GAMANIA DIGITAL ENTERTAINMENT CO., LTD.

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

SEPTEMBER 30, 2009 AND 2008

For the convenience of readers and for information purpose only, the auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Review Report of Independent Accountants Translated from Chinese

PWCR09000110

To the Board of Directors and Stockholders of Gamania Digital Entertainment Co., Ltd.

We have reviewed the accompanying consolidated balance sheets of Gamania Digital Entertainment Co., Ltd. (the "Company") and its subsidiaries as of September 30, 2009 and 2008, and the related consolidated statements of income and of cash flows for the nine-month periods then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a conclusion on these consolidated financial statements based on our reviews.

Except as explained in the following paragraph, our reviews were made in accordance with the Generally Accepted Auditing Standards No. 36, "Review of Financial Statements" in the Republic of China. A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards in the Republic of China, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

As described in Note 1(2), the consolidated financial statements include unreviewed financial statements of certain consolidated subsidiaries, which statements reflect total assets of $1,174,485 thousand and $816,136 thousand as of September 30, 2009 and 2008, respectively, and total operating revenues of $1,091,387 thousand and $514,246 thousand for the nine-month periods then ended, respectively. In addition, as explained in Note 4(6), the consolidated financial statements include long-term investments accounted for under the equity method amounting to $2,503 thousand and $1,303 thousand as of September 30, 2009 and 2008, respectively, and the related investment loss was $5,723 thousand and $6,253 thousand for the nine-month periods then ended, respectively. These amounts and the information disclosed in Note 11 were based on their respective financial statements which were not reviewed by independent accountants.

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of these investee companies been reviewed by independent accountants as explained in the preceding paragraph, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above in order for them to be in conformity with the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" and generally accepted accounting principles in the Republic of China.

As described in Note 3, Gamania Digital Entertainment Co., Ltd. and its subsidiaries adopted Regulation No. 52, "Accounting for Employees" Bonuses and Directors' and Supervisors' Remuneration" issued by the Accounting Research and Development Foundation in Taiwan on January 1, 2008. The Company recognizes the expense and the related liability when the obligation can be measured reliably.

PricewaterhouseCoopers

October 20, 2009

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows of the Company in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices utilized in the Republic of China governing the audit of such consolidated financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and review report of the independent accountants are not intended for use by those who are not informed about the accounting principles or review standards generally accepted in the Republic of China, and their applications in practice.

As the consolidated financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

ASSETS	2009	2008
Current Assets		
Cash and cash equivalents (Note 4(1))	$ 977,257	$ 1,064,390
Notes receivable – third parties – net (Note 4(2))	127,652	77,075
Accounts receivable – third parties – net (Note 4(3))	1,055,550	863,016
Other receivables (Note 4(12))	12,293	9,299
Other financial assets – current (Note 6)	2,000	3,000
Inventories – net (Note 4(4))	90,701	21,433
Prepaid expenses	86,549	62,701
Deferred income tax assets – current (Note 4(12))	5,970	20,873
Other current assets	3,555	4,643
	2,361,527	2,126,430
Long-term Investments		
Financial assets carried at cost – non-current (Note 4(5))	114,294	114,294
Long-term investments – accounted for under the equity method (Note 4(6))	2,503	1,303
	116,797	115,597
Property, Plant and Equipment – net (Notes 4(7) and 6)		
Cost		
Land	147,751	147,751
Buildings	165,499	158,343
Machinery and equipment	768,484	674,886
Office equipment	90,994	67,183
Leasehold improvements	38,988	37,883
Other equipment	2,558	7,854
Total Cost	1,214,274	1,093,900
Less: Accumulated depreciation	(671,335)	(547,343)
Accumulated impairment	(4,522)	(4,449)
Construction in progress and prepayments for equipment	7,140	277
	545,557	542,385
Intangible Assets		
Trademark	-	453
Goodwill	49,002	49,092
Deferred pension cost	661	710
Other intangible assets – net (Note 4(8))	220	157
	49,883	50,412
Other Assets		
Refundable deposits	36,231	32,801
Deferred charges – net (Note 4(9))	621,465	424,357
Deferred income tax assets – non-current (Note 4(12))	172,675	168,766
Other asset – other	215	184
	830,586	626,108
TOTAL ASSETS	$ 3,904,350	$ 3,460,932

LIABILITIES AND STOCKHOLDERS' EQUITY	2009	2008
Current Liabilities		
Short-term loans (Note 4(10))	$ 130,000	$ 40,000
Notes payable – third parties	9,084	128,033
Accounts payable – third parties	230,100	134,978
Income tax payable (Note 4(12))	66,946	61,936
Accrued expenses (Note 4(16))	403,835	259,815
Other payables	154,548	357,491
Unearned revenue collected in advance	274,287	76,021
Current portion of long-term loans (Note 4(11))	22,894	9,336
Other current liabilities	33,597	43,090
	1,325,291	1,110,700
Long-term Liability		
Long-term loans (Note 4(11))	34,412	18,304
Other Liabilities		
Accrued pension liabilities (Note 4(13))	7,096	5,494
Guarantee deposits	380	380
Other liabilities – other	454	510
	7,930	6,384
Total Liabilities	1,367,633	1,135,388
Stockholders' Equity		
Common stock		
Common stock (Note 1)	1,589,059	1,587,827
Stock subscriptions received in advance (Note 4(19))	15,892	-
Capital reserve (Note 4(14))		
Paid-in capital in excess of par	770,417	740,670
Gain on disposal of property, plant and equipment	221	221
Retained earnings		
Legal reserve (Notes 4(15) and (16))	86,730	61,214
Retained earnings (Notes 4(12) and (16))	373,260	252,167
Cumulative translation adjustments	40,960	24,570
Treasury stock (Note 4(18))	(370,182)	(356,354)
	2,506,357	2,310,315
Minority interest	30,360	15,229
Total Stockholders' Equity	2,536,717	2,325,544
Commitments and Contingent Liabilities (Note 7)		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 3,904,350	$ 3,460,932

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated October 20, 2009.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30,

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

(UNAUDITED)

	2009	2008
Operating revenues		
Sales revenue	$ 4,036,604	$ 2,909,626
Sales returns	(66,768)	(97,370)
Sales allowances	(33,156)	(9,436)
Net sales revenue	3,936,680	2,802,820
Service revenue	47,787	44,524
Total operating revenues	3,984,467	2,847,344
Operating costs (Notes 4(4), 4(20), 5(2) and 10(1))		
Cost of goods sold	(1,951,411)	(1,454,721)
Gross profit	2,033,056	1,392,623
Operating expenses (Notes 4(20), 5(2) and 10(1))		
Selling expenses	(737,471)	(452,536)
General and administrative expenses	(618,567)	(478,706)
Research and development expenses	(270,239)	(183,744)
Total operating expenses	(1,626,277)	(1,114,986)
Operating income	406,779	277,637
Non-operating income		
Interest income	1,191	8,217
Gain on adjustment of financial assets	336	3,199
Foreign exchange gain	2,470	-
Rental income	67	115
Gain on recovery of bad debts	-	10,000
Miscellaneous income (Note 5(2))	7,402	40,668
Total non-operating income	11,466	62,199
Non-operating expenses		
Interest expense	(2,021)	(937)
Investment loss accounted for under the equity method (Note 4(6))	(5,723)	(6,253)
Other investment loss	(2)	(1)
Loss on disposal of property, plant and equipment	(961)	(113)
Foreign exchange loss	(-)	(586)
Miscellaneous losses	(7,182)	(14,738)
Total non–operating expenses	(15,889)	(22,628)
Income before income tax	402,356	317,208
Income tax expense (Note 4(12))	(101,142)	(70,982)
Consolidated net income	$ 301,214	$ 246,226
Attributable to:		
Equity holders of the Company	$ 292,059	$ 248,866
Minority interest	9,155	(2,640)
	$ 301,214	$ 246,226

	2009		2008	
	Before	After	Before	After
Basic earnings per share (in dollars) (Note 4(17))	income tax	income tax	income tax	income tax
Profit attributable to equity holders of the Company	$ 2.69	$ 2.00	$ 2.08	$ 1.62
Minority interest income (loss)	0.06	0.06	(0.02)	(0.02)
Consolidated net income	$ 2.75	$ 2.06	$ 2.06	$ 1.60
Diluted earnings per share (in dollars) (Note 4(17))				
Profit attributable to equity holders of the Company	$ 2.59	$ 1.92	$ 2.05	$ 1.60
Minority interest income (loss)	0.06	0.06	(0.02)	(0.02)
Consolidated net income	$ 2.65	$ 1.98	$ 2.03	$ 1.58

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated October 20, 2009.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

	2009	2008
Cash flows from operating activities		
Consolidated net income	$ 301,214	$ 246,226
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Gain on adjustment of financial assets	-	(262)
Reversal of allowance for sales returns	(1,169)	(7,034)
Provision (reversal of allowance) for doubtful accounts and allowance for doubtful accounts written-off	7,771	(10,000)
Provision for decline in market value of inventories	4,592	16,921
Investment loss accounted for under the equity method	5,723	6,253
Other investment loss	2	1
Depreciation and amortization	323,646	213,902
Loss on disposal of property, plant and equipment	961	113
Deferred charges charged to other loss	4,593	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Notes receivable – third parties	(57,533)	11,932
Accounts receivable – third parties	(123,662)	21,597
Other receivables – third parties	5,177	3,780
Inventories	(74,174)	(23,244)
Prepaid expenses	(17,190)	(35,652)
Deferred income tax assets	28,092	18,865
Other current assets	(1,128)	(931)
Increase (decrease) in:		
Notes payable – third parties	(17,824)	(10,667)
Accounts payable – third parties	90,693	5,661
Accounts payable – related party	(35,699)	(40,566)
Income tax payable	7,169	52,206
Accrued expenses	116,926	55,894
Other payables – third parties	(6,201)	(23,876)
Unearned revenue collected in advance	129,073	(33,218)
Other current liabilities	3,734	13,366
Accrued pension liabilities	1,112	295
Net cash provided by operating activities	695,898	481,562
Cash flows from investing activities		
Proceeds from disposal of available-for-sale financial assets	-	19,984
Increase (decrease) in other financial assets – current	2,000	(3,000)
Proceeds from disposal of long-term investment	7	-
Increase in long-term investments – non-subsidiary	(10,000)	-
Increase in long-term investment – subsidiary acquisition price	-	(75,545)
Acquisition of property, plant and equipment	(109,377)	(97,857)
Proceeds from disposal of property, plant, and equipment and deferred charges	1,921	644
Decrease (increase) in refundable deposits, net	2,178	(87)
Increase in trademark	(78)	(191)
Increase in deferred charges and other intangible assets	(365,474)	(266,087)
Decrease in other assets – other	2	15
Net cash used in investing activities	(478,821)	(422,124)

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GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

