GAMANIA DIGITAL ENTERTAINMENT CO., LTD.

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

JUNE 30, 2013 AND 2012

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

PWCR13000828

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 June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income for the three-month and six-month periods ended June 30, 2013 and 2012, of changes in equity and of cash flows for the six-month periods ended June 30, 2013 and 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these financial statements based on our reviews. We did not review the financial statements of certain consolidated subsidiaries and investments accounted for under equity method, which statements reflect total assets (including investments accounted for under equity method) of $1,203,895,000, $1,249,135,000, $1,867,142,000 and $1,476,995,000, constituting 26%, 30%, 35% and 28% of the consolidated total assets, and total liabilities of $546,082,000, $518,199,000, $853,716,000 and $429,223,000, constituting 26%, 29%, 34% and 18% of the consolidated total liabilities as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, respectively, and total comprenensive income of $8,783,000 and $51,119,000, constituting 349% and (115%) of the consolidated total comprehensive income (loss) for the three-month periods ended June 30, 2013 and 2012, respectively, and $67,762,000 and $51,119,000, constituting 79% and (234%) of the consolidated total comprehensive income (loss) for the six-month periods ended June 30, 2013 and 2012, respectively. These amounts and the information disclosed in Note 13 were based solely on the unreviewed financial statements of these companies as of June 30, 2013 and 2012.

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.

We did not review the financial statements of certain insignificant consolidated subsidiaries, which statements reflect total assets of $681,293,000 and $0, constituting 15% and 0% of the consolidated total assets, and total liabilities of $177,479,000 and $0, constituting 9% and 0% of the consolidated total liabilities as of June 30, 2013 and 2012, respectively, and total comprehensive income of ($25,271,000) and $0, ($70,689,000) and $0, constituting (1,005%) and 0%, (83%) and 0% of the consolidated total comprehensive income for the three-month and six-month periods ended June 30, 2013 and 2012, respectively. These amounts and the information disclosed in Note 13 were based solely on the unreviewed financial statements of these companies as of June 30, 2013 and 2012.

Based on our reviews and the review reports of the other auditors, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain insignificant consolidated subsidiaries and the information disclosed in Note 13 been audited or reviewed by independent accountants, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers", IAS 34, "Interim Financial Reporting", and IFRS 1, "First-time Adoption of International Financial Reporting Standards", as endorsed by the Financial Supervisory Commission.

PricewaterhouseCoopers, Taiwan

August 9, 2013

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

As the 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
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

	Assets	Notes	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,478,441	$ 1,348,499	$ 2,037,097	$ 2,025,722
1110	Financial assets at fair value through profit or loss - current	6(2)	113,139	9,119	27,018	9,839
1150	Notes receivable, net	6(4)	23,027	22,503	13,607	29,099
1170	Accounts receivable, net	6(5)	1,346,967	1,057,884	1,274,240	1,060,946
1200	Other receivables		28,625	36,073	82,329	62,147
1220	Current income tax assets		56,739	98,619	333	9,166
130X	Inventories	6(6)	129,066	75,921	111,630	263,476
1410	Prepayments		114,706	71,127	148,619	157,594
1470	Other current assets	8	8,046	44,466	45,554	38,509
11XX	**Total Current Assets**		3,298,756	2,764,211	3,740,427	3,656,498
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2)	-	-	2,850	2,850
1523	Available-for-sale financial assets - non-current	6(3)	48,011	66,805	56,014	162,002
1550	Investments accounted for under equity method	6(7)(11)	25,190	27,433	20,339	8,216
1600	Property, plant and equipment	6(8) and 8	750,297	852,055	879,090	845,909
1780	Intangible assets	6(9)(11)	293,677	361,298	441,617	440,448
1840	Deferred income tax assets	6(31)	75,855	79,359	67,623	59,524
1900	Other non-current assets	6(10)	62,447	71,310	108,850	93,660
15XX	**Total Non-current assets**		1,255,477	1,458,260	1,576,383	1,612,609
1XXX	**Total Assets**		$ 4,554,233	$ 4,222,471	$ 5,316,810	$ 5,269,107
	Liabilities and Equity					
	Current liabilities					
2100	Short-term borrowings	6(12)	$ 63,680	$ 69,070	99,025	92,563
2120	Financial liabilities at fair value through profit or loss - current	6(13)	-	9,616	-	-
2150	Notes payable		10,964	28,905	29,910	30,006
2170	Accounts payable		961,324	715,108	642,060	698,235
2180	Accounts payable - related parties	7	37,749	62,027	58,216	72,099
2200	Other payables	6(14)	379,123	373,910	1,084,456	724,562
2230	Current income tax liabilities	6(31)	40,271	40,549	74,345	83,892
2300	Other current liabilities	6(15)	494,250	414,421	494,819	548,724
21XX	**Total Current Liabilities**		1,987,361	1,713,606	2,482,831	2,250,081

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

	Liabilities and Equity	Notes	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
	Non-current liabilities					
2500	Financial liabilities at fair value through profit or loss - non-current	6(12)	-	-	7,372	6,653
2530	Bonds payable	6(16)	31,391	44,555	13,145	21,558
2540	Long-term borrowings	6(17)	-	22	1,928	8,562
2550	Provisions for liabilities - non-current	6(20)	4,895	5,421	5,897	6,131
2570	Deferred income tax liabilities	6(31)	2,207	1,894	2,223	2,229
2600	Other non-current liabilities		44,192	49,906	30,404	26,995
25XX	**Total Non-current liabilities**		82,685	101,798	60,969	72,128
2XXX	**Total Liabilities**		2,070,046	1,815,404	2,543,800	2,322,209
	Equity attributable to owners of parent					
	Share capital					
3110	Share capital - common stock		1,570,976	1,568,685	1,568,125	1,567,515
3140	Stock subscriptions received in advance	6(19)(21)	157	149	-	28
	Capital surplus	6(22)				
3200	Capital surplus		737,479	859,547	857,253	856,385
	Retained earnings	6(23)				
3310	Legal reserve		-	159,610	159,610	140,909
3350	Unappropriated retained earnings (accumulated deficit)		67,499	(322,219)	24,545	159,424
	Other equity interest	6(24)				
3400	Other equity interest		(49,585)	(29,898)	3,123	37,708
31XX	**Equity attributable to owners of the parent**		2,326,526	2,235,874	2,612,656	2,761,969
36XX	**Non-controlling interest**		157,661	171,193	160,354	184,929
3XXX	**Total equity**		2,484,187	2,407,067	2,773,010	2,946,898
	Significant contingent liabilities and unrecorded contract commitments	9				
	Total liabilities and equity		$ 4,554,233	$ 4,222,471	$ 5,316,810	$ 5,269,107

The accompanying notes are an integral part of these financial statements.
See review report of independent accountants dated August 9, 2013

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)
(UNAUDITED)

	Items	Notes	For the three-month periods ended June 30, 2013	For the three-month periods ended June 30, 2012	For the six-month periods ended June 30, 2013	For the six-month periods ended June 30, 2012
4000	**Operating revenue**	6(25)	$ 1,956,516	$ 1,631,928	$ 4,020,921	$ 3,643,339
5000	**Operating costs**	6(29)	(1,462,039)	(1,054,194)	(2,857,111)	(2,245,349)
5950	**Gross profit**		494,477	577,734	1,163,810	1,397,990
	Operating expenses	6(29)(30)				
6100	Selling expenses		(109,196)	(180,431)	(260,099)	(391,221)
6200	General and administrative expenses		(248,439)	(318,510)	(551,595)	(663,576)
6300	Research and development expenses		(69,024)	(162,364)	(167,913)	(342,618)
6000	**Total operating expenses**		(426,659)	(661,305)	(979,607)	(1,397,415)
6900	**Operating income (loss)**		67,818	(83,571)	184,203	575
	Non-operating income and expenses					
7010	Other income	6(26)	8,067	51,928	13,966	72,366
7020	Other gains and losses	6(27)	(27,647)	36,561	(39,565)	34,308
7050	Finance costs	6(28)	(739)	(2,777)	(2,062)	(4,147)
7060	Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(7)	(1,130)	(1,418)	(2,644)	(4,539)
7000	**Total non-operating income and expenses**		(21,449)	84,294	(30,305)	97,988
7900	**Profit before tax**		46,369	723	153,898	98,563
7950	Income tax expense	6(31)	(21,678)	(44,063)	(48,910)	(85,804)
8000	**Profit (loss) for the period from continuing operations**		24,691	(43,340)	104,988	12,759
8200	**Profit (loss) for the period**		$ 24,691	($ 43,340)	$ 104,988	$ 12,759
	Other comprehensive income					
8310	Financial statements translation differences of foreign operations		($ 945)	$ 13,515	$ 1,106	($ 20,053)
8325	Unrealized loss on valuation of available-for-sale financial assets		(21,232)	(14,535)	(20,794)	(14,535)
8399	Income tax relating to the components of other comprehensive income		-	-	-	-
8500	**Total comprehensive income (loss) for the period**		$ 2,514	($ 44,360)	$ 85,300	($ 21,829)
	Profit (loss) attributable to:					
8610	Owners of parent		$ 27,979	($ 38,176)	$ 110,785	$ 11,066
8620	Non-controlling interests		(3,288)	(5,164)	(5,797)	1,693
			$ 24,691	($ 43,340)	$ 104,988	$ 12,759
	Comprehensive income attributable to:					
8710	Owners of parent		$ 5,801	($ 39,141)	$ 91,098	($ 23,519)
8720	Non-controlling interests		(3,287)	(5,219)	(5,798)	1,690
			$ 2,514	($ 44,360)	$ 85,300	($ 21,829)
	Basic earnings (loss) per share (in dollars)	6(32)				
9750	**Basic earnings (loss) per share**		$ 0.18	($ 0.24)	$ 0.71	$ 0.07
	Diluted earnings (loss) per share (in dollars)					
9850	**Diluted earnings (loss) per share**		$ 0.18	($ 0.24)	$ 0.70	$ 0.07

