asset and lease liability on the balance sheet. During the lease term, the lease payment shall include the measurement of the depreciation on the right-of-use asset and the interest expense on the lease liability. • A lessor shall classify a lease as either finance leases or operating leases. The accounting treatment remains similar in accordance with IAS 17 "Leases".

The Group is evaluating the impact on its financial position and financial performance of the initial adoption of above mentioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

(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
September 30, 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 2016.9.30	Shareholding 2015.12.31	Shareholding 2015.9.30	Note
The Company	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 %	21.18 %	Note 1
〃	IT Home Publications Inc.	Magazine publication	100.00 %	100.00 %	100.00 %	
〃	PChome US Inc.	E-commerce platform	91.40 %	90.91 %	90.91 %	
〃	Liker Technology Inc.	O2O (Online to Offline) E-commerce	- %	34.72 %	34.72 %	Notes 1, 2
〃	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	25.77 %	22.04 %	22.04 %	Note 3
〃	eCommerce Group Co., Ltd.	Investment activities	100.00 %	100.00 %	100.00 %	
〃	PChome eBay Co., Ltd.	Information processing and provision of electronic information	- %	- %	65.00 %	Note 4
〃	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 %	100.00 %	
PChome eBay Co., Ltd.	PChomePay Inc.	Online payment processing services	24.14 %	24.14 %	24.14 %	Note 1
PChome Store Inc.	Liker Technology Inc.	O2O (Online to Offline) E-commerce	- %	41.67 %	41.67 %	Notes 1, 2
〃	PChomePay Inc.	Online payment processing services	33.88 %	33.88 %	33.88 %	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
September 30, 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 2016.9.30	Shareholding 2015.12.31	Shareholding 2015.9.30	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 %	100.00 %	
〃	PChome eBay Co., Ltd.	Information processing and provision of electronic information	65.00 %	65.00 %	- %	Note 4
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 5
〃	Ruten Japan KK	〃	100.00 %	- %	- %	Note 5
EC Global Limited	PChome Trading (Shenzhen) Ltd.	〃	100.00 %	100.00 %	100.00 %	
〃	PChome Japan KK	〃	- %	100.00 %	100.00 %	Note 5
〃	Ruten Japan KK	〃	- %	100.00 %	100.00 %	Note 5

Note 1: The Group holds more than 50% of its outstanding equity shares. Therefore, it was included in the consolidated financial statement.

Note 2: The liquation procedure was completed in April 2016.

Note 3: 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 4: 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 5: 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) 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.

(d) 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.

(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

	2016.9.30	2015.12.31	2015.9.30
Cash on hand	$ 930	802	717
Checking accounts	15,368	21,720	22,044
Savings accounts	4,150,056	5,198,953	3,747,448
Foreign currency deposits	160,794	173,386	162,920
Time deposits	3,452,700	2,365,700	899,210
Cash equivalents	32,180	22,787	24,106
Cash and cash equivalents in consolidated statement of cash flows	$ 7,812,028	7,783,348	4,856,445

(b) Financial assets

Financial assets measured at cost:

	2016.9.30	2015.12.31	2015.9.30
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 500 thousands shares of 17Life Ltd.'s common stock for $10,000 on December 31, 2015. The amount was paid in January 2016, and the transaction was recognized as financial assets measured at cost.

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 nine months ended September 30, 2015.

As of September 30, 2016, December 31, 2015 and September 30, 2015, the Group’s financial assets were not pledged as collateral.

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

	2016.9.30	2015.12.31	2015.9.30
Notes receivable	$ 2,733	3,498	3,991
Accounts receivable	356,917	341,763	467,052
Other receivables	242,921	414,658	423,087
Less: Allowance for impairment loss	(4,886)	(16,323)	(17,685)
	$ 597,685	743,596	876,445

(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:

	2016.9.30	2015.12.31	2015.9.30
Past under 90 days	$ 931	971	504

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, 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	-	(2,195)	(2,195)
Amount of write-off	-	(9,242)	(9,242)
Balance at September 30, 2016	$ -	4,886	4,886
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

(d) Inventories

	2016.9.30	2015.12.31	2015.9.30
Merchandise inventories	$ 515,629	459,778	400,120
Less: Allowance for inventory valuation and obsolescence losses	(7,741)	(9,890)	(8,729)
	$ 507,888	449,888	391,391

