GAMANIA DIGITAL ENTERTAINMENT CO., LTD.

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

SEPTEMBER 30, 2012 AND 2011

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

PWCR12000112

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. and its subsidiaries as of September 30, 2012 and 2011, 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 express 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 2(1), the consolidated financial statements include unreviewed financial statements of certain consolidated subsidiaries, which statements reflect total assets of $2,580,133 thousand and $1,713,363 thousand, constituting 55.26% and 37.01% of the consolidated total assets, and total liabilities of $849,017 thousand and $1,066,937 thousand, constituting 42.06% and 59.60% of the consolidated total liabilities as of September 30, 2012 and 2011, respectively, and net loss of ($417,714) thousand and ($194,133) thousand, constituting 78.83% and 63.86% of the consolidated total net (loss) income for the nine-month periods then ended, respectively. Further, as described in Note 4(8), the consolidated financial statements include long-term investments accounted for under the equity method amounting to $27,329 thousand and $5,647 thousand as of September 30, 2012 and 2011, respectively, and the related investment loss was $7,541 thousand and $4,156 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.

Gamania Digital Entertainment Co., Ltd. plans to adopt International Financial Reporting Standards, International Accounting Standards, and Interpretations / bulletins (collectively referred herein as the IFRSs), which are recognized by the former Financial Supervisory Commission, Executive Yuan, R.O.C., and Rules Governing the Preparation of Financial Statements by Securities Issuers, effective January 1, 2013 in the preparation of its consolidated financial statements. As described in Note 13, the Company discloses the related information in advance prior to the adoption of IFRSs under the requirements of Jin-Guan-Zheng-Shen-Zi Order No. 0990004943 of the former Financial Supervisory Commission, dated February 2, 2010.

PricewaterhouseCoopers, Taiwan

October 25, 2012

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)

	2012	2011
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4(1))	$ 1,735,763	$ 1,504,704
Financial assets at fair value through profit or loss - current (Note 4(2))	26,143	-
Notes receivable - third parties - net (Note 4(3))	15,581	113,165
Accounts receivable - third parties - net (Note 4(4))	1,110,816	1,219,128
Other receivables (Note 4(17))	35,798	33,403
Inventories - net (Note 4(5))	91,077	118,020
Prepaid expenses	76,706	94,026
Deferred income tax assets - current (Note 4(17))	3,832	1,637
Other current assets	39,044	23,528
	3,134,760	3,107,611
Long-term Investments		
Financial assets at fair value through profit or loss - non-current (Note 4(6))	2,850	2,850
Financial assets carried at cost - non-current (Note 4(7))	23,740	124,294
Long-term investments - accounted for under the equity method (Note 4(8))	27,329	5,647
Prepaid long-term investments (Note 4(8))	8,585	-
	62,504	132,791
Property, Plant and Equipment - net (Notes 4(9) and 6)		
Cost		
Land	157,258	157,375
Buildings	214,333	217,508
Machinery and equipment	745,458	879,491
Transportation equipment	6,942	-
Office equipment	138,480	203,311
Leasehold improvements	121,162	73,616
Other equipment	28,108	21,426
Total Cost	1,411,741	1,552,727
Less: Accumulated depreciation	(513,962)	(758,820)
Accumulated impairment	(4,230)	(4,150)
Construction in progress and prepayments for equipment	2,509	14,405
	896,058	804,162
Intangible Assets		
Trademark	3,595	4,715
Goodwill	81,441	86,814
Deferred pension cost (Note 4(18))	721	1,475
Other intangible assets - net (Note 4(10))	2,946	4,660
	88,703	97,664
Other Assets		
Refundable deposits	60,575	54,949
Deferred charges - net (Notes 4(11) and 5(2))	338,209	392,988
Deferred income tax assets - non-current (Note 4(17))	67,082	29,583
Other assets - other (Notes 4(12) (18))	21,456	9,151
	487,322	486,671
TOTAL ASSETS	$ 4,669,347	$ 4,628,899

	2012	2011
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term loans (Note 4(13))	$ 96,288	$ 102,548
Notes payable - third parties	28,534	6,726
Accounts payable - third parties	661,963	491,980
Accounts payable - related parties (Note 5(2))	71,612	69,571
Income tax payable (Note 4(17))	44,899	63,329
Accrued expenses (Note 4(21))	432,994	446,310
Other payables - third parties (Note 4(21))	191,186	132,740
Unearned revenue collected in advance	343,679	393,917
Current portion of long-term loans (Notes 4(15) (16))	33,261	25,962
Other current liabilities	24,108	29,867
	1,928,524	1,762,950
Long-term Liabilities		
Financial liabilities at fair value through profit or loss - non-current (Note 4(14))	7,372	3,426
Bonds payable (Note 4(15))	51,822	-
Long-term loans (Note 4(16))	243	11,136
	59,437	14,562
Other Liabilities		
Accrued pension liabilities (Note 4(18))	13,388	10,307
Guarantee deposits	8,931	6
Deferred income tax liabilities - non-current (Note 4(17))	2,164	2,001
Other liabilities - other	5,939	378
	30,422	12,692
Total Liabilities	2,018,383	1,790,204
Stockholders' Equity		
Common stock		
Common stock (Note 1)	1,568,125	1,564,011
Stock subscriptions received in advance (Note 4(24))	560	3,504
Capital reserve (Note 4(19))		
Paid-in capital in excess of par	833,449	831,892
Additional paid-in capital - treasury stock transactions	24,234	24,234
Gain on disposal of property, plant and equipment	221	221
Capital reserve from long-term investments	73	-
Capital reserve - other	3	-
Retained earnings		
Legal reserve (Notes 4(20) (21))	159,610	140,910
(Accumulated deficit) undistributed earnings (Notes 4(17) (21))	(101,039)	203,436
Other adjustments to stockholders' equity		
Cumulative translation adjustments	1,415	40,600
Unrealized net loss	(1,143)	(1,126)
	2,485,508	2,807,682
Minority interest	165,456	31,013
Total Stockholders' Equity	2,650,964	2,838,695
Commitments and Contingent Liabilities (Note 7)		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 4,669,347	$ 4,628,899

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated October 25, 2012.

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)

	2012	2011
Operating revenues		
Sales revenue (Note 5(2))	$ 5,443,439	$ 5,345,791
Sales returns	(12,083)	(6,527)
Sales allowances	(5,587)	(17,288)
Net sales revenue	5,425,769	5,321,976
Service revenue	11,155	37,727
Total operating revenues	5,436,924	5,359,703
Operating costs		
Cost of goods sold (Notes 4(5)(25) and 5(2))	(3,418,780)	(3,104,805)
Gross profit	2,018,144	2,254,898
Operating expenses (Notes 4(25) and 5(2))		
Selling expenses	(647,180)	(510,618)
General and administrative expenses	(990,882)	(1,012,258)
Research and development expenses	(507,693)	(446,641)
Total operating expenses	(2,145,755)	(1,969,517)
Operating (loss) income	(127,611)	285,381
Non-operating income		
Interest income	4,519	2,617
Dividend income	308	-
Gain on disposal of property, plant and equipment	-	52
Gain on disposal of investment (Notes 4(7)(8))	43,373	-
Foreign exchange gain	2,154	-
Rental income	30,551	14,097
Gain on valuation of financial assets	958	602
Miscellaneous income	62,842	17,550
Total non-operating income	144,705	34,918
Non-operating expenses		
Interest expense	(4,656)	(1,818)
Investment loss accounted for under the equity method (Note 4(8))	(7,541)	(4,156)
Loss on disposal of property, plant and equipment	(104)	-
Foreign exchange loss	-	(6,497)
Impairment loss (Note 4(7))	(9,101)	-
Loss on valuation of financial liabilities (Note 4(14))	(719)	-
Miscellaneous losses	(84,342)	(31,123)
Total non-operating expenses	(106,463)	(43,594)
Income before income tax	(89,369)	276,705
Income tax expense (Note 4(17))	(79,797)	(101,961)
Consolidated net (loss) income	($ 169,166)	$ 174,744
Attributable to:		
Equity holders of the Company	($ 174,133)	$ 172,934
Minority interest	5,167	1,810
	($ 169,166)	$ 174,744

	2012		2011	
Basic (loss) earnings per share (in dollars) (Note 4(22))	Before income tax	After income tax	Before income tax	After income tax
Consolidated net (loss) income	($ 0.57)	($ 1.08)	$ 1.79	$ 1.13
Minority interest income	(0.03)	(0.03)	(0.01)	(0.01)
(Loss) profit attributable to equity holders of the Company	($ 0.60)	($ 1.11)	$ 1.78	$ 1.12
Diluted (loss) earnings per share (in dollars) (Note 4(22))				
Consolidated net (loss) income	($ 0.57)	($ 1.08)	$ 1.75	$ 1.11
Minority interest income	(0.03)	(0.03)	(0.01)	(0.01)
(Loss) profit attributable to equity holders of the Company	($ 0.60)	($ 1.11)	$ 1.74	$ 1.10

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated October 25, 2012.

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)

	2012	2011
Cash flows from operating activities		
Consolidated net (loss) income	($ 169,166)	$ 174,744
Adjustments to reconcile consolidated net (loss) income to net cash provided by operating activities:		
Gain on valuation of financial assets	(239)	(602)
Reversal of allowance for sales returns	-	(367)
Provision for doubtful accounts	4,763	9,058
(Reversal of allowance) provision for decline in market value of inventories	(1,465)	1,083
Investment loss accounted for under the equity method	7,541	4,156
Gain on disposal of investments	(43,373)	-
Impairment loss of financial assets carried at cost	9,101	-
Depreciation and amortization	350,260	347,907
Loss (gain) on disposal of property, plant and equipment	104	(52)
Deferred charges transferred to other loss	66,991	30,042
Compensation cost of treasury stock transactions	-	40,463
Changes in assets and liabilities:		
Financial assets at fair value through profit or loss	(15,346)	755
Notes receivable - third parties	13,518	11,244
Accounts receivable - third parties	(71,933)	(33,130)
Other receivables - third parties	34,735	(4,091)
Inventories	78,478	(89,109)
Prepaid expenses	27,696	(41,783)
Deferred income tax assets and liabilities, net	(31,596)	19,925
Other current assets	(8,350)	(19,219)
Notes payable - third parties	(1,472)	6,671
Accounts payable - third parties	(36,272)	254,722
Accounts payable - related parties	(487)	69,571
Income tax payable	(38,993)	24,875
Accrued expenses	(80,053)	9,299
Other payables - third parties	(5,570)	(186,211)
Unearned revenue collected in advance	47,391	76,536
Other current liabilities	8,414	19,699
Accrued pension liabilities	3,489	766
Net cash provided by operating activities	148,166	726,952

(Continued on next page)

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)

	2012	2011
Cash flows from investing activities		
Prepayment for long-term investments	($ 2,585)	$ -
Increase in financial assets carried at cost	-	(10,000)
Increase in long-term investments - subsidiary acquisition price	(27,400)	(7,400)
Proceeds from disposal of long-term equity investments	134,970	-
Acquisition of property, plant and equipment	(275,630)	(218,525)
Increase in deferred charges	(240,491)	(74,514)
Proceeds from disposal of property, plant, and equipment	7,000	2,812
Increase in refundable deposits, net	(2,903)	(6,752)
Increase in other intangible assets	(1,369)	(2,342)
Decrease (increase) in other assets - other	17,582	(25)
Net cash used in investing activities	(390,826)	(316,746)
Cash flows from financing activities		
Increase in bonds payable	48,298	-
Increase (decrease) in short-term loans	3,725	(52,434)
Decrease in long-term loans	(19,962)	(21,611)
Increase in guarantee deposits	3,170	-
Decrease in other liabilities - other	(906)	(374)
Exercise of employee stock options	2,661	54,758
Payment of cash dividends	(125,450)	(186,035)
Treasury stock for employee stock warrants	-	19,351
Changes in minority interest	(26,137)	(673)
Net cash used in financing activities	(114,601)	(187,018)
Effect of exchange rate changes on cash and cash equivalents	67,302	22,836
Net (decrease) increase in cash and cash equivalents	(289,959)	246,024
Cash and cash equivalents at beginning of period	2,025,722	1,258,680
Cash and cash equivalents at end of the period	$ 1,735,763	$ 1,504,704
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	$ 4,454	$ 1,834
Income tax	$ 118,787	$ 57,161
Cash paid for the acquisition of property, plant and equipment		
Property, plant and equipment acquired	$ 244,496	$ 196,680
Payable at end of the period	(33,428)	(15,884)
Payable at beginning of the period	64,562	37,729
Cash paid	$ 275,630	$ 218,525

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated October 25, 2012.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)
(UNAUDITED)

1. HISTORY AND ORGANIZATION

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, 2012, the total authorized capital was $2,500,000, consisting of 250 million shares of common stock (including 12 million shares of employee stock options), at a par value of $10 (NT dollars) per share, and the issued and outstanding capital was $1,568,125. The Company is mainly engaged in software services. As of September 30, 2012, the Company and its consolidated subsidiaries had approximately 1,490 employees.

