Stock Code:8044

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

PCHOME ONLINE INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Review Report
For the Three Months Ended March 31, 2018 and 2017

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The independent auditors' review report and the accompanying consolidated 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 independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of PChome Online Inc.:

Introduction

We have reviewed the accompanying consolidated balance sheets of the PChome Online Inc. and its subsidiaries of March 31, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2018 and 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standards 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to $612,909 thousand and $655,446 thousand, constituting 5% and 6% of consolidated total assets at March 31, 2018 and 2017, respectively, total liabilities amounting to $137,619 thousand and $244,055 thousand, constituting 2% and 6% of consolidated total liabilities at March 31, 2018 and 2017, respectively, and total comprehensive loss amounting to $(11,293) thousand and $(13,907) thousand, constituting 1% and (7)% of consolidated total comprehensive income (loss) for the three months ended March 31, 2018 and 2017, respectively.

Furthermore, as stated in Note 6(f), the other equity accounted investments of the PChome Online Inc. and its subsidiaries in its investee companies of $40,530 thousand at March 31, 2018, and its equity in net earnings on these investee companies of $(2,198) thousand for the three months ended March 31, 2018, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the PChome Online Inc. and its subsidiaries as at March 31, 2018 and 2017, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2018 and 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the audit review resulting in this independent auditors' review report are Liu-Fong Yang and Tsao-Jen Wu.

KPMG

Taipei, Taiwan (Republic of China)
May 14, 2018

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' review report and the accompanying consolidated 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 independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

PCHOME ONLINE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

March 31, 2018, December 31, 2017, and March 31, 2017

(Expressed in Thousands of New Taiwan Dollars)

		2018.3.31		2017.12.31		2017.3.31	
	ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current Assets:						
1100	Cash and cash equivalents (Note (6)(a))	$ 8,366,103	72	8,370,267	72	8,381,613	79
1150	Notes receivable, net (Note (6)(d))	1,812	-	3,183	-	933	-
1170	Accounts receivable, net (Note (6)(d) and (7))	331,127	3	437,831	4	274,453	3
1200	Other receivables, net (Note (6)(d) and (7))	604,569	5	615,023	5	244,066	2
1300	Inventories (Note (6)(e))	887,425	8	961,528	8	626,645	6
1476	Other current financial assets (Note (8))	338,157	3	306,090	3	308,485	3
1479	Other current assets, others	156,517	1	78,839	1	57,306	-
1481	Current asset recognized as right to recover products from customers	26,217	-	-	-	-	-
		10,711,927	92	10,772,761	93	9,893,501	93
	Non-Current Assets:						
1517	Non-current financial assets at fair value through other comprehensive income (Note (6)(b))	86,560	1	-	-	-	-
1543	Non-current financial assets at cost, net (Note (6)(c))	-	-	43,557	-	50,814	-
1550	Investments accounted for using equity method, net (Note (6)(f))	40,530	-	12,234	-	-	-
1600	Property, plant and equipment (Note (6)(h))	550,583	5	574,409	5	370,079	3
1780	Intangible assets (Note (6)(i))	44,352	1	49,850	1	51,205	1
1840	Deferred tax assets	31,797	-	30,491	-	36,996	-
1980	Other non-current financial assets (Note (8))	128,031	1	127,738	1	154,292	2
1990	Other non-current assets, others	14,383	-	6,416	-	78,099	1
		896,236	8	844,695	7	741,485	7
	Total assets	$ 11,608,163	100	11,617,456	100	10,634,986	100

		2018.3.31		2017.12.31		2017.3.31	
	LIABILITIES AND STOCKHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current Liabilities:						
2100	Short-term borrowings (Note (6)(j))	$ 1,350,000	12	350,000	3	91,020	1
2130	Current contract liabilities (Note (6)(k))	325,420	3	-	-	-	-
2150	Notes payable	1,337	-	1,865	-	1,128	-
2170	Accounts payable	2,604,203	22	2,861,964	25	2,138,701	20
2200	Other payables	762,765	7	922,740	8	636,479	6
2230	Current tax liabilities	124,623	1	104,851	1	213,251	2
2300	Other current liabilities (Note (6)(k) and (6)(m))	2,033,493	18	2,204,417	19	1,290,920	12
2365	Current refund liabilities (Note (6)(k))	28,836	-	-	-	-	-
		7,230,677	63	6,445,837	56	4,371,499	41
	Non-Current liabilities:						
2570	Deferred tax liabilities	-	-	-	-	6,150	-
2640	Net defined benefit liability, non-current	3,784	-	4,173	-	10,484	-
2670	Other non-current liabilities, others (Note (6)(m))	12,466	-	13,035	-	5,307	-
		16,250	-	17,208	-	21,941	-
	Total liabilities	7,246,927	63	6,463,045	56	4,393,440	41
	Equity attributable to owners of parent (Note (6)(p)):						
	Share capital:						
3110	Ordinary share	1,171,595	10	1,171,595	10	1,103,161	10
3200	Capital surplus	2,507,459	22	2,507,459	22	2,496,647	24
	Retained earnings:						
3310	Legal reserve	404,535	3	404,535	3	327,935	3
3320	Special reserve	2,781	-	2,781	-	4,271	-
3350	Unappropriated retained earnings	166,531	1	634,746	5	1,513,581	14
	Other equity interest:						
3410	Exchange differences on translation of foreign financial statements	(3,154)	-	(4,120)	-	(4,865)	-
3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	39,028	-	-	-	-	-
	Total equity attributable to owners of parent:	4,288,775	36	4,716,996	40	5,440,730	51
36XX	**Non-controlling interests**	72,461	1	437,415	4	800,816	8
	Total equity	4,361,236	37	5,154,411	44	6,241,546	59
	Total liabilities and equity	$ 11,608,163	100	11,617,456	100	10,634,986	100

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

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

PCHOME ONLINE INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Three Months Ended March 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

		For the three months ended March 31,			
		2018		2017	
		Amount	%	Amount	%
4111	**Sales revenue (Note (6)(s))**	$ 8,321,443	102	7,069,392	102
4170	Less:Sales returns	126,291	2	145,084	2
	Operating revenue, net	8,195,152	100	6,924,308	100
5000	**Operating costs (Note (6)(e))**	7,104,511	87	5,787,888	84
	Gross profit from operations	1,090,641	13	1,136,420	16
	Operating expenses:				
6100	Selling expenses	1,738,469	21	715,233	10
6200	Administrative expenses	76,059	1	96,650	1
6300	Research and development expenses	74,779	1	68,793	1
6450	Expected credit loss (gain)	(421)	-	-	-
	Total operating expenses	1,888,886	23	880,676	12
	Net operating (loss) income	(798,245)	(10)	255,744	4
	Non-operating income and expenses (Note (6)(u)):				
7010	Other income	3,578	-	5,522	-
7020	Other gains and losses, net	(24,274)	-	(8,550)	-
7050	Finance costs	(3,301)	-	(816)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	(2,198)	-	-	-
	Total non-operating income and expenses	(26,195)	-	(3,844)	-
	(Loss) Profit before income tax	(824,440)	(10)	251,900	4
7950	**Less: Tax expense (Note (6)(o))**	18,628	-	43,973	1
	(Loss) Profit	(843,068)	(10)	207,927	3
	Other comprehensive income:				
8360	**Components of other comprehensive income that will not be reclassified to profit or loss (Note (6)(p))**				
8361	Exchange differences on translation	1,306	-	(2,546)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	1,306	-	(2,546)	-
	Other comprehensive income	1,306	-	(2,546)	-
8500	**Total comprehensive income**	**$ (841,762)**	**(10)**	**205,381**	**3**
	(Loss) profit, attributable to:				
8610	(Loss) profit, attributable to owners of parent	$ (472,190)	(5)	203,651	3
8620	(Loss) profit, attributable to non-controlling interests	(370,878)	(5)	4,276	-
		$ (843,068)	**(10)**	**207,927**	**3**
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	$ (471,224)	(5)	201,567	3
8720	Comprehensive income, attributable to non-controlling interests	(370,538)	(5)	3,814	-
		$ (841,762)	**(10)**	**205,381**	**3**
	Earnings per share (Note (6)(r))				
9750	**Basic earnings per share (dollars)**	**$**	**(4.03)**		**1.74**
9850	**Diluted earnings per share (dollars)**	**$**	**(4.03)**		**1.73**