As of September 30, 2016, December 31, 2015 and September 30, 2015, 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,	
	2016	2015	2016	2015
Cost of goods sold	$ 5,245,134	4,749,348	15,828,204	14,012,993
Provision for inventory market price decline and obsolescence (Gain from price recovery of inventory)	1,239	187	(2,149)	4,922
Loss on disposal of scrap	3	-	716	308
	$ 5,246,376	4,749,535	15,826,771	14,018,223

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

The losses on inventories impairment were reversed because part of the inventories whose net realizable value were lower than cost were sold for the nine months ended September 30, 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 September 30, 2016	$ 239	197,478	103,075	300,792
At January 1, 2015	$ 602	159,889	106,989	267,480
At September 30, 2015	$ 466	158,927	99,031	258,424

There were no significant additions, disposal, or impairment in property, plant and equipment for the nine months ended September 30, 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 September 30, 2016	$ 48,884	2,857	51,741
Balance at January 1, 2015	$ 9,006	2,857	11,863
Balance at September 30, 2015	$ 11,325	2,857	14,182

There were no significant additions, disposals or impairment in intangible assets for the nine months ended September 30, 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) Short-term debt

	2016.9.30
Unsecured bank loans	$ 94,050
Unused credit line	$ 109,725
Interest rate	1.91%~2.21%

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

1.Release of borrowings

The Group released the short-term borrowings of US$3,000 thousand and the unused short-term lines of credits amounting to US$3,500 thousand for the nine months ended September 30, 2016, with January 27, 2017 as the maturity date. The interest rate ranged from 1.91%~2.21%. No assets were pledged by the Group as its repayment for the aforementioned loans.

(h) Other current liabilities

	2016.9.30	2015.12.31	2015.9.30
Advance receipts	$ 214,681	205,317	187,203
Receipts under custody-online payment processing services	1,078,959	1,114,337	1,207,977
Other	10,898	8,376	15,290
	$ 1,304,538	**1,328,030**	**1,410,470**

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.

(i) Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2016.9.30	2015.12.31	2015.9.30
Less than one year	$ 348,170	242,777	278,204
Between one and five years	727,308	277,766	314,590
Over five years	149,230	-	-
	$ 1,224,708	**520,543**	**592,794**

The Group leases a number of offices and warehouses under operating leases. The leases typically run for a period of 1 to 7 years, with an option to renew the lease after that date.

Details of operating lease expense were as follows:

	Third Quarter of		For the nine months ended September 30,	
	2016	2015	2016	2015
Operating lease expense	**$ 97,332**	**72,730**	**261,708**	**212,289**

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

(j) 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.

The details of expenses were as follows:

	Third Quarter of		For the nine months ended September 30,	
	2016	**2015**	**2016**	**2015**
Operating costs	$ -	1	-	2
Selling expense	(13)	62	(32)	187
General and administrative expenses	57	69	171	206
Research and development expenses	-	10	(5)	30
	$ 44	**142**	**134**	**425**

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,	
	2016	**2015**	**2016**	**2015**
Operating costs	$ 891	709	2,673	1,949
Selling expense	10,968	9,219	31,178	26,448
General and administrative expenses	1,527	1,514	4,444	4,201
Research and development expenses	2,748	2,350	8,162	7,305
	$ 16,134	**13,792**	**46,457**	**39,903**

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

(k) Income taxes

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

		Third Quarter of		For the nine months ended September 30,	
		2016	**2015**	**2016**	**2015**
Current income tax expense:					
Current period	$	50,456	43,727	153,800	140,542
10% surtax on unappropriated earnings		-	-	29,210	32,285
Adjustment for prior periods		(1,456)	(2,901)	(4,791)	(1,007)
		49,000	40,826	178,219	171,820
Deferred tax expense:					
Origination and reversal of temporary differences		310	1,990	1,265	2,683
Income tax from continuing operations	$	**49,310**	**42,816**	**179,484**	**174,503**

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

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

	2016.9.30	2015.12.31	2015.9.30
Unappropriated earnings of 1998 and after	$ **1,170,112**	**1,260,211**	**1,036,863**
Balance of imputation credit account (ICA)	$ **97,804**	**143,997**	**87,677**

	2015 (actual)	2014 (actual)
Tax deduction ratio for earnings distribution to ROC residents	**17.77 %**	**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.