	2009	2008
Cash flows from financing activities		
Increase in short-term loans	$ 15,000	$ 30,000
Increase in long-term loans	27,423	2,640
(Increase) decrease in other liabilities – other	(155)	215
Employee stock options to be exercised	46,871	-
Payment of cash dividends	(145,807)	-
Increase (decrease) in guarantee deposits	6	(901)
Acquisition of treasury stock	-	(155,566)
Changes in minority interest	1,568	3,748
Net cash used in financing activities	(55,094)	(119,864)
Effect of exchange rate changes on cash and cash equivalents	(6,210)	(6,194)
Effect of changes in consolidated subsidiaries	-	1,334
Net increase (decrease) in cash and cash equivalents	155,773	(65,286)
Cash and cash equivalents at beginning of period	821,484	1,129,676
Cash and cash equivalents at end of the period	$ 977,257	$ 1,064,390
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	$ 2,024	$ 789
Income tax	$ 65,731	$ 2,822
Cash paid for the acquisition of property, plant and equipment		
Property, plant and equipment acquired	$ 122,927	$ 79,695
Payable at end of the period	(15,769)	(11,841)
Payable at beginning of the period	2,219	30,003
Cash paid	$ 109,377	$ 97,857
Fair value of subsidiary acquired:		
Current assets	$ -	$ 21,146
Other current assets	-	2,348
Long-term investments	-	10
Property, plant and equipment	-	793
Intangible assets and other assets	-	73,288
Accrued expenses	-	(6,436)
Other current liabilities and other liabilities	-	(7,503)
Minority interest	-	(3,409)
Less: Previous fiscal year long-term investment balance	-	(4,692)
Acquisition price	$ -	$ 75,545
Non-cash flows from financing activities		
Directors’ and supervisors’ remuneration	$ -	$ 6,678
Cash dividends	$ -	$ 268,333
Capital increment from employees' bonuses and retained earnings	$ -	$ 57,149

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated October 20, 2009.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2009 AND 2008
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)
(UNAUDITED)

1. HISTORY AND ORGANIZATION

(1) Gamania Digital Entertainment Co., Ltd. (the Company) was incorporated in June 1995 under the provisions of the Company Law of the Republic of China (R.O.C.) as a company limited by shares. As of September 30, 2009, the total authorized capital was $2,500,000, consisting of 250 million shares of common stock (including 22 million shares of employee stock options), at a par value of $10 (NT dollars) per share, and the issued and outstanding capital was $1,589,059. The Company is engaged in software services. As of September 30, 2009, the Company and its consolidated subsidiaries had approximately 1,260 employees.

(2) Consolidated subsidiaries

A)

Name of company	Relationship	Main activities	% of shares held as of September 30, 2009	2008
Gamania Holdings Ltd.	Note A	Investment holding company	100%	100%
Gamania International Holdings Ltd.	Note B	Investment holdings	100%	100%
Gamania Digital Entertainment (Japan) Co., Ltd.	Note C	Design and sales of software; sales of hardware	100%	100%
Gamania China Holdings Ltd.	Note C	Investment holdings	94.25%	93.55%
Gamania Digital Entertainment (H.K.) Co., Ltd.	Note D	Design and sales of software	94.25%	93.55%
Gamania Digital Entertainment Sino Holdings Co., Ltd.	Note D	Investment holdings	94.25%	93.55%
Gamania Digital Entertainment (Beijing) Co., Ltd.	Note E	Design and sales of software	94.25%	93.55%
Taiwan Index Co., Ltd.	Note A	Software services	99.28%	96.68%
Gamania Asia Investments Co., Ltd.	Note A	Investment holdings	100%	100%
Gamania Korea Co., Ltd.	Note A	Design and sales of software	100%	100%
Alibangbang Games Co., Ltd.	Note A	Design and research of software	99.38%	98.97%
Fundation Digital Entertainment Co., Ltd.	Note A	Publishing of magazines and periodicals	100%	100%

Name of company	Relationship	Main activities	% of shares held as of September 30, 2009	2008
Gamania Digital Entertainment Labuan Holdings, Ltd.	Note A	Investment holdings	100%	100%
Redgate Games Co., Ltd.	Note A	Design and research of software	100%	-
Seedo Games Co., Ltd.	Note A	Design and research of software	100%	-
Playcoo Co.	Note A	Design and research of software	75.25%	73.32%
InnoJelly Corporation	Note B	Investment holdings	-	73.32%

Note A: Majority-owned subsidiary

Note B: A majority-owned subsidiary of Gamania Holdings Ltd.

Note C: A majority-owned subsidiary of Gamania International Holdings Ltd.

Note D: A majority-owned subsidiary of Gamania China Holdings Ltd.

Note E: A majority-owned subsidiary of Gamania Digital Entertainment Sino Holdings Co., Ltd.

B) The consolidated financial statements include unreviewed financial statements of certain consolidated subsidiaries as of September 30, 2009 and 2008.

(3) Changes in the consolidated subsidiaries:

A) Majority-owned subsidiaries that were newly included in the consolidated financial statements:

Name of company	Relationship	Main activities	% of shares held as of September 30 2009	2008	Note
Redgate Games Co., Ltd.	Note A	Design and research of software	100%	-	Note B
Seedo Games Co., Ltd.	Note A	Design and research of software	100%	-	Note B

Note A: Majority-owned subsidiary.

Note B: The company was established in 2009.

B) Majority-owned subsidiary that was deconsolidated from the consolidated financial statements:

Name of company	Relationship	Main activities	% of shares held as of September 30 2009	2008	Note
InnoJelly Corporation	Note A	Investment holdings	-	73.32%	Note B

Note A: Majority-owned subsidiary.

Note B: The Company had been liquidated in April 2009.

(4) Majority-owned subsidiaries not consolidated: None.

(5) Difference in accounting period among the Company and the subsidiaries: None.

(6) Difference in the accounting policies adopted among the Company and the subsidiaries: None.

(7) Special operation risk of foreign subsidiaries: None.

(8) Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: None.

(9) The Company's and its subsidiaries' earnings distributions are restricted by enactment or contract: None.

(10) The subsidiaries hold the company's stocks and bonds: None.

(11) Convertible bonds and new stocks are issued by the subsidiaries: None.

(12) Other consequential items to the consolidated financial statements: None.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company and its subsidiaries (collectively referred herein as the Group) are prepared in conformity with the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" and generally accepted accounting principles in the Republic of China. The significant accounting policies of the Group are summarized below:

(1) Principles of consolidation

A) All majority-owned subsidiaries or controlled entities, which meet the criteria of the amended Statement of Financial Accounting Standards No. 7 "Consolidated Financial Statements", are included in the consolidated financial statements. Effective January 1, 2008, the Company prepares quarterly consolidated financial statements.

B) The results of operations of a subsidiary are included in the consolidated financial statements from the date of acquisition. Under the amended SFAS No. 7, the results of operations of such subsidiary is excluded from the consolidated statements of income effective the date on which the Company loses control over the subsidiary. For the initial year of adoption of SFAS No. 7, restatement of prior year's financial statements is not required.

C) All significant intercompany balances and transactions are eliminated in the consolidation.

(2) Translation of financial statements of foreign subsidiaries

Assets and liabilities of the foreign subsidiaries are translated into New Taiwan dollars using the exchange rate at the balance sheet date; equity accounts are translated at historical rates, except for beginning retained earnings which is transferred from prior year's ending retained earnings, and profit and loss accounts are translated using the weighted-average rate. Exchange differences are recorded as cumulative translation adjustments and are included as a component of stockholders' equity.

(3) Foreign currency transactions

The accounts of the Company and its subsidiaries are maintained in New Taiwan dollars and functional currencies, respectively. Transactions arising in foreign currencies are translated into New Taiwan dollars and functional currencies at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into New Taiwan dollars at the exchange rates prevailing at the balance sheet date. Foreign exchange gains or losses are included in the current year's results of operations.

(4) Criteria for classifying current or non-current assets and liabilities

A) Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

a) Assets arising from operating activities that are expected to be realized or consumed, or are intended to be sold within the normal operating cycle;

b) Assets held mainly for trading purposes;

c) Assets that are expected to be realized within 12 months from the balance sheet date; and

d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged and used to pay off liabilities more than 12 months after the balance sheet date.

B) Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

a) Liabilities arising from operating activities that are expected to be paid within the normal operating cycle;

b) Liabilities arising mainly from trading activities;

c) Liabilities that are to be paid within 12 months from the balance sheet date; and

d) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date.

(5) Cash equivalents

Cash equivalents are short-term, highly-liquid investments that are readily convertible to known amounts of cash and with maturity dates that do not present significant risk of changes in value because of changes in interest rates.

The consolidated statement of cash flows is prepared on the basis of cash and cash equivalents.

(6) Financial assets at fair value through profit or loss

A) Financial assets at fair value through profit or loss are recognized as of the trade date at fair value for equity stocks. Financial assets at fair value through profit or loss are recognized as of the settlement date at fair value for bonds and beneficiary certificates.

B) These financial instruments are subsequently remeasured and stated at fair value, and the gain or loss is recognized in profit or loss. The fair value of listed stocks, closed-end mutual funds and depositary receipts is based on latest quoted fair prices of the accounting period. The fair value of open-end mutual funds is based on the net asset value at the balance sheet date.

(7) Available-for-sale financial assets

A) Available-for-sale financial assets are recognized and derecognized using trade date accounting and are initially stated at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

B) The financial assets are remeasured and stated at fair value, and the gain or loss is recognized in equity, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in equity shall be recognized in profit or loss. The fair values of listed stocks, OTC stocks and closed-end mutual funds are based on latest quoted fair prices of the accounting period. The fair values of open-end and balanced mutual funds are based on the net asset value at the balance sheet date.

C) If there is any objective evidence that the financial asset is impaired, the cumulative loss that had been recognized directly in equity shall be transferred from equity to profit or loss. When the fair value of an equity instrument subsequently increases, impairment losses recognized previously in profit or loss shall not be reversed. When the fair value of a debt instrument subsequently increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed to the extent of the loss recognized in profit or loss.

(8) Financial assets carried at cost

A) Investments in unlisted equity instruments are recognized initially at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

B) If there is any objective evidence that the financial asset is impaired, the impairment loss is recognized in profit or loss. Such impairment loss cannot be reversed.

(9) Allowance for doubtful accounts

Allowance for doubtful accounts is provided based on a review of the collectibility of receivables. The Group determines the amount for doubtful accounts by examining the collectibility of ending balances of notes, accounts and other receivables (including balances from related parties), and the aging analysis of receivables.

(10) Inventories

The Group uses the perpetual inventory system and the original cost is the cost to obtain the assets. Inventories are stated at the lower of cost or market value based on the aggregate value method. Market value is determined using the net realizable value. Cost is determined using the weighted-average method. Allowance for loss is provided on obsolete inventories, when necessary. Effective January 1, 2009, the Company and its domestic subsidiaries adopted the amended Statement of Financial Accounting Standards No. 10, "Inventory". Under the amended standard, the ending balance of inventory is valued at the lower of cost or net realizable value based on specific identification. The net realizable value is determined based on the estimated selling price of an inventory item less the estimated costs of completion.