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) Principles of consolidation

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

B) The subsidiaries included in the Company's consolidated reports as of September 30, 2012 and 2011 are as follows:

Investor	Subsidiary	Main activities	% of shares held as of September 30 2012	% of shares held as of September 30 2011	Note
Gamania Digital Entertainment Co., Ltd. .	Gamania Holdings Ltd.	Holding company	100%	100%	Note 1
Gamania Holdings Ltd.	Gamania International Holdings Ltd.	Investment holdings	100%	100%	Note 2
Gamania Holdings Ltd.	Gamania R&D (HK) Holdings Limited	Investment holdings	100%	-	Note 2
Gamania International Holdings Ltd.	Gamania Digital Entertainment (Japan) Co., Ltd.	Design and sales of software; sales of hardware	100%	100%	Note 4
Gamania International Holdings Ltd.	Gamania China Holdings Ltd.	Investment holdings	98.79%	98.56%	Note 4
Gamania International Holdings Ltd.	Gamania Western Holdings Ltd.	Investment holdings	100%	100%	Note 4
Gamania International Holdings Ltd.	Gamania Netherlands Holdings Cooperatief U.A.	Investment holdings	100%	100%	Note 4
Gamania International Holdings Ltd.	Firedog Studio Company Limited	Design and research of software	100%	100%	Note 4
Gamania International Holdings Ltd.	Gash Plus (Hong Kong) Company Limited	Software information and supply of electronic services	100%	100%	Note 4
Gamania International Holdings Ltd.	Tornado Studio Co., Ltd. (Note 12)	Design and research of software	100%	100%	Note 4
Gamania R&D (HK) Holdings Limited	MoNoKos Studio Technology Co., Ltd.	Research and development of software	100%	-	Note 5
Gamania China Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co. Ltd.	Design and sales of software	100%	100%	Note 6
Gamania China Holdings Ltd.	Gamania Sino Holdings Ltd.	Investment holdings	100%	100%	Note 6
Gamania Netherlands Holdings Cooperatief U.A.	Gamania Digital Entertainment (Europe) B.V.	Design and sales of software	100%	100%	Note 7

Investor	Subsidiary	Main activities	% of shares held as of September 30 2012	2011	Note
Gamania Western Holdings Ltd.	Gamania Digital Entertainment (U.S.) Co., Ltd.	Design and sales of software	100%	100%	Note 8
Gamania Sino Holdings Ltd.	Gamania Digital Entertainment (Beijing) Co., Ltd.	Design and sales of software	100%	100%	Note 9
Gamania Digital Entertainment Co., Ltd.	Gameastor Digital Entertainment Co., Ltd.	Software services	72.08%	72.08%	Note 1
Gamania Asia Investment Co., Ltd.	Gameastor Digital Entertainment Co., Ltd.	Software services	27.20%	27.20%	-
Gamania Digital Entertainment Co., Ltd.	Gamania Asia Investment Co., Ltd.	Investment holdings	100%	100%	Note 1
Gamania Digital Entertainment Co., Ltd.	Gamania Korea Co., Ltd.	Design and sales of software	100%	100%	Note 1
Gamania Digital Entertainment Co., Ltd.	Fantasy Fish Digital Games Co., Ltd.	Design and research and development of software	99.75%	99.75%	Note 1
Gamania Digital Entertainment Co., Ltd.	Fundation Digital Entertainment Co., Ltd.	Publishing of magazines and periodicals	100%	100%	Note 1
Gamania Digital Entertainment Co., Ltd.	Gamania Digital Entertainment Labuan Holdings, Ltd.	Investment holdings	100%	100%	Note 1
Gamania Digital Entertainment Co., Ltd.	Redgate Games Co., Ltd.	Design and research and development of software	100%	100%	Note 1
Gamania Digital Entertainment Co., Ltd.	Seedo Games Co., Ltd.	Design and research and development of software	100%	100%	Note 1
Gamania Digital Entertainment Co., Ltd	Playcoo Co.	Design and research and development of software	75.25%	75.25%	Note 1
Gamania Digital Entertainment Co., Ltd.	Two Tigers Co., Ltd.	Animation production	51%	51%	Note 1
Gash Plus (Taiwan) Company Limited	Jsdway Digital Technology Co., Ltd.	Software information and supply of electronic services	33.33%	-	Note 10

Investor	Subsidiary	Main activities	% of shares held as of September 30 2012	2011	Note
Jsdway Digital Technology Co., Ltd.	Webo Digital Co., Ltd.	Software services and sales	98.83%	-	Note 11
Jsdway Digital Technology Co., Ltd.	Precious Power Digital Technology Co., Ltd.	Software services and sales	70%	-	Note 11
Gamania Digital Entertainment Co., Ltd.	Gash Plus (Taiwan) Company Limited	Software information and supply of electronic services	100%	100%	Note 1
Gamania Digital Entertainment Co., Ltd.	RitwNow Inc.	E-sports and internet live broadcasting services	51%	-	Note 1
Gamania Digital Entertainment Co., Ltd.	Global Pursuit (U.S.) Co., Ltd.	Software information and supply of electronic services	100%	-	Note 1
Global Pursuit (U.S.) Co., Ltd.	Global Pursuit North America Co., Ltd.	IP commodities authorization	100%	-	Note 3

Note 1: Majority-owned subsidiary.

Note 2: A majority-owned subsidiary of Gamania Holdings Ltd.

Note 3: A majority-owned subsidiary of Global Pursuit (U.S.) Co., Ltd.

Note 4: A majority-owned subsidiary of Gamania International Holdings Ltd.

Note 5: A majority-owned subsidiary of Gamania R&D (HK) Holdings Limited.

Note 6: A majority-owned subsidiary of Gamania China Holdings Ltd..

Note 7: A majority-owned subsidiary of Gamania Netherlands Holdings Cooperatief U.A.

Note 8: A majority-owned subsidiary of Gamania Western Holdings Ltd.

Note 9: A majority-owned subsidiary of Gamania Sino Holdings Co., Ltd.

Note 10: Gash Plus (Taiwan) Company Limited holds more than half of the board seats of Jsdway Digital Technology Co., Ltd.

Note 11: A majority-owned subsidiary of Jsdway Digital Technology Co., Ltd.

Note 12: Tornado Studio Co., Ltd., formerly Gama Games Co., Ltd., has completed its change of registration in August 2011.

C) a) Except for Gash Plus (Taiwan) Company Limited, which was included in the Company's consolidated financial statements as of and for the nine-month period ended September 30, 2012 based on its reviewed financial statements for the corresponding period, the other subsidiaries were included based on their financial statements, which were not reviewed by independent auditors. Total assets and liabilities of these subsidiaries were $2,580,133 and $849,017, respectively, as of September 30, 2012 and net loss was $417,714 for the nine-month period ended September 30, 2012.

b) Subsidiaries were included in the Company's consolidated financial statements as of and for the nine-month period ended September 30, 2011 based on their financial statements for the corresponding period, which were not reviewed by independent auditors. Total assets and liabilities of these subsidiaries were $1,713,363 and $1,066,937, respectively, as of September 30, 2011 and net loss was $194,133 for the nine-month period ended September 30, 2011.

D) Majority-owned subsidiaries not being consolidated: None.

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

F) Special operating risks in foreign subsidiaries: None.

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

H) The subsidiaries hold the Company's stocks and bonds: None.

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

(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 which 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

Transactions arising in foreign currencies are translated into functional currency at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency 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) Financial assets and financial liabilities at fair value through profit or loss

A) Financial assets and financial liabilities at fair value through profit or loss are recognized as of the trade date at fair value for equity stocks. Financial assets and financial liabilities 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 re-measured 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.

C) Financial instruments that meet one of the following criteria are designated as financial assets or financial liabilities at fair value through profit or loss:

a) The instrument is a hybrid instrument.

b) The instrument is designated as a financial asset or liability at fair value through profit or loss in order to eliminate or substantially reduce the inconsistency in accounting measurement or recognition.

c) The instrument is managed in accordance with the Group’s documented risk management and investment strategies, and its performance is evaluated on a fair value basis.

(6) 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.

(7) Notes and accounts receivable and other receivables

A) Receivables arising from the sale of goods or services to customers are recognized as notes and accounts receivable. Other receivables are those arising from transactions other than sale of goods or services.

B) The Group assesses whether objective evidence of impairment exists individually for financial assets at the balance sheet date. Once the objective evidence of impairment exists, an impairment loss is recognized.

(8) Inventories

The Group uses the perpetual inventory system and the original cost is the cost to obtain the assets. Cost is determined using the weighted-average method. 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.

(9) 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. The excess of the initial investment cost over the acquired net asset value of the investee attributable to goodwill is no longer amortized and carries on tests of impairment every year. Retroactive adjustment of the amount of goodwill amortized in previous years is not required.

B) Investment loss on the non-controlled entities over which the Group has the ability to exercise significant influence is recognized to the extent that the amount of long-term investments in such investees is written down to zero. However, if the Group continues to provide endorsements, guarantees or financial support for such investees, the investment loss is recognized continuously in proportion to the Group's equity interest in such investees. In the case of controlled entities, the Group recognizes all the losses incurred by such entities that will not be covered by other stockholders. When the operations of such investees become profitable, the Group recognizes the profits until the amount of losses previously recognized by the Group is fully recovered.

C) Exchange differences arising from translation of the financial statements of overseas investee companies accounted for under the equity method are recorded as "cumulative translation adjustments" under stockholders' equity, and recognized in proportion to the percentage of shares held by the Group.

D) 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.

(10) 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, except for leasehold improvements, which is based on the contract period of the asset. The estimated useful lives are 3 to 55 years for buildings and 2 to 5 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.

(11) 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.

(12) Other intangible assets

A) 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.

B) Franchises for sales of on-line games are recorded at acquisition cost and amortized over the estimated life of 3 years using the straight-line method.

C) Comic copyright is recorded at acquisition cost and amortized over the estimated life of 1 year using the straight-line method.

(13) Impairment of non-financial assets

Impairment loss is recognized when the recoverable amount of an asset 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.

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 of impairment loss is recognized for goodwill.

(14) <u>Bonds payable</u>

The difference between the issue price and face value of corporate bonds is accounted for as premium or discount which is required to be amortized over the period from the date of issuance to maturity date using the interest method and is recorded as "interest expense".

(15) <u>Share-based payment - employee compensation plan</u>

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.

(16) <u>Employees' bonuses and directors' and supervisors' remuneration</u>

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, after taking into account the effects of ex-rights and ex-dividends.

(17) Deferred income tax assets and liabilities 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) The 10% additional income tax on undistributed earnings is recorded as income tax expense in the period the stockholders approve a resolution to retain the earnings.

(18) 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.

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

(19) 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.

D) The treasury stocks are valued using the weighted average method.

(20) 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 games is deferred and is recognized based on points consumed.

C) Revenue from software and other merchandise is recognized when they are delivered.

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.

(21) 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.

(22) 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.

(23) Operating segments

The Company discloses the segment information in accordance with the internal management report provided to the chief operating decision-maker. The Company's chief operating decision-maker distributes resources and assesses performance.

In accordance with the Statement of Financial Accounting Standards No. 41, "Operating Segments", the Company discloses the segment information in the consolidated financial reports and not in the stand-alone financial statements.

3. CHANGES IN ACCOUNTING PRINCIPLES

(1) Notes and accounts receivable, other receivables

Effective January 1, 2011, the Company and its domestic subsidiaries adopted the amended Statement of Financial Accounting Standards No. 34, "Financial Instruments: Recognition and Measurement". Under the amended standard, if there is any objective evidence that the notes and accounts receivable, other receivables and other rights of credit are impaired, an impairment loss (or provision for doubtful accounts) is recognized immediately. The adoption of this regulation had no significant effect on the consolidated financial statements and earnings per share as of and for the nine-month period ended September 30, 2011.

(2) Operating segments

Effective January 1, 2011, the Company and its domestic subsidiaries adopted the newly issued Statement of Financial Accounting Standards No. 41, "Operating Segments" to replace Statement of Financial Accounting Standards No. 20, "Segment Reporting". The adoption of this regulation had no effect on the consolidated net income and earnings per share for the nine-month period ended September 30, 2011.

4. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	September 30, 2012	September 30, 2011
Cash on hand	$ 1,568	$ 1,096
Demand deposits and checking accounts	1,186,741	977,500
Time deposits	547,454	526,108
	$ 1,735,763	$ 1,504,704

(2) Financial assets at fair value through profit or loss - current

Items	September 30, 2012	September 30, 2011
Current items:		
Financial assets held for trading		
Listed (TSE and OTC) stocks	$ 3,094	$ -
Corporate bond funds	23,049	-
Adjustment of financial assets held for trading	-	-
	$ 26,143	$ -

(3) Notes receivable - net

	September 30, 2012	September 30, 2011
Notes receivable	$ 15,597	$ 113,181
Less: Allowance for doubtful accounts	(16)	(16)
	$ 15,581	$ 113,165

(4) Accounts receivable - net

	September 30, 2012	September 30, 2011
Accounts receivable	$ 1,171,996	$ 1,324,598
Less: Allowance for doubtful accounts	(60,643)	(101,336)
Allowance for sales returns	(537)	(4,134)
	$ 1,110,816	$ 1,219,128

(5) Inventories - net

	September 30, 2012	September 30, 2011
Inventories	$ 93,177	$ 122,508
Less: Allowance for obsolescence and market value decline	(2,100)	(4,488)
	$ 91,077	$ 118,020

Related loss recognized for the period:

	For the nine-month periods ended September 30, 2012	For the nine-month periods ended September 30, 2011
(Reversal of allowance) provision for decline in market value of inventories	($ 1,465)	$ 1,083
Loss on physical count of inventories	$ 37	$ 19

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

Items	September 30, 2012	September 30, 2011
Designated as at financial assets at fair value through profit or loss:		
Callable preferred stock	$ 2,850	$ 2,850
Adjustment of designated as at fair value through profit or loss	-	-
	$ 2,850	$ 2,850

For business operation purposes, the Company's domestic subsidiary, Gamania Asia Investment Co., invested 285 thousand shares at a par value of $10 (NT dollars) per share in the amount of $2,850. Such investment is not entitled to a voting right, profit distribution right and the right to claim for remaining property. According to the investment contract, both parties agreed that during the thirty days from the repurchase base day, which is at the expiration of three years of settlement date or other documents' appointment date, the investor can ask the issuer to redeem all of the preferred stock based on fair value at the repurchase base day. If the fair value is lower than the published price, the issuer will repurchase based on the issue price. In accordance with the contents of the preferred stock contract and Statement of Financial Accounting Standards No. 34, "Financial Instruments: Recognition and Measurement", the subsidiary is accounted for as Financial assets at fair value through profit or loss.

(7) Financial assets carried at cost - non-current

Items	September 30, 2012	September 30, 2011
Unlisted stocks		
NC Taiwan Co., Ltd.	$ 22,841	$ 22,841
Compass Systems Corp.	899	10,000
Nice Finance Co., Ltd.	-	91,453
	$ 23,740	$ 124,294

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

B) The Company sold all the stocks of Nice Finance Co., Ltd. in June, 2012. Gain on disposal of those stocks amounted to $43,120, which was the total sale price of $134,573 less book value of $91,453, and was recognized as "Gain on disposal of investments".