(l) 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, 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.

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

1. Issuance of common stock

On June 21, 2016, the Company’s shareholders resolved to capitalize its unappropriated retained earnings of $104,612, with a total of 10,461 thousand shares issued at par value. The capital increase was effective on August 16, 2016, with all registration amendments completed.

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 June 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:

	2016.9.30	2015.12.31	2015.9.30
Share capital	$ 2,484,507	2,484,507	53,647
Differences between consideration and carrying amount of subsidiaries acquired or disposed	9,033	10,307	10,307
Changes in equity of subsidiaries	3,497	3,487	3,487
	$ 2,497,037	2,498,301	67,441

3. Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior year's deficits before paying any income tax. Of the remaining balance, 10% is to be appropriated as legal reserve. However, the appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. Special reserve may be appropriated for operations or to meet regulations. The remaining earnings, if any, may be appropriated according to the proposal presented in the annual stockholders' meeting by the board of directors.

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 stock and cash by issuing shares.

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

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

The earnings distribution for 2015 and 2014 was decided in the general meeting of the shareholders held on June 21, 2016 and 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**

4. Other equity (net of tax)

	Foreign currency translation differences for foreign operations
Balance at January 1, 2016	$ (4,270)
Foreign currency translation differences	1,910
Balance at September 30, 2016	**$ (2,360)**
Balance at January 1, 2015	$ 2,022
Foreign currency translation differences	(5,920)
Balance at September 30, 2015	**$ (3,898)**

5. Non-controlling Interests

	For the nine months ended September 30,	
	2016	2015
Balance at January 1	$ 724,311	537,520
Shares of non-controlling interests		
Profit for the nine months ended September 30	46,624	59,414
Foreign currency translation differences for foreign operations	(171)	(3,913)
Increase in capital by cash	-	136,446
Changes in equity of subsidiaries	(10)	(2,120)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	1,274	-
Changes in non-controlling interests	(30,753)	(19,142)
Balance at September 30	**$ 741,275**	**708,205**

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

(m) Earnings per share

	Third Quarter of		For the nine months ended September 30,	
	2016	**2015**	**2016**	**2015**
Basic earnings per share				
Profit attributable to common stockholders of the Company	$ **169,682**	**185,903**	**619,628**	**556,121**
Weighted-average number of ordinary shares	**110,316**	**102,583**	**110,316**	**102,583**
	$ **1.54**	**1.81**	**5.62**	**5.42**
Diluted earnings per share				
Profit attributable to common stockholders of the Company	$ **169,682**	**185,903**	**619,628**	**556,121**
Weighted-average number of ordinary shares (basic)	110,316	102,583	110,316	102,583
Effect of employee stock compensation	148	41	224	214
Weighted-average number of ordinary shares (adjusted with potential effect of diluted ordinary shares)	**110,464**	**102,624**	**110,540**	**102,797**
	$ **1.54**	**1.81**	**5.61**	**5.41**

(n) Revenue

For the nine months ended September 30, 2016 and 2015, the details of revenue are as follows:

	Third Quarter of		For the nine months ended September 30,	
	2016	**2015**	**2016**	**2015**
Sale of goods	$ 5,875,885	5,195,424	17,660,880	15,347,047
Rendering of services	458,148	522,316	1,443,956	1,569,318
	$ **6,334,033**	**5,717,740**	**19,104,836**	**16,916,365**

(o) Rewards of employees, directors and supervisors

According to the Company's article, 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.

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

The rewards to employees amounted to $15,121, $15,680, $54,498 and $48,885 and the rewards to directors and supervisors amounted to $1,697, $1,315, $6,117 and $4,151 for the third quarter of 2016 and 2015 and for the nine months ended September 30, 2016 and 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 the period. The differences between the actual amounts and the estimation of employee compensation in the following year 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 have no differences with the actual amounts decided by the board of directors. Related information would be available at the website of the Market observation post system.