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

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PCHOME ONLINE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Three Months Ended March 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent									
	Share capital		Retained Earnings			Other Equity Interest				
	Ordinary Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Statements	Gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	Total Equity Attributable to Owners of Parent	Non-Controlling Interests	Total Equity
Balance at January 1, 2017	$ 1,103,161	2,497,037	327,935	4,271	1,309,930	(2,781)	-	5,239,553	752,960	5,992,513
Profit for the three months ended March 31, 2017	-	-	-	-	203,651	-	-	203,651	4,276	207,927
Other comprehensive income for the three months ended March 31, 2017	-	-	-	-	-	(2,084)	-	(2,084)	(462)	(2,546)
Total comprehensive income for the three months ended March 31, 2017	-	-	-	-	203,651	(2,084)	-	201,567	3,814	205,381
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(390)	-	-	-	-	-	(390)	390	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	43,652	43,652
Balance at 2017.3.31	**$ 1,103,161**	**2,496,647**	**327,935**	**4,271**	**1,513,581**	**(4,865)**	**-**	**5,440,730**	**800,816**	**6,241,546**
Balance at January 1,2018	$ 1,171,595	2,507,459	404,535	2,781	634,746	(4,120)	-	4,716,996	437,415	5,154,411
Effects of retrospective application and retrospective restatement	-	-	-	-	3,975	-	39,028	43,003	-	43,003
Equity at beginning of period after adjustments	1,171,595	2,507,459	404,535	2,781	638,721	(4,120)	39,028	4,759,999	437,415	5,197,414
Loss for the three months ended March 31, 2018	-	-	-	-	(472,190)	-	-	(472,190)	(370,878)	(843,068)
Other comprehensive income for the three months ended March 31, 2018	-	-	-	-	-	966	-	966	340	1,306
Total comprehensive income for the three months ended March 31, 2018	-	-	-	-	(472,190)	966	-	(471,224)	(370,538)	(841,762)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	5,584	5,584
Balance at 2018.3.31	**$ 1,171,595**	**2,507,459**	**404,535**	**2,781**	**166,531**	**(3,154)**	**39,028**	**4,288,775**	**72,461**	**4,361,236**

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

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PCHOME ONLINE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Three Months Ended March 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2018	2017
Cash flows from (used in) operating activities:		
(Loss) profit before tax	$ (824,440)	251,900
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	43,646	39,298
Amortization expense	6,794	4,911
Expected credit loss (gain) / Reversal of provision for bad debt expense	(421)	(16)
Interest expense	3,301	816
Interest income	(3,530)	(5,454)
Share-based payments of subsidiaries	5,584	-
Share of loss of associates and joint ventures accounted for using equity method	2,198	-
Gain on disposal of property, plan and equipment	(286)	-
Gain on disposal of investments	(2,583)	-
Total adjustments to reconcile profit	54,703	39,555
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	1,371	1,711
Accounts receivable	106,901	74,924
Other receivable	11,278	36,265
Inventories	74,103	(18,516)
Other current assets	(80,828)	(543)
Other financial assets	(35,116)	33,058
Current asset recognized as right to recover products from customers	2,114	-
Total changes in operating assets	79,823	126,899
Changes in operating liabilities:		
Contract liabilities	3,150	-
Notes payable	(528)	(1,061)
Accounts payable	(286,089)	(148,813)
Other payable	(102,217)	(53,058)
Other current liabilities	152,384	19,332
Net defined benefit liabilities	(389)	(230)
Current refund liabilities	(2,180)	-
Other non-current liabilities	(574)	(215)
Total changes in operating liabilities	(236,443)	(184,045)
Total changes in operating assets and liabilities	(156,620)	(57,146)
Total adjustments	(101,917)	(17,591)
Cash inflow generated from operations	(926,357)	234,309
Interest received	2,776	5,084
Interest paid	(2,893)	(815)
Income taxes (paid) return	(167)	810
Net cash flows from (used in) operating activities	(926,641)	239,388
Cash flows from (used in) investing activities:		
Acquisition of financial assets at cost	-	(20,000)
Acquisition of property, plant and equipment	(53,266)	(31,718)
Acquisition of intangible assets	(889)	(2,073)
Increase in other non-current assets	(8,000)	(27,449)
Other investing activities	(16,432)	-
Net cash flows used in investing activities	(78,587)	(81,240)
Cash flows from financing activities:		
Increase in short-term loans	1,000,000	-
Change in non-controlling interests	-	43,652
Net cash flows from financing activities	1,000,000	43,652
Effect of exchange rate changes on cash and cash equivalents	1,064	(8,367)
Net increase (decrease) in cash and cash equivalents	(4,164)	193,433
Cash and cash equivalents at beginning of period	8,370,267	8,188,180
Cash and cash equivalents at end of period	$ **8,366,103**	**8,381,613**

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

PCHOME ONLINE INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Organization and Business

PChome Online Inc. (the Company) was incorporated on July 14, 1998. The primary business scope of the Company and its subsidiaries (together referred to as the Group) includes software design, digital information supply, data processing, and wholesaling and retailing of office machinery, equipment, and information software.

On August 30, 2004, the board of directors of the GreTai Securities Market approved the Company's application for stock listing, and it became officially listed and traded on January 25, 2005.

To enhance competitiveness and operating effectiveness, the Company decided to spin off its store segment into a newly incorporated subsidiary, PChome Store Inc., with April 30, 2010, as the effective date. Approval was given by the GreTai Securities Market, and the subsidiary company was listed on that date.

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

The Board of Directors approved and issued the consolidated financial statements on May 14, 2018.

(3) New Standards and Interpretations Not Yet Adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018. The differences between the current version and the previous version are as follows:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Statement of Cash Flows -Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated interim financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the existing revenue recognition guidance, including IAS 18 "Revenue" and IAS 11 "Construction Contracts". The Group applies this standard retrospectively with the cumulative effect, it need not restate those contracts, but instead, continues to apply IAS 11, IAS 18 and the related Interpretations for comparative reporting period. The Group recognizes the cumulative effect upon the initially application of this Standard as an adjustment to the opening balance of retained earnings on January 1, 2018.

IFRS 15 and related amendment require that when another party is involved in providing goods or services to a customer, the Group is a principal if it controls the specified good or service before that good or service is transferred to a customer. Since a specified good or service is a distinct good or service, the Group determines whether it is a principal or an agent for each specified good or service.

The Group is a principal if it obtains control of any one of the following:

1) The good or another asset that it then transfers to the customer.

2) The right to a service to be performed by other party, which gives the Group the ability to direct that party to provide the service to the customer on its behalf.

3) The good or service from the other party that it then combines with other goods or services in providing a specified good or service to the customer.

Indicators to support the Group’s assessment of whether it controls a specified good or service include, but are not limited to, the following:

1) The Group is primarily responsible for fulfilling the promise to provide the specified good or service.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

2) The Group has inventory risk before or after the specified good or service is transferred to the customer.

3) The Group has discretion in establishing the price of the specified good or service.