C) At September 30, 2012, the Group recognized impairment loss on its investment in Compass Systems Corp. based on the investee's operating results and performance. Impairment loss recognized for the period:

	For the nine-month period ended September 30, 2012	
	Amount recognized in income statement	Amount recognized in stockholders' equity
Financial assets carried at cost - non-current	$ 9,101	$ -

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

A) List of long-term investments

Name of investee	September 30, 2012 Original cost	Ownership percentage	Balance	Investment loss for the nine-month period ended September 30, 2012
Accounted for under the equity method:				
Machi Pictures Co., Ltd.	$ 20,000	48.78%	$ 19,650	($ 350)
Taiwan e-sports Co., Ltd.	46,800	40.70%	7,679	(5,834)
Encore Digital Technology Co., Ltd.	1,750	-	-	(812)
Niu Niu Technology Co., Ltd.	1,050	-	-	(545)
Tang Chao Digital Technology Co., Ltd.	1,000	-	-	-
			27,329	($ 7,541)
Prepayments for long-term investments				
Moqizone Holdings Corporation			6,000	
Everpeace International Limited			2,000	
Jsdway (M) Sdn. Bhd.			585	
			8,585	
			$ 35,914	

Name of investee	September 30, 2011 Original cost	Ownership percentage	Balance	Investment loss for the nine-month period ended September 30, 2011
Accounted for under the equity method:				
Taiwan e-sports Co., Ltd.	$ 39,400	39.40%	$ 5,647	($ 4,156)

B) Long-term investments accounted for under the equity method were based on the investees' financial statements as of and for the nine-month periods ended September 30, 2012 and 2011 which were not reviewed by independent accountants.

C) In May and June 2012, the Company's indirect subsidiary, Jsdway Digital Technology Co., Ltd., sold all shares of Encore Digital Technology Co., Ltd., Niu Niu Technology Co., Ltd. and Tang Chao Digital Technology Co., Ltd. at a cost of $397 and recognized a gain on disposal of investments of $253 after deducting book value of $144.

(9) Property, plant, and equipment

	September 30, 2012	September 30, 2011
Cost		
Land	$ 157,258	$ 157,375
Buildings	214,333	217,508
Machinery and equipment	745,458	879,491
Transportation equipment	6,942	-
Office equipment	138,480	203,311
Leasehold improvements	121,162	73,616
Other equipment	28,108	21,426
	1,411,741	1,552,727
Accumulated depreciation		
Buildings	(42,730)	(45,521)
Machinery and equipment	(333,990)	(564,175)
Transportation equipment	(1,087)	-
Office equipment	(65,421)	(116,821)
Leasehold improvements	(61,102)	(25,034)
Other equipment	(9,632)	(7,269)
	(513,962)	(758,820)
Add: Construction in progress and prepayments for equipment	2,509	14,405
Less: Accumulated impairment	(4,230)	(4,150)
Book value	$ 896,058	$ 804,162

(10) Other intangible assets

	September 30, 2012	September 30, 2011
Franchises for sales of on-line games	$ 1,887	$ 4,188
Franchises for game development	1,059	472
	$ 2,946	$ 4,660

(11) Deferred charges

	September 30, 2012	September 30, 2011
Royalty payments	$ 212,114	$ 194,892
Unamortized expenses	126,095	198,096
	$ 338,209	$ 392,988

(12) Other assets - other

	September 30, 2012	September 30, 2011
Overdue accounts receivable	$ 68,202	$ 57,387
Less: Allowance for doubtful accounts	(57,364)	(57,387)
Prepayment for pensions	9,027	8,912
Others	1,591	239
	$ 21,456	$ 9,151

The Company's indirect subsidiary, Jsdway Digital Technology Co., Ltd., did not fully provide its overdue accounts receivable with allowance as of September 30, 2012 since based on its assessment, such receivables were collectible.

(13) Short-term loans

	September 30, 2012	September 30, 2011
Short-term bank loans	$ 96,288	$ 102,548
Annual interest rates	1.80%~7.20%	1.30%~7.54%
Credit lines	$ 1,783,321	$ 2,413,313

(14) Financial liabilities at fair value through profit or loss - non-current

Items	September 30, 2012	September 30, 2011
Designated as at financial liabilities at fair value through profit or loss:		
Callable preferred stock liability	$ 2,850	$ 2,850
Adjustment of designated as at fair value through profit or loss	4,522	576
	$ 7,372	$ 3,426

For business operation purposes, the Company's domestic subsidiary, Gameastor Digital Entertainment Co., Ltd., formerly Taiwan Index Co., Ltd., issued 285 thousand shares of preferred stock at a par value of $10 (NT dollars) per share in the amount of $2,850 which was approved by the Board of Directors on March 30, 2010.

At the expiration of three years from issuance date, if the fair value of the preferred stock is higher than the appointed base price, Gameastor Digital Entertainment Co., Ltd. can request for the redemption of the stock based on the fair value, otherwise it will have to redeem the stock based on the appointed base price. In accordance with the preferred stock contract and Statement of Financial Accounting Standards No. 34, "Financial Instruments: Recognition and Measurement", Gameastor Digital Entertainment Co., Ltd. accounted for the preferred stock as "Financial liabilities at fair value through profit or loss".

(15) Bonds payable

	September 30, 2012	September 30, 2011
Bonds payable	$ 73,762	$ -
Less: Current portion	(21,940)	-
	$ 51,822	$ -

The Company's subsidiary, Gamania Digital Entertainment (Japan) Co., Ltd., issued unsecured corporate bonds in the amount of JPY 200 million as approved by the local competent authorities. The major terms of the corporate bonds are as follows:

Issue Date	Term	Total credit line	Coupon rate	Repayment terms
2011.10.31	Five years	$ 17,969 (JPY 50 million)	0.63%	Amount of JPY 5 million is repayable for the principal in each April and October from the issue date, and simple interest is payable every year from the issue date based on the coupon rate.
2012.07.31	Three years	$ 56,740 (JPY 150 million)	0.49%	Amount of JPY 24 million is repayable for the principal in each January and July from the issue date, and simple interest is payable every year from the issue date based on the coupon rate.

(16) Long-term loans

Bank	Total Credit Lines	Period/Terms of Repayment	September 30, 2012	September 30, 2011
Sumitomo Mitsui Banking Corporation	JPY 100,000 (Note)	09.01.2010 ~ 08.30.2013 equal quarterly installments	$ 10,591	$ 23,862
Sumitomo Mitsui Banking Corporation	JPY 100,000 (Note)	08.31.2009 ~ 08.30.2012 equal quarterly installments	-	13,236
Yuanta Bank	TWD 1,400	12.30.2010 ~ 12.29.2013 monthly installments	622	-
Yuanta Bank	TWD 790	01.14.2011 ~ 01.13.2014 monthly installments	351	-
			11,564	37,098
Less: Current portion			(11,321)	(25,962)
			$ 243	$ 11,136

Note: In thousands of yen.

(17) Tax expense and income tax payable

A) Income tax payable (refundable) and income tax expense for the nine-month periods ended September 30, 2012 and 2011 are reconciled as follows:

	For the nine-month periods ended September 30, 2012	2011
Current period income tax expense	$ 79,797	$ 99,631
Additional 10% corporate income tax on undistributed earnings	-	2,330
	79,797	101,961
Add (Less): Net change in deferred income tax assets	31,596	(19,925)
Prepaid income tax	(49,629)	(14,952)
Under provision of prior year's income tax	(38,691)	(5,760)
Income tax payable of prior year	13,343	-
Effect of exchange rate	(2,286)	1,607
Income tax payable	$ 34,130	$ 62,931
Income tax refundable (recognized as "other receivables")	($ 10,769)	($ 398)
Income tax payable	44,899	63,329
	$ 34,130	$ 62,931

B) Deferred income tax assets and liabilities are as follows:

	September 30, 2012	2011
Deferred income tax assets - current	$ 4,057	$ 33,084
Deferred income tax assets - non-current	478,025	369,750
Deferred income tax liabilities - non-current	(2,164)	(2,001)
	479,918	400,833
Less: Valuation allowance - current	(225)	(31,447)
Valuation allowance - non-current	(410,943)	(340,167)
	$ 68,750	$ 29,219

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

	September 30,			
	2012		2011	
	Amount	Tax effect	Amount	Tax effect
Current items - assets:				
Provision for bad debts in excess of the allowable limit	$ 13,686	$ 2,327	$ -	$ -
Allowance for sales returns	1,184	201	4,777	812
Allowance for decline in market value and inventory obsolescence	914	155	5,895	1,002
Loss carryforwards	7,607	1,293	72,703	12,360
Others	477	81	33	6
Investment tax credits		-		18,904
		4,057		33,084
Less: Valuation allowance		(225)		(31,447)
		$ 3,832		$ 1,637
Non-current items - assets:				
Investment loss on financial assets carried at cost - non-current	$ 9,851	$ 1,675	$ 9,851	$ 1,675
Loss carryforwards	1,439,434	302,220	1,354,501	275,443
Loss on foreign investments	728,097	123,776	218,685	37,176
Reserve for foreign investments	(6,188)	(1,052)	(17,915)	(3,046)
Others	24,424	4,153	528	90
Investment tax credits		47,253		58,412
		478,025		369,750
Less: Valuation allowance		(410,943)		(340,167)
		$ 67,082		$ 29,583

	September 30,			
	2012		2011	
	Amount	Tax effect	Amount	Tax effect
Non-current items - liabilities:				
Depreciation allowances in excess of related depreciation	($ 13,112)	($ 2,164)	($ 12,130)	($ 2,001)

D) As of September 30, 2012 and 2011, the balance of shareholders account of deductible tax was as follows:

	September 30,	
	2012	2011
a. Balance of shareholders account of deductible tax	$ 32,985	$ 18,903
	2011 (Actual)	2010 (Actual)
b. Creditable tax ratio	23.38%	9.96%

E) Undistributed retained earnings:

	September 30, 2012	September 30, 2011
On or after January 1, 1998		
a. Earnings not yet subjected to 10% income tax	($ 174,333)	$ 172,934
b. Earnings subjected to 10% income tax	73,294	30,502
	($ 101,039)	$ 203,436

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

(a) As of September 30, 2012, the Company′s income tax returns through 2008 have been assessed and approved by the Tax Authority.

(b) The Company was required to pay additional income tax of $23,481 for the year 2002 after the re-examination of trial by the Tax Authority. In January 2011, the Company appealed against the assessment, but had paid the additional income tax amounting to $21,083. In October 2011, the decision on the appeal was issued which upheld the original judgment relating to the Company's tax exempt income, research and development expense and tax credits applicable to income tax. However, the original judgment relating to the loss on disposal of the Company's fixed assets was cancelled and would be subject to re-examination by the Tax Authority.

(c) The Tax Authority imposed additional tax amounting to $3,958 on the Company's 2003 income tax return after the re-examination. In November 2010, the Company appealed against the assessment, but had paid the additional income tax amounting to $1,979. The Company filed a petition in November 2010. In June 2011, the Tax Authority lowered the additional tax after the re-examination. However, the original judgment relating to the employees' training was cancelled and would be subject to re-examination by the Tax Authority. On July 23, 2012, the Tax Authority declared that the Company had to pay additional income tax of $1,979 and additional interest of $103 due to tax administrative relief procedure as the Company's application of employees' training as tax credits did not have valid supporting documents as required under the Statute for Upgrading Industries. The Company had paid the additional income tax and interest on September 10, 2012.

G) As of September 30, 2012, according to the "Statute for Upgrading Industries," the Company's domestic subsidiaries had investment tax credits to offset against taxable income for the next year. The details are as follows:

Deductible items	Total credits	Unused balance	Year of expiration
Research and development expenditures	$ 47,072	$ 47,072	2012~2013
Machinery and equipment	126	126	2012~2013
Employees' training	55	55	2012~2013
	$ 47,253	$ 47,253	

H) As of September 30, 2012, in accordance with the "Income Tax Law", the Company′s domestic subsidiaries had loss carryforwards in the amount of $303,513 to offset against taxable income for the next ten years. The details are as follows:

Deductible item	Amount reported	Total credits	Unused balance	Year of expiration
Loss carryforwards	$ 1,501,041	$ 303,513	$ 303,513	2013~2022

(18) Accrued pension liability

A) The Company and its domestic subsidiaries have 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. The balance of the retirement fund deposited with Bank of Taiwan was $51,853 and $49,255 as of September 30, 2012 and 2011, respectively. For the nine-month periods ended September 30, 2012 and 2011, net pension costs recognized by the Company and its domestic subsidiaries under the defined benefit plan amounted to $2,090 and $2,039, respectively. The fund balances are not reflected in the consolidated financial statements. The accumulated contributions exceeded the net pension costs in the amount of $9,027 and $8,912 as of September 30, 2012 and 2011, respectively, which was accounted for in other assets - other.

B) Gamania Digital Entertainment (Japan) Co., Ltd., Gamania Korea Co., Ltd., Gamania Digital Entertainment (H.K.) Co., Ltd., Tornado Studio Co., Ltd., Gash Plus (Hong Kong) Company Limited and Firedog Studio Company Limited provide pension reserves annually for their employees in accordance with the local regulations. The net pension costs were $5,504 and $3,007 for the nine-month periods ended September 30, 2012 and 2011, respectively.

C) Gamania Digital Entertainment (Beijing) Co., Ltd. and MoNoKos Studio Technology Co., Ltd. provide old-age pension and insurance monthly based on 22% of the employees' salaries and wages in accordance with the local regulations. The net pension and insurance costs were $5,703 and $6,308 for the nine-month periods ended September 30, 2012 and 2011, respectively.

D) Effective July 1, 2005, in accordance with the Labor Pension Act, 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 and 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 amounted to $32,329 and $29,346 for the nine-month periods ended September 30, 2012 and 2011, respectively.