(p) 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,	
	2016	2015	2016	2015
Interest income	$ 5,623	3,377	20,228	13,154
Dividends revenue	1,313	113	3,255	1,601
Other	860	661	5,188	5,078
	$ 7,796	**4,151**	**28,671**	**19,833**

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,	
	2016	2015	2016	2015
Foreign currency exchange gain or loss, net	$ (6,167)	8,991	(10,888)	5,608
Disposal gain on property, plant and equipment	33	-	34	10
Impairment loss	-	-	-	(5,247)
Other	1	(7)	-	(52)
	$ (6,133)	**8,984**	**(10,854)**	**319**

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

3. Finance costs

The details of finance cost were as follows:

	Third Quarter of ,		For the nine months ended September 30,	
	2016	2015	2016	2015
Interest expense	$ (518)	(4)	(871)	(5)

(q) 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, 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 September 30, 2016							
Non-derivative financial liabilities							
Short-term debt	$ 94,050	94,050	94,050	-	-	-	-
Notes payable	4,850	4,850	4,850	-	-	-	-
Accounts payable	2,009,684	2,009,684	2,009,684	-	-	-	-
Other payable	327,409	327,409	327,409	-	-	-	-
Receipts under custody	1,078,959	1,078,959	1,078,959	-	-	-	-
	$ 3,514,952	3,514,952	3,514,952	-	-	-	-
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	346,638	346,638	346,638	-	-	-	-
Receipts under custody	1,114,337	1,114,337	1,114,337	-	-	-	-
	$ 3,566,697	3,566,697	3,566,697	-	-	-	-
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	336,906	336,906	336,906	-	-	-	-
Receipts under custody	1,207,977	1,207,977	1,207,977	-	-	-	-
	$ 3,342,075	3,342,075	3,342,075	-	-	-	-

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

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:

		2016.9.30			2015.12.31			2015.9.30		
		Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets										
Monetary items										
USD	$	9,123	31.35	286,000	7,371	32.96	242,995	4,938	32.93	162,594
Financial liabilities										
Monetary items										
USD	$	3,711	31.35	116,328	942	32.96	31,052	795	32.93	26,183

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, 2016 and 2015, would have increased or decreased net income by $6,683 and $5,314, 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 nine months ended September 30, 2016 and 2015, the exchange loss (gain) (including realized and unrealized) was $10,888 and $5,608, respectively.

2) Interest analysis

The interest rate exposure of the Group's financial assets and liabilities is described in note (6)(q)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.

(r) 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.

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

(s) 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:

	Third Quarter of ,		For the nine months ended September 30,	
	2016	**2015**	**2016**	**2015**
Short-term employee benefits	$ 29,460	27,343	80,888	72,235

(8) Restricted Assets

The following assets were restricted in use:

Assets	Purpose of Pledge	2016.9.30	2015.12.31	2015.9.30
Deposit account-current	Security for performance and purchase guarantee	$ 319,011	347,011	347,011
Refundable deposit	Security for provisional seizure, etc. and deposits for office rental	164,647	185,382	185,487
		$ 483,658	532,393	532,498

(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, 2016, December 31, 2015 and September 30, 2015, notes payable deposited as guarantee for commercial vehicle and office and building leases were $83,291, $111,760, and $126,139, 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 a financial institution, with having a guarantee limit of $40,000 as of September 30, 2016 and 2015, and December 31, 2015.

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

(d) As of September 30, 2016, December 31, 2015 and September 30, 2015, the Group has entered into an agreement with a financial institution for providing performance guarantee for the Group regarding the balance amounts received through the Group's online payment processing services to online sellers; the amounts of performance guarantee agreed therein were $38,000, $28,000 and $28,000, respectively.

(e) As of September 30, 2016, December 31, 2015 and September 30, 2015, the Group has entered into several agreements with different financial institutions for providing performance guarantee for the Group on the balance amounts received through the Group's online payment processing services; the amounts of performance guarantee agreed therein were $1,025,000, $1,003,000 and $1,003,000, 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	Third Quarter of , 2016			Third Quarter of , 2015		
Nature	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	20,249	360,853	381,102	19,588	310,649	330,237
Labor and health insurance	2,215	27,649	29,864	1,394	24,279	25,673
Pension	891	15,287	16,178	710	13,224	13,934
Others employee benefits	638	10,027	10,665	507	8,862	9,369
Depreciation	4,755	29,346	34,101	-	30,477	30,477
Amortization	-	4,267	4,267	-	1,739	1,739