(11) Long-term equity investments accounted for under the equity method

A) Long-term equity investments in which the Group holds more than 20% of the investee company's voting shares or has the ability to exercise significant influence on the investee's operational decisions are accounted for under the equity method.

B) The capital reserve and long-term investment amounts are adjusted by the variance between the investment cost and net assets of the investee due to the disproportionate acquisition or decrease of shares in connection with the capital increase or decrease by the investee company. If the balance of capital reserve from long-term investment is not sufficient, then retained earnings is debited.

(12) Property, plant and equipment

A) Depreciation is provided on the straight-line method using the estimated useful lives of the assets plus one year as salvage value. The subsidiaries' property, plant and equipment are depreciated on a straight-line basis according to the estimated useful lives of the assets less the estimated salvage value. The estimated useful lives are 55 years for buildings and 3 to 8 years for the other property, plant and equipment.

B) When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts and the resulting gain or loss is included in current non-operating income (expense).

C) Major renewals or betterments are capitalized and depreciated accordingly. Maintenance and repairs are expensed as incurred.

(13) Deferred charges

A) Costs of software and copyrights are capitalized and amortized under the straight-line basis over the estimated useful lives.

B) Royalty payments for operating online game software are capitalized and amortized based on the period of the contract or deducted based on actual units of play.

(14) Other intangible assets

Franchises for game development are recorded at acquisition cost and amortized using the straight-line method over the estimated service life. Franchises could be deducted from franchises payable amounting to 2% based on sales revenues.

(15) Impairment of non-financial assets

A) Impairment loss is recognized when the recoverable amount is less than the book value due to changes in environment or occurrences of some events. Recoverable amount is the higher of net fair value or value in use of an asset. Net fair value is the selling price of an asset in an arm's-length transaction between knowledgeable and willing parties, less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset.

B) If there is an indication that an asset has recovered its value of the impairment loss recognized in the prior period, a gain is recognized to the extent of the impairment loss recognized. No recovery in impairment loss is recognized for goodwill.

(16) Share-based payment – employee compensation plan

A) The employee stock options granted from January 1, 2004 through December 31, 2007 are accounted for in accordance with EITF 92-070, EITF 92-071 and EITF 92-072 "Accounting for Employee Stock Options" as prescribed by the Accounting Research and Development Foundation, R.O.C., dated March 17, 2003. Under the share-based employee compensation plan, compensation cost is recognized using the intrinsic value method and pro forma disclosures of net income and earnings per share are prepared in accordance with the R.O.C. SFAS No. 39, "Accounting for Share-based Payment".

B) For the grant date of the share-based payment agreements set on or after January 1, 2008, the Company shall measure the services received during the vesting period by reference to the fair value of the equity instruments granted and account for those amounts as payroll expenses during that period.

(17) Employees' bonuses and directors' and supervisors' remuneration

Effective January 1, 2008, pursuant to EITF 96-052 of the Accounting Research and Development Foundation, R.O.C., dated March 16, 2007, "Accounting for Employees' Bonuses and Directors' and Supervisors' Remuneration", the costs of employees' bonuses and directors' and supervisors' remuneration are accounted for as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and the amounts can be estimated reasonably. However, if the accrued amounts for employees' bonuses and directors' and supervisors' remuneration are significantly different from the actual distributed amounts resolved by the stockholders at their annual stockholders' meeting subsequently, the differences shall be recognized as gain or loss in the following year. In addition, according to EITF 97-127 of the Accounting Research and Development Foundation, R.O.C., dated March 31, 2008, "Criteria for Listed Companies in Calculating the Number of Shares of Employees' Stock Bonus", the Company calculates the number of shares of employees' stock bonus based on the closing price of the Company's common stock at the previous day of the stockholders' meeting held in the year following the financial reporting year, and after taking into account the effects of ex-rights and ex-dividends.

(18) Deferred income tax assets and income tax

A) Income tax of the Company and its domestic subsidiaries are provided based on accounting income after adjusting for permanent differences. The provision for income tax includes deferred income tax resulting from items reported in different periods for tax and financial reporting purposes. Deferred income tax assets or liabilities are further classified into current and non-current items based on the classifications of the related assets or liabilities or on the expected reversal date of the temporary differences and are presented on the financial statements at net amount. Valuation allowance on deferred income tax assets is recognized to the extent that it is more likely than not that the tax benefits will not be realized.

B) Tax credits resulting from equipment purchases, technology acquisitions, research and development expenditures, training expenses and long-term equity investments, etc. of the Company and its domestic subsidiaries are recognized as current income tax benefit when incurred.

C) Over or under provision of prior years' income tax liabilities is included in the current year's income tax expense.

D) The Company's overseas subsidiaries' income taxes are subject to their local regulations.

E) In accordance with the Taiwan imputation tax system, any undistributed current earnings of a company derived on or after January 1, 1998 is subject to an additional 10% corporate income tax if the earnings are not distributed before a specific time. This 10% additional corporate income tax is recorded as income tax expense in the period the stockholders approve a resolution to retain the earnings.

F) In accordance with the "Income Basic Tax Act", effective January 1, 2006, when income tax is lower than the basic tax, income tax due shall be equal to the basic tax.

G) When a change in the tax laws is enacted, the deferred tax liability or asset is recomputed accordingly in the period of change. The difference between the new amount and the original amount, that is, the effect of changes in the deferred tax liability or asset, is reported as an adjustment to current income tax expense (benefit).

(19) Retirement plan

A) Under the defined benefit pension plan, net periodic pension costs are recognized in accordance with the actuarial calculations. The net periodic pension costs include service cost, interest cost, expected return on plan assets, unrecognized net transition obligation and amortization of gains or losses on plan assets. Unrecognized net transition obligation is amortized on a straight-line basis over 15 years. Minimum pension liabilities in the interim financial statements were adjusted in accordance with the net periodic pension cost and funds contributed.

B) Under the defined contribution pension plan, net periodic pension costs are recognized as incurred.

(20) Treasury stock

A) Treasury stocks acquired are stated at cost using the weighted-average method and reported as a deduction from stockholders' equity in the balance sheet.

B) Upon disposal, the related gain is credited to "capital reserve-treasury stock transaction" and any loss is offset against this capital reserve account. However, when the balance of this capital reserve account is insufficient to offset the loss, then the remaining amount is charged against retained earnings.

C) Upon registration of cancellation, except for the book value sum of "common stock" and "capital reserve-additional paid-in", which is in proportion to shareholding, the related gain is credited to "capital reserve-treasury stock transaction" and any loss is offset against this capital reserve account. However, when the balance of this capital reserve account is insufficient to offset the loss, then the remaining amount is charged against retained earnings.

(21) Revenues, costs and expenses

A) Costs from development of software for sale are recognized as research expense before establishing technical feasibility.

B) Revenue from prepaid cards for on-line game is deferred and is recognized based on points consumed.

C) Revenue from software and other merchandise is recognized when the earning process is substantially completed and the revenue is realized or realizable.

D) Sales returns are estimated based on a percentage of sales.

E) Costs and expenses are recognized as incurred.

F) Commissions received on prepaid cards from the on-line game providers is deferred and recognized as revenue when services are rendered.

(22) Earnings per share

A) The computation of earnings per share is as follows:

Basic earnings per share: net income divided by the weighted-average number of shares outstanding during the period.

Diluted earnings per share: the computation is the same as basic earnings per share, except that the potential dilutive shares are assumed to have been converted to common stock at the beginning of the period and net income is adjusted by the amount associated with the conversion.

B) The potential dilutive shares are employee stock options and estimated shares of employees' bonuses when distributing stock. The Company adopted the "treasury stock method" in computing the dilutive effect of the employee stock options and the employees' bonuses.

(23) Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. CHANGES IN ACCOUNTING PRINCIPLES

(1) Inventory

Effective January 1, 2009, the Company and its domestic subsidiaries adopted the amended Statement of Financial Accounting Standards No. 10, "Inventory". The adoption of this regulation had no significant effect on the financial statements as of and for the nine-month period ended September 30, 2009.

(2) Employees’ bonuses and directors’ and supervisors’ remuneration

Effective January 1, 2008, the Company and its domestic subsidiaries adopted Regulation No. 52. “Accounting for Employees’ Bonuses and Directors’ and Supervisors’ Remuneration” newly issued by the Accounting Research and Development Foundation in Taiwan. As a result of the adoption of this regulation, net income decreased by $20,732 and basic earnings per share decreased by $0.13 for the nine-month period ended September 30, 2008.

4. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	September 30, 2009	September 30, 2008
Cash on hand	$ 779	$ 18,501
Cash in banks	833,830	505,087
Time deposits	142,648	492,710
Cash equivalents	-	48,092
	$ 977,257	$ 1,064,390

(2) Notes receivable – net

	September 30, 2009	September 30, 2008
Notes receivable	$ 127,668	$ 77,091
Less: Allowance for doubtful accounts	(16)	(16)
	$ 127,652	$ 77,075

(3) Accounts receivable – net

	September 30, 2009	September 30, 2008
Accounts receivable	$ 1,138,318	$ 931,756
Less: Allowance for doubtful accounts	(76,473)	(65,973)
Allowance for sales returns	(6,295)	(2,767)
	$ 1,055,550	$ 863,016

(4) Inventories – net

	September 30, 2009	September 30, 2008
Inventories	$ 106,208	$ 33,262
Less: Allowance for obsolescence and market value decline	(15,507)	(11,829)
	$ 90,701	$ 21,433

Related loss recognized for the period:

	For the nine-month periods ended September 30,	
	2009	2008
Provision for decline in market value of inventories	$ 4,592	$ 16,921

(5) Financial assets carried at cost – non-current

	September 30,	
Items	2009	2008
Unlisted stocks		
Nice Finance Co., Ltd.	$ 91,453	$ 91,453
NC Taiwan Co., Ltd.	22,841	22,841
	$ 114,294	$ 114,294

The above investments were measured at cost since their fair value cannot be measured reliably.

(6) Long-term investments accounted for under the equity method

A) List of long-term investments

	September 30, 2009			Investment loss for the nine-month period ended September 30, 2009
Name of investee	Original cost	Ownership percentage	Balance	
Taiwan e-sports Co., Ltd.	$ 20,000	36.36%	$ 2,503	($ 5,723)

	September 30, 2008			Investment loss for the nine-month period ended September 30, 2008
Name of investee	Original cost	Ownership percentage	Balance	
Taiwan e-sports Co., Ltd.	$ 5,000	20.00%	$ 1,303	($ 4,260)
Playcoo Co. (Note)	138,696	73.32%	-	(1,993)
	$ 143,696		$ 1,303	($ 6,253)

Note: The Company increased its ownership in Playcoo Co. to 73.32% by acquiring 6,295,000 shares of common stocks at $12 per share from Wistron Corporation and Wisecap Ltd. in March 2008, and the Company has included Playcoo Co. in its consolidated financial statements from then on. The related investment loss amounted to $1,993 for the nine-month period ended September 30, 2008.