E) Gamania Holdings Ltd., Gamania Asia Investment Co., Ltd., Gamania Digital Entertainment Labuan Holdings, Ltd., Gamania International Holdings Ltd., Gamania China Holdings Ltd., Gamania Sino Holdings Ltd., Gamania Western Holdings Ltd., Gamania Digital Entertainment (U.S.) Co., Ltd., Gamania Netherlands Holdings Cooperatief U.A., Gamania Digital Entertainment (Europe) B.V., Gamania R&D (HK) Holdings Limited, and Global Pursuit North America Co., Ltd. do not have an employee retirement plan.

(19) Capital reserve

A) 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.

B) When it is resolved by the shareholders at their shareholders' meeting, legal reserve and whole or part of capital reserve arising from the following items can be used to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit:

a) Paid-in capital in excess of par value on issuance of common stocks; and

b) Donations.

(20) Legal reserve

Pursuant to the R.O.C. Company Law, except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

(21) 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 appropriations of 2011 and 2010 earnings had been approved at the stockholders' meeting on June 22, 2012 and June 17, 2011, respectively. Details are summarized below:

	2011 earnings		2010 earnings	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	$ 18,701		$ 23,260	
Cash dividends	125,450	$ 0.80	186,035	$ 1.20
Employees' cash bonuses	Note 1		Note 2	
Directors' and supervisors' remuneration	〃		〃	

Note 1: The amounts approved during the stockholders' meeting for employees' bonus and directors' and supervisors' remuneration are $27,500 and $3,500, respectively.

Note 2: The amounts approved during the stockholders' meeting for employees' bonus and directors' and supervisors' remuneration are $38,200 and $5,040, respectively.

(a)The amounts approved during the stockholders' meeting for the distribution of 2011 earnings for cash dividends was the same with the amount approved by the Company's Board of Directors on April 27, 2012.

(b)The amounts approved during the stockholders' meeting for the distribution of 2010 earnings for cash dividends was the same with the amount approved by the Company's Board of Directors on April 22, 2011. As employee stock options were converted to common stock, the number of shares outstanding changed during the year. Accordingly, the appropriation of dividend per share had been adjusted to $1.19896483 during the board of directors' meeting on July 7, 2011.

D) The estimated amount of employees' bonuses was $26,733 and the estimated amount of supervisors' remuneration was $3,564 for the nine-month period ended September 30, 2011. The above amounts constituted 10%~15% and 2%, respectively, of the net income after taking into account the legal reserve, and are recognized as operating cost and expenses. If the actual distribution amounts are different from the estimated amounts, the difference will be adjusted in the income statement of the following year. As the Company incurred a net loss for the nine-month period ended September 30, 2012, the Company did not accrue employees' bonus and directors' and supervisors' remuneration for the period.

E) The distribution of employees' bonus and remuneration for directors and supervisors in 2011, as mentioned in C) above, was different from the employees' bonus of $27,532 and remuneration for directors and supervisors of $3,671 recognized in the financial statements of 2011. The differences of $32 and $171, respectively, had been adjusted in the income statement for the nine-month period ended September 30, 2012.

F) The distribution of employees' bonus and remuneration for directors and supervisors in 2010, as mentioned in C) above, was different from the employees' bonus of $41,401 and remuneration for directors and supervisors of $5,520 recognized in the financial statements of 2010. The differences of $3,201 and $480, respectively, had been adjusted in the income statement for the nine-month period ended September 30, 2011.

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

(22) Earnings per share

	For the nine-month period ended September 30, 2012				
	Amount		Weighted average number of outstanding common shares (In thousands of shares)	Loss per share (in dollars)	
	Before income tax	After income tax		Before income tax	After income tax
Basic loss per share:					
Net loss	($ 94,536)	($ 174,333)	156,804	($ 0.60)	($ 1.11)
Dilutive effect:					
Stock options (Note)	-	-	-		
Diluted loss per share:					
Net loss	($ 94,536)	($ 174,333)	156,804	($ 0.60)	($ 1.11)

Note: The employee stock options outstanding as at September 30, 2012 had anti-dilutive effect, therefore, the diluted loss per share was the same as the basic loss per share.

	For the nine-month period ended September 30, 2011				
	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	$ 274,895	$ 172,934	154,770	$ 1.78	$ 1.12
Dilutive effect:					
Stock options	-	-	2,222		
Employees' bonuses	-	-	862		
Diluted earnings per share:					
Net income	$ 274,895	$ 172,934	157,854	$ 1.74	$ 1.10

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.

(23) Treasury stock

Changes in the treasury stock for the nine-month period ended September 30, 2011 are set forth below (in thousands of shares):

A)

	For the nine-month period ended September 30, 2011			
Purpose	Beginning	Additions	Disposals	Ending
Employee stock options	13,099	-	(13,099)	-

B) The maximum and ending balance of treasury stock for the nine-month period ended September 30, 2011 are as follows:

September 30, 2011	
Maximum balance	Ending balance
$ 370,182	$ -

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.

E) According to the R.O.C. Securities and Exchange Act, treasury shares for the purpose of enhancing the Company's creditworthiness and shareholders' equity not reissued within six months shall be retired, while treasury stocks for all other purposes shall be reissued within three years from the month of acquisition.

F) After the approval of the board of directors during its meeting on April 22, 2011, the treasury stocks which were not reissued within three years from the month of acquisition have been retired totaling 11,840 thousand shares. The retirement resulted in the decrease in capital of $118,400. The rate of capital reduction was 7.04%, and the effective date was April 23, 2011. After the approval of the board of directors during its meeting on July 7, 2011, the treasury stocks were transferred to employees at a price of $15.37 per share. The total amount paid by the employees was $19,351 and compensation cost was $40,463. The effective date was July 7, 2011.

G) The fair value was estimated using "The Black-Scholes model" as follows:

Transaction type	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected vesting period (year)	Expected dividend (in dollars)	Risk-free interest rate	Fair value (in dollars)
Treasury stocks transferred to employees	July 7, 2011	$ 48.70	$ 15.37	31.29%	0.057	$ 1.20	0.87%	$ 32.14

(24) <u>Employee stock option plan</u>

A) On November 14, 2007, the board of directors approved the employee stock option plans which provided for the issuance of 12,000,000 units of options, 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 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 units and weighted average exercise price of the stock options for the nine-month periods ended September 30, 2012 and 2011 were as follows:

	For the nine-month periods ended September 30,			
	2012		2011	
Stock Options	Units (in thousands)	Weighted-average exercise price (in dollars) (Note 1)	Units (in thousands)	Weighted-average exercise price (in dollars) (Note 1)
Beginning balance	4,904	$ 23.60	7,249	$ 24.20
Number of options granted	-	-	-	-
Adjustment due to issuance of stock dividends	-	-	-	-
Exercised (Notes 2 and 3)	(114)	-	(2,271)	-
Cancelled	(5)	-	(68)	-
Ending balance	4,785	23.00	4,910	23.60
Exercisable at the end of the period	4,785		4,910	
Authorized but unissued at the end of the period	-		-	

Note 1: The exercise price has been adjusted in accordance with the terms of the plan.

Note 2: As of September 30, 2012, 56 thousand shares had not been registered and were accounted for under stock subscriptions received in advance.

Note 3: As of September 30, 2011, 350 thousand shares had not been registered and were accounted for under stock subscriptions received in advance.

C) As of September 30, 2012 and 2011, the details of outstanding stock options are as follows:

	For the nine-month period ended September 30, 2012				
	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)
$ 23.00	4,785	1.17	$ 23.00	4,785	$ 23.00

	For the nine-month period ended September 30, 2011				
	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)
$ 23.60	4,910	2.17	$ 23.60	4,910	$ 23.60

(25) Personnel, depreciation and amortization expenses

	For the nine-month period ended September 30, 2012		
	Operating costs	Operating expenses	Total
Personnel expenses			
Salaries	$ 98,609	$ 894,843	$ 993,452
Labor and health insurances	9,243	74,154	83,397
Pension	3,405	42,221	45,626
Others	1,936	52,735	54,671
	$ 113,193	$ 1,063,953	$ 1,177,146
Depreciation	$ 75,470	$ 94,162	$ 169,632
Amortization	$ 141,013	$ 39,615	$ 180,628

	For the nine-month period ended September 30, 2011		
	Operating costs	Operating expenses	Total
Personnel expenses			
Salaries	$ 88,348	$ 861,007	$ 949,355
Labor and health insurances	8,799	64,916	73,715
Pension	3,043	37,657	40,700
Others	1,864	55,805	57,669
	$ 102,054	$ 1,019,385	$ 1,121,439
Depreciation	$ 64,941	$ 61,956	$ 126,897
Amortization	$ 151,037	$ 69,973	$ 221,010

5. RELATED PARTY TRANSACTIONS

(1) Names and relationship of related parties

Names of related parties	Relationship with the Company
Nexon Korea Corporation (Nexon)	Note 1
Taiwan e-sports Co., Ltd. (Taiwan e-sports)	Investee company accounted for under the equity method
Machi Pictures Co., Ltd. (Machi Pictures)	〃
Niu Niu Technology Co., Ltd. (Niu Niu) (Note 2)	〃
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 since March 2011. As Nexon has the ability to exercise significant influence on the Company's operational decisions and thus considered as the Company's related party, the relevant transaction information between the Group and Nexon is disclosed from then on.

Note 2: The Company's indirect subsidiary, Jsdway Digital Technology Co., Ltd., had sold all of its ownership in Niu Niu Technology Co., Ltd. in June, 2012, therefore, the relevant transaction information between the Group and Niu Niu is disclosed up to the disposal date.

(2) Significant transactions and balances with related parties

A) Sales

	For the nine-month periods ended September 30,			
	2012		2011	
	Amount	% of sales	Amount	% of sales
Niu Niu	$ 3,863	-	$ -	-

The above sales were made on general sales prices and terms.

B) License fees

	For the nine-month periods ended September 30,			
	2012		2011	
	Amount	% of license fees	Amount	% of license fees
Nexon	$ 822,788	60	$ 617,226	29

The above represents payments for license fees as agent of the related party's on-line games. The license fees were negotiated on different factors.

C) Donation

	For the nine-month periods ended September 30,			
	2012		2011	
	Amount	% of donation	Amount	% of donation
Gamania Cheer Up Foundation	$ 4,500	54	$ 9,500	81

D) Deferred charges

	For the nine-month periods ended September 30,			
	2012		2011	
	Amount	% of net deferred charges	Amount	% of net deferred charges
Nexon	$ 43,052	13	$ 65,551	17

The above represents payment for on-line games license fees.

E) Accounts payable

	September 30,			
	2012		2011	
	Amount	% of accounts payable	Amount	% of accounts payable
Nexon	$ 71,612	10	$ 69,571	12

F) Property transactions

For the nine-month period ended September 30, 2012, the Group paid $30,869 to Nexon as payment for royalties. The terms and prices of property transactions were negotiated on different factors.

6. DETAILS OF PLEDGED OR RESTRICTED ASSETS

	September 30,		
Assets	2012	2011	Purpose
Land	$ 81,374	$ -	Long-term and short-term loans / Credit lines
Buildings	68,920	-	"
Transportation equipment	1,732	-	Long-term loans guarantee
	$ 152,026	$ -	

7. COMMITMENTS AND CONTINGENT LIABILITIES

In addition to Note 4(17), others are as follows:

A) As of September 30, 2012, the total future rental payments for the next 3 years under non-cancelable operating lease agreements for the lease of the Group’s office building, transportation equipment and networking device was $119,111.

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) The subsidiary signed a contract for the development of a website and the total future contract payment as of September 30, 2012 was $650.

8. MAJOR CATASTROPHE

None.

9. SUBSEQUENT EVENTS

None.

10. OTHERS

(1) Financial statement presentation

Certain accounts in the September 30, 2011 consolidated financial statements were reclassified to conform with the September 30, 2012 consolidated financial statements presentation.

(2) Fair values of the financial instruments

	September 30, 2012			September 30, 2011		
		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	$2,880,325	(Note A)	$2,880,325	$2,870,002	(Note A)	$2,870,002
Financial assets at fair value through profit or loss	28,993	28,993	-	2,850	2,850	-
Financial assets carried at cost	23,740	-	-	124,294	-	-
Refundable deposits	60,575	-	60,575	54,949	-	54,949
Liabilities						
Financial liabilities with fair values equal to book values	$1,539,946	(Note A)	$1,539,946	$1,305,704	(Note A)	$1,305,704
Financial liabilities at fair value through profit or loss	7,372	7,372	-	3,426	3,426	-
Bonds payable	51,822	-	50,954	-	-	-
Long-term loans	243	-	232	11,136	-	10,908
Guarantee deposits	8,931	-	8,931	6	-	6

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 (including related parties), other receivables (excluding income tax refundable), short-term loans, notes and accounts payable (including related parties), accrued expenses, other payables, current portion of long-term liabilities and other current liabilities.

B) Designated as financial assets at fair value through profit or loss are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the market for financial instruments is not active, an entity establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing.

C) Financial assets carried at cost are measured at cost as they have no quoted price in active market and their fair value cannot be measured reliably.

D) The fair values of bonds payable and long-term loans are based on the present value of expected cash flow amounts. The discount rate of bonds payable and long-term loans were other instruments which the Group could acquire similar terms at about 0.49%~0.63% and 1.78%~2.99%, respectively.

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

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

	September 30,	
	2012	2011
Guarantee for loans of subsidiaries	$ 696,799	$ 538,060

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 approximate the amount of the guarantee provided by the Company.

F) As of September 30, 2012 and 2011, the fair values of the financial instruments with interest rate risk were $547,454 and $526,108, respectively.

(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 at fair value through profit or loss and financial assets carried at cost - non-current

(A) Market risk

The fair values of financial assets at fair value through profit or loss the Group holds would be changed by the fluctuations of market prices. However, the Group has set stop-loss amounts for those assets; therefore, no material market risk is expected.

The Group's trading of financial assets has no market price, so the Group expects no significant market risk.

(B) Credit risk

The Group buys and sells the financial assets at fair value through profit or loss through TWSE, OTC and financial institutions. The counterparties of those transactions have good credit history; they are not expected to default on the transactions. Therefore, the probability of credit risk occurrence is remote.