Categorized as	For the nine months ended September 30, 2016			For the nine months ended September 30, 2015		
Nature	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	59,719	1,065,145	1,124,864	44,506	927,783	972,289
Labor and health insurance	6,722	80,722	87,444	3,960	72,632	76,592
Pension	2,673	43,918	46,591	1,951	38,377	40,328
Others employee benefits	1,923	28,990	30,913	1,437	25,037	26,474
Depreciation	13,913	87,215	101,128	-	85,688	85,688
Amortization	-	10,299	10,299	-	5,282	5,282

(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, 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 (Note 3)										
0	The Company	Linktel Inc.	2	2,550,078	13,954	11,829	11,829	-	0.23 %	5,100,156	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: Relationship with the Company

1. The companies with which it has business relations.
2. Subsidiaries in which the company holds more than 50% of its total outstanding common shares.
3. The companies in which the parent company and the subsidiary together hold more than 50% of its outstanding common shares.
4. The parent company which holds, directly or indirectly through a subsidiary, more than 50% of its outstanding common shares.
5. Companies in same type of business and providing mutual endorsements/ guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
6. Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.

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	-	3.18 %	-	
〃	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	10.72 %	-	

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

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	3,187	Usual terms and conditions	0.02 %
0	〃	〃	1	Professional service fees	1,484	〃	0.01 %
0	〃	PChome Store Inc.	1	Sales	64,825	〃	0.34 %
0	〃	〃	1	Accounts Receivable	3,375	〃	0.03 %
0	〃	PChome eBay Co., Ltd.	1	Sales	8,350	〃	0.04 %
0	〃	〃	1	Advertisement Expenses	4,950	〃	0.03 %
0	〃	Rakuya International Info. Co. Ltd.	1	Other Payable	1,060	〃	0.01 %
0	〃	PChome Trading (Shenzhen) Ltd.	1	Other Receivables	4,137	〃	0.04 %
0	〃	PChome Pay Inc.	1	Cash Equivalents	1,558	〃	0.02 %
0	〃	IT Home Publications Inc.	1	Professional service fees	1,350	〃	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.

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
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(b) Information on investees:

For the nine months ended September 30, 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	5,014,802	100.00 %	50,897	63	63	Note
〃	Linktel Inc.	〃	Type II Telecommunications Business	125,000	125,000	17,325,940	100.00 %	156,844	6,517	6,517	〃
〃	PC Home Online International Co., Ltd.	British Virgin Islands	International trade and investment activities	25,485	25,485	122,328	100.00 %	11,638	(408)	(408)	〃
〃	Rakuya International Info. Co. Ltd.	Taiwan	Real estate business, and internet information rental service	35,199	34,300	4,020,840	25.77 %	1,244	(8,992)	(2,085)	〃
〃	PChome Store Inc.	〃	Internet services	84,770	84,770	12,941,501	59.91 %	267,300	16,149	9,675	〃
〃	PChomePay Inc.	〃	Online payment processing services	180,000	180,000	18,000,000	21.18 %	154,658	(30,930)	(6,551)	〃
〃	PChome US Inc.	United States of America	E-commerce platform	124,378	116,490	42,500,000	91.40 %	10,066	(5,386)	(4,898)	〃
〃	eCommerce Group Co., Ltd.	British Virgin Islands	Investment activities	875,250	875,250	268,000,000	100.00 %	751,822	73,127	73,127	〃
〃	Pi Mobile Technology Inc.	Taiwan	Online payment processing services	10,000	10,000	1,000,000	100.00 %	6,056	(3,516)	(3,516)	〃
〃	PChome (Thailand) Co., Ltd.	Thailand	E-commerce platform	66,200	66,200	6,500,000	65.00 %	50,395	(8,680)	(5,642)	〃
〃	PChome Travel Inc.	Taiwan	Travel agency business	6,000	6,000	600,000	100.00 %	5,524	(215)	(215)	〃
IT Home Publications Inc.	Yiabi Inc.	〃	Information processing and provision of electronic information	5,000	5,000	500,000	100.00 %	2,302	(531)	(531)	〃
PChome eBay Co., Ltd.	PChomePay Inc.	〃	Online payment processing services	205,200	205,200	20,520,000	24.14 %	176,272	(30,930)	(7,466)	〃
PChome Store Inc.	PChomePay Inc.	〃	〃	288,000	288,000	28,800,000	33.88 %	247,412	(30,930)	(10,480)	〃
PChomePay Inc.	Pay and Link Inc.	〃	〃	500,388	500,388	50,100,000	100.00 %	480,567	(17,854)	(17,854)	〃
〃	Zhen Jin Lian Inc.	〃	〃	3,000	3,000	300,000	100.00 %	2,651	(173)	(173)	〃
〃	Yin Te Lian Inc.	〃	〃	3,000	3,000	300,000	100.00 %	2,651	(173)	(173)	〃
〃	Yum Tung Bao Inc.	〃	〃	3,000	3,000	300,000	100.00 %	2,651	(173)	(173)	〃
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 %	12,675	(349)	(349)	〃
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 %	14,261	(233)	(233)	〃
PChome Online (HK) Ltd.	PChome Japan KK	Japan	International trading E-commerce	841	-	800,000	100.00 %	812	(105)	(53)	〃
〃	Ruten Japan KK	〃	〃	5,438	-	2,000,000	100.00 %	5,718	(241)	(201)	〃
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 %	751,728	73,220	73,220	〃
Ruten Global Inc. (Previously Known as EC Global Inc.)	EC Global Limited	Hong Kong	〃	22,740	22,740	7,494,642	100.00 %	6,578	(1,120)	(1,120)	〃
〃	PChome eBay Co., Ltd.	Taiwan	Information processing and provision of electronic information	779,688	779,659	27,300,000	65.00 %	703,636	162,837	105,844	〃