B) Long-term investments accounted for under the equity method were based on the financial statements as of and for the nine-month periods ended September 30, 2009 and 2008 which were not reviewed by independent accountants.

(7) Property, plant, and equipment

	September 30, 2009	September 30, 2008
Cost		
Land	$ 147,751	$ 147,751
Buildings	165,499	158,343
Machinery and equipment	768,484	674,886
Office equipment	90,994	67,183
Leasehold improvements	38,988	37,883
Other equipment	2,558	7,854
	1,214,274	1,093,900
Accumulated depreciation		
Buildings	(25,108)	(19,519)
Machinery and equipment	(563,833)	(475,050)
Office equipment	(51,841)	(32,401)
Leasehold improvements	(28,904)	(15,891)
Other equipment	(1,649)	(4,482)
	(671,335)	(547,343)
Construction in progress and prepayments for equipment	7,140	277
Less: Accumulated impairment	(4,522)	(4,449)
	$ 545,557	$ 542,385

(8) Other intangible assets

	September 30, 2009	September 30, 2008
Prepayments for franchises	$ 38,518	$ 38,455
Less: Accumulated impairment	(38,298)	(38,298)
	$ 220	$ 157

(9) Deferred charges

	September 30, 2009	September 30, 2008
Royalty payments	$ 725,258	$ 552,777
Unamortized expense	201,757	195,163
	927,015	747,940
Less: Accumulated impairment	(305,550)	(323,583)
	$ 621,465	$ 424,357

(10) Short-term loans

	September 30, 2009	September 30, 2008
Short-term bank loans	$ 130,000	$ 40,000
Annual interest rates	1.025%~1.830%	3.5%~4.15%
Credit lines	$ 1,210,000	$ 70,000

(11) Long-term loans

Bank	Total Credit Lines	Period/Terms of Repayment	September 30, 2009	September 30, 2008
Sumitomo Mitsui Banking Corporation	JPY 90,000 (Note)	09.24.2008~09.26.2011 equal quarterly installments	$ 21,400	$ 27,640
Sumitomo Mitsui Banking Corporation	JPY 100,000 (Note)	08.31.2009 ~ 08.31.2013 equal quarterly installments	35,906	-
			$ 57,306	$ 27,640
Less: Current portion			(22,894)	(9,336)
			$ 34,412	$ 18,304

Note: In thousands of yen.

(12) Income tax

A) Income tax payable and income tax expense for the nine-month periods ended September 30, 2009 and 2008 are reconciled as follows:

	For the nine-month periods ended September 30, 2009	For the nine-month periods ended September 30, 2008
Current year income tax expense	$ 90,354	$ 70,824
Effect of changes in the deferred tax asset resulting from the change in tax rate	2,404	-
Additional 10% corporate income tax on undistributed earnings	8,384	158
	101,142	70,982
Add (Less): Net change in deferred income tax assets	(28,092)	(18,865)
Prepaid income tax	(15,017)	(660)
Over provision of prior year's income tax	2,537	2,793
Income tax payable of prior year	6,853	7,377
Effect of exchange rate	(554)	273
Income tax payable	$ 66,869	$ 61,900
Income tax refundable (shown as part of other receivables)	($ 77)	($ 36)
Income tax payable	66,946	61,936
	$ 66,869	$ 61,900

B) Deferred income tax assets are as follows:

	September 30, 2009	September 30, 2008
Deferred income tax assets – current	$ 19,496	$ 104,673
Deferred income tax assets – non-current	336,243	276,219
	355,739	380,892
Less: Valuation allowance – current	(13,526)	(83,800)
Valuation allowance – non-current	(163,568)	(107,453)
	$ 178,645	$ 189,639

C) The temporary differences and related income tax effects are as follows:

	September 30,			
	2009		2008	
	Amount	Tax effect	Amount	Tax effect
Current items:				
Allowance for decline in market value and inventory obsolescence	$ 15,157	$ 3,031	$ 25,676	$ 6,419
Allowance for sales returns	6,295	1,259	7,409	1,852
Loss carryforwards	60,908	12,182	174,679	43,670
Impairment loss on deferred charges and intangible assets	-	-	3,328	832
Welfare expenses	-	-	92	23
Investment tax credits		3,024		51,877
		19,496		104,673
Less: Valuation allowance		(13,526)		(83,800)
		$ 5,970		$ 20,873
Non-current items:				
Investment loss on financial assets carried at cost – non-current	$ 9,851	$ 1,970	$ 9,851	$ 2,463
Loss carryforwards	586,370	117,274	308,008	77,002
Loss on foreign investments	58,809	11,762	108,003	27,001
Reserve for foreign investments	(63,953)	(12,790)	(69,675)	(17,418)
Reduction in capital of subsidiaries to cover accumulated deficit	672,643	168,160	672,643	168,160
Depreciation allowance in excess of related depreciation	(18,058)	(2,980)	(10,496)	(1,837)
Retirement fund expense but not deposited with Bank of Taiwan	287	57	362	90
Investment tax credits		52,790		20,758
		336,243		276,219
Less: Valuation allowance		(163,568)		(107,453)
		$ 172,675		$ 168,766

D) As of September 30, 2009 and 2008, the balance of shareholders account of deductible tax was as follows:

	September 30,	
	2009	2008
a. Balance of shareholders account of deductible tax	$ 16,983	$ 419
	2008 (Actual)	2007 (Actual)
b. Creditable tax ratio	19.71%	17.60%

E) Undistributed retained earnings:

	September 30, 2009	September 30, 2008
On or after January 1, 1998		
a. Earnings not subjected to 10% income tax	$ 292,059	$ 248,866
b. Earnings subjected to 10% income tax	81,201	3,301
	$ 373,260	$ 252,167

F) The Company and its subsidiaries' assessed and approved income tax returns are as follows:

(a) As of September 30, 2009, the Company′s income tax returns through 2003 have been assessed and approved by the Tax Authority.

(b) The Tax Authority imposed additional tax amounting to $127,204 on the Company's 2002 income tax return. The Company paid $4,050 and contested the remaining balance imposed by the Tax Authority. The Company filed for re-examination in February 2006. The re-examination is still pending as of the report date.

(c) The Tax Authority imposed additional tax amounting to $3,958 on the Company's 2003 income tax return. The Company filed for re-examination in June 2009. The re-examination is still pending as of the report date.

G) As of September 30, 2009, in accordance with the "Statute for Upgrading Industries", the Company and its domestic subsidiaries had investment tax credits in the amount of $55,814 to offset against taxable income for the next four years. The details are as follows:

Deductible items	Total credits	Unused balance	Year of expiration
Research and development expenditures	$ 79,100	$ 51,943	2009~2013
Machinery and equipment	1,854	1,854	2009~2013
Employees training	2,017	2,017	2012~2013
	$ 82,971	$ 55,814	

H) As of September 30, 2009, in accordance with the "Income Tax Law", the Company and its domestic subsidiaries had loss carryforwards in the amount of $129,456 to offset against taxable income for the next four to ten years. The details are as follows:

Deductible items	Total Credits	Unused balance	Year of expiration
Loss carryforwards	$ 647,278	$ 129,456	2013~2019

(13) Accrued pension liability

A) The Company has a non-contributory and funded defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees before the implementation of the Labor Pension Act on July 1, 2005. Under the defined benefit plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter with a maximum of 45 units. Retirement benefits are based on the number of units accrued and the average monthly salaries and wages of the last six months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan under the name of the independent retirement fund committee. For the nine-month periods ended September 30, 2009 and 2008, net pension costs recognized by the Company and its domestic subsidiaries under the defined benefit plan amounted to $3,379 and $1,073, respectively. The balance of the retirement fund deposited with Bank of Taiwan was $41,349 and $35,521 as of September 30, 2009 and 2008, respectively. The fund balances are not reflected in the consolidated financial statements.

B) Gamania Digital Entertainment (Japan) Co., Ltd., Gamania Korea Co., Ltd. and Gamania Digital Entertainment (H.K.) Co., Ltd. provide pension reserves annually for their employees in accordance with the local regulations. The net pension costs were $2,249 and $1,780 for the nine-month periods ended September 30, 2009 and 2008, respectively.

C) Gamania Digital Entertainment (Beijing) Co., Ltd. provides an old-age pension and insurance monthly based on 20% of the employees' salaries and wages in accordance with the local regulations. The net pension and insurance cost was $1,827 and $2,092 for the nine-month periods ended September 30, 2009 and 2008, respectively.

D) Effective July 1, 2005, the Company and its domestic subsidiaries, adopted a defined contribution pension plan (the "New Plan"). Under the New Plan, employees have the option to choose the New Plan. The Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts deposited with the Bureau of Labor Insurance. Benefits accrued under the New Plan are portable when the employees leave the company. The net pension costs recognized by the Company and its domestic subsidiaries under the defined contribution plan for the nine-month periods ended September 30, 2009 and 2008 amounted to $22,048 and $20,489, respectively.

E) Gamania Holdings Ltd., Gamania Asia Investment Co., Ltd., Gamania Digital Entertainment Labuan Holdings, Ltd., Gamania International Holdings Ltd. and Gamania China Holdings Ltd. do not have an employee retirement plan.

(14) Capital reserve

Share premiums from the issuance of new shares and donations may be used to increase capital stock if the Company has surplus in retained earnings. The amount that can be transferred to capital stock each year is limited to 10% of this balance. Other capital reserves can only be used to cover the accumulated deficit when the legal reserve is insufficient to cover the accumulated deficit.

(15) Legal reserve

Pursuant to the R.O.C. Company Law, 10% of the annual after-tax net income of the Company, after covering accumulated losses, shall be appropriated as legal reserve until its total amount equals the issued capital stock. Legal reserve can only be used to cover accumulated losses or to increase capital. Legal reserve can be used to increase capital only if the accumulated amount of legal reserve is more than 50% of paid-in capital, and the amount is limited to 50% of its balance.

(16) Retained earnings

A) As stipulated in the Company's Articles of Incorporation, the current earnings, if any, shall be distributed in the following order:

a. Pay for taxes and duties.

b. Covering prior years' accumulated deficit, if any.

c. After deducting items a and b, 10% of the remaining amount is appropriated as legal reserve.

d. In addition to the amount appropriated for legal reserve, the Company may appropriate an amount equal to the negative items in the stockholders' equity from retained earnings as special reserve.

e. Interest on capital.

f. After deducting items a to e, 10%～15% of the remaining earnings is appropriated as employees' bonuses and up to 2% as remuneration to directors and supervisors.

g. The remaining amount is to be distributed to stockholders in accordance with the resolution adopted at the stockholders' meeting.