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 financial assets at fair value through profit or loss the Group invests in all have active market; therefore, they are expected to be sold easily in the market at a price approximate to the fair value.

There is no active market for financial assets carried at cost of the Group, so the Group expects to have liquidity risk.

(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 (including related parties) 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, bonds payable and long-term loans (including current portion of long-term loans)

(A) Market risk

As interest rates for most of the loans and issuance of bonds for working capital are both floating and fixed, 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

Fixed and floating interests for loans are adopted by the Group. There will be no cash flow interest risk for loans with fixed interest, but for loans with floating interest, effective interest will vary with fluctuations in market interest and it will change future cash flows.

(5) Some transactions of the Group involve non-functional currency, resulting in foreign currency denominated assets and liabilities which are affected by exchange rate fluctuations. The Group's significant foreign currency denominated assets and liabilities as of September 30, 2012 and 2011 are summarized below:

	September 30, 2012			September 30, 2011		
	Foreign Currency Amount (Note)		Exchange Rate	Foreign Currency Amount (Note)		Exchange Rate
Financial Assets						
USD : TWD	USD	149,140	29.3420	USD	31,895	30.5060
HKD : TWD	HKD	539,264	3.7844	HKD	5,391	3.9154
CNY : TWD	RMB	4,591	4.6687	RMB	-	4.7771
Financial Liabilities						
USD : TWD	USD	603,619	29.3420	USD	728,649	30.5060

Note: Foreign currency amount is expressed in dollars.

(6) For the nine-month periods ended September 30, 2012 and 2011, the Group donated cash amounting to $8,300 and $11,800, 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

The 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, 2012	Outstanding guarantee amount at September 30, 2012	Amount of guarantee with collateral placed	Ratio of accumulated guarantee amount to net value of the Company	Maximum amount available for guarantee (Notes 3 and 4)
Number (Note 1)	Name	Name	Relationship with the Company (Note 2)						
0	The Company	Gash Plus (Taiwan) Company Limited	2	$ 470,438	$ 458,000	$ 458,000	None	18.43%	$ 1,568,125
0	The Company	Gameastor Digital Entertainment Co., Ltd.	2	$ 470,438	$ 130,000	$ 50,000	None	2.01%	$ 1,568,125
0	The Company	Gamania Digital Entertainment (Japan) Co., Ltd.	3	$ 470,438	$ 113,470	$ 113,470	None	4.57%	$ 1,568,125
0	The Company	Gamania Digital Entertainment (Beijing) Co., Ltd.	3	$ 470,438	$ 75,554	$ 71,832	None	2.89%	$ 1,568,125
0	The Company	Gamania Digital Entertainment (U. S.) Co., Ltd.	3	$ 470,438	$ 4,007	$ 3,497	None	0.14%	$ 1,568,125

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: The calculation method of maximum amount available for guarantee, the maximum outstanding guarantee amount and the recognized contingent loss, if any, should be stated in the financial statements.

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, 2012:

Unit: Thousands of New Taiwan Dollars / Thousands of Shares

				September 30, 2012				
Issuer	Type of marketable securities (Note 1)	Relationship with the security holders	General ledger account	Number of shares (Note 3)	Book value	Percentage	Market value (Note 2)	Note
The Company	Gamania Holdings Ltd. - Stock	Subsidiary	Long-term investments accounted for under the equity method	40,417	$ 645,846	100%	$ 645,846	Note 5
〃	Gamania Korea Co., Ltd. - Stock	〃	〃	724	31,439	100%	31,439	〃
〃	Fantasy Fish Digital Games Co., Ltd. - Stock	〃	〃	4,458	13,823	99.75%	11,932	〃
〃	Gameastor Digital Entertainment Co., Ltd. - Stock	〃	〃	3,863	123,567	72.08%	123,567	〃
〃	Gamania Asia Investment Co., Ltd. - Stock	〃	〃	13,945	203,834	100%	203,834	〃
〃	Gamania Digital Entertainment Labuan Holdings, Ltd. - Stock	〃	Other liabilities - other	50	(36,270)	100%	(36,270)	Notes 3,5
〃	Fundation Digital Entertainment Co., Ltd. - Stock	〃	Long-term investments accounted for under the equity method	3,330	5,730	100%	5,730	Note 5
〃	Playcoo Co. - Stock	〃	〃	13,996	80,661	75.25%	34,533	〃
〃	Redgate Games Co., Ltd. - Stock	〃	〃	20,200	3,906	100%	3,906	〃
〃	Seedo Games Co., Ltd. - Stock	〃	〃	16,200	4,255	100%	4,255	〃
〃	Two Tigers Co., Ltd. - Stock	〃	〃	627	6,241	51%	6,241	〃
〃	Gash Plus (Taiwan) Company Limited - Stock	〃	〃	5,000	83,130	100%	83,130	〃
〃	Global Pursuit (U.S.) Co., Ltd. - Stock	〃	〃	3,000	27,037	100%	27,037	〃
〃	RitwNow Inc. - Stock	〃	〃	1,530	14,104	51%	14,104	〃
〃	Machi Pictures Co., Ltd. - Stock	Investee company accounted for under the equity method	〃	2,000	19,650	48.78%	18,552	None
〃	Taiwan e-sports Co., Ltd. - Stock	〃	〃	4,680	7,679	40.70%	7,679	〃
〃	NC Taiwan Co., Ltd. - Stock	Investee company accounted for under financial assets carried at cost	Financial assets carried at cost - non-current	2,100	22,841	15%	22,841	〃
〃	FSITC Global High Yield Bond Fund	None	Financial assets at fair value though profit or loss	782	10,000	Note 4	10,389	〃
〃	HSBC Global of Bonds	〃	〃	846	10,000	Note 4	10,415	〃

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

Note 2: a) 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.
b) 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 credit balance of long-term investments accounted for under the equity method at the end of the period was reclassified to “other liabilities - other”.

Note 4: Less than 1%

Note 5: The transaction had been eliminated in the consolidated financial statements.

D) Marketable securities acquired or sold during the nine-month period ended September 30, 2012 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 1)		Addition		Disposal				Ending balance		Note
				Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Cost	Disposal gain	Number of shares	Amount	
The Company	Taishin Ta-Chong Money Market Fund	Financial asset held for trading-bond funds	Initial investment at inception / None	-	$ -	7,281	$ 100,000	7,281	$ 100,098	$ 100,000	$ 98	-	$ -	None
〃	Taishin 1699 Money Market Fund	〃	〃	-	-	9,954	130,000	9,954	130,108	130,000	108	-	-	〃
〃	Jih Sun Bond	〃	〃	-	-	6,993	100,000	6,993	100,033	100,000	33	-	-	〃
〃	Yuanta Money Market Fund	〃	〃	-	-	8,537	125,000	8,537	125,034	125,000	34	-	-	〃
〃	Eastspring Inv Well Pool Money Market Fund	〃	〃	-	-	8,362	110,000	8,362	110,089	110,000	89	-	-	〃
〃	Gamania Holdings Ltd.	Long-term investments accounted for under the equity method	Initial investment at inception/ Subsidiary	33,985	833,253	6,432	(187,407)	-	-	-	-	40,417	645,846	Notes 1, 2 and 3

Note 1: Original investment cost.

Note 2: Net decrease amount for the nine-month period ended September 30, 2012 was $187,407, including additional investment of $191,750 in Gamania Holdings Ltd. and ($379,157) representing the total of investment loss accounted for under the equity method, cumulative translation adjustments, reduction in retained earnings of subsidiaries due to issuance of new stocks that was recognized in proportion to the Company's ownership and change in equity of subsidiaries due to capital increase that was not recognized in proportion to the Company's ownership.

Note 3: The investment had been eliminated in the consolidated financial statements.

E) Acquisition of 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:

Purchaser /Seller	Name of transaction parties	Relationship	Transaction terms				Description of and reasons for difference in transaction terms compared to non-related party transactions		Accounts or notes receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit terms	Unit price	Credit period	Balance	Percentage of total accounts or notes receivable (payable)	
The Company	Gash Plus (Taiwan) Company Limited	Subsidiary	Sales	$ 2,442,422	95%	Note 1	Note 1	Note 1	$ 633,972	90%	Note 3
〃	Nexon Korea Corporation	Investor of the Company (accounted for under the equity method)	License fees	767,221	74%	Note 2	Note 2	Note 2	56,364	74%	None

Note 1: The above represents sales based on merchandise, competitive market and trading situation. The price and collection terms are similar to third parties.

Note 2: The above represents payments for license fees and are negotiated based on different factors.

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

H) Receivable from related parties in excess of $100,000 or 20% of capital:

Name of creditor	Transaction parties	Relationship	Balance of receivables from related parties (in thousands)	Turnover rate	Overdue receivables		Subsequent collections (in thousands)	Allowance for doubtful accounts provided
					Amount	Action adopted for overdue accounts		
Gamania Digital Entertainment Co., Ltd.	Gash Plus (Taiwan) Company Limited	Subsidiary	$ 718,351 (Note 2)	4.86	$ -	-	$ 307,959 (Note 1)	$ 7,824

Note 1: The subsequent collections represent collections from the balance sheet date to October 25, 2012.

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

I) Information on derivative transaction: None.

(2) Information of investee companies

A) Information of investee companies:

The information on Gash Plus (Taiwan) Company Limited was based on financial statements reviewed by the Company’s auditors. The others 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
				2012.9.30	2011.12.31	Number of shares	Percentage	Book value			
The Company	Gamania Holdings Ltd.	Cayman Islands	Investment holdings	$2,059,171	$1,867,421	40,417	100%	$ 645,846	($ 351,560)	($ 351,560)	Note 1
〃	Gamania Korea Co., Ltd.	Seoul, Korea	Design and sales of software	335,174	291,303	724	100%	31,439	(33,951)	(33,951)	〃
〃	Fantasy Fish Digital Games Co., Ltd.	Taiwan	Design and research and development of software	330,000	330,000	4,458	99.75%	13,823	(1,472)	(1,469)	〃
〃	Gameastor Digital Entertainment Co., Ltd.	Taiwan	Software services	211,433	211,433	3,863	72.08%	123,567	103,513	74,615	Notes 1, 2
〃	Gamania Asia Investment Co., Ltd.	Taiwan	Investment holdings	190,000	190,000	13,945	100%	203,834	62,549	62,549	Note 1
〃	Gamania Digital Entertainment Labuan Holdings, Ltd.	Malaysia	Investment holdings	1,546	1,546	50	100%	(36,270)	(37,637)	(37,637)	〃
〃	Fundation Digital Entertainment Co., Ltd.	Taiwan	Publishing of magazines and periodicals	190,000	170,000	3,330	100%	5,730	(27,575)	(27,575)	〃
〃	Playcoo Co.	Taiwan	Design and research and development of software	152,554	152,554	13,996	75.25%	80,661	(42,232)	(31,780)	〃
〃	Redgate Games Co. Ltd.	Taiwan	Design and research and development of software	202,000	162,000	20,200	100%	3,906	(51,584)	(51,584)	〃

Note 1: The investment had been eliminated in the consolidated financial statements.

Note 2: Including write-off of realized (unrealized) sales margin of $2.

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
				2012.9.30	2011.12.31	Number of shares	Percentage	Book value			
The Company	Seedo Games Co. Ltd.	Taiwan	Design and research and development of software	$ 162,000	$ 142,000	16,200	100%	$ 4,255	($ 33,645)	($ 33,645)	Note 1
〃	Two Tigers Co. Ltd.	Taiwan	Animation production	6,269	6,269	627	51%	6,241	728	371	〃
〃	Gash Plus (Taiwan) Company Limited	Taiwan	Software information and supply of electronic services	50,000	50,000	5,000	100%	83,130	30,555	30,555	〃
〃	Global Pursuit (U.S.) Co., Ltd.	Taiwan	Software information and supply of electronic services	30,000	-	3,000	100%	27,037	(2,503)	(2,503)	〃
〃	Machi Pictures Co., Ltd.	Taiwan	Movie making and publishing	20,000	-	2,000	48.78%	19,650	(2,970)	(350)	Notes 2
〃	Taiwan e-sports Co., Ltd.	Taiwan	Supply of software services and electronic information	46,800	39,400	4,680	40.70%	7,679	(14,448)	(5,834)	Notes 3
〃	RitwNow Inc.	Taiwan	Software services and sales	15,300	-	1,530	51%	14,104	(2,345)	(1,196)	Note 1
Gamania Asia Investment Co., Ltd.	Gameastor Digital Entertainment Co., Ltd.	Taiwan	Software services	80,625	80,625	1,458	27.20%	46,890	103,513	28,156	〃
Global Pursuit (U.S.) Co., Ltd.	Global Pursuit North America Co., Ltd.	U.S.A.	Software information and supply of electronic services	23,966	-	-	100%	21,016	(2,491)	(2,491)	Notes 1,4
Gash Plus (Taiwan) Company Limited	Jsdway Digital Technology Co., Ltd.	Taiwan	Software information and supply of electronic services	50,000	40,000	5,000	33.33%	41,155	24,588	8,195	Note 1

Note 1: The investment had been eliminated in the consolidated financial statements.
Note 2: The weighted-average ownership percentage was 13.60%.
Note 3: The weighted-average ownership percentage was 40.38%.
Note 4: The period end original investment cost and book value both included the prepayment of USD800 thousand for long-term investment.