The Group uses the practical expedients for completed contracts, which means it need not restate those contracts that have been completed on January 1, 2018.

The following are the nature and impacts on changing of accounting policies:

The following tables summarize the impacts of adopting IFRS15 on the Group's consolidated financial statements:

	2018.3.31			January 1, 2018		
Impacted line items on the consolidated balance sheet	**Balances prior to the adoption of IFRS 15**	**Impact of changes in accounting policies**	**Balance upon adoption of IFRS 15**	**Balances prior to the adoption of IFRS 15**	**Impact of changes in accounting policies**	**Balance upon adoption of IFRS 15**
Current asset recognized as right to recover products from customers	$ -	26,217	26,217	-	28,331	28,331
Impact on assets		**26,217**			**28,331**	
Contract liabilities	$ -	325,420	325,420	-	322,270	322,270
Accounts payable	2,577,986	26,217	2,604,203	2,861,964	28,331	2,890,295
Other Payable	790,572	(27,807)	762,765	922,740	(30,160)	892,580
Other current liabilities	2,359,942	(326,449)	2,033,493	2,204,417	(323,126)	1,881,291
Refund liabilities	-	28,836	28,836	-	31,016	31,016
Impact on liabilities		**26,217**			**28,331**	

(ii) IFRS 9 "Financial Instruments"

IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement" which contains classification and measurement of financial instruments, impairment and hedge accounting.

As a result of the adoption of IFRS 9, the Group adopted the consequential amendments to IAS 1 "Presentation of Financial Statements" which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Group's approach was to include the impairment of trade receivables in administrative expenses. Additionally, the Group adopted the consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but generally have not been applied to comparative information.

The detail of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

1) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. For an explanation of how the Group classifies and measures financial assets and accounts for related gains and losses under IFRS 9, please see note (4)(c).

The adoption of IFRS 9 did not have any significant impact on its accounting policies on financial liabilities.

2) Impairment of financial assets

IFRS 9 replaces the ‘incurred loss' model in IAS 39 with the ‘expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than they are under IAS 39 – please see note (4)(c).

3) Transition

The adoption of IFRS 9 have been applied retrospectively, except as described below,

- Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as on January 1, 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

  - The determination of the business model within which a financial asset is held.

  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

  - The designation of certain investments in equity instruments not held for trading as at FVOCI.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

4) Classification of financial assets on the date of initial application of IFRS 9

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as of January 1, 2018.

	IAS39		IFRS9	
	Measurement categories	Carrying Amount	Measurement categories	Carrying Amount
Financial Assets				
Cash and equivalents	Loans and receivables	8,370,267	Amortized cost	8,370,267
Equity instruments	Financial assets measured at cost (note 1)	43,557	FVOCI	86,560
			FVTPL	-
Trade and other receivables	Loans and receivables (note 2)	1,056,037	Amortized cost	1,056,037

Note1: These equity securities (including financial assets measured at cost) represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI.

Note2: Trade, lease and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost.

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 upon transition to IFRS 9 on 1 January, 2018.

	2017.12.31 IAS 39 Carrying Amount	Reclassifications	Remeasurements	2018.1.1 IFRS 9 Carrying Amount	2018.1.1 Retained earnings	2018.1.1 Other equity
Fair value through other comprehensive income						
Beginning balance of available for sale (including measured at cost) (IAS 39)	$ 43,557	(43,557)	-		-	-
Addition – equity instruments:						
From measured at cost	-	43,557	43,003		3,975	39,028
Total	$ 43,557	-	43,003	86,560	3,975	39,028

(b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 16 "Leases"	January 1, 2019
IFRS 17 "Insurance Contracts"	January 1, 2021

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New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019

Those which may be relevant to the Group are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
January 13, 2016	IFRS 16 "Leases"	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 a lease liability in the balance sheet. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right of-use asset during the lease term. • A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.

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

(4) Significant Accounting Policies

(a) Statement of compliance

The consolidated interim 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 consolidated interim financial statements, the Chinese version shall prevail.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

These consolidated interim financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed by FSC and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to IFRS endorsed by the FSC) for full annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated interim financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2017. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2017.

(b) Business combination

1.List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding 2018.3.31	Shareholding 2017.12.31	Shareholding 2017.3.31	Note
The Company	PChome Store Inc.	Internet services	37.57 %	37.57 %	59.91 %	
〃	Linktel Inc.	Type II Telecommunications Business	100.00 %	100.00 %	100.00 %	Note 4
〃	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 %	Note 4
〃	PChome US Inc.	E-commerce platform	91.40 %	91.40 %	91.40 %	Note 4
〃	PC Home Online International Co., Ltd.	International trade and investment activities	100.00 %	100.00 %	100.00 %	Note 4
〃	Rakuya International Info. Co. Ltd.	Real estate business, and internet information rental service	21.03 %	21.03 %	21.03 %	Notes 2 and 4
〃	eCommerce Group Co., Ltd.	Investment activities	100.00 %	100.00 %	100.00 %	
〃	Pi Mobile Technology Inc.	Online payment processing services	100.00 %	100.00 %	100.00 %	Note 4
〃	PChome (Thailand) Co., Ltd.	E-commerce platform	65.00 %	65.00 %	65.00 %	Note 4
〃	PChome Travel Inc.	Travel agency business	100.00 %	100.00 %	100.00 %	Note 4
〃	PChome Financial Technology Inc.	Information service	100.00 %	100.00 %	100.00 %	Note 4

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Name of investor	Name of subsidiary	Principal activity	Shareholding 2018.3.31	Shareholding 2017.12.31	Shareholding 2017.3.31	Note
PChome eBay Co., Ltd.	PChomePay Inc.	Online payment processing services	24.14 %	24.14 %	24.14 %	Note 1
〃	PChome Store Inc.	Internet services	34.54 %	34.54 %	- %	
PChome Store Inc.	PChomePay Inc.	Online payment processing services	33.88 %	33.88 %	33.88 %	Note 1
PChomePay Inc.	Pay and Link Inc.	Electronic payment business	100.00 %	100.00 %	100.00 %	
〃	Zhen Jin Lian International Co., Ltd.	Online payment processing services	100.00 %	100.00 %	100.00 %	Note 4
〃	Yin Te Lian International Co., Ltd.	〃	100.00 %	100.00 %	100.00 %	Note 4
〃	Yun Tung Bao International Co., Ltd.	〃	100.00 %	100.00 %	100.00 %	Note 4
IT Home Publications Inc.	Yiabi Inc.	Information processing and provision of electronic information	100.00 %	100.00 %	100.00 %	Note 4
Linktel Inc.	Rakuya International Info. Co. Ltd.	Real estate business, and internet information rental service	5.44 %	5.44 %	5.44 %	Notes 2 and 4
PC Home Online International Co., Ltd.	PChome Online Inc.	International trade and investment activities	100.00 %	100.00 %	100.00 %	Note 4
eCommerce Group Co., Ltd.	Ruten 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 %	Note 4
Ruten Global Inc.	EC Global Limited	Investment activities	100.00 %	100.00 %	100.00 %	Note 4
〃	PChome eBay Co., Ltd.	Information processing and provision of electronic information	65.00 %	65.00 %	65.00 %	Note 4
〃	Ruten Japan KK	〃	40.83 %	83.33 %	- %	Notes 3 and 4
〃	Ruten Singapore Pte. Ltd.	〃	65.00 %	65.00 %	- %	Note 4

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Name of investor	Name of subsidiary	Principal activity	Shareholding 2018.3.31	2017.12.31	2017.3.31	Note
PC Home Online (HK) Ltd.	Shanghai Todo Inc.	Software and internet technical consulting service	100.00 %	100.00 %	100.00 %	Note 4
〃	PChome Japan KK	International trading E-commerce	100.00 %	100.00 %	100.00 %	Note 4
〃	Ruten Japan KK	Information processing and provision of electronic information	8.17 %	16.67 %	100.00 %	Notes 3 and 4
EC Global Limited	PChome Trading (Shenzhen) Ltd.	International trading E-commerce	100.00 %	100.00 %	100.00 %	Note 4

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 Group lost direct control over Rakuya International Info. Co., Ltd starting June 15, 2017 due to its newly elected board of directors. Therefore, Rakuya International Info. Co. Ltd is no longer included in the consolidated financial report of the Group.