The accompanying notes are an integral part of these financial statements.
See review report of independent accountants dated August 9, 2013.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2013 AND 2012
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

	Equity attributable to owners of the parent													
	Share capital		Capital surplus					Retained earnings		Other equity interest				
	Share capital-common stock	Stock subscriptions received in advance	Additional paid-in capital	Treasury stock transactions	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Disposal of property, plant and equipment	Others	Legal reserve	Unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Total	Non-controlling interest	Total
2012														
Balance at January 1, 2012	$1,567,515	$ 28	$831,930	$ 24,234	$ -	$ 221	$ -	$140,909	$ 159,424	$ -	$ 37,708	$2,761,969	$184,929	$2,946,898
Employee stock options exercised	610	(28)	792	-	-	-	-	-	-	-	-	1,374	-	1,374
Distribution of 2011 earnings (Note 1):														
Legal reserve	-	-	-	-	-	-	-	18,701	(18,701)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	(125,450)	-	-	(125,450)	-	(125,450)
Profit for the period	-	-	-	-	-	-	-	-	11,066	-	-	11,066	1,693	12,759
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	(20,050)	(14,535)	(34,585)	(3)	(34,588)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	73	-	-	-	(1,794)	-	-	(1,721)	-	(1,721)
Effect of investees' unclaimed dividends	-	-	-	-	-	-	3	-	-	-	-	3	-	3
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(26,265)	(26,265)
Balance at June 30, 2012	$1,568,125	$ -	$832,722	$ 24,234	$ 73	$ 221	$ 3	$159,610	$ 24,545	($ 20,050)	$ 23,173	$2,612,656	$160,354	$2,773,010

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GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2013 AND 2012
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

	Equity attributable to owners of the parent													
	Share capital		Capital surplus					Retained earnings		Other equity interest				
	Share capital-common stock	Stock subscriptions received in advance	Additional paid-in capital	Treasury stock transactions	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Disposal of property, plant and equipment	Others	Legal reserve	Unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Total	Non-controlling interest	Total
2013														
Balance at January 1, 2013	$1,568,685	$ 149	$833,643	$ 24,234	$ 1,446	$ 221	$ 3	$159,610	($ 322,219)	($ 44,930)	$ 15,032	$ 2,235,874	$171,193	$ 2,407,067
Employee stock options exercised	2,142	157	2,988	-	-	-	-	-	-	-	-	5,287	-	5,287
Capital collected in advance transferred to common stock	149	(149)	-	-	-	-	-	-	-	-	-	-	-	-
Capital reserve and legal reserve offset against accumulated deficit (Note 2)	-	-	(123,619)	-	-	-	-	(159,610)	283,229	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	-	-	110,785	-	-	110,785	(5,797)	104,988
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	1,107	(20,794)	(19,687)	(1)	(19,688)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	(1,446)	-	-	-	(4,296)	-	-	(5,742)	-	(5,742)
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(7,734)	(7,734)
Effect of investees' unclaimed dividends	-	-	-	-	-	-	9	-	-	-	-	9	-	9
Balance at June 30, 2013	$1,570,976	$ 157	$713,012	$ 24,234	$ -	$ 221	$ 12	$ -	$ 67,499	($ 43,823)	($ 5,762)	$ 2,326,526	$157,661	$ 2,484,187

Note 1: The amounts approved by the Company's stockholders for the distribution of 2011 earnings for the directors' and supervisors' remuneration and employees' bonuses are $3,500 and $27,500, respectively, whereas the amounts deducted from the income statement for 2011 were $3,671 and $27,532, respectively. The differences of $171 and $32, respectively were adjusted in the income statement for the six-month period ended June 30, 2012.

Note 2: As the Company incurred operating losses for 2012, no employees' bonus and directors' and supervisors' remuneration were distributed for 2012.

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

See report of independent accountants dated August 9, 2013.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2013 AND 2012
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	$ 153,898	$ 98,563
Adjustments to reconcile net income to net cash generated from operating activities		
Income and expenses having no effect on cash flows		
Depreciation	108,822	108,800
Amortization	78,183	119,704
Intangible assets transferred to other loss	16,704	4,696
Provision for doubtful accounts	23,988	(997)
Reversal of allowance provision for decline in market value of inventories	-	(1,497)
Interest expense	2,062	4,147
Interest income	(2,196)	(3,064)
Net gain (loss) on financial assets or liabilities at fair value through profit or loss	1,011	(969)
Share of profit of associates accounted for under equity method	2,644	4,539
Gain on disposal of property, plant and equipment	(3,824)	(150)
Gain on disposal of investments	(7,058)	(43,373)
Impairment loss of goodwill	14,891	-
Impairment loss of agency	20,000	-
Impairment loss of investments accounted for under equity method	1,098	-
Changes in assets/liabilities relating to operating activities		
Net changes in assets relating to operating activities		
Notes receivable	(524)	15,492
Accounts receivable	(313,268)	(212,228)
Other receivables	11,438	(20,182)
Inventories	(53,145)	(24,934)
Prepayments	(39,598)	7,123
Other current assets	36,420	(7,045)
Net changes in liabilities relating to operating activities		
Notes payable	(17,941)	(96)
Accounts payable	246,216	(56,175)
Accounts payable - related parties	(24,278)	(13,883)
Other payables	4,245	255,035
Other current liabilities	87,605	131,634
Cash generated from operations	347,393	365,140
Interest received	2,196	3,064
Interest paid	(2,062)	(2,613)
Income taxes paid	(3,491)	(94,623)
Net cash generated from operating activities	344,036	270,968

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GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2013 AND 2012
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

	2013	2012
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in financial assets at fair value through profit or loss - current	($ 107,859)	($ 15,491)
Acquisition of investments accounted for under equity method	(1,500)	(17,400)
Prepayments for investment	-	(25,885)
Proceeds from disposal of long-term equity investments	-	134,970
Acquisition of property, plant and equipment	(17,335)	(183,336)
Proceeds from disposal of property, plant and equipment	9,149	1,337
Increase in other intangible assets	(69,427)	(124,485)
Decrease in other non-current assets	6,863	10,695
(Decrease) increase in other non-current liabilities	(5,714)	3,409
Net cash used in investing activities	(185,823)	(216,186)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	31,744	29,990
Repayment of short-term borrowings	(37,134)	(23,528)
Repayment of bonds payable (including current portion)	(15,065)	(8,562)
Repayment of long-term debt (including current portion)	(5,897)	(13,747)
Exercise of employee share options	5,287	1,374
Changes in non-controlling interest	(7,734)	(26,265)
Net cash used in financing activities	(28,799)	(40,738)
Effect of exchange rate changes on cash and cash equivalents	528	(2,669)
Increase in cash and cash equivalents	129,942	11,375
Cash and cash equivalents at beginning of period	1,348,499	2,025,722
Cash and cash equivalents at end of period	$ 1,478,441	$ 2,037,097
Cash paid for acquisition of property, plant and equipment:		
Property, plant and equipment acquired	$ 14,313	$ 161,211
Payable at end of the period	(1,070)	(27,559)
Payable at beginning of the period	4,092	49,684
Cash paid	$ 17,335	$ 183,336

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated August 9, 2013.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(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 as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in software services of on-line game and sales of related merchandises.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were reported to the Board of Directors and authorised for issuance by the Board of Directors on August 9, 2013.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATION

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

Not applicable as it is the first-time adoption of IFRSs by the Group this year.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

IFRS 9, "Financial Instruments: Classification and measurement of financial assets"

A. The International Accounting Standards Board ("IASB") published IFRS 9, 'Financial Instruments', in November, 2009, which will take effect on January 1, 2015 with early application permitted. Although the FSC has endorsed IFRS 9, FSC does not permit early application of IFRS 9 when IFRSs are adopted in R.O.C. in 2013. Instead, enterprises should apply International Accounting Standard No. 39 ("IAS 39"), 'Financial Instruments: Recognition and Measurement' reissued in 2009.

B. IFRS 9 was issued as the first step to replace IAS 39. IFRS 9 outlines the new classification and measurement requirements for financial instruments, which might affect the accounting treatments for financial instruments of the Group.