B) The Taiwan imputation tax system requires that any undistributed current earnings of a company derived on or after January 1, 1998 be subject to an additional corporate income tax if the earnings are not distributed in the following year's shareholders' meeting. This 10% additional tax on undistributed earnings paid by the company may be used as tax credit by shareholders, including foreign shareholders, against the withholding tax on dividends. In addition, the domestic shareholder can claim a proportionate share in the company's corporate income tax as tax credit against its individual income tax liability effective 1998.

C) The Company's stockholders approved to distribute the 2008 and 2007 earnings on June 10, 2009 and June 13, 2008, respectively. Details are summarized below:

	2008 earnings		2007 earnings	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	$ 25,516		$ 37,082	
Stock dividends	-	$ -	7,061	$ 0.0499
Cash dividends	145,807	1.0	268,333	1.9
Directors' and supervisors' remuneration	4,600		6,678	
Employee stock bonuses	-		50,088	
Employee cash bonuses	23,500		-	
	$ 199,423		$ 369,242	

The dividends appropriation for 2008 as stated above was not in agreement with the amount proposed by the Board of Directors on March 23, 2009. The difference mainly resulted from the change in the number of the Company's outstanding shares for the employee stock options that were converted into common shares. As a result, additional dividends of $123 were resolved to be distributed at the stockholders' meeting in 2009.

D) The estimated amounts of employees' bonuses are $25,032 and $21,692, and the estimated amounts of supervisors' remuneration are $5,006 and $ 4,338 for the nine-month periods ended September 30, 2009 and 2008, respectively. The amounts above, constituting 10% and 2%, respectively, of net income after taking into account the legal reserve, are recognized as cost of goods sold and operating expenses for the nine-month periods ended September 30, 2009 and 2008.

The calculation of shares of stock bonus distributed is based on the closing price of the Company's common stock at the previous day of the following year's stockholders' meeting after taking into account the effects of ex-rights and ex-dividends. If the estimated amount is different from the amount approved by the stockholders, the difference is recognized as gain or loss in the following year.

E) For current status of the resolution, please visit the Taiwan Stock Exchange website.

(17) Earnings per share

	For the nine-month period ended September 30, 2009				
	Amount		Weighted average number of outstanding common shares (In thousands of shares)	Earnings per share (in dollars)	
	Before income tax	After income tax		Before income tax	After income tax
Basic earnings per share:					
Net income	$ 393,201	$ 292,059	146,160	$ 2.69	$ 2.00
Dilutive effect:					
Employees' bonus	-	-	439		
Stock options	-	-	5,497		
Diluted earnings per share:					
Net income	$ 393,201	$ 292,059	152,096	$ 2.59	$ 1.92

Effective January 1, 2008, as employees' bonus could be distributed in the form of stock, the diluted EPS computation shall include the estimated shares that would increase from employees' stock bonus issuance in the computation of the weighted-average number of common shares outstanding during the reporting period, taking into account the dilutive effects of stock bonus on potential common shares; whereas, basic EPS shall be calculated based on the weighted-average number of common shares outstanding during the reporting period that include the shares of employees' stock bonus for the appropriation of prior year earnings, which have already been resolved at the stockholders' meeting held in the reporting period. Since capitalization of employees' bonus no longer belongs to distribution of stock dividends, the calculation of basic EPS and diluted EPS for all periods presented shall not be adjusted retroactively. However, the accounting treatment for the appropriation of employees' bonus for 2007 earnings resolved at the stockholders' meeting held in 2008 is still in accordance with the regulations on capitalization of employees' bonus under paragraphs 19 and 39 of R.O.C. SFAS No. 24, "Earnings per Share".

	For the nine-month period ended September 30, 2008				
	Amount		Weighted average number of outstanding common shares (In thousands of shares)	Earnings per share (In dollars)	
	Before income tax	After income tax		Before income tax	After income tax
Basic earnings per share:					
Net income	$ 319,848	$ 248,866	153,652	$ 2.08	$ 1.62
Dilutive effect:					
Employees' bonus	-	-	860		
Stock options	-	-	1,190		
Diluted earnings per share:					
Net income	$ 319,848	$ 248,866	155,702	$ 2.05	$ 1.60

(18) Treasury stock

Changes in the treasury stock for the nine-month periods ended September 30, 2009 and 2008 are set forth below (in thousands of shares):

A)

Purpose	For the nine-month period ended September 30, 2009			
	Beginning shares	Additions	Disposals	Ending shares
Employee stock options	13,099	-	-	13,099

Purpose	For the nine-month period ended September 30, 2008			
	Beginning shares	Additions	Disposals	Ending shares
Employee stock options	6,887	5,295	-	12,182

B) The maximum and ending balances of treasury stock for the nine-month periods ended September 30, 2009 and 2008 are as follows:

September 30, 2009		September 30, 2008	
Maximum balance	Ending balance	Maximum balance	Ending balance
$ 370,182	$ 370,182	$ 356,354	$ 356,354

C) According to the R.O.C. Securities and Exchange Act, the percentage of the number of shares of treasury stocks shall not exceed 10% of the total shares of common stocks issued by the Company and the total amount of treasury stock shall not exceed the total amount of retained earnings, paid-in capital in excess of par value, and realized capital reserve.

D) According to the R.O.C Securities and Exchange Act, treasury stocks held by the Company shall not be pledged, and shall bear no right of shareholders until reissued. According to the R.O.C. Securities and Exchange Act, treasury shares for the purpose of enhancing the Company's credit and shareholders' equity not reissued within six months shall be retired and treasury stocks for all other purposes shall be reissued within three years from the month of acquisition.

(19) Employee stock option plan

A) On December 25, 2003 and November 14, 2007, the board of directors approved the employee stock option plans which provide for the issuance of 10,000,000 units and 12,000,000 units of options, respectively, that can be converted to one share of common stock per unit. When the contributed capital changes as a result of the issuance of new shares of common stock, the option price will be adjusted based on a predetermined formula. The Company has issued the employee stock options on February 10, 2004 and December 17, 2007. The stock option has an exercise period of six years. Employees will be able to exercise these options after two years in accordance with the procedures of the employee stock option plan.

B) The board of directors approved the employee stock option plan which provides for the issuamce of 5,000,000 units of options on December 24, 2008. The plan has been reported to the Financial Supervisory Commission (the Administration) on December 31, 2008 and became effective since January 12, 2009. The Company expects to issue all or part of the stock options depending on actual demand during the year. As of the report date, no unit of employee stock options has been issued by the Company.

C) The units and weighted average exercise price of the stock options for the nine-month periods ended September 30, 2009 and 2008 were as follows:

	For the nine-month periods ended September 30,			
	2009		2008	
Stock Options	Units (in thousands)	Weighted-average exercise price (in dollars) (Note)	Units (in thousands)	Weighted-average exercise price (in dollars) (Note)
Beginning balance	16,297	$ 26.16	16,718	$ 29.21
Number of options granted	-	-	-	-
Adjustment due to issuance of stock dividends	-	-	-	-
Exercised	(1,712)	-	-	-
Cancelled	(647)	-	(330)	-
Ending balance	13,938	25.32	16,388	26.15
Exercisable at the end of the period	2,873		4,653	
Authorized but unissued at the end of the period	5,000		-	

Note: The exercise price has been adjusted in accordance with the terms of the plan.

D) As of September 30, 2009 and 2008, the details of outstanding stock options are as follows:

	For the nine-month period ended September 30, 2009				
	Outstanding stock options			Exercisable stock options	
Exercise price (in dollars)	Units (in thousands)	Weighted-average remaining life (year)	Weighted-average exercise price (in dollars)	Units (in thousands)	Weighted-average exercise price (in dollars)
$ 27.30	2,873	0.333	$ 27.30	2,873	$ 27.30
$ 24.80	11,065	4.167	$ 24.80	-	-

	For the nine-month period ended September 30, 2008				
	Outstanding stock options			Exercisable stock options	
Exercise price (in dollars)	Units (in thousands)	Weighted-average remaining life (year)	Weighted-average exercise price (in dollars)	Units (in thousands)	Weighted-average exercise price (in dollars)
$ 28.30	4,653	1.333	$ 28.30	4,653	$ 28.30
$ 25.30	11,735	5.167	$ 25.30	-	-

E) The pro forma information as if the "fair-value method" has been adopted is as follows:

(a) Model: The Black-Scholes model

(b) Assumptions:

Black-Scholes model assumptions	2007 Stock Options	2004 Stock Options
Dividend yield	0%	0%
Volatility (Note 1)	43.58%	62.02%
Risk-free interest rate	2.65%	1.95%
Expected life of the options	4.3 years	6 years
Exercise price (Note 2)	$ 24.8 (in dollars)	$ 27.3 (in dollars)
Amortization period	2～3 years	2～3 years

Note 1: The Company started trading in OTC on May 21, 2002, so it adopted the stock price from May 21, 2002 to February 10, 2004 (the date options were given). Also, the stock prices mentioned above considered the effect of earnings distribution every year.

Note 2: Exercise price of the stock options mentioned above considered the effect of earnings distribution and was readjusted to $24.8 and $27.3, respectively.

(c) Result of evaluation:

	For the nine-month period ended September 30, 2009	
	2007 stock options	2004 stock options
Weighted average fair value of options granted to employees	$ 10.95 (in dollars)	$ 17.4656 (in dollars)
Compensation cost under "fair value method"	$ 35,106	$ -

	For the nine-month period ended September 30, 2008	
	2007 stock options	2004 stock options
Weighted average fair value of options granted to employees	$ 10.95 (in dollars)	$ 17.4656 (in dollars)
Compensation cost under "fair value method"	$ 40,104	$ -

(d) Pro forma information:

		For the nine-month period ended September 30, 2009		For the nine-month period ended September 30, 2008	
Equity holders of the Company	Net income	$ 292,059		$ 248,866	
	Pro forma net income	256,953		208,762	
Basic earnings per share (EPS)	EPS	2.00	(in dollars)	1.62	(in dollars)
	Pro forma EPS	1.76	(in dollars)	1.36	(in dollars)
Diluted earnings per share	EPS	1.92	(in dollars)	1.60	(in dollars)
	Pro forma EPS	1.69	(in dollars)	1.34	(in dollars)

(20) Personnel, depreciation and amortization expenses

	For the nine-month period ended September 30, 2009		
	Operating costs	Operating expenses	Total
Personnel expenses			
Salaries	$ 74,157	$ 589,690	$ 663,847
Labor and health insurances	3,957	46,846	50,803
Pension	912	28,591	29,503
Others	976	37,570	38,546
	$ 80,002	$ 702,697	$ 782,699
Depreciation	$ 50,385	$ 63,359	$ 113,744
Amortization	$ 146,668	$ 63,234	$ 209,902

	For the nine-month period ended September 30, 2008		
	Operating costs	Operating expenses	Total
Personnel expenses			
Salaries	$ 49,465	$ 462,584	$ 512,049
Labor and health insurances	2,593	35,996	38,589
Pension	721	24,713	25,434
Others	1,410	32,429	33,839
	$ 54,189	$ 555,722	$ 609,911
Depreciation	$ 54,166	$ 54,070	$ 108,236
Amortization	$ 81,692	$ 21,975	$ 103,667

5. RELATED PARTY TRANSACTIONS

(1) Names and relationship of related parties

Names of related parties	Relationship with the Company
Nexon Corporation (Nexon)	(Note 1)
Playcoo Co. (Playcoo)	A subsidiary of the Company (Note 2)
Taiwan e-sports Co. Ltd.	Investee company accounted for under the equity method
Gamania Cheer Up Foundation	Same chairman

Note 1: Nexon held more than 20% of the Company's voting shares which were accounted for under the equity method from December 2008 to June 23, 2009. Thereafter, Nexon disposed some of the Company's shares, which resulted to the decrease in Nexon's equity interest in the Company to below 20%. As Nexon had no ability to exercise significant influence on the Company's operational decisions and thus no longer considered as the Company's related party, the relevant transaction information between the Company and Nexon are disclosed until June 23, 2009.