Note 3: The Group lost direct control over Ruten Japan KK due to its capital increased by cash. Therefore, Ruten Japan KK is no longer included in the consolidated financial report of the Group.

Note 4: The financial statements of the non-significant subsidiaries have not been reviewed.

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

(c) Financial assets (applicable from January 1, 2018)

1.Financial assets

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Group shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal amount outstanding.

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group, therefore, those receivables are measured at FVOCI and presented as accounts receivable.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’ s fair value in other comprehensive income. This election is made on an investment-by-investment basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, derived from debt investments are recognized in profit or loss; whereas dividends derived from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of equity investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of debt investments are reclassified to retain earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group’s right to receive payment is established, which in the case of quoted securities is normally the ex dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets and accounts receivable (except for those presented as accounts receivable but measured at FVTPL). On initial recognition, the Group may irrevocably designate a financial asset, which otherwise meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

4) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group’s continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial assets on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features;and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

6) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, leases receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI, accounts receivable and contract assets.

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available (without undue cost or effort). This includes both quantitative and qualitative information and analysis, based on the Group’ s historical experience and informed credit assessment and including forward-looking information.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. The difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

7) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash inflow from the assets are terminated, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

(d) Revenue from contracts with customers (applicable from January 1, 2018)

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1.Sale of goods - consumer electronics

The Group recognizes revenue when a customer takes possession of the product. Payment of the transaction price is due immediately when the customer purchases the product.

The Group grants its customers the right to return the product. Therefore, the Group reduces revenue by the amount of expected returns and recognizes a refund liability and a right to the returned goods. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. At each reporting date, the Group reassesses the estimated amount of expected returns.

2.Services

The Group provides platform and management services. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the work performed to date as a proportion of the total work which should be performed.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by the management.

(e) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management.

When tax rate changes during the interim period, the effect of the change in tax rate relating to transactions recognized outside scope of profit or loss is recognized in full in the period in which the change in tax rate occurs. The effect of the change in tax rate relating to transactions recognized in profit or loss is incorporated into estimation of the average annual income tax rate, with corresponding effect recognized throughout the interim periods.

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.

(f) Employee benefits

The pension cost in the consolidated interim financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal 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 interim financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed 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, 2017.

(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, 2016. For other information about the accounting policies, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2017.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(a) Cash and cash equivalents

	2018.3.31	2017.12.31	2017.3.31
Cash on hand	$ 876	915	917
Checking accounts	40,357	15,378	32,411
Savings accounts	5,518,728	5,589,369	4,603,128
Foreign currency deposits	216,695	164,115	175,944
Time deposits	2,574,700	2,588,700	3,552,700
Cash equivalents	14,747	11,790	16,513
Cash and cash equivalents in consolidated statement of cash flows	$ 8,366,103	8,370,267	8,381,613

(b) Fair value through other comprehensive income

	2018.3.31
Equity instruments at fair value through other comprehensive income	
Stocks unlisted on domestic markets	$ 86,560

1.The Group holds these equity instruments, which are not held for trading at designated fair value through other comprehensive income, for long-term strategic purposes. These investments were recognized at financial assets measured at cost on December 31, 2017 and March 31, 2017.

2.For credit risk and market risk; please refer to note (6)(v).

As of March 31, 2018, the financial assets at fair value through other comprehensive income of the Group had not been pledged as collateral for long-term borrowings.

(c) Financial assets measured at cost

	2017.12.31	2017.3.31
Domestic stock of non-listed company	$ 43,557	50,814

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 2,000 thousands shares of Readmoo Co., Ltd.'s common stock for $20,000 for the year ended December 31, 2017, and the transaction was recognized as financial assets measured at cost. The shareholding ratio at the year ended 2017 was 19.49%.

As of January 12, 2017, the Group disposed the shares of 17Life Ltd., Pay Easy Ltd., Eastern Online Co., Ltd., and Taiwan Star Telecom Co., Ltd. to Linktel Inc. for $503. The aforementioned inter-company transactions have been eliminated in the consolidated financial statement.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

The Group received the capital reduction proceeds amounting to $15,664 from P2V Holding Limited, and recognized the loss on disposal of investments amounting to $7,257 for the year ended December 31, 2017.

The Group acquired 1,387 thousand of IPEVO's common stock for $15,664 for the year ended December 31, 2017, and the transaction was recognized as financial assets measured at cost. The shareholding ratio for the year ended December 31, 2017 was 7.36%.

The aforementioned investments were recognized at FVOCI and FVTPL on March 31, 2018; please refer to note (6)(b).

As of December 31, 2017 and March 31, 2017 the Group's financial assets were not pledged as collateral.

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

	2018.3.31	2017.12.31	2017.3.31
Notes receivable-measured as amortized cost	$ 1,812	3,183	1,073
Trade receivable-measured as amortized cost	331,444	438,581	275,034
Other receivables-measured as amortized cost	604,799	615,241	244,284
Less: Allowance for impairment loss	(547)	(968)	(939)
	$ 937,508	**1,056,037**	**519,452**

The Group applies the simplified approach to provide for the loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables on March 31, 2018. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporate forward looking information. The loss allowance provision as of March 31, 2018 was determined as follows:

	Gross carrying amount	Expected loss rate	Loss allowance provision
Current	$ 936,904	0.0001%	30
Overdue 1 to 180 days	759	10%～25%	137
Overdue 181 to 360 days	14	25%～35%	2
Over 360 days past due	378	100%	378
	$ 938,055		**547**

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

As of December 31 and March 31, 2017, the Group applies incurred loss model to consider the loss allowance provision of notes and trade receivable. As of December 31 and March 31, 2017, the aging analysis of notes and trade receivable which were past due but not impaired was as follows:

	2017.12.31	2017.3.31
Past under 90 days	$ 2,131	2,085

The movement in the allowance for notes and trade receivable was as follows:

		2017	
	2018	Individually assessed impairment	Collectively assessed impairment
Balance on January 1, 2018 and 2017 (Under IAS 39)	$ 968	-	955
Adjustment on initial application of IFRS 9	-		
Balance on January 1, 2018(Under IFRS 9)	968		
Impairment losses reversed	(421)	-	(16)
Balance on March 31, 2018 and 2017	$ 547	-	939

(e) Inventories

	2018.3.31	2017.12.31	2017.3.31
Merchandise inventories	$ 897,822	970,013	635,637
Less: Allowance for inventory valuation and obsolescence losses	(10,397)	(8,485)	(8,992)
	$ 887,425	961,528	626,645

As of March 31, 2018, December 31, 2017, and March 31, 2017 the Group's inventories were not pledged as collateral.

The details of operating cost were as follows:

	2018	2017
Cost of goods sold	$ 7,102,599	5,786,382
Provision for inventory market price decline and obsolescence	1,912	1,506
	$ 7,104,511	5,787,888

(f) Investments accounted for using equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

	2018.3.31	2017.12.31
Associates	$ 40,530	12,234

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1.Associates

Affiliates to the Group consisted of the followings：

Name of Affiliates	Nature of Relationship with the Group	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights		
			2018.3.31	2017.12.31	2017.3.31
Rakuya International Info. Co. Ltd.	Real estate business, and internet information rental service	Taiwan	26.47 %	26.47 %	26.47 %
Ruten Japan KK	Information processing and provision of electronic information	Japan	49.00 %	100.00 %	100.00 %

2.Collateral

As of March 31, 2018 and December 31, 2017, the Group did not provide any investment accounted for using equity method as collaterals.