C. The Group has not evaluated the overall effect of the IFRS 9 adoption. However, based on preliminary evaluation, it was noted that the IFRS 9 adoption might have an impact on those instruments classified as 'available-for-sale financial assets' held by the Group, as IFRS 9 specifies that the fair value changes in the equity instruments that meet certain criteria may be reported in other comprehensive income, and such amount that has been recognised in other comprehensive income should not be reclassified to profit or loss when such assets are derecognised. The Group recognised gain (or loss) on equity instruments amounting to

($20,794) in other comprehensive income for the six-month period ended June 30, 2013.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

The following are the assessment of new standards, interpretations and amendments issued by IASB but not yet endorsed by the FSC (application of the new standards and amendments should follow the regulations of the FSC):

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendment to IFRS 1)	The amendment provides first-time adopters of IFRSs with the same transition relief that existing IFRS preparer received in IFRS 7, 'Financial Instruments: Disclosures' and exempts first-time adopters from providing the additional comparative disclosures.	July 1, 2010
Improvements to IFRSs 2010	Amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 34 and IFRIC 13	January 1, 2011
IFRS 9, 'Financial instruments: Classification and measurement of financial liabilities'	IFRS 9 requires gains and losses on financial liabilities designated at fair value through profit or loss to be split into the amount of change in the fair value that is attributable to changes in the credit risk of the liability, which shall be presented in other comprehensive income, and cannot be reclassified to profit or loss when derecognising the liabilities; and all other changes in fair value are recognised in profit or loss. The new guidance allows the recognition of the full amount of change in the fair value in the profit or loss only if there is reasonable evidence showing on initial recognition that the recognition of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch (inconsistency) in profit or loss. (That determination is made at initial recognition and is not reassessed subsequently.)	January 1, 2015

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
Disclosures - transfers of financial assets (amendment to IFRS 7)	The amendment enhances qualitative and quantitative disclosures for all transferred financial assets that are not derecognised and for any continuing involvement in transferred assets, existing at the reporting date.	July 1, 2011
Severe hyperinflation and removal of fixed dates for first-time adopters (amendment to IFRS 1)	When an entity's date of transition to IFRSs is on, or after, the functional currency normalisation date, the entity may elect to measure all assets and liabilities held before the functional currency normalisation date at fair value on the date of transition to IFRSs. First-time adopters are allowed to apply the derecognition requirements in IAS 39, 'Financial instruments: Recognition and measurement', prospectively from the date of transition to IFRSs, and they are allowed not to retrospectively recognise related gains on the date of transition to IFRSs.	July 1, 2011
Deferred tax: recovery of underlying assets (amendment to IAS 12)	The amendment gives a rebuttable presumption that the carrying amount of investment properties measured at fair value is recovered entirely by sale, unless there exists any evidence that could rebut this presumption. The amendment also replaces SIC 21, 'Income taxes-recovery of revalued non-depreciable assets'.	January 1, 2012
IFRS 10, 'Consolidated financial statements'	The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where it is difficult to assess.	January 1, 2013

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
IFRS 11, 'Joint arrangements'	Judgments applied when assessing the types of joint arrangements-joint operations and joint ventures, the entity should assess the contractual rights and obligations instead of the legal form only. The standard also prohibits the proportional consolidation for joint ventures.	January 1, 2013
IFRS 12, 'Disclosure of interests in other entities'	The standard requires the disclosure of interests in other entities including subsidiaries, joint arrangements, associates and unconsolidated structured entities.	January 1, 2013
IAS 27, 'Separate financial statements' (as amended in 2011)	The standard removes the requirements of consolidated financial statements from IAS 27 and those requirements are addressed in IFRS 10, 'Consolidated financial statements'.	January 1, 2013
IAS 28, 'Investments in associates and joint ventures'(as amended in 2011)	As consequential amendments resulting from the issuance of IFRS 11, 'Joint arrangements', IAS 28 (revised) sets out the requirements for the application of the equity method when accounting for investments in joint ventures.	January 1, 2013
IFRS 13, 'Fair value measurement'	IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.	January 1, 2013

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
IAS 19 revised, 'Employee benefits' (as amended in 2011)	The revised standard eliminates corridor approach and requires actuarial gains and losses to be recognised immediately in other comprehensive income. Past service costs will be recognised immediately in the period incurred. Net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. The return of plan assets, excluding net interest expense, is recognised in other comprehensive income.	January 1, 2013
Presentation of items of other comprehensive income (amendment to IAS 1)	The amendment requires profit or loss and other comprehensive income (OCI) to be presented separately in the statement of comprehensive income. Also, the amendment requires entities to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss subsequently.	July 1, 2012
IFRIC 20, 'Stripping costs in the production phase of a surface mine'	Stripping costs that meet certain criteria should be recognised as the 'stripping activity asset'. To the extent that the benefit from the stripping activity is realised in the form of inventory produced, the entity shall account for the costs of that stripping activity in accordance with IAS 2, 'Inventories'.	January 1, 2013
Disclosures-Offsetting financial assets and financial liabilities (amendment to IFRS 7)	The amendment requires disclosures to include quantitative information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements.	January 1, 2013

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
Offsetting financial assets and financial liabilities (amendment to IAS 32)	The amendment clarifies criterion that an entity ‘currently has a legally enforceable right to set off the recognised amounts’ and gross settlement mechanisms with features that both (i) eliminate credit and liquidity risk and (ii) process receivables and payables in a single settlement process, are effectively equivalent to net settlement; they would therefore satisfy the IAS 32 criterion in these instances.	January 1, 2014
Mandatory effective date and transition disclosures (amendment to IFRS 7 and IFRS 9)	The mandatory effective date has been postponed to January 1, 2015.	January 1, 2015
Government loans (amendment to IFRS 1)	The amendment provides exception to first-time adopters to apply the requirements in IFRS 9, ‘Financial instruments’, and IAS 20, ‘Accounting for government grants and disclosure of government assistance’, prospectively to government loans that exist at the date of transition to IFRS.	January 1, 2013
Improvements to IFRSs 2009-2011	Amendments to IFRS 1 and IAS 1, IAS 16, IAS 32 and IAS 34.	January 1, 2013
Consolidated financial statements, joint arrangements and disclosure of interests in other Entities: Transition guidance (amendments to IFRS 10, IFRS 11 and IFRS 12)	The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10, 11 and 12 is adopted.	January 1, 2013
Investment entities (amendments to IFRS 10, IFRS 12 and IAS 27)	The amendments define ‘Investment Entities’ and their characteristics. The parent company that meets the definition of investment entities should measure its subsidiaries using fair value through profit of loss instead of consolidating them.	January 1, 2014

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
IFRIC 21, ‘Levies’	The interpretation addresses the accounting for levies imposed by governments in accordance with legislation (other than income tax). A liability to pay a levy shall be recognised in accordance with IAS 37, ‘Provisions, contingent liabilities and contingent assets’.	January 1, 2014
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	The amendments remove the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or intangible assets with indefinite useful lives that were not impaired.	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	The amendment states that the novation of a hedging instrument would not be considered an expiration or termination giving rise to the discontinuation of hedge accounting when the hedging instrument that is being novated complies with specified criteria.	January 1, 2014

The Group is assessing the potential impact of the new standards, interpretations and amendments above and has not yet been able to reliably estimate their impact on the consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. These consolidated financial statements are the first second-quarter consolidated financial statements prepared by the Group in accordance with the “Rules Governing the Preparation of Financial Statements by Securities Issuers”, IAS 34, ‘Interim Financial Reporting’, and IFRS 1, ‘First-time Adoption of International Financial Reporting Standards’, as endorsed by the FSC.

B. In the preparation of the balance sheet as of January 1, 2012 (the Group’s date of transition to IFRSs (“the opening IFRSs balane sheet”)), the Group has adjusted the amounts that were reported in the consolidated financial statements in accordance with previous R.O.C. GAAP. Please refer to Note 15 for the impact of transitioning from R.O.C. GAAP to the

International Financial Reporting Standards, International Accounting Standards, and Interpretations/bulletins as endorsed by the FSC (collectively referred herein as the "IFRSs") on the Group's financial position, operating results and cash flows.

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

a) Financial assets and financial liabilities at fair value through profit or loss.

b) Available-for-sale financial assets measured at fair value.

c) Defined benefit liabilities recognised based on the net amount of pension fund assets plus unrecognised prior period's service cost and unrecognised actuarial losses, and less unrecognised actuarial gains and present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies. In general, control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible have been considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

c) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

d) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) June 30, 2013	Ownership (%) December 31, 2012	Description
Gamania Digital Entertainment Co., Ltd.	Gamania Holdings Ltd.	Holding company	100	100	
Gamania Holdings Ltd.	Gamania International Holdings Ltd.	Investment holdings	100	100	
Gamania Holdings Ltd.	Gamania R&D (HK) Holdings Limited	Investment holdings	100	100	Note 4
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	98.85	98.79	
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 Ltd.	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	
Gamania R&D (HK) Holdings Limited	MoNoKos Studio Technology Co., Ltd.	Research and development of software	Note 2	Note 2	Note 4
Gamania China Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	Design and sales of software	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) June 30, 2013	Ownership (%) December 31, 2012	Description
Gamania China Holdings Ltd.	Gamania Sino Holdings Ltd.	Investment holdings	100	100	
Gamania Netherlands Holdings Cooperatief U.A.	Gamania Digital Entertainment (Europe) B.V.	Design and sales of software	100	100	Note 4
Gamania Western Holdings Ltd.	Gamania Digital Entertainment (U.S.) Co., Ltd.	Design and sales of software	100	100	Note 4
Gamania Sino Holdings Ltd.	Gamania Digital Entertainment (Beijing) Co., Ltd.	Design and sales of software	100	100	
Gamania Digital Entertainment Co., Ltd.	Gameastor Digital Entertainment Co., Ltd.	Software services and sales	72.08	72.08	Note 4
Gamania Asia Investment Co., Ltd.	Gameastor Digital Entertainment Co., Ltd.	Software services and sales	27.20	27.20	Note 4
Gamania Asia Investment Co., Ltd.	Mimigigi Digital Technology Co., Ltd.	Software services and sales	100	-	Note 4
Gamania Digital Entertainment Co., Ltd.	Gamania Asia Investment Co., Ltd.	Investment holdings	100	100	Note 4
Gamania Digital Entertainment Co., Ltd.	Gamania Korea Co., Ltd.	Design and sales of software	100	100	Note 4
Gamania Digital Entertainment Co., Ltd.	Fantasy Fish Digital Games Co., Ltd.	Design and research and development of software	99.75	99.75	Note 4
Gamania Digital Entertainment Co., Ltd.	Fundation Digital Entertainment Co., Ltd.	Publishing of magazines and periodicals	100	100	Note 4
Gamania Digital Entertainment Co., Ltd.	Gamania Digital Entertainment Labuan Holdings, Ltd.	Investment holdings	100	100	Note 4
Gamania Digital Entertainment Co., Ltd.	Redgate Games Co., Ltd.	Design and research of software	100	100	Note 4
Gamania Digital Entertainment Co., Ltd.	Seedo Games Co., Ltd.	Design and research of software	100	100	Note 4