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
				2012.9.30	2011.12.31	Number of shares	Percentage	Book value			
Jsdway Digital Technology Co., Ltd.	Webo Digital Co., Ltd.	Taiwan	Software services and sales	$ 34,590	$ 19,590	3,459	98.83%	$ 14,931	($ 12,694)	($ 12,545)	Note 1
〃	Precious Power Digital Technology Co., Ltd.	Taiwan	Software services and sales	7,000	7,000	700	70%	3,465	(2,670)	(1,869)	〃
〃	Tang Chao Digital Technology Co., Ltd.	Taiwan	Software services and sales	-	1,000	-	-	-	-	-	Notes 2, 3
〃	Niu Niu Technology Co., Ltd.	Taiwan	Software services and sales	-	1,050	-	-	-	(1,816)	(545)	Note 4
〃	Encore Digital Technology Co., Ltd.	Taiwan	Software services and sales	-	1,750	-	-	-	(2,321)	(812)	Note 2
Gamania Holdings Ltd.	Gamania International Holdings Ltd.	Cayman Islands	Investment holdings	USD 61,907 thousand	USD 56,974 thousand	61,907	100%	USD 21,100 thousand	(USD 10,980 thousand)	(USD 10,980 thousand)	Note 1
〃	Gamania R&D (HK) Holdings Limited	Hong Kong	Investment holdings	USD 1,600 thousand	USD 100 thousand	1,600	100%	USD 797 thousand	(USD 809 thousand)	(USD 809 thousand)	〃
Gamania R&D (HK) Holdings Limited	MoNoKos Studio Technology Co., Ltd.	China	Research and development of software	USD 1,500 thousand	-	-	100%	USD 705 thousand	(USD 801 thousand)	(USD 801 thousand)	〃
Gamania International Holdings Ltd.	Gamania Digital Entertainment (Japan) Co., Ltd.	Japan	Design and sales of software; sales of hardware	USD 16,383 thousand	USD 16,383 thousand	20	100%	USD 4,396 thousand	(USD 4,143 thousand)	(USD 4,143 thousand)	〃

Note 1: The investment had been eliminated in the consolidated financial statements.

Note 2: The investment had been disposed in May, 2012.

Note 3: The loss incurred from the investment had netted off its book value, so no other loss would be recognized for the investment.

Note 4: The investment had been disposed in June, 2012.

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
				2012.9.30	2011.12.31	Number of shares	Percentage	Book value			
Gamania International Holdings Ltd.	Gamania China Holdings Ltd.	Cayman Islands	Investment holdings	USD 39,884 thousand	USD 36,884 thousand	39,884	98.79%	USD 10,306 thousand	(USD 2,041 thousand)	(USD 2,016 thousand)	Notes 1,2
〃	Gamania Western Holdings Ltd.	Cayman Islands	Investment holdings	USD 8,650 thousand	USD 7,150 thousand	8,650	100%	USD 3,184 thousand	(USD 1,324 thousand)	(USD 1,324 thousand)	Note 1
〃	Gamania Netherlands Holdings Cooperatief U.A.	Amsterdam	Investment holdings	USD 5,884 thousand	USD 3,981 thousand	-	100%	USD 1,546 thousand	(USD 2,323 thousand)	(USD 2,323 thousand)	〃
〃	Firedog Studio Company Limited	Hong Kong	Design and research and development of software	USD 3,850 thousand	USD 3,350 thousand	29,927	100%	USD 724 thousand	(USD 1,293 thousand)	(USD 1,293 thousand)	〃
〃	Gash Plus (Hong Kong) Company Limited	Hong Kong	Software information and supply of electronic services	USD 97 thousand	USD 97 thousand	750	100%	USD 633 thousand	USD 516 thousand	USD 516 thousand	〃
〃	Tornado Studio Co., Ltd.	Seoul, Korea	Software information and supply of electronic services	USD 730 thousand	USD 300 thousand	161	100%	USD 120 thousand	(USD 387 thousand)	(USD 387 thousand)	〃
Gamania China Holdings Ltd.	Gamania Sino Holdings Ltd.	Cayman Islands	Investment holdings	USD 37,720 thousand	USD 34,720 thousand	37,720	100%	USD 257 thousand	(USD 5,322 thousand)	(USD 5,322 thousand)	〃
〃	Gamania Digital Entertainment (H.K.) Co., Ltd.	Hong Kong	Design and sales of software	USD 3,009 thousand	USD 3,009 thousand	35,500	100%	USD 8,891 thousand	USD 3,278 thousand	USD 3,278 thousand	〃
Gamania Sino Holdings Ltd.	Gamania Digital Entertainment (Beijing) Co., Ltd.	China	Design and sales of software	USD 33,500 thousand	USD 30,500 thousand	-	100%	(USD 38 thousand)	(USD 5,286 thousand)	(USD 5,286 thousand)	〃

Note 1: The investment had been eliminated in the consolidated financial statements.
Note 2: The weighted-average ownership percentage was 98.74%.

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
				2012.9.30	2011.12.31	Number of shares	Percentage	Book value			
Gamania Western Holdings Ltd.	Gamania Digital Entertainment (U.S.) Co., Ltd.	U.S.A.	Design and sales of software	USD 8,630 thousand	USD 7,130 thousand	1	100%	USD 3,190 thousand	(USD 1,321 thousand)	(USD 1,321 thousand)	Note
Gamania Netherlands Holdings Cooperatief U.A.	Gamania Digital Entertainment (Europe) B.V.	Amsterdam	Design and sales of software	EUR 4,500 thousand	EUR 3,000 thousand	-	100%	EUR 1,196 thousand	(EUR 1,814 thousand)	(EUR 1,814 thousand)	〃

Note : The investment had 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, 2012:

Issuer	Type of marketable securities (Note 1)	Relationship with the security holders	General ledger account	September 30, 2012				
				Number of shares (Note 3)	Book value	Percentage	Market value (Note 2)	Note
Gamania Holdings Ltd.	Gamania International Holdings Ltd. - Stock	Subsidiary	Long-term investments - accounted for under the equity method	61,907	USD 21,100 thousand	100%	USD 21,100 thousand	Note 4
〃	Gamania R&D (HK) Holdings Limited - Stock	〃	〃	1,600	USD 797 thousand	100%	USD 797 thousand	〃
Gamania International Holdings Ltd.	Gamania Digital Entertainment (Japan) Co., Ltd. - Stock	〃	〃	20	USD 4,396 thousand	100%	USD 4,396 thousand	〃
〃	Gamania China Holdings Ltd. - Stock	〃	〃	39,884	USD 10,306 thousand	98.79%	USD 9,412 thousand	〃
〃	Gamania Western Holdings Ltd. - Stock	〃	〃	8,650	USD 3,184 thousand	100%	USD 3,184 thousand	〃
〃	Gamania Netherlands Holdings Cooperatief U.A. - Stock	〃	〃	-	USD 1,546 thousand	100%	USD 1,546 thousand	〃
〃	Firedog Studio Company Limited - Stock	〃	〃	29,927	USD 724 thousand	100%	USD 724 thousand	〃
〃	Gash Plus (Hong Kong) Company Limited - Stock	〃	〃	750	USD 633 thousand	100%	USD 633 thousand	〃
〃	Tornado Studio Co., Ltd - Stock	〃	〃	161	USD 120 thousand	100%	USD 120 thousand	〃
Gamania R&D (HK) Holdings Limited	MoNoKos Studio Technology Co., Ltd. - Stock	〃	〃	-	USD 705 thousand	100%	USD 705 thousand	〃
Gamania China Holdings Ltd.	Gamania Sino Holdings Ltd. - Stock	〃	〃	37,720	USD 257 thousand	100%	USD 226 thousand	〃
〃	Gamania Digital Entertainment (H.K.) Co., Ltd. - Stock	〃	〃	35,500	USD 8,891 thousand	100%	USD 8,891 thousand	〃
Gamania Sino Holdings Ltd.	Gamania Digital Entertainment (Beijing) Co., Ltd. - Stock	〃	〃	-	(USD 38 thousand)	100%	(USD 38 thousand)	〃
Gamania Western Holdings Ltd.	Gamania Digital Entertainment (U.S.) Co., Ltd. - Stock	〃	〃	1	USD 3,190 thousand	100%	USD 3,190 thousand	〃
Gamania Netherlands Holdings Cooperatief U.A.	Gamania Digital Entertainment (Europe) B.V. - Stock	〃	〃	-	EUR 1,196 thousand	100%	EUR 1,196 thousand	〃

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

Note 2: a) 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.
b) 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 investment had been eliminated in the consolidated financial statements.

Issuer	Type of marketable securities (Note 1)	Relationship with the security holders	General ledger account	September 30, 2012 Number of shares (Note 3)	Book value	Percentage	Market value (Note 2)	Note
Gash Plus (Taiwan) Company Limited	Jsdway Digital Technology Co., Ltd. - Stock	Subsidiary	Long-term investments - accounted for under the equity method	5,000	$ 41,155	33.33%	$ 41,155	Note 4
Global Pursuit (U.S.) Co., Ltd.	Global Pursuit North America Co., Ltd. - Stock	〃	〃	-	21,016	100%	21,016	〃
Gamania Asia Investment Co., Ltd.	Gameastor Digital Entertainment Co., Ltd. - Stock	Investee company accounted for under the equity method	〃	1,458	46,890	27.20%	46,890	〃
〃	Compass Systems Corp. - Stock	None	Financial assets carried at cost	1,000	899	3.33%	899	None
〃	Iwan Interactive Entertainment Co., Ltd. - Stock	〃	Financial assets at fair value through profit or loss	285	2,850	14.96%	8,177	〃
Jsdway Digital Technology Co., Ltd.	Webo Digital Co., Ltd. - Stock	Investee company accounted for under the equity method	Long-term investments - accounted for under the equity method	3,459	14,931	98.83%	14,931	Note 4
〃	Precious Power Digital Technology Co., Ltd. - Stock	〃	〃	700	3,465	70%	3,465	〃
〃	Moqizone Holding Corporation - Stock	Prepaid long-term equity investments	Prepaid long-term equity investments	-	6,000	-	6,000	None
〃	Jsdway (M) Sdn. Bhd. - Stock	〃	〃	-	585	-	585	〃
Precious Power Digital Technology Co., Ltd.	Everpeace International Limited - Stock	〃	〃	-	2,000	-	2,000	〃
Jsdway Digital Technology Co., Ltd.	International Games System Co., Ltd. - Stock	None	Financial assets at fair value through profit or loss	28	3,094	Note 5	3,094	〃
〃	Prudential Financial Asia Bond Fund	〃	〃	200	2,101	〃	2,101	〃
〃	Capital ASEA-Mutual Fund	〃	〃	100	948	〃	948	〃

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

Note 2:a) 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.
b) 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 investment had been eliminated in the consolidated financial statements.

Note 5: Less than 1%.

E) Marketable securities acquired or sold during the nine-month period ended September 30, 2012 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 the counterparty	Beginning balance (Note)		Addition		Disposal				Ending balance	
				Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Cost	Gain (loss) on disposal	Number of shares	Amount
Gamania Asia Investment Co., Ltd.	Nice Finance Co., Ltd.	Financial assets carried at cost	None	9,383	$ 91,453	-	-	9,383	$ 134,573	$ 91,453	$ 43,120	-	-

Note: The original investment cost.

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:

Name of the Counterparty	Name of transaction parties	Relationship	Transaction terms				Description of and reasons for difference in transaction terms compared to non-related party transactions		Accounts or notes receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit terms	Unit price	Credit period	Balance	Percentage of total accounts or notes receivable (payable)	
Gash Plus (Taiwan) Company Limited	The Company	Parent company	Purchases	$2,442,422	66%	Note 1	Note 1	Note 1	$ 633,972	60%	Note 2

Note 1: The purchase terms and prices were negotiated in consideration of factors including product cost, market and competition. There is no similar transaction to compare with.

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

I) Receivable from related parties in excess of $100,000 or 20% or capital:

Name of creditor	Transaction parties	Relationship	Balance of receivable from related parties (in thousands)	Turnover rate	Overdue receivables		Subsequent collections (in thousands) (Note 2)	Note
					Amount	Action adopted for overdue accounts		
Gameastor Digital Entertainment Co., Ltd.	The Company	Parent company	$ 188,782 (Note 1)	-	$ -	-	$ 4,207	Note 3

Note 1: The nature of balance is receipts under custody and advertising revenue.

Note 2: The subsequent collections represent collections from the balance sheet date to October 25, 2012.

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

J) Information on derivative transactions: None.

(3) DISCLOSURE OF INFORMATION ON INVESTMENT IN MAINLAND CHINA

The information of investee companies were based on unreviewed financial statements.

A) Information on Mainland China investments is disclosed as follows in accordance with (2002) Tai-Cai-Zheng (6) Letter No. 103366 of Securities and Futures Commission, Ministry of Finance:

Name of investee in Mainland China	Main activities	Capital (Note 4)	Investment method	Accumulated investment from Taiwan as of January 1, 2012 (Note 5)	Remitted or received investment amount during the period		Accumulated investment from Taiwan as of September 30, 2012 (Note 6)	Direct and indirect percentage of ownership	Investment loss recognized during the period (Note 3)	Balance of investment on September 30, 2012 (Note 7)	Accumulated investment income received as of September 30, 2012
					Remitted	Received					
Gamania Digital Entertainment (Beijing) Co., Ltd.	Design and sales of software	982,957	Note 2	$ 676,920	$ 52,816	$ -	$ 729,736	98.79%	($ 155,254)	(1,115)	$ -
MoNoKos Studio Technology Co., Ltd.	Research and development of software	44,013	〃	-	44,013	-	44,013	100%	(23,826)	20,686	-

B) Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA:

Company	Accumulated amount of investment in Mainland China as of September 30, 2012	Related investment amount approved by FIA (Note 1)	Upper limit of investment in Mainland China
Gamania Digital Entertainment (Beijing) Co., Ltd.	$ 729,736	$ 1,084,568	$ 1,590,578
MoNoKos Studio Technology Co., Ltd.	44,013	146,710	1,590,578

Note 1: Related total investment amount approved by FIA to invest in Gamania Digital Entertainment (Beijing) Co., Ltd. is USD 36,963 thousand or NTD 1,084,568 thousand based on 29.342 exchange rate. The related total investment amount approved by FIA to invest in MoNoKos Studio Technology Co., Ltd. is USD 5 million or NTD 146,710 based on 29.342 exchange rate.

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

Note 3: The investment loss of the investee companies, Gamania Digital Entertainment (Beijing) Co., Ltd. and MoNoKos Studio Technology Co., Ltd., for the nine-month period ended September 30, 2012 was recognized based on the indirect weighted-average ownership percentage of 98.74% and 100%, respectively, and on their financial statements for the corresponding period, which were unreviewed.

Note 4: Paid-in capital of Company, Gamania Digital Entertainment (Beijing) Co., Ltd. and MoNoKos Studio Technology Co., Ltd. was USD 33,500 thousand and USD 1,500 thousand, respectively.