3.The unreviewed financial statements of investments accounted for using equity method

Investments were accounted for by the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

(g) Losing control of subsidiaries

The Group lost direct control over Ruten Japan KK starting January 15, 2018 due to its capital increased by cash. The Group recognized a gain on disposal of $2,583, and recorded it as net gains on disposal of investments. The Group still has significant influence over Ruten Japan KK, and the transaction was recognized as investments accounted for using the equity method.

The carrying amount of assets and liabilities of Ruten Japan KK on January 15, 2018 as follow:

Cash and cash equivalents	$	16,432
Property, plant and equipment		5,358
Intangible assets		23
Other current asset		3,310
Other financial assets - non-current		2,828
Accounts payable and other payable		(233)
Carrying amount of net assets	**$**	**27,718**

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(h) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group for the three months ended March 31, 2018 and 2017, were as follows:

	Transportation equipment	Furniture and office equipment	Leasehold improvements	Leased assets	Total
Carrying amounts:					
Balance at January 1, 2018	$ -	337,085	222,993	14,331	574,409
Balance at March 31, 2018	$ -	325,291	211,797	13,495	550,583
Balance at January 1, 2017	$ 192	268,614	102,605	6,512	377,923
Balance at March 31, 2017	$ 132	270,902	93,105	5,940	370,079

There were no significant additions, disposal, or impairment in property, plant and equipment for the three months ended March 31, 2018 and 2017. The details of depreciation are disclosed in note 12(a). For other information about the property, plant and equipment, please refer to note 6(g) of the consolidated financial statements for the year ended December 31, 2017.

(i) Intangible assets

The costs and amortization and impairment loss of intangible assets of the Group for the three months ended March 31, 2018 and 2017, were as follows:

	Software	Patent and Trademark	Total
Carrying amounts:			
Balance at January 1, 2018	$ 49,850	-	49,850
Balance at March 31, 2018	$ 44,352	-	44,352
Balance at January 1, 2017	$ 50,684	2,857	53,541
Balance at March 31, 2017	$ 48,348	2,857	51,205

There were no significant additions, disposals or impairment in intangible assets for the three months ended March 31, 2018 and 2017. The details of amortization expenses are disclosed in note 12(a). For other information about the intangible assets, please refer to note 6(h) of the consolidated financial statements for the year ended December 31, 2017.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(j) Short-term borrowings

	2018.3.31	2017.12.31	2017.3.31
Unsecured bank loans	$ 1,350,000	350,000	91,020
Unused short-term credit line	$ 50,000	50,000	106,190
Range of interest rates	1.20%~1.56%	1.56%	2.75%~2.98%

(k) Current contract liabilities, Other current liabilities and Current refund liabilities

	2018.3.31	2017.12.31	2017.3.31
Current contract liabilities	$ 325,420	-	-
Advance receipts	-	322,799	228,161
Receipts under custody-online payment processing service	2,024,502	1,870,703	1,053,809
Other	8,991	10,915	8,950
Current refund liabilities	28,836	-	-
	$ 2,387,749	2,204,417	1,290,920

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.

Current refund liabilities are expected to be paid to customers due to their right to refund the goods.

(l) Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2018.3.31	2017.12.31	2017.3.31
Less than one year	$ 501,961	506,337	471,488
Between one and five years	1,394,358	1,442,756	1,282,343
Over five years	736,942	814,408	864,440
	$ 2,633,261	2,763,501	2,618,271

The Group leases a number of offices and warehouses under operating leases. The leases typically run for a period of 1 to 10 years, with an option to renew the lease after that date.

For the three months ended March 31, 2018 and 2017, the operating leases recognized in profit or loss were $120,316 and $105,647, respectively.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(m) Lease obligations payable

The Group lease obligations payable were as follows:

	2018.3.31			2017.12.31			2017.3.31		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	$ 3,427	1,233	2,194	3,426	1,298	2,128	1,369	546	823
Between one and five years	14,092	1,888	12,204	14,948	2,171	12,777	6,233	976	5,257
	$ 17,519	3,121	14,398	18,374	3,469	14,905	7,602	1,522	6,080

(n) Employee benefits

1.Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one time events since prior fiscal year. As a result, the pension cost in the accompanying interim consolidated financial statements was measured and disclosed according to the actuarial results as of December 31, 2017 and 2016.

The details of the Group's expenses were as follows:

	For the three months ended March 31,	
	2018	2017
Selling expenses	$ 4	11
Administration expenses	50	65
Research and development expenses	-	1
	$ 54	77

2.Defined contribution plans

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

	For the three months ended March 31,	
	2018	2017
Operating cost	$ 765	877
Selling expenses	12,520	11,557
Administration expenses	1,554	1,656
Research and development expenses	3,029	2,795
	$ 17,868	16,885

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(o) Income taxes

According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, an increase in the corporate income tax rate from 17% to 20% is applicable upon filing the corporate income tax return commencing FY 2018. The group spreads the effect of the change in the tax rate $5,184 by an adjustment to the estimated annual effective income tax rate, and recognized it throughout the interim periods.

1. Income tax expense recognized in profits or losses

The amount of income tax was as follows:

	For the three months ended March 31, 2018	2017
Current income tax expense:		
Current period	$ 30,689	43,974
Adjustment for prior periods	(10,765)	-
	19,924	43,974
Deferred tax expense (benefit):		
Origination and reversal of temporary differences	-	(1)
Increase in tax rate	(1,296)	-
	(1,296)	(1)
Income tax expense	**$ 18,628**	**43,973**

2.The amount of income tax expense recognized in other comprehensive income December 31,2018, and for the three months ended March 31, 2018 and 2017, was both zero.

3.The Company's tax returns for the years through 2015 were examined and approved by the Taipei National Tax Administration.

(p) 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, 2018 and 2017. For other information about the stockholders' equity please refer to note 6(o) of the consolidated financial statements for the year ended December 31, 2017.

1. Issuance of common stock

On June 22, 2017, the Company's shareholders resolved to capitalize its unappropriated retained earnings of $68,434, with a total of 6,843 thousand shares issued at par value. The capital increase was effective on August 2, 2017, with all registration amendments completed.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

2. Capital surplus

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

		2018.3.31	2017.12.31	2017.3.31
Share capital	$	2,484,507	2,484,507	2,484,507
Difference between consideration and carrying amount of subsidiaries acquired or disposed of		8,643	8,643	8,643
Changes in equity of subsidiaries		14,309	14,309	3,497
	$	**2,507,459**	**2,507,459**	**2,496,647**

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

3. Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

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

1) The residual earnings will be distributed by cash dividends before the Company fulfills the funding needs；

2) The ratio for stock dividend shall not exceed 80% of the total distribution.

The amounts of distribution, the kinds of dividend, and the ratio for dividend depend on the actual profit and capital status of the Company. The distribution will be resolved by the Board of Directors and submitted to the stockholders' meeting for approval.