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) June 30, 2013	Ownership (%) December 31, 2012	Description
Gamania Digital Entertainment Co., Ltd.	Playcoo Co.	Design and research and development of software	80.50	77.40	Note 4
Gamania Digital Entertainment Co. Ltd.	Two Tigers Co., Ltd.	Animation production	51	51	Note 4
Gamania Digital Entertainment Co. Ltd.	Gash Plus (Taiwan) Company Limited	Software information and supply of electronic services	100	100	
Gash Plus (Taiwan) Company Limited	Jsdway Digital Technology Co., Ltd.	Software information and supply of electronic services	32.81	33.33	Note 3
Gash Plus (Taiwan) Company Limited	Punch Technologies Co., Ltd.	Software services and sales	100	-	Note 4
Jsdway Digital Technology Co., Ltd.	Webo Digital Co., Ltd.	Software services and sales	100	81.02	Note 4
Jsdway Digital Technology Co., Ltd.	Precious Power Digital Technology Co., Ltd.	Software services and sales	70	70	Note 4
Gamania Digital Entertainment Co., Ltd.	RitwNow Inc.	E-sports and internet live broadcasting services	51	51	Note 4
Gamania Digital Entertainment Co., Ltd.	Global Pursuit (U.S.) Co., Ltd.	Software information and supply of electronic services	80	80	Note 4
Global Pursuit (U.S.) Co., Ltd.	Global Pursuit North America Co., Ltd.	IP commodities authorization	100	100	Note 4

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) June 30, 2012	Ownership (%) January 1, 2012	Description
Gamania Digital Entertainment Co., Ltd.	Gamania Holdings Ltd.	Holding company	100	100	
Gamania Digital Entertainment Co., Ltd.	Gameastor Digital Entertainment Co., Ltd.	Software services and sales	72.08	72.08	Note 4
Gamania Digital Entertainment Co., Ltd.	Gamania Asia Investment Co., Ltd.	Investment holdings	100	100	Note 4
Gamania Digital Entertainment Co., Ltd.	Gamaina Korea Co., Ltd.	Design and sales of software	100	100	Note 4
Gamania Digital Entertainment Co., Ltd.	Fantasy Fish Digital Games Co., Ltd.	Design and research and development of software	99.75	99.75	Note 4
Gamania Digital Entertainment Co., Ltd.	Fundation Digital Entertainment Co., Ltd.	Publishing of magazines and periodicals	100	100	Note 4
Gamania Digital Entertainment Co., Ltd.	Gamania Digital Entertainment Labuan Holdings, Ltd.	Investment holdings	100	100	Note 4
Gamania Digital Entertainment Co., Ltd.	Redgate Games Co., Ltd.	Design and research and development of software	100	100	Note 4
Gamania Digital Entertainment Co., Ltd.	Seedo Games Co., Ltd.	Design and research and development of software	100	100	Note 4
Gamania Digital Entertainment Co., Ltd.	Playcoo Co.	Design and research and development of software	75.25	75.25	Note 4
Gamania Digital Entertainment Co., Ltd.	Two Tigers Co., Ltd.	Animation production	51	51	Note 4
Gamania Digital Entertainment Co., Ltd.	Gash Plus (Taiwan) Company Limited	Software information and supply of electronic services	100	100	
Gamania Asia Investment Co., Ltd.	Gameastor Digital Entertainment Co., Ltd.	Software services and sales	27.20	27.20	Note 4

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) June 30, 2012	Ownership (%) January 1, 2012	Description
Gash Plus (Taiwan) Company Limited	Jsdway Digital Technology Co., Ltd.	Software information and supply of electronic services	33.33	33.33	Note 3
Gamania Holdings Ltd.	Gamania International Holdings Ltd.	Investment holdings	100	100	
Gamania Holdings Ltd.	Gamania R&D (HK) Holdings Limited	Investment holdings	100	-	Note 4
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	98.75	98.70	
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 Ltd.	Design and research and development 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	
Gamania International Holdings Ltd.	Tornado Studio Co., Ltd.	Design and research and development of software	100	100	Note 1 and Note 4
Gamania China Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	Software services and sales	100	100	
Gamania China Holdings Ltd.	Gamania Sino Holdings Ltd.	Investment holdings	100	100	
Gamania Netherlands Holdings Cooperatief U.A.	Gamania Digital Entertainment (Europe) B.V.	Software services and sales	100	100	Note 4
Gamania Western Holdings Ltd.	Gamania Digital Entertainment (U.S.) Co., Ltd.	Software services and sales	100	100	Note 4

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) June 30, 2012	Ownership (%) January 1, 2012	Description
Gamania Sino Holdings Ltd.	Gamania Digital Entertainment (Beijing) Co., Ltd.	Design and sales of software	100	100	
Jsdway Digital Technology Co., Ltd.	Webo Digital Co., Ltd.	Software services and sales	98.83	97.95	Note 4
Jsdway Digital Technology Co., Ltd.	Precious Power Digital Technology Co., Ltd.	Software services and sales	70	70	Note 4

Note 1: It was liquidated and the operations ended on November 13, 2012.

Note 2: As of the date of review report, it is still under the process of liquidation.

Note 3: Gash Plus (Taiwan) Company Limited holds more than half of the board seats of Jsdway Digital Technology Co., Ltd.

Note 4: The financial statements of the entity as of and for the six-month periods ended June 30, 2013 and 2012 were not reviewed by independent auditors as the entity did not meet the definition of signiticant subsidiary.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

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

(4) Foreign currency translation

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company’s functional and the Group’s presentation currency.

A. Foreign currency transactions and balances

a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

B. Translation of foreign operations

a) The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, if the Group still retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.

c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

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 realised, or are intended to be sold or consumed within the normal operating cycle;

b) Assets held mainly for trading purposes;

c) Assets that are expected to be realised within twelve months from the balance sheet date;

d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve 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 that are expected to be paid off within the normal operating cycle;
b) Liabilities arising mainly from trading activities;
c) Liabilities that are to be paid off within twelve months from the balance sheet date;
d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash and cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. Financial assets at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in profit or loss.

(8) Available-for-sale financial assets

A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

B. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.

C. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income.

(9) Accounts receivable

Accounts receivable are receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, for short-term accounts receivable which are non-interest bearing, as the effect of discounting is insignificant, they are measured subsequently at initial invoice amount.

(10) Impairment of financial assets

A. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:

a) Significant financial difficulty of the issuer or debtor;

b) A breach of contract, such as a default or delinquency in interest or principal payments;

c) The Group, for economic or legal reasons relating to the borrower’s financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

d) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

e) The disappearance of an active market for that financial asset because of financial difficulties;

f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

g) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or

h) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C. First, the Group assesses whether the objective evidence of impairment exists or not. When there has been objective evidence of impairment and an impairment loss has occurred, the amount of the impairment loss is measured as the difference between the asset’s acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from ‘other comprehensive income’ to ‘profit or loss’. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(11) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The cash flows from the financial asset have been received.

B. The contractual rights to receive cash flows from the financial asset expire.

C. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

D. The contractual rights to receive cash flows from the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. The original costs are the cost to obtain the assets. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

(13) Investments accounted for under the equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost. The Group's investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss arising through subsequent assessments.

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity are not recognised in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest.

F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate then the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it still retains significant influence over this associate, then the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each part of an item of property, plant and equipment has a cost that is significant in relation to the total, the cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	3～55 years
Machinery and equipment	2～6 years
Transportation equipment	5 years
Office equipment	2～4 years
Leasehold assets	2～6 years
Other equipment	2～4 years

(15) Intangible assets

A. Trademarks

Trademarks have a finite useful life and are amortised under the straight-line basis over the estimated useful lives.

B. Franchises for game development

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.

C. Franchises for sales of on-line games

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.

D. Comic copyright

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

E. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

F. Costs of software and copyrights are stated at cost and amortized under the straight-line basis over the estimated useful lives.

G. 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.

(16) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognized.

B. The recoverable amounts of goodwill and **i**ntangible assets that have not yet been available for use shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(17) Borrowings

A. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(18) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable which are non-interest bearing are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(19) Financial liabilities at fair value through profit or loss

A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

a) Hybrid (combined) contracts; or

b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. Financial liabilities at fair value through profit or loss are initially recognised at fair value.

Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognised in profit or loss.

(20) Bonds payable

Ordinary corporate bonds issued by the Group are initially recognised at fair value, net of transaction costs incurred. Ordinary corporate bonds are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.

(21) Provisions for other liabilities – decommissioning liabilities

Decommissioning liabilities are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Decommissioning liabilities are measured at the present value of the expenditures expected to be required to settle the obligation at the balance sheet date.

(22) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. The related information is disclosed accordingly.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises termination benefits when it is demonstrably committed to a termination, when it has a detailed formal plan to terminate the employment of current employees and when it can no longer withdraw the plan. In the case of an offer made by the Group to encourage voluntary termination of employment, the termination benefits are recognised as expenses only when it is probable that the employees are expected to accept the offer and the number of the employees taking the offer can be reliably estimated. Benefits falling due more than 12 months after balance sheet date are discounted to their present value.