Note 5: Accumulated investment amount of remittance for Gamania Digital Entertainment (Beijing) Co., Ltd. and MoNoKos Studio Technology Co., Ltd. from Taiwan to Mainland China as of January 1, 2012 was USD 23,070 thousand and USD 0 thousand, respectively.

Note 6: Accumulated investment amount of remittance for Gamania Digital Entertainment (Beijing) Co., Ltd. and MoNoKos Studio Technology Co., Ltd. from Taiwan to Mainland China as of September 30, 2012 was USD 24,870 thousand and USD 1,500 thousand, respectively.

Note 7: Book value of investment of Gamania Digital Entertainment (Beijing) Co., Ltd. and MoNoKos Studio Technology Co., Ltd. in Mainland China as of September 30, 2012 was (USD 38 thousand) and USD 705 thousand, respectively.

C) All related transactions between the holding company and its subsidiary in Mainland China and the Company have been disclosed in Note 5 of alone financial report.

D) The investment had 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, 2012

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.	Gash Plus (Taiwan) Company Limited	1	Sales revenue	$ 2,442,422	Note 4	45%
0	〃	Gameastor Digital Entertainment Co., Ltd.	1	Advertising expense	38,471	Note 4	1%
0	〃	Gash Plus (Taiwan) Company Limited	1	Accounts receivable	633,972	Note 4	14%
0	〃	Gamania Digital Entertainment Labuan Holdings, Ltd.	1	Deferred expenses	14,778	Note 4	-%
0	〃	Gash Plus (Taiwan) Company Limited	1	Other receivables	84,379	Note 4	2%
0	〃	Gamania Asia Investment Co., Ltd.	1	Other receivables	10,000	Note 4	-%
0	〃	Gash Plus (Hong Kong) Company Limited	1	Other payables	28,501	Note 4	1%
0	〃	Gameastor Digital Entertainment Co., Ltd.	1	Other payables	188,782	Note 4	4%
1	Gameastor Digital Entertainment Co., Ltd.	Gash Plus (Taiwan) Company Limited	3	Sales revenue	138,950	Note 4	3%
2	Gamania Digital Entertainment (H. K.) Co. Ltd.	Gash Plus (Hong Kong) Company Limited	3	Accounts receivable	218,070	Note 4	5%
2	〃	Gash Plus (Hong Kong) Company Limited	3	Other receivables	17,240	Note 4	-%
3	Playcoo Co.	Gamania Digital Entertainment Labuan Holdings, Ltd.	3	License revenue	37,883	Note 4	1%
3	〃	Gamania Digital Entertainment Labuan Holdings, Ltd.	3	Accounts receivable	27,329	Note 4	1%
4	Gamania Digital Entertainment Labuan Holdings, Ltd.	Gamania Digital Entertainment (Japan) Co. Ltd.	3	License revenue	37,561	Note 4	1%
5	Gash Plus (Taiwan) Company Limited	Jsdway Digital Technology Co., Ltd.	3	Notes receivable	75,790	Note 4	2%
5	〃	Jsdway Digital Technology Co., Ltd.	3	Accounts receivable	437,905	Note 4	9%
5	〃	Jsdway Digital Technology Co., Ltd.	3	Sales revenue	2,200,079	Note 4	40%
6	Gash Plus (Hong Kong) Company Limited	Jsdway Digital Technology Co., Ltd.	3	Sales revenue	70,653	Note 4	1%
6	〃	Gamania Digital Entertainment (H. K.) Co. Ltd.	3	Accounts receivable	71,402	Note 4	2%
6	〃	Gash Plus (Taiwan) Company Limited	3	Sales revenue	117,103	Note 4	2%
6	〃	Gamania Digital Entertainment (H. K.) Co. Ltd.	3	Sales revenue	401,030	Note 4	7%
7	Gamania Digital Entertainment (Japan) Co. Ltd.	Gamania Digital Entertainment Labuan Holdings, Ltd.	3	Other receivables	37,492	Note 4	1%

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 $10,000 for the transaction amount.

For the nine-month period ended September 30, 2011

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.	Gash Plus (Taiwan) Company Limited	1	Sales revenue	$ 1,533,955	Note 4	29%
0	〃	Gameastor Digital Entertainment Co., Ltd.	1	Advertising expense	37,988	Note 4	1%
0	〃	Gash Plus (Taiwan) Company Limited	1	Accounts receivable	713,475	Note 4	15%
0	〃	Gamania Digital Entertainment (Europe) B.V.	1	Other receivables	36,651	Note 4	1%
0	〃	Gash Plus (Taiwan) Company Limited	1	Other receivables	160,222	Note 4	3%
0	〃	Gash Plus (Taiwan) Company Limited	1	Other payables	145,829	Note 4	3%
0	〃	Gash Plus (Hong Kong) Company Limited	1	Other payables	57,460	Note 4	1%
0	〃	Gameastor Digital Entertainment Co., Ltd.	1	Other payables	110,088	Note 4	2%
0	〃	Playcoo Co.	1	License costs	13,914	Note 4	-%
1	Gameastor Digital Entertainment Co., Ltd.	Gamania Digital Entertainment Labuan Holdings, Ltd.	3	License costs	10,020	Note 4	-%
1	〃	Gamania Digital Entertainment Labuan Holdings, Ltd.	3	Royalties payments	15,649	Note 4	-%
1	〃	Gash Plus (Taiwan) Company Limited	3	Sales revenue	176,340	Note 4	3%
1	〃	Gash Plus (Taiwan) Company Limited	3	Accounts receivable	67,450	Note 4	1%
2	Gamania Digital Entertainment (H.K.) Co., Ltd.	Gash Plus (Taiwan) Company Limited	3	Accounts payables	16,466	Note 4	-%
2	〃	Gash Plus (Hong Kong) Company Limited	3	Prepayments	66,095	Note 4	1%
3	Playcoo Co.	Gamania Digital Entertainment Labuan Holdings, Ltd.	3	License revenue	60,299	Note 4	1%
3	〃	Gamania Digital Entertainment Labuan Holdings, Ltd.	3	Accounts receivable	11,871	Note 4	-%
4	Gamania Digital Entertainment Labuan Holdings, Ltd.	Gamania Digital Entertainment (Japan) Co. Ltd.	3	License revenue	60,225	Note 4	1%

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 $10,000 for the transaction amount.

12. OPERATING SEGMENT INFORMATION

(1) General information

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker which are used to make strategic decisions.

(2) Assessment of segment information

The chief operating decision-maker assesses the performance of the operating segments based on net income or net loss of the reporting period.

(3) Information on segment profit (loss), assets and liabilities

The segment information on reportable segments provided to the chief operating decision-maker for the nine-month periods ended September 30, 2012 and 2011 are as follows:

For the nine-month period ended September 30, 2012	Gamania Digital Entertainment Co., Ltd.	Gash Plus (Taiwan) Company Limited	Jsdway Digital Technology Co., Ltd.	Others	Total	
Revenue from external customers	$ 2,549,473	$ 959,289	$ 428,486	$ 1,499,676	$5,436,924	
Inter-segment revenue	16,943	2,825,846	3,207,561	759,978	5,810,328	Note 1
Segment profit (loss)	(174,333)	30,555	24,588	(49,976)	(169,166)	
Depreciation and amortization	(217,872)	(5,118)	(6,289)	(120,981)	(350,260)	
Income tax benefit (expense)	900	(3,880)	(6,306)	(70,511)	(79,797)	
Investment income (loss) accounted for under the equity method	(410,994)	8,195	(1,357)	396,615	(7,541)	Note 2
Segment assets	-	-	-	-	-	

For the nine-month period ended September 30, 2011	Gamania Digital Entertainment Co., Ltd.	Gameastor Digital Entertainment Co., Ltd.	Gash Plus (Taiwan) Company Limited	Others	Total	
Revenue from external customers	$ 3,263,690	$ 602,975	$ 400,467	$ 1,092,571	$5,359,703	
Inter-segment revenue	9,263	35,391	1,651,560	215,072	1,911,286	Note 1
Segment profit (loss)	172,934	47,421	19,340	(64,951)	174,744	
Depreciation and amortization	(204,967)	(50,599)	(288)	(92,053)	(347,907)	
Income tax expense	(69,774)	(2,418)	(2,169)	(27,600)	(101,961)	
Investment income (loss) accounted for under the equity method	(217,881)	-	-	213,725	(4,156)	Note 2
Segment assets	-	-	-	-	-	

Note 1: The transaction has been eliminated in the consolidated financial statements.

Note 2: The inter-segment investment income or loss has been eliminated.

(4) Reconciliation information of segment profit (loss), assets and liabilities

The segment reports provided to the chief operating decision-maker are measured in a manner consistent with that used for the income statement. There is no difference between the presentation of segment report and income statement and accordingly, no reconciliation is required to be disclosed.

13. DISCLOSURES RELATING TO THE ADOPTION OF IFRSs

Pursuant to the regulations of the former Financial Supervisory Commission, Executive Yuan, R.O.C., effective January 1, 2013, a public company whose stock is listed on the Taiwan Stock Exchange Corporation or traded in the GreTai Securities Market should prepare financial statements in accordance with the International Financial Reporting Standards, International Accounting Standards, and Interpretations/bulletins (collectively referred herein as IFRSs) developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as recognized by the former Financial Supervisory Commission, Executive Yuan, R.O.C.

The Company discloses the following information in advance prior to the adoption of IFRSs under the requirements of Jin-Guan-Zheng-Shen-Zi Order No. 0990004943 of the former Financial Supervisory Commission, dated February 2, 2011:

(1) Major contents and status of execution of the Company's plan for IFRSs adoption:

The Company has formed an IFRSs group, headed by the Company's general manager, which is responsible for setting up a plan relative to the Company's transition to IFRSs. The major contents and status of execution of this plan are outlined below:

Working Items for IFRSs Adoption	Status of Execution
Formation of an IFRSs group	Completed
Setting up a plan relative to the Company's transition to IFRSs	Completed
Identification of the differences between current accounting policies and IFRSs	Completed
Identification of consolidated entities under the IFRSs framework	Completed
Evaluation of the impact of each exemption and option on the Company under IFRS 1 - First-time Adoption of International Financial Reporting Standards	Completed
Evaluation of needed information system adjustments	Completed
Evaluation of needed internal control adjustments	Completed
Establish IFRSs accounting policies	Completed
Selection of exemptions and options available under IFRS 1 - First-time Adoption of International Financial Reporting Standards	Completed
Preparation of statement of financial position on the date of transition to IFRSs	Completed

Working Items for IFRSs Adoption	Status of Execution
Preparation of IFRSs comparative financial information for 2012	In process
Completion of relevant internal control (including financial reporting process and relevant information system) adjustments	Completed

(2) Material differences that may arise between current accounting policies used in the preparation of financial statements and IFRSs and “Rules Governing the Preparation of Financial Statements by Securities Issuers” that will be used in the preparation of financial statements in the future:

The Company uses the IFRSs already ratified currently by FSC and the “Rules Governing the Preparation of Financial Statements by Securities Issuers” that will be applied in 2013 as the basis for evaluation of material differences in accounting policies as mentioned above. However, the Company’s current evaluation results may be different from the actual differences that may arise when new issuances of or amendments to IFRSs are subsequently ratified by FSC or relevant interpretations or amendments to the “Rules Governing the Preparation of Financial Statements by Securities Issuers” come in the future.

Material differences identified by the Company that may arise between current accounting policies used in the preparation of financial statements and IFRSs and “Rules Governing the Preparation of Financial Statements by Securities Issuers” that will be used in the preparation of financial statements in the future, and the effects of exemptions selected by the Company under IFRS 1 - First-time Adoption of International Financial Reporting Standards (refer to Note 13(3)) are set forth below:

A) Reconciliation of significant differences as of January 1, 2012

	R.O.C. GAAP	Adjustments	IFRSs	Description
Prepaid License (included in Prepaid Expense)	$ 104,402	$ 57,243	$ 161,645	(a)
Deferred income tax assets - current	5,184	(5,184)	-	(c)
Available-for-sale financial assets-non current	-	162,002	162,002	(b)
Financial assets carried at cost - non-current	124,294	(124,294)	-	(b)
Deferred pension cost	721	(721)	-	(e)
Deferred income tax assets - non-current	34,199	25,325	59,524	(a)(c)(d)(e)
Prepaid pension (included in Other assets)	9,066	(9,066)	-	(e)
Others	4,885,936	-	4,885,936	
Total Assets	$ 5,163,802	$ 105,305	$ 5,269,107	
Accrued expenses	$ 513,047	$ 32,304	$ 545,351	(d)
Deferred revenues (included in Unearned revenue collected in advance)	391,674	114,487	506,161	(a)
Accrued pension liabilities	9,938	10,582	20,520	(e)
Others	1,250,178	-	1,250,178	
Total liabilities	$ 2,164,837	$ 157,373	$ 2,322,210	
Undistributed earnings	$ 219,813	($ 60,389)	$ 159,424	(h)
Cumulative translation	29,032	(29,032)	-	(f)
Unrecognized pension cost	(1,143)	1,143	-	(e)
Unrealized gain or loss on financial instruments	-	37,708	37,708	(b)
Minority interest	186,426	(1,498)	184,928	(a)(d)(e)
Others	2,564,837	-	2,564,837	
Total stockholders' equity	$ 2,998,965	($ 52,068)	$ 2,946,897	

Description of the significant differences identified:

a) The Company is engaged in the sale of on-line game stored-value cards and provision of on-line game services. According to the current accounting standards in R.O.C., the Company recognizes the revenue when the consumers purchase the online game credits, and use the credits to exchange for service for playing the online games and the virtual treasures and then the consumed credits are deducted from the players' accounts. However, in accordance with IAS 18, "Revenue", royalty revenue and the related royalty cost should be deferred and amortized. Therefore, the Group increased prepayment on royalty, deferred revenue and deferred income tax assets - non-current by $57,243, $114,487 and $10,044, respectively, and decreased minority interest and unappropriated retained earnings by $90 and $47,110, respectively, at the date of transition to IFRSs.

b) Before the amendment of “Rules Governing the Preparation of Financial Statements by Securities Issuers”, dated July 7, 2011, unlisted stocks and emerging stocks held by the Group should be measured at cost and recognized in “Financial assets carried at cost”. However, in accordance with IAS 39, “Financial Instruments: Recognition and Measurement”, investments in equity instruments without an active market but with reliable fair value measurement (i.e. the variability of the estimation interval of reasonable fair values of such equity instruments is insignificant, or the probability for these estimates can be made reliably) should be measured at fair value. Therefore, the Group designated “Financial assets carried at cost” to “Available-for-sale financial assets” and increased other comprehensive income by $37,708 for the difference between fair value and book value at the date of transition to IFRSs.

c) In accordance with current accounting standards in R.O.C., a deferred tax asset or liability should, according to the classification of its related asset or liability, be classified as current or non-current. However, a deferred tax asset or liability that is not related to an asset or liability for financial reporting, should be classified as current or non-current according to the expected period to realize or settle a deferred tax asset or liability. However, under IAS 1, “Presentation of Financial Statements’, an entity should not classify a deferred tax asset or liability as current. Therefore, the Group reclassified deferred income tax assets - current by $5,184 to deferred income tax assets - non-current at the date of transition to IFRSs.

d) The current accounting standards in R.O.C. do not specify the rules on the recognition of cost of accumulated unused compensated absences. The Group recognizes such cost as expense upon actual payment. However, IAS 19, “Employee Benefits”, requires that cost of accumulated unused compensated absences should be recognized as expense at the end of the reporting period. Therefore, the Group increased accrued expenses and deferred income tax assets - non-current by $32,304 and $6,440, respectively, and decreased minority interest and retained earnings by $458 and $25,406, respectively, at the date of transition to IFRSs.

e) Accrued pension liabilities

1) The discount rate used to calculate pensions shall be determined with reference to the factors specified in R.O.C. SFAS 18, paragraph 23. However, IAS 19, “Employee Benefits’, requires an entity to determine the rate used to discount employee benefits with reference to market yields on high quality corporate bonds that match the currency at the end day of the reporting period and duration of its pension plan.