On March 19, 2018, the Company's Board of Directors resolved not to appropriate the 2017 earnings. On June 22, 2017, the shareholders resolved to distribute the 2016 earnings as follows：

		2016	
		Dividend per Share (TWD$)	Amount
Dividends distributed to common shareholders			
Cash	$	4.9627	547,469
Shares		0.6203	68,434
Total			$ **615,903**

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

4. Other equity (net of tax)

	Exchange difference on translation of foreign financial statements	FVOCI
Balance at January 1, 2018	$ (4,120)	-
Effects of retrospective application	-	39,028
Balance at January 1, 2018 after adjustments	(4,120)	39,028
Exchange differences on foreign operations	966	-
Balance at March 31, 2018	**$ (3,154)**	**39,028**
Balance at January 1, 2017	$ (2,781)	-
Exchange differences on foreign operations	(2,084)	-
Balance at March 31, 2017	**$ (4,865)**	**-**

5. Non-controlling Interests

	For the three months ended March 31, 2018	2017
Balance at January 1	$ 437,415	752,960
Shares of non-controlling interests		
Profit (loss) for the three months ended March 31, 2018	(370,878)	4,276
Foreign currency translation differences for foreign operations	340	(462)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	390
Changes in ownership interests in subsidiaries	5,584	-
Changes in non-controlling interests	-	43,652
Balance at March 31	**$ 72,461**	**800,816**

(q) Share-based payment

The Group had share-based payment arrangements as follows as of March 31, 2018:

	Equity-settled Employee stock options
Fair value at grant date granted	May 25, 2017
Number of shares	33,372,000 units
Contract term	4 years
Vesting conditions	Note 1

Note 1: The Group provides 25% share option to its employee annually according to their years of service, with a maximum of 4 years and a minimum of 1 year.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Determining the fair value of equity instruments granted

The Group adopted the Black-Scholes Model to calculate the fair value of the stock option at grant date, and the assumptions adopted in this valuation model were as follows:

	For the year ended December 31, 2017
	Employee stock option plan1
Exercise price	USD 0.09
Expected volatility (%)	28.78%~60.78%
Expected life of the option (years)	5 years
Risk-free interest rate (%)	0.95%~1.31%

2. Employee stock options

Information on aforesaid employee stock options was as follows:

(Unit: Thousands)

	For the three months ended March 31, 2018		
	Weighted-average exercise price		**Numbers of options**
Balance, beginning of January 1	USD	0.09	31,128
Options forfeited	-		(382)
Options exercised	-		-
Options expired	-		-
Balance, end of March 31	USD	0.09	**30,746**
Options exercisable, end of March 31	-		**-**

3. Expenses and liabilities resulted from share-based payments

The incurred expenses from share-based payments transactions were $5,584 for the three months ended March 31, 2018.

(r) Earnings per share

	For the three months ended March 31,	
	2018	**2017**
Basic earnings per share		
(Loss) profit attributable to common stockholders of the Company	$ **(472,190)**	**203,651**
Weighted-average number of ordinary shares	**117,159**	**117,159**
	$ **(4.03)**	**1.74**

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	For the three months ended March 31, 2018	2017
Diluted earnings per share		
(Loss) profit attributable to common stockholders of the Company	$ (472,190)	203,651
Weighted-average number of ordinary shares (basic)	117,159	117,159
Effect of employee stock bonus	-	352
Weighted-average number of ordinary shares (adjusted with potential effect of diluted ordinary shares)	117,159	117,511
	$ (4.03)	1.73

The following instrument has the anti-dilution effect, which is not included in the weighted-average number of ordinary shares (diluted).

	For the three months ended March 31, 2018	2017
Effect of employee stock compensation	$ 95	-

(s) Revenue

For the three months ended March 31, 2018 and 2017, the details of revenue are as follows

	For the three months ended March 31, 2018	2017
Revenue of electronic commerce	$ 8,145,024	6,854,903
Revenue of non-electronic commerce	50,128	69,405
	$ 8,195,152	6,924,308

(t) Rewards of employees, directors and supervisors

The Company's articles of incorporation, which were authorized by the board of directors but has yet to be determined by the shareholders, require that earning shall first be offset against any deficit, then, 1%~15% will be distributed as employee remuneration and less than 1.5% will be allocated as directors' and supervisors' remuneration. Employees who are entitled to receive the above mentioned employee remuneration, in share or cash, include the employees of the subsidiaries of the Company who meet certain specific requirement.

The remuneration to employees amounted to $0 and $17,779 and the remuneration to directors and supervisors amounted to $0 and $1,996 for the three months ended March 31, 2018 and 2017, respectively. These amounts are calculated by using the Company's pre-tax net profit for the period before deducting the amount of the remuneration to the employees and directors, multiplied by the distribution ratio of remuneration to the employees and directors under the Company's articles of association, and expensed under operating expenses. If there would be any changes after the reporting date in the following year, the changes would be treated as changes in accounting estimates and recognized as profit or loss in following year.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

For the years ended December 31, 2017 and 2016, the remuneration to employees amounted to $12,091 and $69,197, and the remuneration of directors and supervisors amounted to $1,357 and $5,967, respectively. The difference between the actual amounts in 2017 and the estimation of employee compensation will be treated as changes in accounting estimates and adjusted in profit or loss in the following year. There were no difference between the actual amounts and the estimated amounts in 2016. Related information would be available at the Market Observation Post System.

(u) Non-operating income and expenses

1. Other revenue

	For the three months ended March 31, 2018	2017
Interest income	$ 3,530	5,454
Others	48	68
	$ 3,578	**5,522**

2. Other gains and losses, net

	For the three months ended March 31, 2018	2017
Foreign currency exchange loss, net	$ (27,755)	(8,550)
Gain on disposal of property, plant and equipment	286	-
Gain on disposal of investments	2,583	-
Others	612	-
	$ (24,274)	**(8,550)**

3. Finance costs

	For the three months ended March 31, 2018	2017
Interest expense	**$ 3,301**	**816**

(v) 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, 2018 and 2017. For other information about the fair value of financial instruments, please refer to note 6(u) of the consolidated financial statements for the year ended December 31, 2017.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Liquidity risk

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

	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, 2018							
Non-derivative financial liabilities							
Short-term borrowings	$ 1,350,000	1,350,000	950,000	400,000	-	-	-
Notes payable	1,337	1,337	1,337	-	-	-	-
Accounts payable	2,604,203	2,604,203	2,604,203	-	-	-	-
Other payables	616,176	616,176	614,930	1,246	-	-	-
Receipts under custody	2,024,502	2,024,502	2,024,502	-	-	-	-
Lease obligations payable	14,398	17,519	1,713	1,713	3,427	10,666	-
	$ 6,610,616	**6,613,737**	**6,196,685**	**402,959**	**3,427**	**10,666**	**-**
Balance at December 31, 2017							
Non-derivative financial liabilities							
Short-term borrowings	$ 350,000	350,000	150,000	200,000	-	-	-
Notes payable	1,865	1,865	1,865	-	-	-	-
Accounts payable	2,861,964	2,861,964	2,861,964	-	-	-	-
Other payables	621,737	621,737	621,737	-	-	-	-
Receipts under custody	1,870,703	1,870,703	1,870,703	-	-	-	-
Lease obligations payable	14,905	18,374	1,713	1,713	3,426	11,522	-
	$ 5,721,174	**5,724,643**	**5,507,982**	**201,713**	**3,426**	**11,522**	**-**
Balance at March 31, 2017							
Non-derivative financial liabilities							
Short-term borrowings	$ 91,020	91,020	91,020	-	-	-	-
Notes payable	1,128	1,128	1,128	-	-	-	-
Accounts payable	2,138,701	2,138,701	2,138,701	-	-	-	-
Other payables	380,096	380,096	380,096	-	-	-	-
Receipts under custody	1,053,809	1,053,809	1,053,809	-	-	-	-
Lease obligations payable	6,080	7,602	685	684	1,369	4,864	-
	$ 3,670,834	**3,672,356**	**3,665,439**	**684**	**1,369**	**4,864**	**-**

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

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

2. Currency risk

1) Currency risk exposure

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

	2018.3.31			2017.12.31			2017.3.31		
	Foreign currency (thousands of dollars)	Exchange rate	TWD	Foreign currency (thousands of dollars)	Exchange rate	TWD	Foreign currency (thousands of dollars)	Exchange rate	TWD
Financial assets									
Monetary items									
USD	$ 7,316	29.11	212,981	7,358	29.76	218,977	8,185	30.34	248,324
Financial liabilities									
Monetary items									
USD	399	29.11	11,609	472	29.76	14,043	3,956	30.34	120,027

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, 2018 and 2017, would have increased or decreased net income by $8,055 and $5,295, respectively. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for the three months ended March 31, 2018 and 2017.