D. Employees' bonus and directors' and supervisors' remuneration

Employees' bonus and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognised based on the accounting for changes in estimates. The Group calculates the number of shares of employees' stock bonus based on the fair value per share at the previous day of the stockholders' meeting held in the year following the financial reporting year, and after taking into account the effects of ex-rights and ex-dividends.

(23) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(24) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the tax credits can be utilized.

G. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

(25) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(26) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(27) Revenue recognition

A. Sales of goods

a) The Group operates on-line games, sells prepaid cards for on-line games and the related products. Revenue is measured at the fair value of the consideration received or receivable taking into account sales tax, returns and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods should be recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied. Revenue from software and other merchandise is recognized when they are delivered.

b) The Group is engaged in the sale of on-line game stored-value cards and provision of on-line game services. When the consumers purchase the online game credits, and use the credits to exchange for service for playing the on-line games and receiving virtual treasures then the consumed credits are deducted from the players' accounts. The Group recognizes the collections of payments for game card purchases or value-added by players as "advance receipts" within current liabilities, and amortizes those amounts as revenue over the period of the services or the estimated useful period of the virtual items, when they are actually used in the purchases of services or virtual items for online games.

B. Sales of services

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

(28) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

B. If the total of the fair values of the consideration of acquisition and any non-controlling interest in the acquiree as well as the acquisition-date fair value of any previous equity interest in the acquiree is higher than the fair value of the Group's share of the identifiable net assets acquired, the difference is recorded as goodwill; if less than the fair value of the Group's share of the identifiable net assets acquired (bargain purchase), the difference is recognised directly in profit or loss.

(29) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make **c**ritical assumptions and **e**stimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The above information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

A. Financial assets-impairment of equity investments

The Group follows the guidance of IAS 39 to determine whether a financial asset-equity investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an equity investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

B. Revenue recognition on a net/gross basis

The determination of whether the Group is acting as principal or agent in a transaction is based on an evaluation of the Group's exposure to the significant risks and rewards associated with the sale of goods or the rendering of service in accordance with the business model and substance of the transaction. Where the Group acts as a principal, the amount received or receivable from customer is recognised as revenue on a gross basis. Where the Group acts as an agent, net revenue is recognised representing commissions earned.

The following characteristics of a principal are used as indicators to determine whether the Group shall recognise revenue on a gross basis:

a) The Group has primary responsibilities for the goods or services it provides;
b) The Group bears inventory risk;
c) The Group has the latitude in establishing prices for the goods or services, either directly or indirectly.
d) The Group bears credit risk of customers.

(2) Critical accounting estimates and assumptions

A. Revenue recognition

The Group recognizes the collections of payments for game card purchases or value-added by players as "advance receipts" within current liabilities, and amortizes those amounts as revenue over the period of the services or the estimated useful period of the virtual items, when they are actually used in the purchases of services or virtual items for online games. The Group estimates the deferred amount and period for the related deferred revenue based on historical results and other known factors, and reviews its rationale periodically. As of June 30, 2013, the Group's deferred revenue amounted to $59,461.

B. Impairment assessment of tangible and intangible assets (excluding goodwill)

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

C. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(11) for the information of goodwill impairment.

As of June 30, 2013, the Group recognised goodwill, net of impairment loss, amounting to $63,289.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2013	December 31, 2012
Cash on hand and petty cash	$ 1,433	$ 2,959
Checking accounts and demand deposits	1,160,392	957,999
Time deposits	316,616	387,541
	$ 1,478,441	$ 1,348,499

	June 30, 2012	January 1, 2012
Cash on hand and petty cash	$ 1,278	$ 1,079
Checking accounts and demand deposits	1,411,284	1,540,733
Time deposits	624,535	483,910
	$ 2,037,097	$ 2,025,722

A. The Group deals with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. The Group's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

B. Details of the Group's cash and cash equivalents pledged to others as collateral are provided in Note 8.

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

Items	June 30, 2013	December 31, 2012
Current items		
Financial assets held for trading		
Listed (TSE and OTC) stocks	$ 4,000	$ 3,843
Corporate bond funds	110,843	2,855
Valuation adjustment of financial assets held for trading	(1,704)	(429)
Subtotal	113,139	6,269
Financial assets designated as at fair value through profit or loss on initial recognition		
Callable preferred stock	-	2,850
Valuation adjustment of financial assets designated as at fair value through profit or loss on initial recognition	-	-
Subtotal	-	2,850
Total	$ 113,139	$ 9,119

Items	June 30, 2012	January 1, 2012
Current items		
Financial assets held for trading		
Listed (TSE and OTC) stocks	$ 3,843	$ 8,934
Corporate bond funds	22,855	3,000
Valuation adjustment of financial assets held for trading	320	(2,095)
Total	$ 27,018	$ 9,839
Non-current items		
Financial assets designated as at fair value through profit or loss on initial recognition		
Callable preferred stock	$ 2,850	$ 2,850
Valuation adjustment of financial assets designated as at fair value through profit or loss on initial recognition	-	-
Total	$ 2,850	$ 2,850

A. The Group recognized net gain (loss) of ($402), $478, ($988) and $969 on financial assets held for trading for the three-month periods and six-month periods ended June 30, 2013 and 2012, respectively.

B. 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 (May 28, 2010) 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 will be 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 IAS 39, "Financial Instruments: Recognition and Measurement", the subsidiary is accounted for as Financial assets at fair value through profit or loss. Gamania Asia Investment Co. had recognized gain of $1,140 on disposal of financial instruments in second quarter of 2013, shown as 'other gains and losses'.

(3) Available-for-sale financial asset

Items	June 30, 2013	December 31, 2012
Non-current items:		
Unlisted stock	$ 62,979	$ 60,979
Valuation adjustment of available-for-sale financial assets	(5,762)	15,032
Accumulated impairment	(9,206)	(9,206)
Total	$ 48,011	$ 66,805

Items	June 30, 2012	January 1, 2012
Non-current items:		
Unlisted stock	$ 32,841	$ 124,294
Valuation adjustment of available-for-sale financial assets	23,173	37,708
Total	$ 56,014	$ 162,002

A. The Group recognised loss of ($21,232), ($14,535), ($20,794) and ($14,535) in other comprehensive income for fair value changes for the three-month and six-month periods ended June 30, 2013 and 2012, respectively.

B. There are no available-for-sale financial assets of the Group that attribute to debt instrument investments.

C. As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, no available-for-sale financial assets of the Group were pledged as collaterals.

(4) Notes receivable - net

	June 30, 2013	December 31, 2012
Notes receivable	$ 23,027	$ 22,519
Less: Allowance for doubtful accounts	-	(16)
	$ 23,027	$ 22,503

	June 30, 2012	January 1, 2012
Notes receivable	$ 13,623	$ 29,115
Less: Allowance for doubtful accounts	(16)	(16)
	$ 13,607	$ 29,099

(5) Accounts receivable

	June 30, 2013	December 31, 2012
Accounts receivable	$ 1,445,550	$ 1,135,183
Less: Allowance for doubtful accounts	(98,046)	(76,762)
Allowance for sales returns	(537)	(537)
	$ 1,346,967	$ 1,057,884

	June 30, 2012	January 1, 2012
Accounts receivable	$ 1,329,581	$ 1,117,352
Less: Allowance for doubtful accounts	(54,804)	(55,869)
Allowance for sales returns	(537)	(537)
	$ 1,274,240	$ 1,060,946

A. The ageing analysis of accounts receivable (including overdue accounts receivable) that were past due but not impaired is as follows:

	June 30, 2013	December 31, 2012
Up to 30 days	$ 278,152	$ 191,608
31~60 days	52,644	60,410
61~90 days	20,965	39,891
91~180 days	14,670	10,740
Over 181 days	42,610	46,647
	$ 409,041	$ 349,296

	June 30, 2012	January 1, 2012
Up to 30 days	$ 225,993	$ 150,280
31~60 days	143,710	85,838
61~90 days	99,225	8,015
91~180 days	89,239	2,716
Over 181 days	189,159	25,049
	$ 747,326	$ 271,898

B. Movements on the Group's provision for impairment of accounts receivable (including overdue accounts receivable) are as follows:

a) As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the Group's accounts receivable that were impaired amounted to $158,119, $136,835, $112,179 and $113,256, respectively.

b) Movement on allowance for bad debts is as follows:

	2013	2012
	Group provision	Group provision
At January 1	$ 136,835	$ 113,256
Provision for impairment	23,988	(997)
Write-offs during the period	(2,901)	(11)
Effect of exchange rate	197	(69)
At June 30	$ 158,119	$ 112,179

C. The accounts receivable were neither past due nor impaired since the Group had shifted out and managed the credit of the counterparties that have certain standard credit quality. Thus, there is no significant credit risk. The balances are as follows:

	June 30, 2013	December 31, 2012
Neither past due nor impaired	$ 946,460	$ 719,523

	June 30, 2012	January 1, 2012
Neither past due nor impaired	$ 538,790	$ 806,874

D. The maximum exposure to credit risk at June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012 was the carrying amount of each class of accounts receivable.

E. The Group does not hold any collateral as security.

(6) Inventories

	June 30, 2013		
	Cost	Allowance for obsolescence and market value decline	Book value
Inventories	$ 130,322	($ 1,256)	$ 129,066

	December 31, 2012		
	Cost	Allowance for obsolescence and market value decline	Book value
Inventories	$ 77,150	($ 1,229)	$ 75,921

	June 30, 2012		
	Cost	Allowance for obsolescence and market value decline	Book value
Inventories	$ 113,698	($ 2,068)	$ 111,630

	January 1, 2012		
	Cost	Allowance for obsolescence and market value decline	Book value
Inventories	$ 267,041	($ 3,565)	$ 263,476

Expenses and losses incurred on inventories for the periods:

	For the three-month periods ended June 30,	
	2013	2012
Reversal of allowance for inventory obsolescence and market price decline	($ 6)	($ 1,488)

	For the six-month periods ended June 30,	
	2013	2012
Reversal of allowance for inventory obsolescence and market price decline	$ -	($ 1,497)

As the inventories previously provided with allowance were subsequently sold, the allowance for inventory obsolescence and market price decline was reversed.