Note 2: The Company's ownership in Playcoo Co. increased to 73.32% in March 2008, therefore it became the Company's subsidiary in 2008.

(2) Significant transactions with related parties

A) License fees

	For the nine-month periods ended September 30,			
	2009		2008	
	Amount	% of operating cost	Amount	% of operating cost
Nexon	$ 436,792	31	$ -	-
Playcoo	-	-	1,395	-
	$ 436,792	31	$ 1,395	-

The above represents payment for license fees as agent of the on-line game. The license fees are negotiated based on different factors.

B) Advertising expense

	For the nine-month periods ended September 30,			
	2009		2008	
	Amount	% of advertising expense	Amount	% of advertising expense
Taiwan e-sports	$ 1,000	-	$ -	-

Advertising expenses are paid to the related party for providing advertisements. The terms and prices of advertising were negotiated based on different factors.

C) Donation

	For the nine-month periods ended September 30,			
	2009		2008	
	Amount	% of donation	Amount	% of donation
Gamania Cheer Up Foundation	$ 4,000	21	$ 3,000	61

D) Other revenues

	For the nine-month periods ended September 30,			
	2009		2008	
	Amount	% of net other revenues	Amount	% of net other revenues
Taiwan e-sports	$ 549	7	$ -	-

6. DETAILS OF PLEDGED OR RESTRICTED ASSETS

Assets	September 30, 2009	September 30, 2008	Purpose
Cash in bank (shown in other financial assets - current)	$ 2,000	$ 3,000	Short-term loans
Land	147,751	57,497	Long-term loans / Short-term loans
Buildings	135,341	41,195	〃
	$ 285,092	$ 101,692	

7. COMMITMENTS AND CONTINGENT LIABILITIES

A) As of September 30, 2009, the total future rental payments for the next 4 years under non-cancelable operating lease agreements for the lease of the Group's office building, networking device and the lease of the server warehouse from Chunghwa Telecom Co., Ltd. are $72,230.

B) The Company contracted the use of cable lines, T1 and T3, with rental charges based on utilization. In addition, the Company contracted with several on-line game vendors and will pay royalty based on actual usage.

C) As stated in Note 4(12), the Tax Authority imposed additional tax amounting to $127,204 on the Company's 2002 income tax return. The Company reassessed the 2002 income tax return and deemed its additional liability to be $4,050. The Company filed for re-examination in February 2006 to contest the balance of tax and penalties.

D) As stated in Note 4(12), the Tax Authority imposed additional tax amounting to $3,958 on the Company's 2003 income tax return. The Company filed for re-examination in June 2009 to contest the balance of tax and penalties.

E) For the period from January 1, 2009 to December 31, 2009, First Commercial Bank provided guarantee for merchandise transactions on behalf of the Company to Wisdom Distribution Service Corporation. The Company guarantees that if the amount of sales to Wisdom Distribution Service Corporation is lower than the amount of sales returns, the Company should pay the guarantee of $4,000 to First Commercial Bank and Wisdom Distribution Service Corporation would get implicative guarantee from First Commercial Bank.

F) For the period from January 1, 2009 to December 31, 2009, First Commercial Bank provided guarantee for merchandise transactions on behalf of the Company to Vision Distribution Service Corporation. The Company guarantees that if the amount of sales to Vision Distribution Service Corporation is lower than the amount of sales returns, the Company should pay the guarantee of $900 to First Commercial Bank and Vision Distribution Service Corporation would get implicative guarantee from First Commercial Bank.

8. MAJOR CATASTROPHE

None.

9. SUBSEQUENT EVENTS

None.

10. OTHERS

(1) Financial statement presentation

Certain accounts in the September 30, 2008 consolidated financial statements were reclassified to conform with the September 30, 2009 consolidated financial statement presentation.

(2) The fair values of the financial instruments

	September 30, 2009			September 30, 2008		
		Fair value			Fair value	
	Book value	Quotations in an active market	Estimated value	Book value	Quotations in an active market	Estimated value
Financial instruments						
Non-derivative financial instruments						
Assets						
Financial assets with fair values equal to book values	$2,174,752	(Note A)	$2,174,752	$2,016,780	(Note A)	$2,016,780
Financial assets carried at cost	114,294		-	114,294		-
Refundable deposits	36,231		36,231	32,801		32,801
Liabilities						
Financial liabilities with fair values equal to book values	$ 984,058	(Note A)	$ 984,058	$ 972,743	(Note A)	$ 972,743
Long-term loans	34,412		32,252	18,304		17,328
Guarantee deposits	380		380	380		380

The methods and assumptions used to estimate the fair values of the financial instruments are summarized below:

A) For short-term instruments, the book value is approximate to the fair value because of their short-term maturities. This applies to cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets-current, short-term loans, notes and accounts payable, accrued expenses, other payables, current portion of long-term loans and other current liabilities.

B) The fair value of long-term loans is based on the present value of expected cash flow amounts. The discount rate was another instrument which the Company could acquire similar terms at about 2.225%.

C) The fair values of refundable deposits and guarantee deposits are the book value since the amounts are insignificant.

D) Off-balance sheet financial instruments with credit risk:

	September 30, 2009	September 30, 2008
Guarantee for loans of subsidiaries	$ 136,000	$ 40,000

According to the Company's credit policy, guarantees can be provided for the loans borrowed by the subsidiaries in which the Company directly or indirectly holds more than 50% voting rights and over which the Company can exercise controlling power. No collaterals have been requested from these subsidiaries as the Company is able to monitor its credit standing. Should these subsidiaries default, the losses that would be incurred by the Company approximates the amount of the guarantee provided by the Company.

(3) Procedure of financial risk control and hedge

The Group's activities expose it to a variety of financial risks, including market risk, credit risk, liquidity risk and cash flow interest rate risk.

The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Group's risk management program considers the effect of economic environment, competition and market value risk. The Group attains to the best risk position, holds appropriate liquidity position and centers on management of all the market risks.

To reach the objective of risk management, the Group's hedged activities are focused on the market value risk and the cash flow risk.

(4) Information of financial risk

A) Financial instruments of equity: Financial assets carried at cost – non-current

(A) Market risk

Investments in equity-type financial instruments are affected by changes in market prices. However, the Group can monitor market driven changes and establish stop-loss points when appropriate, so anticipated market risk is not significant.

(B) Credit risk

The Group has evaluated credit standing of the counterparties and does not expect any non-fulfillment of the terms of the contract, so the chance of credit risk is low.

(C) Liquidity risk

The Group conducts transactions for investing in financial instruments at fair value through profit or loss only with counterparties with good credit conditions and those transactions are undertaken through securities underwriters. Accordingly, the possibility of default by counterparties is remote.

The Group has assessed the credit conditions of counterparties before making investments in financial assets carried at cost; accordingly, the possibility of default by counterparties is remote.

(D) Cash flow interest rate risk

As the Group has no significant interest-bearing assets, cash flows are substantially independent of changes in market interest rates.

B) Receivables: Notes receivable, Accounts receivable and Other receivables

(A) Market risk

The Group's receivables are due within one year, so the Group expects no significant market risk.

(B) Credit risk

The debtors of the Group have good credit standing, so the Group expects no significant credit risk.

(C) Liquidity risk

The Group's receivables are due within one year, so the Group expects no significant liquidity risk.

(D) Cash flow interest rate risk

The Group's receivables are due within one year, so the Group expects no significant cash flow interest risk.

C) Loans: Short-term loans and long-term loans (including current portion of long-term loans)

(A) Market risk

As interest rate of the loans for working capital is floating, the Group expects no significant market risk.

(B) Credit risk

None.

(C) Liquidity risk

The working capital of the Group is sufficient to cover the loans, so it expects no significant liquidity risk.

(D) Cash flow interest risk

As floating interest for loans is adopted by the Group, effective interest will vary with fluctuations in market interest and it will change future cash flows.

(5) For the nine-month periods ended September 30, 2009 and 2008, the Group donated cash amounting to $19,331 and $4,968, respectively, to charities, and educational institutions that are accredited by the government, without significant appointed considerations.

11. DISCLOSURE INFORMATION

(1) Related information of significant transactions

A) Financing activities to any company or person: None.

B) Guarantee for any other company or person:

Unit: Thousands of New Taiwan Dollars

Company or investee companies		Parties being guaranteed		Limit of guarantee for each party (Note 4)	Maximum outstanding guarantee amount for the nine-month period ended September 30, 2009	Outstanding guarantee amount at September 30, 2009	Amount of guarantee with collateral placed	Ratio of accumulated guarantee amount to net value of the Company	Maximum amount available for guarantee (Note 3)
Number (Note 1)	Name	Name	Relationship with the Company (Note 2)						
0	The Company	Gamania Digital Entertainment (Japan) Co., Ltd.	3	$ 476,718 (30% of the Company's capital)	$ 66,000	$ 66,000	None	2.63%	$1,589,059
0	The Company	Taiwan Index Co., Ltd.	2	$ 476,718 (30% of the Company's capital)	$ 70,000	$ 70,000	None	2.79%	$1,589,059

Note 1: Number 0 represents the Company.

Note 2: Number 2 means the Company directly owns over 50% of the shares of the subsidiary.

Number 3 means the Company and the subsidiary own over 50% of the shares of the investee company.

Note 3: In accordance with the Company's policy, the total guarantee amount of the Company shall not exceed the Company's capital.

Note 4: The Company provides guarantee for the subsidiaries in which the Company directly or indirectly holds more than 50% voting rights. The limit of guarantee for each party is 30% of the Company's capital, and the maximum amount available for guarantee is the Company's capital.