Name of investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Net income (loss) of the investee	Investment income (losses)	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
EC Global Limited	PChome Japan KK	Japan	International trading E-commerce	-	2,397	-	- %	-	(105)	(52)	Note
〃	Ruten Japan KK	〃	〃	-	5,487	-	- %	-	(241)	(40)	〃

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	4,703	(2)	4,703	-	-	4,703	(40)	100.00 %	(40)	2,215	-
PChome Trading (Shenzhen) Ltd.	International trading E-commerce	10,973	(2)	10,973	-	-	10,973	(900)	100.00 %	(900)	(2,774)	-

2. Limitation on investment in Mainland China:

Company	Aggregate investment amount remitted from Taiwan to Mainland China at the end of the period	Approved investment (amount) by Ministry of Economic Affairs Investment Commission(Note 3)	Limitation on investment in Mainland China in accordance with regulations of Ministry of Economic Affairs Investment Commission (Note 4)
The Company	15,676	60,506	3,504,859

Note 1: Investments in Mainland China are differentiated by the following five methods:

(1) Direct investment in Mainland China with remittance through a third region.

(2) Incorporation of an investee company in a third region and indirect re-investment in Mainland China through the new entity.

(3) Indirect investment in Mainland China through an existing investee company in a third region.

(4) Direct investment in Mainland China.

(5) Other methods.

Note 2: Recognition of investment gain or loss during current period is pursuant to the following:

(1) If the corporation is in the set-up phase, no investment gain or loss recognition is required.

(2) Recognition basis of investment gains or losses is determined by the following three types:

1. Financial statements of the investee company were audited and certified by an international firm in cooperation with an R.O.C. accounting firm.

2. Financial statements of the investee company were audited and certified by the external accountant of the parent company.

3. Others

Note 3: In the above table, all relevant amounts are disclosed in TWD and the foreign currency was translated on the exchange rate 31.35 at the nine months ended September 30, 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

	Third Quarter of , 2016				
	E-Commerce-Sales	Market Place	Other	Adjustments and Eliminations	Consolidated
Revenue:					
Non-inter-company revenue	$ 5,563,459	667,093	103,481	-	6,334,033
Inter-company revenue	22,957	4,871	1,600	(29,428)	-
Total Revenue	**$ 5,586,416**	**671,964**	**105,081**	**(29,428)**	**6,334,033**
Segment profit	**$ 169,682**	**57,315**	**(9,719)**	**(32,976)**	**184,302**

	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**

	For the nine months ended September 30, 2016				
	E-Commerce-Sales	Market Place	Other	Adjustments and Eliminations	Consolidated
Revenue:					
Non-inter-company revenue	$ 16,684,976	2,129,629	290,231	-	19,104,836
Inter-company revenue	77,100	14,245	4,076	(95,421)	-
Total Revenue	**$ 16,762,076**	**2,143,874**	**294,307**	**(95,421)**	**19,104,836**
Segment profit	**$ 619,628**	**173,627**	**7,973**	**(134,976)**	**666,252**

	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**