Due to the variety of functional currency, the group disclosed the foreign currency gain or loss on monetary items aggregately. The foreign currency loss (include realized and unrealized) were $27,755 and $8,550 for the three months ended March 31, 2018 and 2017, respectively.

2) Interest analysis

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

3) Other market price risk

For the three months ended March 31, 2018 and 2017, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	For the three months ended March 31,			
	2018		2017	
Prices of securities at the reporting date	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 1%	$ 865	-	-	-
Decreasing 1%	(865)	-	-	-

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

3.Fair value of financial instruments

1) Fair value hierarchy

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows :

	2018.3.31				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Fair value through other comprehensive income					
Domestic stock of non-listed company	$ 86,560	-	-	86,560	86,560

2) Valuation techniques for financial instruments measured at fair value

The financial instruments held by the Group are regarded as non-quoted price of the equity instruments. The fair value of the financial instruments is estimated by the comparable listed company market approach. The major assumption is measured by the earnings multiplier which is derived from comparable listed company market approach. The effect of the estimation has been adjusted by the lack of market liquidity discounted rate.

3) Reconciliation of Level 3 fair values

	Unquoted equity instruments
Opening balance, January 1, 2018	$ 86,560
Total gains and losses recognized:	
In other comprehensive income	-
Ending Balance, March 31, 2018	**$ 86,560**

For the three months ended March 31, 2018 and 2017, total gains and losses that were included in "unrealized gains and losses from fair value through other comprehensive income" were as follows:

	For the three months ended March 31,
	2018
Total gains and losses recognized:	
In other comprehensive income, and including "unrealized gains and losses from fair value through other comprehensive income"	$ -

4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group' s financial instruments that use Level 3 inputs to measure fair value include " financial assets measured at fair value through other comprehensive income" Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Fair value through other comprehensive income	Comparable listed company market approach	• Liquidity discounted rate (14.48%~32.10%)	• The estimated fair value would increase (decrease) if the lack of liquidity discounted rate were lower (higher).

5) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

Sensitivity analysis for fair values of financial instruments using Level 3 Inputs The Company's fair value measurement on financial instruments is reasonable. However, the measurement would be different if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, the impact on the net income or loss and other comprehensive income or loss will be as follows if the valuation parameters changed:

			Profit or loss		Other comprehensive income	
	Input	Variation	Favor-able	Unfavor-able	Favor-able	Unfavor-able
March 31, 2018						
Financial assets at fair value through profit or loss						
Equity investments without an active market	Liquidity discounted rate	5%	$ -	-	4,328	(4,328)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(w) 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(v) of the annual consolidated financial statements for the year ended December 31, 2017.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(x) 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, 2017. 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, 2017. For other information about the capital management, please refer to note 6(w) of the consolidated financial statements for the year ended December 31, 2017.

(7) Related-Party Transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the period covered in the consolidated interim financial statements.

Name of related party	Relationship with the Group
Rakuya International Info. Co. Ltd.	Associate of the Company

(b) Related-party transactions

1.Sales

The amounts of significant sales by the Group to related parties were as follows:

	For the three months ended March 31, 2018	For the three months ended March 31, 2017
Associates	$ 72	-

2.Receivables from related parties

The receivables from related parties were as follows:

Item	Related party categories	2018.3.31	2017.12.31	2017.3.31
Accounts receivable	Associates	$ 25	-	-

(c) Transactions with key management personnel

Key management personnel compensation comprised:

	For the three months ended March 31, 2018	For the three months ended March 31, 2017
Short-term employee benefits	$ 9,490	21,183

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(8) Restricted Assets

The following assets were restricted in use:

Assets	Purpose of Pledge	2018.3.31	2017.12.31	2017.3.31
Deposit account-current	Security for performance and purchase guarantee	$ 338,157	306,090	308,485
Refundable deposit	Security for provisional seizure, etc. and deposits for office rental	128,031	127,738	154,292
		$ 466,188	**433,828**	**462,777**

(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, 2018, December 31, 2017 and March 31, 2017, notes payable deposited as guarantee for commercial vehicle and office and building leases were $149,108, $227,063 and $67,852, 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 March 31, 2018, December 31, 2017 and March 31, 2017, respectively.

(d) As of March 31, 2018, December 31, 2017 and March 31, 2017, the Group has entered into an agreement with a financial institution 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 $313,000, $313,000 and $58,000, respectively.

(e) As of March 31, 2018, December 31, 2017 and March 31, 2017, the Group has entered into several agreements with different financial institutions 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 $1,835,000, $1,735,000 and $935,000, respectively.

(10) Significant Catastrophic Losses: None.

(11) Significant Subsequent Events

On May 8, 2018, the Board of Directors of PChome Store Inc. resolved to apply for the future termination of it's trading stocks and abolishment of it's public offering with Taipei Exchange. The Company committed to acquire all outstanding shares of PChome Store Inc. for NT$44 dollars per share.

(12) Others

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

Categorized as / Nature	For the three months ended March 31, 2018			For the three months ended March 31, 2017		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	19,365	381,993	401,358	19,240	371,451	390,691
Labor and health insurance	2,112	31,871	33,983	2,325	30,257	32,582
Pension	765	17,157	17,922	877	16,085	16,962
Others employee benefits	506	11,422	11,928	609	11,055	11,664
Depreciation	5,297	38,349	43,646	4,716	34,582	39,298
Amortization	-	6,794	6,794	-	4,911	4,911

(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 three months ended March 31, 2018:

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	2,144,388	5,792	5,079	5,079	-	0.12 %	4,288,775	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:

(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.	Syspower Ltd.	-	FVOCI	744,118	20,091	3.72 %	20,091	
〃	Openfind Information Technology, Inc.	-	〃	800,000	25,752	6.26 %	25,752	
〃	Career Consulting Co., Ltd.	-	〃	113,005	1,269	0.72 %	1,269	
〃	Readmoo Co., Ltd.	-	〃	2,000,000	18,660	19.49 %	18,660	
〃	IPEVO Corp.	-	〃	1,386,822	20,788	7.36 %	20,788	
Linktel Inc.	Eastern Online Co., Ltd.	-	FVTPL	118,750	-	3.18 %	-	
〃	Taiwan Star Telecom Co., Ltd.	-	〃	3,942	-	- %	-	
〃	PayEasy Ltd.	-	〃	5,437,762	-	12.51 %	-	
〃	17Life Ltd.	-	〃	1,126,049	-	6.26 %	-	

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 : None.
6. Disposition of real estate for which the dollar amount reaches $300 million or 20% or more of paid-in capital: None.
7. Buying/selling products with the dollar amount reaches $100 million or 20% or more of paid-in capital: None.
8. Accounts receivable from related parties for which the dollar amount reaches $100 million or 20% or more of paid-in capital: None.
9. Derivative transactions: None.
10. Business relationships and significant inter-company transactions:

No. (Note 1)	Name of company	Name of counter-party	Existing relationship with the counter-party (Note 2)	Transaction			
				Account name	Amount	Terms of trading	Percentage of the total consolidated revenue or total assets
0	PChome Online Inc.	PChome Store Inc.	1	Sales	35,531	Usual terms and conditions	0.43 %
0	〃	〃	1	Accounts Receivable	9,397	〃	0.08 %

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.	PChome eBay Co., Ltd.	1	Sales	1,996	Usual terms and conditions	0.02 %
0	〃	〃	1	Advertisement Expenses	1,650	〃	0.02 %
0	〃	PChome Trading (Shenzhen) Ltd.	1	Other Receivables	4,090	〃	0.04 %
0	〃	PChomePay Inc.	1	Cash Equivalents	1,978	〃	0.02 %

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, 2018, the following was the information on investees (excluding investees in Mainland China) :

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

Name of investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Net income (loss) of the investee	Investment income (losses)	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
PChome Online Inc.	IT Home Publications Inc.	Taiwan	Magazine publication	30,000	30,000	5,014,802	100.00 %	50,036	(1,416)	(1,416)	Note
〃	Linktel Inc.	〃	Type II Telecommunications Business	125,000	125,000	17,325,940	100.00 %	110,177	118	118	〃
〃	PC Home Online International Co., Ltd.	British Virgin Islands	International trade and investment activities	25,485	25,485	122,328	100.00 %	8,808	773	773	〃
〃	Rakuya International Info. Co. Ltd.	Taiwan	Real estate business, and internet information rental service	45,199	45,199	2,411,315	21.03 %	9,326	(1,872)	(394)	〃
〃	PChome Store Inc.	〃	Internet services	84,770	84,770	12,941,501	37.57 %	(327,464)	(927,784)	(348,569)	〃
〃	PChomePay Inc.	〃	Online payment processing services	180,000	180,000	18,000,000	21.18 %	133,100	(19,311)	(4,090)	〃
〃	PChome US Inc.	United States of America	E-commerce platform	124,378	124,378	42,500,000	91.40 %	4,897	(686)	(627)	〃
〃	eCommerce Group Co., Ltd.	British Virgin Islands	Investment activities	2,089,037	2,089,037	669,000,000	100.00 %	1,430,272	(225,889)	(225,889)	〃
〃	Pi Mobile Technology Inc.	Taiwan	Online payment processing services	50,000	20,000	5,000,000	100.00 %	33,802	(3,121)	(3,121)	〃
〃	PChome (Thailand) Co., Ltd.	Thailand	E-commerce platform	66,200	66,200	6,500,000	65.00 %	35,140	(4,043)	(2,628)	〃
〃	PChome Travel Inc.	Taiwan	Travel agency business	36,000	6,000	3,600,000	100.00 %	35,211	(26)	(26)	〃
〃	PChome Financial Technology Inc.	〃	Information service	80,000	80,000	8,000,000	100.00 %	75,385	(145)	(145)	〃

Name of investor	Name of investee	Location	Major operations	Initial investment (Amount) Ending balance	Initial investment (Amount) Beginning balance	Ending balance Shares	Ending balance Ratio of shares	Ending balance Book value	Net income (loss) of the investee	Investment income (losses)	Note
IT Home Publications Inc.	Yiabi Inc.	Taiwan	Information processing and provision of electronic information	5,000	5,000	500,000	100.00 %	1,241	(173)	(173)	Note
Linktel Inc.	Rakuya International Info. Co. Ltd.	〃	Real estate business, and internet information rental service	6,238	6,238	623,800	5.44 %	2,413	(1,872)	(102)	〃
PChome eBay Co., Ltd.	PChomePay Inc.	〃	Online payment processing services	205,200	205,200	20,520,000	24.14 %	151,702	(19,311)	(4,662)	〃
〃	PChome Store Inc.	〃	Internet services	632,258	632,258	11,896,486	34.54 %	(174,765)	(927,784)	(320,455)	〃
PChome Store Inc.	PChomePay Inc.	〃	Online payment processing services	288,000	288,000	28,800,000	33.88 %	212,910	(19,311)	(6,558)	〃
PChomePay Inc.	Pay and Link Inc.	〃	Electronic payment business	500,388	500,388	50,100,000	100.00 %	423,876	(9,531)	(9,531)	〃
〃	Zhen Jain Lian International Co., Ltd.	〃	Online payment processing services	3,000	3,000	300,000	100.00 %	2,719	(15)	(15)	〃
〃	Yin Te Lian International Co., Ltd.	〃	〃	3,000	3,000	300,000	100.00 %	2,719	(15)	(15)	〃
〃	Yun Tung Bao International Co., Ltd.	〃	〃	3,000	3,000	300,000	100.00 %	2,719	(15)	(15)	〃
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 %	9,905	773	773	〃
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 %	11,585	838	838	〃
PC Home Online (HK) Ltd.	PChome Japan KK	Japan	International trading E-commerce	841	841	800,000	100.00 %	228	(58)	(58)	〃
〃	Ruten Japan KK	〃	Information processing and provision of electronic information	5,438	5,438	2,000,000	8.17 %	4,801	(4,194)	(372)	〃
eCommerce Group Co., Ltd.	Ruten Global Inc.	Cayman Islands	Investment activities	2,090,181	2,090,181	668,720,000	100.00 %	1,430,069	(225,871)	(225,871)	〃
Ruten Global Inc.	EC Global Limited	Hong Kong	〃	22,740	22,740	7,494,642	100.00 %	4,394	(239)	(239)	〃
〃	PChome eBay Co., Ltd.	Taiwan	Information processing and provision of electronic information	779,688	779,688	27,300,000	65.00 %	303,053	(302,515)	(196,635)	〃
〃	Ruten Japan KK	Japan	〃	27,040	27,040	9,994,850	40.83 %	23,990	(4,198)	(2,014)	〃
〃	Ruten Singapore Pte. Ltd.	Singapore	〃	63,045	63,045	20,800,000	65.00 %	59,547	(2,086)	(1,356)	〃

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 Outflow	Investment Flows Inflow	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
Shanghai Todo Inc.	Software and internet technical consulting service	4,367	(2)	4,367	-	-	4,367	(234)	100.00 %	(234)	1,701	-

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

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						
PChome Trading (Shenzhen) Ltd.	International trading E-commerce	10,189	(2)	10,189	-	-	10,189	(213)	100.00 %	(213)	(4,016)	-

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	14,556	56,183	2,616,742

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 determined by the financial statement compiled by investee.

Note 3: In the above table, all relevant amounts are disclosed in TWD, and the foreign currency was translated on the exchange rate 29.11 at the three months ended March 31, 2018.

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

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

3. Significant transactions: None.

(14) Segment Information

The Group’s regional financial information was as follows:

For the three months ended March 31, 2018	E-Commerce-Sales	Market Place	Other	Adjustments and Eliminations	Consolidated
Revenue:					
Non-inter-company revenue	$ 7,595,584	543,061	56,507	-	8,195,152
Inter-company revenue	38,867	3,519	1,956	(44,342)	-
Total Revenue	**$ 7,634,451**	**546,580**	**58,463**	**(44,342)**	**8,195,152**
Reportable Segment net operating income (loss)	**$ 126,313**	**(890,326)**	**(34,232)**	**-**	**(798,245)**

For the three months ended March 31, 2017	E-Commerce-Sales	Market Place	Other	Adjustments and Eliminations	Consolidated
Revenue:					
Non-inter-company revenue	$ 6,213,423	623,060	87,825	-	6,924,308
Inter-company revenue	22,139	4,513	1,574	(28,226)	-
Total Revenue	**$ 6,235,562**	**627,573**	**89,399**	**(28,226)**	**6,924,308**
Reportable Segment net operating income (loss)	**$ 236,585**	**48,939**	**(29,780)**	**-**	**255,744**