C) Marketable securities held at September 30, 2009:

Unit: Thousands of New Taiwan Dollars / Thousands of Shares

Company	Type of marketable securities (Note (1))	Name of marketable securities	Relationship of the issuers with the security holders	General ledger account	September 30, 2009				
					Number of shares	Book value	Percentage	Market value (Note (2))	Note
The Company	Common Stock	Gamania Holdings Ltd.	Subsidiary	Long-term investment	33,318	$ 419,893	100%	$ 419,893	Note (3)
〃	〃	Gamania Korea Co., Ltd.	〃	〃	802	19,870	100%	19,870	〃
〃	〃	Alibangbang Digital Games Co., Ltd.	〃	〃	12,423	14,102	99.38%	12,211	〃
〃	〃	Taiwan Index Co., Ltd.	〃	〃	8,044	43,264	72.08%	43,264	〃
〃	〃	Gamania Asia Investment Co., Ltd.	〃	〃	13,945	134,111	100%	134,111	〃
〃	〃	Gamania Digital Entertainment Labuan Holdings, Ltd.	〃	〃	10	109	100%	109	〃
〃	〃	Fundation Digital Entertainment CO., Ltd.	〃	〃	9,000	15,426	100%	15,426	〃
〃	〃	Playcoo Co.	〃	〃	13,996	116,995	75.25%	45,699	〃
〃	〃	Redgate Games Co., Ltd.	〃	〃	3,000	11,485	100%	11,485	〃
〃	〃	Seedo Games., Ltd.	〃	〃	3,000	9,227	100%	9,227	〃
〃	〃	Taiwan e-sports Co., Ltd.	Investee company accounted for under the equity method	〃	2,000	2,503	36.36%	2,503	None
〃	〃	NC Taiwan Co., Ltd.	Investee company accounted for under financial assets carried at cost	Financial assets carried at cost - non-current	2,100	22,841	15%	22,841	〃

Note (1): Marketable securities consist of stocks, bonds, beneficiary certificates and other derivative instruments.

Note (2): The market value of listed equity securities and closed-end mutual funds is determined based on closing price and net asset value of funds, respectively at the balance sheet date. The market value of open-end mutual funds is determined based on the net asset par value at the balance sheet date.

Note (3): The transaction has been eliminated in the consolidated financial statements.

D) Marketable securities acquired or sold during the nine-month period ended September 30, 2009 in excess of $100,000 or 20% of capital :

Unit: Thousands of New Taiwan Dollars / Thousands of Shares

Investor	Type and name of marketable securities	General ledger account	Name and relationship of counterparty	Beginning balance (Note)		Addition		Disposal			Disposal gain	Ending balance (Note)	
				Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Cost		Number of shares	Amount
The Company	Mega Diamond Bond Fund	Financial asset held for trading-bond funds	Initial investment at inception/None	-	-	15,954	$ 190,000	15,954	$ 190,088	$ 190,000	$ 88	-	-
〃	Jih Sun Bond	〃	〃	-	-	7,810	110,000	7,810	110,041	110,000	41	-	-
〃	ING Taiwan Bond	〃	〃	-	-	10,243	120,000	10,243	120,035	120,000	35	-	-
〃	En Trust Phoenix Bond Fund	〃	〃	-	-	6,428	100,000	6,428	100,015	100,000	15	-	-

Note: Original investment cost.

E) Acquired real estate in excess of $100,000 or 20% of capital: None.

F) Disposal of real estate in excess of $100,000 or 20% of capital: None.

G) Sales to or purchases from related parties in excess of $100,000 or 20% of capital: None.

H) Receivable from related parties in excess of $100,000 or 20% of capital: None.

I) Information on derivative transaction: None.

(2) Information of investee companies

A) Information of investee companies:

(The information about investee companies were based on unreviewed financial statements.)

Unit: Thousands of New Taiwan Dollars / Thousands of Shares

Company	Name of investee	Location	Main operating activities	Original investment cost		Held by the Company			Income (loss) incurred by the investee	Investment income (loss) recognized by the Company	Note
				2009.9.30	2008.12.31	Number of shares	Percentage	Book value			
The Company	Gamania Holdings Ltd.	P.O. Box 30592 SMB, Cayside, 2nd Floor, Harbour Drive, Grand Cayman, Cayman Islands, British West Indies	Investment holdings	$1,126,421	$1,076,728	33,318	100%	$419,893	$ 56,419	$ 56,419	Subsidiary (Note 3)
〃	Gamania Korea Co., Ltd.	3F, NO.75-6 Soodang B/D, Samsung-Dong Kang Nam-Gu, Seoul Korea	Design and sales of software	224,672	189,255	802	100%	19,870	(24,607)	(24,607)	〃
〃	Alibangbang Digital Games Co., Ltd.	18F, No. 736 Chang-Cheng Rd., Chung-Ho City, Taipei County, Taiwan	Design and research and development of software	230,000	210,000	12,423	99.38%	14,102	(34,787)	(34,544)	〃
〃	Taiwan Index Co., Ltd.	〃	Software services and sales	211,433	211,433	8,044	72.08%	43,264	(29,936)	(23,456) (Note 1)	〃
〃	Gamania Asia Investment Co., Ltd.	〃	Investment holdings	190,000	190,000	13,945	100%	134,111	(7,579)	(7,579)	〃
〃	Gamania Digital Entertainment Labuan Holdings, Ltd.	Level 15(A), Main Office Tower, Financial Park Labuan, 87000 Labuan, Jalan Merdeka, 87000 Labuan, FT, Malaysia	Investment holdings	329	329	10	100%	109	(209)	(209)	〃
〃	Fundation Digital Entertainment CO., Ltd.	18F, No. 736 Chang-Cheng Rd., Chung-Ho City, Taipei County, Taiwan	Sales and publishing of magazines and periodicals	90,000	70,000	9,000	100%	15,426	(24,890)	(24,890)	〃
〃	Playcoo Co.	18F, No. 736 Chang-Cheng Rd., Chung-Ho City, Taipei County, Taiwan	Design and research and development of software	152,554	152,554	13,996	75.25%	116,995	32,561	11,918 (Note 2)	〃

Note 1: Including write-off of unrealized gain amounting to $1,879.

Note 2: Including amortization of subsidiary's patent amounting to ($12,584).

Note 3: The transaction has been eliminated in the consolidated financial statements.

Unit: Thousands of New Taiwan Dollars / Thousands of Shares

Company	Name of investee	Location	Main operating activities	Original investment cost		Held by the Company			Income (loss) incurred by the investee	Investment income (loss) recognized by the Company	Note
				2009.9.30	2008.12.31	Number of shares	Percentage	Book value			
The Company	Redgate Co., Ltd.	18F, No. 736 Chang-Cheng Rd., Chung-Ho City, Taipei County, Taiwan	Design and research and development of software	$ 30,000	$ -	3,000	100%	$ 11,485	($ 18,515)	($ 18,515)	Subsidiary (Note 2)
〃	Seedo Games Co., Ltd.	〃	〃	30,000	-	3,000	100%	9,227	(20,773)	(20,773)	〃
〃	Taiwan e-sports Co., Ltd.	9F, No.176 Chung Hsiao East Rd. Section 4, Taipei City, Taiwan	Supply of software services and electronic information	20,000	10,000 (Note 1)	2,000	36.36%	2,503	(23,380)	(5,723)	Investee company accounted for under the equity method
Gamania Asia Investment Co., Ltd.	Taiwan Index Co., Ltd.	18F, No. 736 Chang-Cheng Rd., Chung-Ho City, Taipei County, Taiwan	Software services and sales	80,625	80,625	3,036	27.20%	16,770	(29,936)	(8,142)	Investee company accounted for under the equity method (Note 2)
Gamania Holdings Ltd.	Gamania International Holdings Ltd.	P.O. Box 30592 SMB, Cayside, 2nd Floor, Harbour Drive, Grand Cayman, Cayman Islands, British West Indies	Investment holdings	USD 33,318 thousand	USD 31,818 thousand	33,318	100%	USD 13,088 thousand	USD 1,704 thousand	USD 1,704 thousand	Subsidiary (Note 2)
Gamania International Holdings Ltd.	Gamania Digital Entertainment (Japan) Co., Ltd.	Sumitomo Ooimachi Bldg. (North) 4F, 1-20-6, Ooi, Shinagawa-Ku, Tokyo, Japan 140-0014	Design and sales of software; sales of hardware	USD 14,298 thousand	USD 14,298 thousand	3	100%	USD 5,224 thousand	USD 976 thousand	USD 976 thousand	〃
Gamania International Holdings Ltd.	Gamania China Holdings Ltd.	P.O. Box 30592 SMB, Cayside, 2nd Floor, Harbour Drive, Grand Cayman, Cayman Islands, British West Indies	Investment holdings	USD 21,094 thousand	USD 19,594 thousand	21,094	94.25%	USD 7,885 thousand	USD 778 thousand	USD 731 thousand	〃
Gamania China Holdings Ltd.	Gamania Sino Holdings Ltd.	Fourth Floor, One Capital Place P.O. Box 874GT, Grand Cayman, Cayman Islands, British West Indies	Investment holdings	USD 19,720 thousand	USD 17,820 thousand	19,720	100%	USD 937 thousand	(USD 1,446 thousand)	(USD 1,446 thousand)	〃

Note 1: Including prepayment of $5,000 for long-term investment.

Note 2: The transaction has been eliminated in the consolidated financial statements.

Unit: Thousands of New Taiwan Dollars / Thousands of Shares

Company	Name of investee	Location	Main operating activities	Original investment cost		Held by the Company			Income (loss) incurred by the investee	Investment income (loss) recognized by the Company	Note
				2009.9.30	2008.12.31	Number of shares	Percentage	Book value			
Gamania Sino Holdings Ltd.	Gamania Digital Entertainment (Beijing) Co., Ltd.	Rm. 811, 8F, Building A, GEM Techcenter, No. 9, 3rd street of Shangdi, Beijing 100085 China	Design and sales of software	USD 15,800 thousand	USD 14,300 thousand	N/A	100%	USD 552 thousand	(USD 1,302 thousand)	(USD 1,302 thousand)	Subsidiary (Note)
Gamania China Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	Flat 504-507, 5F, Conic Investment Building, 13 Hok Yuen Street, Hung, Hom, Kowloon, Hong Kong	Design and sales of software	USD 3,009 thousand	USD 3,009 thousand	35,500	100%	USD 6,723 thousand	USD 2,224 thousand	USD 2,224 thousand	Subsidiary (Note)

Note : The transaction has been eliminated in the consolidated financial statements.

B) Financing activities to any company or person: None.

C) Guarantee information: None.