(7) Investments accounted for under the equity method

A. List of long-term investments

	June 30, 2013		December 31, 2012	
Name of associates	Ownership percentage	Balance	Ownership percentage	Balance
Taiwan e-sports Co., Ltd. (Taiwan e-sports)	40.70	$ 5,697	40.70	$ 7,587
Machi Pictures Co., Ltd. (Machi Pictures)	33.33	18,431	33.33	19,846
Pri-One Marketing Co., Ltd.	30.00	1,062	-	-
		$ 25,190		$ 27,433

	June 30, 2012		January 1, 2012	
Name of associates	Ownership percentage	Balance	Ownership percentage	Balance
Taiwan e-sports Co., Ltd. (Taiwan e-sports)	40.70	$ 10,339	39.40	$ 7,216
Machi Pictures Co., Ltd.	32.26	10,000	-	-
Encore Digital Technology Co., Ltd. (Encore)	-	-	35.00	637
Niu Niu Technology Co., Ltd. (Niu Niu)	-	-	30.00	363
Tang Chao Digital Technology Co., Ltd. (Tang Chao) (Note)	-	-	28.57	-
		$ 20,339		$ 8,216

Note： The Group recognized share of investment's loss of associates which reduced book value to zero in previous period so it did not anymore recognize investment loss in current period.

B. The share of loss of associates accounted for under the equity method is as follows:

Name of investee	For the three-month periods ended June 30, 2013	2012
Taiwan e-sports Co., Ltd.	($ 572)	($ 656)
Pri-One Marketing Co., Ltd.	(438)	-
Machi Pictures Co., Ltd.	(120)	-
Encore Digital Technology Co., Ltd.	-	(382)
Niu Niu Technology Co., Ltd.	-	(380)
	($ 1,130)	($ 1,418)

Name of investee	For the six-month periods ended June 30, 2013	2012
Taiwan e-sports Co., Ltd.	($ 1,890)	($ 3,182)
Pri-One Marketing Co., Ltd.	(438)	-
Machi Pictures Co., Ltd.	(316)	-
Encore Digital Technology Co., Ltd.	-	(812)
Niu Niu Technology Co., Ltd.	-	(545)
	($ 2,644)	($ 4,539)

C. The Group's associates were accounted for under the equity method based on their financial statements for the corresponding period, which were not reviewed by the engaged independent accountants.

D. The investments in Encore Digital Technology Co., Ltd. and Niu Niu Technology Co., Ltd., the Group's associates, and Jsdway Digital Technology Co., Ltd., were accounted for under the equity method for the years ended December 31, 2012 and 2011 based on their financial statements for the corresponding period, which were audited by the engaged auditors of Jsdway Digital Technology Co., Ltd.

E. Long-term investment accounted for under the equity method in Taiwan e-sports Co., Ltd. and Machi Pictures Co., Ltd. were based on the associate's financial statements as of and for the years ended December 31, 2012 and 2011 which were not audited by independent accountants since its net loss had no significant effect to the Group.

F. 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.

G. The financial information of the Group's principal associates is summarized below:

	Assets	Liabilities	Revenue	Profit/(Loss)
June 30, 2013				
Taiwan e-sports	$ 22,825	$ 8,827	$ 13,839	($ 4,644)
Machi Pictures	104,344	49,049	-	(981)
Pri-One	5,787	2,248	1,566	(1,461)
	$ 132,956	$ 60,124	$ 15,405	($ 7,086)

	Assets	Liabilities
December 31, 2012		
Taiwan e-sports	$ 31,642	$ 13,000
Machi Pictures	83,233	26,991
	$ 114,875	$ 39,991

	Assets	Liabilities	Revenue	Profit/(Loss)
June 30, 2012				
Taiwan e-sports	$ 33,035	$ 7,633	$ 17,583	($ 7,776)
Machi Pictures	50,956	12,207	-	(2,251)
Encore	630	218	354	(2,109)
Niu Niu	10,487	10,647	5,477	(184)
Tang Chao	1,918	218	913	(812)
	$ 97,026	$ 30,923	$ 24,327	($ 13,132)

	Assets	Liabilities
January 1, 2012		
Taiwan e-sports	$ 29,365	$ 11,051
Encore	2,776	255
Niu Niu	10,925	10,900
Tang Chao	1,314	2,886
	$ 44,380	$ 25,092

H. The fair value is not applicable to the Group since the Group's associates have no quoted market price.

(8) Property, plant and equipment

	Land	Buildings	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Equipment to be inspected	Total
At January 1, 2013									
Cost	$ 157,192	$ 211,280	$ 775,954	$ 7,904	$ 92,919	$ 123,746	$ 27,246	$ 2,673	$ 1,398,914
Accumulated depreciation	-	(43,570)	(361,359)	(1,410)	(52,072)	(72,961)	(9,174)	-	(540,546)
Accumulated impairment	-	-	(4,674)	-	(1,639)	-	-	-	(6,313)
	$ 157,192	$ 167,710	$ 409,921	$ 6,494	$ 39,208	$ 50,785	$ 18,072	$ 2,673	$ 852,055
Six-month period ended June 30, 2013									
Opening net book amount	$ 157,192	$ 167,710	$ 409,921	$ 6,494	$ 39,208	$ 50,785	$ 18,072	$ 2,673	$ 852,055
Additions	-	564	10,182	-	1,317	439	1,811	-	14,313
Disposals	-	-	(579)	(598)	(1,952)	(956)	(1,240)	-	(5,325)
Reclassifications	-	-	(10,310)	-	4,453	-	6,443	(586)	-
Depreciation charge	-	(3,489)	(74,575)	(827)	(7,616)	(17,964)	(4,351)	-	(108,822)
Net exchange differences	311	(281)	(2,439)	13	53	621	45	(247)	(1,924)
Closing net book amount	$ 157,503	$ 164,504	$ 332,200	$ 5,082	$ 35,463	$ 32,925	$ 20,780	$ 1,840	$ 750,297
At June 30, 2013									
Cost	$ 157,503	$ 206,829	$ 724,294	$ 7,277	$ 93,448	$ 67,969	$ 35,472	$ 1,840	$ 1,294,632
Accumulated depreciation	-	(42,325)	(385,740)	(2,195)	(57,942)	(35,044)	(14,692)	-	(537,938)
Accumulated impairment	-	-	(6,354)	-	(43)	-	-	-	(6,397)
	$ 157,503	$ 164,504	$ 332,200	$ 5,082	$ 35,463	$ 32,925	$ 20,780	$ 1,840	$ 750,297

	Land	Buildings	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Equipment to be inspected	Total	Prepayments for equipment (Note)
At January 1, 2012										
Cost	$ 157,556	$ 226,501	$ 934,286	$ 4,780	$ 212,578	$ 78,169	$ 22,780	$ 16,450	$1,653,100	$ -
Accumulated depreciation	-	(48,390)	(590,203)	(1,194)	(123,565)	(31,653)	(7,973)	-	(802,978)	-
Accumulated impairment	-	-	-	-	(4,213)	-	-	-	(4,213)	-
	$ 157,556	$ 178,111	$ 344,083	$ 3,586	$ 84,800	$ 46,516	$ 14,807	$ 16,450	$ 845,909	$ -
Six-month period ended June 30, 2012										
Opening net book amount	$ 157,556	$ 178,111	$ 344,083	$ 3,586	$ 84,800	$ 46,516	$ 14,807	$ 16,450	$ 845,909	$ -
Acquired from business combinations	-	-	1,668	-	-	-	-	-	1,668	5,642
Additions	-	1,124	89,587	3,549	12,731	39,141	7,769	-	153,901	-
Disposals	-	-	(242)	(261)	(677)	-	(7)	-	(1,187)	-
Reclassifications	-	-	13,667	-	(6,766)	-	-	(6,901)	-	-
Depreciation charge	-	(4,163)	(67,954)	(641)	(14,357)	(18,521)	(3,164)	-	(108,800)	-
Net exchange differences	(122)	(939)	(8,662)	10	(1,351)	(289)	(633)	(415)	(12,401)	-
Closing net book amount	$ 157,434	$ 174,133	$ 372,147	$ 6,243	$ 74,380	$ 66,847	$ 18,772	$ 9,134	$ 879,090	$ 5,642
At June 30, 2012										
Cost	$ 157,434	$ 214,746	$ 690,515	$ 6,942	$ 143,220	$ 116,901	$ 27,153	$ 9,134	$1,366,045	$ 5,642
Accumulated depreciation	-	(40,613)	(318,368)	(699)	(64,658)	(50,054)	(8,381)	-	(482,773)	-
Accumulated impairment	-	-	-	-	(4,182)	-	-	-	(4,182)	-
	$ 157,434	$ 174,133	$ 372,147	$ 6,243	$ 74,380	$ 66,847	$ 18,772	$ 9,134	$ 879,090	$ 5,642

Note: shown as other non-current assets.