2) The Group selected to recognize all accumulated actuarial gain or loss with respect to the employee benefit plans in retained earnings at the date of transition to IFRSs.

3) In accordance with current accounting standards in R.O.C., the unrecognized transitional net benefit obligation should be amortized on a straight-line basis over the average remaining service period of employees still in service and expected to receive benefits. However, in accordance with IAS 19, “Employee Benefits”, the unrecognized transitional net benefit obligation should not be recognized because it is

the Group's first-time adoption of IFRSs.

4) In accordance with current accounting standards in R.O.C., the excess of the accumulated benefit obligation over the fair value of the pension plan (fund) assets at the balance sheet date is the minimum amount of pension liability that is required to be recognized on the balance sheet ("minimum pension liability"). However, IAS 19, "Employee Benefits", has no regulation regarding the minimum pension liability.

Therefore, the Group increased accrued pension liabilities by $10,582, increased deferred income tax assets - non-current by $3,657, decreased prepaid pension cost by $9,066, decreased deferred pension costs by $721, decreased unrecognized pension cost by $1,143, decreased minority interest of $950 and decreased unappropriated retained earnings by $1,690 based on the reasons stated above.

f) The Company recognized cumulative translation adjustment as zero at the date of transition to IFRSs. Therefore, the Company and its subsidiaries together decreased the cumulative translation adjustments by $29,032 and relatively increased undistributed earnings by $29,032 at the date of transition to IFRSs.

g) In accordance with the Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865 of former Financial Supervisory Commission, Executive Yuan, dated April 6, 2012, a public company, upon the first-time adoption of IFRSs, should set aside special reserve at an amount equal to the sum of unrealized revaluation increment and cumulative translation adjustment (gain) that are reclassified to "Retained earnings" as a result of the adoption of exemptions under IFRS 1; however, if the retained earnings is insufficient to set aside a special reserve for the net increase in retained earnings resulting from the first-time adoption of IFRSs, the special reserve shall be set aside only to the extent of the net increase in retained earnings. The Company's first-time adoption of IFRSs led to net reduction of retained earnings; therefore, no special reserve was set aside by the Company.

h) A total of $60,389 was deducted from unappropriated retained earnings for material differences in balance sheet accounts due to different accounting policies adopted as stated above.

B) Reconciliation of significant differences as of September 30, 2012

	R.O.C. GAAP	Adjustments	IFRSs	Description
Prepaid License (included in Prepaid Expense)	$ 76,706	$ 57,579	$ 134,285	(a)
Deferred income tax assets - current	3,832	(3,832)	-	(c)
Available-for-sale financial assets - non current	-	46,776	46,776	(b)
Financial assets carried at cost - non-current	23,740	(23,740)	-	(b)
Deferred pension cost	721	(721)	-	(e)
Deferred income tax assets - non-current	67,082	23,157	90,239	(a)(c)(d)(e)
Prepaid pension (included in Other assets)	9,027	(9,027)	-	(e)
Others	4,488,239	-	4,488,239	
Total Assets	$ 4,669,347	$ 90,192	$ 4,759,539	
Accrued expenses	$ 432,994	$ 31,033	$ 464,027	(d)
Deferred revenues (included in Unearned revenue collected in advance)	343,679	115,158	458,837	(a)
Accrued pension liabilities	13,388	10,092	23,480	(e)
Others	1,228,322	-	1,228,322	
Total liabilities	$ 2,018,383	$ 156,283	$ 2,174,666	
Undistributed earnings	($ 101,039)	($ 59,689)	($ 160,728)	(h)
Cumulative translation	1,415	(29,032)	(27,617)	(f)
Unrecognized pension cost	(1,143)	1,143	-	(e)
Unrealized gain or loss on financial instruments	-	23,036	23,036	(b)
Minority interest	165,456	(1,549)	163,907	(a)(d)(e)
Others	2,586,275	-	2,586,275	
Total stockholders' equity	$ 2,650,964	($ 66,091)	$ 2,584,873	

C) Reconciliation of significant differences for the nine-month period ended September 30, 2012:

	R.O.C. GAAP	Adjustments	IFRSs	Description
Operating revenues	$ 5,436,924	(752)	$ 5,436,172	(a)
Operating costs	(3,418,780)	376	(3,418,404)	(a)
Gross profit	2,018,144	(376)	2,017,768	
Operating expenses	(2,145,755)	1,904	(2,143,851)	(d)(e)
Operating loss	(127,611)	1,528	(126,083)	
Non-operating income and expenses	38,242	-	38,242	
Loss before income tax	(89,369)	1,528	(87,841)	
Income tax expense	(79,797)	(828)	(80,625)	(a)(d)(e)
Consolidated net loss	($ 169,166)	$ 700	($ 168,466)	
Attributable to:				
Equity holders of the Company / Owners of the parent	($ 174,333)	$ 700	($ 173,633)	
Minority interest / Non-controlling interest	5,167	-	5,167	
Consolidated net loss	($ 169,166)	$ 700	($ 168,466)	

Description of the significant differences identified:

a) The Company is engaged in the sale of on-line game stored-value cards and provision of on-line game services. According to the current accounting standards in R.O.C., the Company recognizes the revenue when the consumers purchase the online game credits, and use the credits to exchange for service for playing the online games and the virtual treasures and then the consumed credits are deducted from the players' accounts. However, in accordance with IAS 18, "Revenue", royalty revenue and the related royalty cost should be deferred and amortized.

   Therefore, the Group increased royalty prepayment, deferred revenue and deferred income tax assets - non-current by $57,579, $115,158 and $9,798, respectively, and decreased minority interest and unappropriated retained earnings by $53 and $47,113, respectively, as of September 30, 2012. The Group decreased revenue from on-line games and on-line game costs by $752 and $376, respectively, and increased income tax expense of $239 for the nine-month period ended September 30, 2012.

b) Before the amendment of "Rules Governing the Preparation of Financial Statements by Securities Issuers", dated July 7, 2011, unlisted stocks and emerging stocks held by the Group should be measured at cost and recognized in "Financial assets carried at cost". However, in accordance with IAS 39, "Financial Instruments: Recognition and Measurement", investments in equity instruments without an active market but with reliable fair value measurement (i.e. the variability of the estimation interval of reasonable fair values of such equity instruments is insignificant, or the probability for these estimates can be made reliably) should be measured at fair value. Therefore, the Group designated “Financial assets carried at cost” to “Available-for-sale financial assets” and increased other comprehensive income by $23,036 for the difference between fair value and book value at the date of transition to IFRSs.

c) In accordance with current accounting standards in R.O.C., a deferred tax asset or liability should, according to the classification of its related asset or liability, be classified as current or non-current. However, a deferred tax asset or liability that is not related to an asset or liability for financial reporting, should be classified as current or non-current according to the expected period to realize or settle a deferred tax asset or liability. However, under IAS 1, “Presentation of Financial Statements’, an entity should not classify a deferred tax asset or liability as current. Therefore, the Group reclassified deferred income tax assets - current by $3,832 to deferred income tax assets - non-current as of September 30, 2012.

d) The current accounting standards in R.O.C. do not specify the rules on the recognition of cost of accumulated unused compensated absences. The Group recognizes such cost as expense upon actual payment. However, IAS 19, “Employee Benefits”, requires that cost of accumulated unused compensated absences should be recognized as expense at the end of the reporting period. Therefore, the Group increased accrued expenses and deferred income tax assets - non-current by $31,033 and $5,960, respectively, and decreased minority interest and retained earnings by $548 and $25,405, respectively, as of September 30, 2012. The Group decreased salary expense by $1,377 and increased income tax expense by $498 for the nine-month period ended September 30, 2012.

e) Accrued pension liabilities

1) The discount rate used to calculate pensions shall be determined with reference to the factors specified in R.O.C. SFAS 18, paragraph 23. However, IAS 19, “Employee Benefits’, requires an entity to determine the rate used to discount employee benefits with reference to market yields on high quality corporate bonds that match the currency at the end day of the reporting period and duration of its pension plan.

2) The Group selected to recognize all accumulated actuarial gain or loss with respect to the employee benefit plans in retained earnings at the date of transition to IFRSs.

3) In accordance with current accounting standards in R.O.C., the unrecognized transitional net benefit obligation should be amortized on a straight-line basis over the average remaining service period of employees still in service and expected to receive benefits. However, in accordance with IAS 19, “Employee Benefits”, the unrecognized transitional net benefit obligation should not be recognized because it is the Group’s first-time adoption of IFRSs.

4) In accordance with current accounting standards in R.O.C., the excess of the accumulated benefit obligation over the fair value of the pension plan (fund) assets at the balance sheet date is the minimum amount of pension liability that is required to be recognized on the balance sheet (“minimum pension liability”). However, IAS

19, “Employee Benefits”, has no regulation regarding the minimum pension liability.

Based on the reasons stated above, the Group increased accrued pension liabilities by $10,092, increased deferred income tax assets - non-current by $3,567, decreased prepaid pension cost by $9,027, decreased deferred pension costs by $721, decreased unrecognized pension cost by $1,143, decreased minority interest by $948 and decreased unappropriated retained earnings by $16,904 as of September 30, 2012. The Group also decreased pension expense by $527 and increased income tax expense of $91 for the nine-month period ended September 30, 2012.

f) The Company recognized cumulative translation adjustment as zero at the date of transition to IFRSs. Therefore, the Company and its subsidiaries together decreased the cumulative translation adjustments by $29,032 and relatively increased undistributed earnings by $29,032 at the date of transition to IFRSs.

g) In accordance with the Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865 of former Financial Supervisory Commission, Executive Yuan, dated April 6, 2012, a public company, upon the first-time adoption of IFRSs, should set aside special reserve at an amount equal to the sum of unrealized revaluation increment and cumulative translation adjustment (gain) that are reclassified to “Retained earnings” as a result of the adoption of exemptions under IFRS 1; however, if the retained earnings is insufficient to set aside a special reserve for the net increase in retained earnings resulting from the first-time adoption of IFRSs, the special reserve shall be set aside only to the extent of the net increase in retained earnings. The Company’s first-time adoption of IFRSs led to net reduction of retained earnings; therefore, no special reserve was set aside by the Company.

h) A total of $59,689 (including an increase of $700 adjusted for the nine-month period ended September 30, 2012) was deducted from unappropriated retained earnings for material differences in balance sheet accounts due to different accounting policies adopted as stated above.

(3) The Company had selected the following exemptions in accordance with IFRS 1, “First-time Adoption of International Financial Reporting Standards” and “Rules Governing the Preparation of Financial Statements by Securities Issuers” that are expected to be applied in 2013:

A) <u>Business combinations</u>

The Group had selected not to apply the requirements in IFRS 3, “Business Combinations”, retroactively to business combinations that occur before the date of transition to IFRSs.

B) <u>Share-based payment transactions</u>

The Group has selected not to apply the requirements in IFRS 2, “Share-based Payment”, retroactively to the equity instruments that are vested and liabilities that are settled before the date of transition to IFRSs, arising from share-based payment transaction.

C) Employee benefits

The Group has selected to recognize all accumulated actuarial gain or loss associated with employee benefit plans in retained earnings at the date of transition to IFRSs, and disclose the information of present value of defined benefit obligation, fair value of plan assets, gain or loss on plan assets and experience adjustments in accordance with paragraph 120A (P), IAS 19, ”Employee Benefits”, based on their prospective amounts for each accounting period from the date of transition to IFRSs.

D) Cumulative translation adjustments

The Company has selected to recognize the amount of cumulative translation adjustments arising from foreign operations as zero at the date of transition to IFRSs, and deals with subsequent translation adjustments in accordance with IAS 21, “The Effects of Changes in Foreign Exchange Rates”.

E) Designation of financial instruments recognized previously

The Group has selected to designate certain financial assets carried at cost as “available-for-sale financial assets” at the date of transition to IFRSs.

The selection of exemptions above may be different from the actual selection at the date of transition to IFRSs due to the issuance of related regulations by competent authorities, changes in economic environment, or changes in the evaluation of the effect of the Company’s selection of exemptions.