D) Marketable securities held at September 30, 2009:

Issuer	Type of marketable securities (Note (1))	Name of marketable securities	Relationship with the security holders	General ledger account	September 30, 2009 Number of shares (Note (3))	Book value	Percentage	Market value (Note (2))	Note
Gamania Holdings Ltd.	Common Stock	Gamania International Holdings Ltd.	Subsidiary	Long-term investments – accounted for under the equity method	33,318	USD 13,088 thousand	100%	USD 13,088 thousand	Note (4)
Gamania International Holdings Ltd.	〃	Gamania Digital Entertainment (Japan) Co., Ltd.	〃	〃	3	USD 5,224 thousand	100%	USD 5,224 thousand	〃
Gamania International Holdings Ltd.	〃	Gamania China Holdings Ltd.	〃	〃	21,094	USD 7,885 thousand	94.25%	USD 7,885 thousand	〃
Gamania China Holdings Ltd.	〃	Gamania Digital Entertainment (H.K.) Co., Ltd.	〃	〃	35,500	USD 6,723 thousand	100%	USD 6,723 thousand	〃
Gamania China Holdings Ltd.	〃	Gamania Sino Holdings Ltd.	〃	〃	19,720	USD 937 thousand	100%	USD 937 thousand	〃
Gamania Sino Holdings Ltd.	〃	Gamania Digital Entertainment (Beijing) Co., Ltd.	〃	〃	N/A	USD 552 thousand	100%	USD 552 thousand	〃
Gamania Asia Investment Co., Ltd.	〃	Taiwan Index Co., Ltd.	Investee company accounted for under the equity method	〃	3,036	16,770	27.20%	16,770	〃
Gamania Asia Investment Co., Ltd.	〃	Nice Finance Co., Ltd.	Investee company accounted under financial assets carried at cost	Financial assets carried at cost	9,383	91,453	14.60%	91,453	None

Note (1): Marketable securities consist of stocks, bonds, beneficiary certificates and other derivative instruments.

Note (2): The market value of listed equity securities and closed-end mutual funds is determined based on closing price and net asset value of funds at the balance sheet date, respectively. The market value of open-end mutual funds is determined based on the net asset par value at the balance sheet date.

Note (3): Unit: In thousand shares

Note (4): The transaction has been eliminated in the consolidated financial statements.

E) Marketable securities acquired or sold during the nine-month period ended September 30, 2009 in excess of $100,000 or 20% of capital: None.

F) Acquired real estate in excess of $100,000 or 20% of capital: None.

G) Disposal of real estate in excess of $100,000 or 20% of capital: None.

H) Sales to or purchases from related parties in excess of $100,000 or 20% of capital: None.

I) Receivable from related parties in excess of $100,000 or 20% of capital: None.

J) Information on derivative transactions: None.

(3) DISCLOSURE OF INFORMATION ON INVESTMENT IN MAINLAND CHINA

A)

Name of investee in Mainland China	Main activities	Capital	Investment method	Accumulated investment as of January 1, 2009	Remitted or received investment amount during the period		Accumulated investment as of September 30, 2009	Direct and indirect percentage of ownership	Investment loss recognized during the period (Note (3))	Balance of investment at September 30, 2009	Accumulated investment income received as of September 30, 2009
					Remitted	Received					
Gamania Digital Entertainment (Beijing) Co., Ltd.	Design and sales of software	(RMB 126,313 thousand) $596,469	(Note 2)	(USD 12,170 thousand) $392,361	(USD 1,500 thousand) $48,360	$ -	(USD 13,670 thousand) $440,721	94.25%	(USD 1,224 thousand) ($40,764)	(USD 520 thousand) $16,765	$ -

Accumulated amount of investment in Mainland China as of September 30, 2009	Related investment amount approved by FIA	Upper limit of investment in Mainland China
$ 440,721(USD 13,670 thousand)	$ 547,435 (Note 1)	$ 1,522,030

Note 1: Related total investment amount approved by FIA is USD 16,980,000 or NTD 547,435 thousand based on 32.24 exchange rate.

Note 2: Investment through a holding company registered in a country other than Taiwan or Mainland China.

Note 3: Investment loss recognized in the period is calculated based on the percentage of indirect ownership using the financial statements of the investee, which were unreviewed.

B) The Company has no significant transactions with the holding company or its subsidiaries in Mainland China.

C) The transaction has been eliminated in the consolidated financial statements.

(4) The relationship and significant transactions between the Company and its subsidiaries

For the nine-month period ended September 30, 2009

Number (Note (1))	Name of counterparty	Name of transaction parties	Relationship (Note (2))	Transaction terms: Subject	Amount	Transaction terms	Percentage of total combined revenue or total assets (Note (3))
0	Gamania Digital Entertainment Co., Ltd.	Playcoo Co.	1	License costs	$ 13,742	Note (4)	-%
0	〃	Taiwan Index Co., Ltd.	1	Purchases	67,413	Note (4)	2%
0	〃	Taiwan Index Co., Ltd.	1	Rent revenue	6,132	Note (4)	-%
0	〃	Taiwan Index Co., Ltd.	1	Advertising expense	19,343	Note (4)	-%
0	〃	Gamania Digital Entertainment (H.K.) Co., Ltd.	1	Other receivables	15,478	Note (4)	-%
0	〃	Taiwan Index Co., Ltd.	1	Other receivables	9,718	Note (4)	-%
0	〃	Gamania Digital Entertainment (Beijing) Co., Ltd.	1	Other receivables	5,605	Note (4)	-%
0	〃	Taiwan Index Co., Ltd.	1	Other payables	41,748	Note (4)	1%
1	Playcoo Co.	Gamania Digital Entertainment Co., Ltd.	2	License revenue	13,742	Note (4)	-%
1	〃	Gamania Digital Entertainment (Japan) Co., Ltd.	3	License revenue	64,516	Note (4)	2%
1	〃	Gamania Digital Entertainment Labuan Holding, Ltd.	3	Accounts receivable	13,466	Note (4)	-%
2	Taiwan Index Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Sales revenue	67,413	Note (4)	2%
2	〃	Gamania Digital Entertainment Co., Ltd.	2	Advertising revenue	19,343	Note (4)	-%
2	〃	Gamania Digital Entertainment Co., Ltd.	2	Operating costs	5,856	Note (4)	-%
2	〃	Gamania Digital Entertainment Co., Ltd.	2	Rent expense	276	Note (4)	-%
2	〃	Gamania Digital Entertainment Co., Ltd.	2	Accounts receivable	41,748	Note (4)	1%
2	〃	Gamania Digital Entertainment Co., Ltd	2	Accounts payable	9,718	Note (4)	-%
3	Gamania Digital Entertainment (H.K.) Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	15,478	Note (4)	-%
4	Gamania Digital Entertainment (Beijing) Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	5,605	Note (4)	-%
5	Gamania Digital Entertainment (Japan) Co., Ltd.	Playcoo Co.	3	License costs	64,516	Note (4)	2%

For the nine-month period ended September 30, 2009 (Continued)

Number (Note (1))	Name of counterparty	Name of transaction parties	Relationship (Note (2))	Transaction terms: Subject	Transaction terms: Amount	Transaction terms: Transaction terms	Transaction terms: Percentage of total combined revenue or total assets (Note (3))
5	Gamania Digital Entertainment (Japan) Co., Ltd.	Gamania Digital Entertainment Labuan Holding, Ltd.	3	Accounts payable	$ 7,256	Note (4)	-%
6	Gamania Digital Entertainment Labuan Holdings, Ltd.	Gamania Digital Entertainment (Japan) Co., Ltd.	3	Accounts receivable	7,256	Note (4)	-%
6	〃	Playcoo Co.	3	Accounts payable	13,466	Note (4)	-%

Note (1): The transaction information of the Company and its consolidated subsidiaries should be noted in column "Number". The number means:

1. Number 0 represents the Company.
2. The consolidated subsidiaries are in order from number 1.

Note (2): The relationships with the transaction parties are as follows:

1. The Company to the consolidated subsidiary.
2. The consolidated subsidiary to the Company.
3. The consolidated subsidiary to another consolidated subsidiary.

Note (3): Ratios of asset/liability accounts are divided by consolidated total assets, and ratios of profit/loss accounts are divided by consolidated sales revenue.

Note (4): There is no similar transaction to compare with. It will follow the agreed price and transaction terms.

Note (5): The disclosure standard reaches above $5,000 for the transaction amount.

For the nine-month period ended September 30, 2008

Number (Note (1))	Name of counterparty	Name of transaction parties	Relationship (Note (2))	Transaction terms: Subject	Amount	Transaction terms	Percentage of total combined revenue or total assets (Note (3))
0	Gamania Digital Entertainment Co., Ltd.	Gamania Digital Entertainment Labuan Holding, Ltd.	1	License revenue	$ 7,009	Note (4)	-%
0	〃	Playcoo Co.	1	Operating costs	9,066	Note (4)	-%
0	〃	Taiwan Index Co., Ltd.	1	Advertising expense	8,731	Note (4)	-%
0	〃	Gamania Digital Entertainment Labuan Holding, Ltd.	1	Accounts receivable	5,476	Note (4)	-%
0	〃	Gamania Digital Entertainment (H.K.) Co., Ltd.	1	Other receivables	6,592	Note (4)	-%
0	〃	Gamania Digital Entertainment (Beijing) Co., Ltd.	1	Other receivables	6,662	Note (4)	-%
0	〃	Playcoo Co.	1	Deferred charges	7,520	Note (4)	-%
0	〃	Taiwan Index Co., Ltd.	1	Other payables	56,928	Note (4)	1%
1	Playcoo Co.	Gamania Digital Entertainment Co., Ltd.	2	Operating revenue	9,066	Note (4)	-%
1	〃	Gamania Digital Entertainment Co., Ltd.	2	Receipts in advance	7,520	Note (4)	-%
2	Taiwan Index Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Advertising revenue	8,731	Note (4)	-%
2	〃	Gamania Digital Entertainment Co., Ltd.	2	Accounts receivable	56,928	Note (4)	1%
3	Gamania Digital Entertainment (H.K.) Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	6,592	Note (4)	-%
4	Gamania Digital Entertainment Labuan Holdings, Ltd.	Gamania Digital Entertainment Co., Ltd.	2	License costs	7,009	Note (4)	-%
4	〃	Gamania Digital Entertainment Co., Ltd.	2	Accounts payable	5,476	Note (4)	-%
5	Gamania Digital Entertainment (Beijing) Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	6,662	Note (4)	-%

Note (1): The transaction information of the Company and its consolidated subsidiaries should be noted in column “Number”. The number means:

1. Number 0 represents the Company.
2. The consolidated subsidiaries are in order from number 1.

Note (2): The relationships with the transaction parties are as follows:

1. The Company to the consolidated subsidiary.
2. The consolidated subsidiary to the Company.
3. The consolidated subsidiary to another consolidated subsidiary.

Note (3): Ratios of asset/liability accounts are divided by consolidated total assets, and ratios of profit/loss accounts are divided by consolidated sales revenue.
Note (4): There is no similar transaction to compare with. It will follow the agreed price and transaction terms.
Note (5): The disclosure standard reaches above $5,000 for the transaction amount.

12. SEGMENT INFORMATION

According to Statement of Financial Accounting Standards No. 23, "Interim Financial Report", the Group is not required to disclose segment financial information in the interim financial report.