A. No borrowing costs were capitalised as part of property, plant and equipment.

B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(9) Intangible assets

	Patent	Agency	Software	Other intangible asset	Trademark	Goodwill	Total
At January 1, 2013							
Cost	$ 8,538	$ 507,434	$ 136,047	$ 55,863	$ 4,526	$ 89,437	$801,845
Accumulated amortization	(4,894)	(293,282)	(65,677)	(12,573)	(830)	-	(377,256)
Accumulated impairment	(2,135)	(50,763)	-	-	(374)	(10,019)	(63,291)
	$ 1,509	$ 163,389	$ 70,370	$ 43,290	$ 3,322	$ 79,418	$361,298
Six-month period ended June 30, 2013							
Opening net book amount	$ 1,509	$ 163,389	$ 70,370	$ 43,290	$ 3,322	$ 79,418	$361,298
Reclassifications	-	2,689	(6,826)	(3,071)	-	-	(7,208)
Additions	-	38,180	24,054	7,193	-	-	69,427
Amortization charge	(1,026)	(38,720)	(19,709)	(15,077)	(424)	-	(74,956)
Disposals	-	(15,128)	-	(1,576)	-	-	(16,704)
Impairment loss	-	(20,000)	-	-	-	(14,891)	(34,891)
Effect of exchange rate	37	40	(2,662)	430	104	(1,238)	(3,289)
Closing net book amount	$ 520	$ 130,450	$ 65,227	$ 31,189	$ 3,002	$ 63,289	$293,677
At June 30, 2013							
Cost	$ 8,821	$ 501,815	$ 129,644	$ 61,358	$ 4,676	$ 90,812	$797,126
Accumulated amortization	(6,095)	(308,147)	(64,417)	(30,169)	(1,287)	-	(410,115)
Accumulated impairment	(2,206)	(63,218)	-	-	(387)	(27,523)	(93,334)
	$ 520	$ 130,450	$ 65,227	$ 31,189	$ 3,002	$ 63,289	$293,677

	Patent	Agency	Software	Other intangible asset	Trademark	Goodwill	Total
At January 1, 2012							
Cost	$ 8,855	$ 538,011	$ 157,554	$ 98,240	$ 4,683	$ 90,604	$ 897,947
Accumulated amortization	(2,985)	(331,824)	(85,081)	(8,675)	-	-	(428,565)
Accumulated impairment	(2,215)	(21,451)	-	-	(377)	(4,891)	(28,934)
	$ 3,655	$ 184,736	$ 72,473	$ 89,565	$ 4,306	$ 85,713	$ 440,448
Six-month period ended June 30, 2012							
Opening net book amount	$ 3,655	$ 184,736	$ 72,473	$ 89,565	$ 4,306	$ 85,713	$ 440,448
Additions	-	55,446	60,755	5,927	-	-	122,128
Acquired through business combinations	-	-	-	1,445	-	-	1,445
Amortisation charge	(1,029)	(80,050)	(29,551)	(6,384)	(338)	-	(117,352)
Disposals	-	(366)	-	(4,330)	-	-	(4,696)
Reclassifications	-	-	912	3,830	-	-	4,742
Effect of exchange rate	(47)	(425)	(1,401)	(895)	(50)	(2,280)	(5,098)
Closing net book amount	$ 2,579	$ 159,341	$ 103,188	$ 89,158	$ 3,918	$ 83,433	$ 441,617
At June 30, 2012							
Cost	$ 8,757	$ 592,685	$ 217,962	$ 105,721	$ 4,642	$ 90,080	$1,019,847
Accumulated amortization	(3,988)	(411,894)	(114,774)	(16,563)	(341)	-	(547,560)
Accumulated impairment	(2,190)	(21,450)	-	-	(383)	(6,647)	(30,670)
	$ 2,579	$ 159,341	$ 103,188	$ 89,158	$ 3,918	$ 83,433	$ 441,617

A. The details of amortization are as follows:

	For the three-month periods ended June 30, 2013	2012
Operating costs	$ 24,334	$ 49,716
Selling expenses	2,629	3,321
General and administrative expenses	7,429	4,128
Research and development expenses	615	2,879
	$ 35,007	$ 60,044

	For the six-month periods ended June 30, 2013	2012
Operating costs	$ 49,665	$ 96,130
Selling expenses	4,567	5,906
General and administrative expenses	16,503	9,095
Research and development expenses	4,221	6,221
	$ 74,956	$ 117,352

B. Goodwill is allocated to the Group's cash-generating units identified according to operating segment as follows:

	June 30, 2013	December 31, 2012
Goodwill		
Firedog	$ 14,536	$ 14,070
Playcoo	46,552	46,552
Fantasy Fish	1,892	1,891
GIH	26,914	26,035
GCH	918	889
	90,812	89,437
Less: accumulated impairment	(27,523)	(10,019)
	$ 63,289	$ 79,418

	June 30, 2012	January 1, 2012
Goodwill		
Firedog	$ 14,431	$ 14,593
Playcoo	46,128	46,128
Fantasy Fish	1,891	1,891
GIH	26,719	27,067
GCH	912	925
	90,081	90,604
Less: accumulated impairment	(6,648)	(4,891)
	$ 83,433	$ 85,713

C. Impairment information about the intangible assets is provided in Note 6(11).

(10) Non-current assets

	June 30, 2013	December 31, 2012
Overdue accounts receivable	$ 68,070	$ 70,471
Less: Allowance for doubtful accounts	(60,073)	(60,073)
Refundable deposit	47,064	51,101
Prepayment for investments	6,585	8,585
Others	801	1,226
	$ 62,447	$ 71,310

	June 30, 2012	January 1, 2012
Overdue accounts receivable	$ 68,714	$ 74,676
Less: Allowance for doubtful accounts	(57,375)	(57,387)
Refundable deposit	59,670	57,672
Prepayment for investments	31,885	6,000
Prepayment for equipments	5,642	-
Others	314	12,699
	$ 108,850	$ 93,660

The Company's indirect subsidiary, Jsdway Digital Technology Co., Ltd., did not fully provide its overdue accounts receivable with allowance as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012 since based on its assessment, such receivables were collectible.

(11) Impairment of non-financial assets

A. The Group recognized impairment loss amounting to $33,000, $0, $35,989 and $0 for the three-month periods and six-month periods ended June 30, 2013 and 2012, respectively. Details of such loss are as follows:

	For the three-month period ended June 30, 2013	
	Recognised in profit or loss	Recognised in other comprehensive income
Impairment loss-goodwill	$ 13,000	$ -
Impairment loss-agency	20,000	-
	$ 33,000	$ -

	For the six-month period ended June 30, 2013	
	Recognised in profit or loss	Recognised in other comprehensive income
Impairment loss-goodwill	$ 14,891	$ -
Impairment loss-investment accounted for under equity method	1,098	-
Impairment loss-agency	20,000	-
	$ 35,989	$ -

B. The Company's associate, Machi Pictures Co., Ltd., and the subsidiaries, Fantasy Fish Digital Games Co., Ltd. and Playcoo Co., recognized impairment loss on investment and goodwill for the six-month period ended June 30, 2013 since the recoverable amounts of the value of future cash inflows are lower than the carrying amount. The value of future cash inflows was based on the best estimate of information available on balance sheet date.

(12) Short-term borrowings

	June 30, 2013	December 31, 2012
Unsecured bank loans	$ 63,680	$ 69,070
Credit lines	$ 2,536,408	$ 2,714,713
Interest rate	1.15%~7.20%	1.80%~7.20%

	June 30, 2012	January 1, 2012
Unsecured bank loans	$ 99,025	$ 92,563
Credit lines	$ 2,233,027	$ 2,191,813
Interest rate	1.18%~7.57%	1.40%~9.18%

(13) Financial liabilities at fair value through profit or loss

Items	June 30, 2013	December 31, 2012
Current items		
Financial liabilities designated as at fair value through profit or loss on initial recognition		
Callable preferred stock liability	$ -	$ 2,850
Valuation adjustment of financial liabilities designated as at fair value through profit or loss on initial recognition	-	6,766
Total	$ -	$ 9,616

Items	June 30, 2012	January 1, 2012
Non-current items		
Financial liabilities designated as at fair value through profit or loss on initial recognition		
Callable preferred stock liability	$ 2,850	$ 2,850
Valuation adjustment of financial liabilities designated as at fair value through profit or loss on initial recognition	4,522	3,803
Total	$ 7,372	$ 6,653

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. Gameastor Digital Entertainment Co., Ltd. had disposed the financial liability at fair value through profit or loss in the second quarter of 2013 and recognized gain on disposal of $5,626, shown as "other gains and losses".

(14) Other payables

	June 30, 2013	December 31, 2012
Salary payable and annual bonus	$ 158,335	$ 70,972
Employees' bonus payable	21,541	11,508
Accrued expenses-others	141,582	243,646
	321,458	326,126
Tax payable	50,105	17,697
Cash dividends payable	-	26
Payable for equipment	1,070	4,092
Other payables-others	6,490	25,969
	57,665	47,784
	$ 379,123	$ 373,910

	June 30, 2012	January 1, 2012
Salary payable and annual bonus	$ 152,772	$ 190,886
Employees' bonus payable	27,671	8,692
Accrued expenses-others	306,667	354,464
	487,110	554,042
Tax payable	59,704	67,801
Cash dividends payable	180,450	19
Payable for equipment	27,559	49,684
Other payables-others	329,633	53,016
	597,346	170,520
	$ 1,084,456	$ 724,562

(15) Other current liabilities

	June 30, 2013	December 31, 2012
Unearned revenue collected in advance	$ 448,996	$ 372,626
Current portion of long-term liabilities	19,321	27,097
Receipts under custody	10,340	3,943
Tax receipts under custody	13,880	7,105
Others	1,713	3,650
	$ 494,250	$ 414,421

	June 30, 2012	January 1, 2012
Unearned revenue collected in advance	$ 459,104	$ 506,160
Current portion of long-term liabilities	19,607	26,869
Receipts under custody	6,762	6,473
Tax receipts under custody	2,999	7,663
Others	6,347	1,559
	$ 494,819	$ 548,724

(16) Bonds payable

	June 30, 2013	December 31, 2012
Bonds payable	$ 49,067	$ 64,132
Less: Current portion	(17,676)	(19,577)
	$ 31,391	$ 44,555

	June 30, 2012	January 1, 2012
Bonds payable	$ 16,901	$ 25,463
Less: Current portion	(3,756)	(3,905)
	$ 13,145	$ 21,558

The Company's subsidiary, Gamania Digital Entertainment (Japan) Co., Ltd., issued unsecured corporate bonds in the amount of JPY200 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	$ 17,696 (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.

(17) Long-term borrowings

Bank	Period / Terms of repayment	Interest	Collateral	June 30, 2013
Sumitomo Mitsui Banking Coporation	2010/9/1~2013/8/30 Equal quarterly installments	1.775%	Note	$ 1,219
Yuanta Bank	2010/12/30~2013/12/29 Monthly installments	2.99%	Car	272
Yuanta Bank	2011/1/14~2014/1/13 Monthly installments	2.99%	Car	154
				1,645
Less: Current portion				(1,645)
				$ -

Bank	Period / Terms of repayment	Interest	Collateral	December 31, 2012
Sumitomo Mitsui Banking Coporation	2010/9/1~2013/8/30 Equal quarterly installments	1.775%	Note	$ 6,750
Yuanta Bank	2010/12/30~2013/12/29 Monthly installments	2.99%	Car	506
Yuanta Bank	2011/1/14~2014/1/13 Monthly installments	2.99%	Car	286
				7,542
Less: Current portion				(7,520)
				$ 22

Bank	Period / Terms of repayment	Interest	Collateral	June 30, 2012
Sumitomo Mitsui Banking Coporation	2010/9/1~2013/8/30 Equal quarterly installments	1.775%	Note	$ 13,521
Sumitomo Mitsui Banking Coporation	2009/8/31~2012/8/30 Equal quarterly installments	2.225%	Note	3,102
Yuanta Bank	2010/12/30~2013/12/29 Monthly installments	2.99%	Car	739
Yuanta Bank	2011/1/14~2014/1/13 Monthly installments	2.99%	Car	417
				17,779
Less: Current portion				(15,851)
				$ 1,928

Bank	Period / Terms of repayment	Interest	Collateral	January 1, 2012
Sumitomo Mitsui Banking Coporation	2010/9/1~2013/8/30 Equal quarterly installments	1.775%	Note	$ 20,305
Sumitomo Mitsui Banking Coporation	2009/8/31~2012/8/30 Equal quarterly installments	2.225%	Note	9,739
Yuanta Bank	2010/12/30~2013/12/29 Monthly installments	2.99%	Car	933
Yuanta Bank	2011/1/14~2014/1/13 Monthly installments	2.99%	Car	549
				31,526
Less: Current portion				(22,964)
				$ 8,562

Note: The ultimate parent, Gamania Digital Entertainment Co., Ltd., is the guarantor.

The Group has the following undrawn borrowing facilities:

	June 30, 2013	December 31, 2012
Fixed rate:		
Expiring within one year	$ 31,025	$ 61,651
Expiring beyond one year	-	505
	$ 31,025	$ 62,156

	June 30, 2012	January 1, 2012
Fixed rate:		
Expiring within one year	$ -	$ -
Expiring beyond one year	59,527	48,053
	$ 59,527	$ 48,053

(18) Pensions

A.

(a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

(b) The amounts recognised in the balance sheet are determined as follows:

	December 31, 2012	January 1, 2012
Present value of funded obligations	$ 81,914	$ 62,358
Fair value of plan assets	(50,956)	(49,124)
	30,958	13,234
Present value of unfunded obligations	-	-
Unecognised actuarial losses/(gains)	-	-
Unrecognised past service cost	-	-
Net liability in the balance sheet	$ 30,958	$ 13,234

(c) The Group recognised pension expenses of $460, $839, $858 and $1,363 in the statement of comprehensive income for the three-month and six-month periods ended June 30, 2013 and 2012, respectively.

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of June 30, 2013 and 2012 is given in the Annual Labor Retirement Fund Utilisation Report published by the government. Expected return on plan assets was a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilisation by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund's minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

(e) The principal actuarial assumptions used were as follows:

	2012	2011
Discount rate	1.50%	1.75%
Future salary increases	3.00%~3.50%	2.50%~3.50%
Expected return on plan assets	1.50%	1.75%

Assumptions regarding future mortality experience are set based on the Taiwan Standard Ordinary Experience Mortality Table (2008).

(f) Historical information of experience adjustments was as follows:

	2012
Present value of defined benefit obligation	$ 81,914
Fair value of plan assets	(50,956)
Deficit in the plan	$ 30,958
Experience adjustments on plan liabilities	$ 6,175
Experience adjustments on plan assets	($ 430)

(g) Expected contributions to the defined benefit pension plans of the Group within one year from June 30, 2013 are $2,444.

B.

(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Company's mainland subsidiary, Gamania Digital Entertainment (Beijing) Co., Ltd., has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC.) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the six-month periods ended June 30, 2013 and 2012 were both 20%~22%. Other than the monthly contributions, the Group has no further obligations.

(c) Gamania Digital Entertainment (Japan) Co., Ltd., Gamania Korea Co., Ltd., Tornado Studio Co., Ltd., Gash Plus (Hong Kong) Company Limited, Gamania Digital Entertainment (H.K.) Co., Ltd. and Firedog Studio Company Limited provide pension reserves annually for their employees in accordance with the local regulations.

(d) The pension costs under the defined contribution pension plans of the Group for the three-month and six-month periods ended June 30, 2013 and 2012 were $8,902, $15,856, $19,671 and $30,373, respectively.

(19) Share-based payment

A. As of June 30, 2013 and 2012, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock options	2007.12.17	12,000,000 units	6 years	Note

Note: Employees will be able to exercise these options after two years in accordance with the procedures of the employee stock option plan.

The above share-based payment arrangements are equity-settled.

B. Details of the share-based payment arrangements are as follows:

	For the six-month periods ended June 30,			
	2013		2012	
	No. of options	Weighted-average exercise price (in dollars) (Note 1)	No. of options	Weighted-average exercise price (in dollars) (Note 1)
Options outstanding at beginning of the period	4,742	23.00	4,904	23.60
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options forfeited	-	-	-	-
Options exercised (Notes 2 and 3)	(230)	-	(58)	-
Options expired	(77)	-	(4)	-
Options outstanding at end of the period	4,435	23.00	4,842	23.60
Options exercisable at end of the period	4,435		4,842	

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

Note 2: As of June 30, 2012, 58 thousand shares for the six-month period ended June 30, 2012, and 3 thousand shares for the year ended December 31, 2011 had been registered.

Note 3: As of June 30, 2013, 157 thousand shares for the six-month period ended June 30, 2013 had not been registered and were accounted for under stock subscriptions received in advance.

C. The weighted-average stock price of stock options at exercise dates for the six-month periods ended June 30, 2013 and 2012 was $25.58 and $30.35 (in dollars), respectively.

D. As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the range of exercise prices of stock options outstanding was $23, $23, $23 and $23.6 (in dollars), respectively; and the weighted-average remaining contractual period was 0.42 years, 0.92 years, 1.42 years and 1.92 years, respectively.

(20) Provisions for other liabilities-non current

	Decommissioning liabilities
At January 1, 2013	$ 5,421
Additional provisions	1,760
Used during the period	(1,760)
Exchange differences	(526)
At June 30, 2013	$ 4,895

	Decommissioning liabilities
At January 1, 2012	$ 6,131
Additional provisions	-
Exchange differences	(234)
At June 30, 2012	$ 5,897

In accordance which the applicable agreement or the law/regulation requirement, the Group bears the obligation for dismantling, removing the asset and restoring the site for certain property, plant and equipment which were placed in Hong Kong and Japan in the future. A provision is recognised for the present value of costs to be incurred for dismantling, removing the asset and restoring the site. The provision is expected to be used starting from 2013.

(21) Common stock

As of June 30, 2013, the Company's authorized capital was $2,500,000, consisting of 250 million shares of ordinary stock (including 12 million shares reserved for employee stock options), and the paid-in capital was $1,570,976 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

(22) Capital surplus

A. Pursuant to the R.O.C. Company Law, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

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.

(23) <u>Retained earnings</u>

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

   a) Paying all 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. 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 distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C.

   a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

   b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

D. The appropriations of 2011 earnings had been approved at the stockholders' meeting on June 22, 2012. Details are summarized below:

	2011 Earnings	
	Amount	Dividend per Share (in dollars)
Legal reserve	$ 18,701	
Cash dividends	125,450	$ 0.80
Employees' bonuses	Note	
Directors' and supervisors' remuneration	〃	

Note: The amounts approved during the stockholders' meeting for employees' bonus and directors' and supervisors' remuneration are $27,500 and $3,050, respectively.

The amount 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.

E. Pursuant to a resolution approved in the stockholders' meeting on June 19, 2013, the Company made the following appropriations of 2012 net income: legal reserve of $159,610, capital reserve of $123,619 and cover the accumulated deficit of $283,229. The deficit compensation for 2012 as stated above is in agreement with that proposed by the Board of Directors on March 25, 2013.

F. For the three-month and six-month periods ended June 30, 2013 and 2012, employees' bonus was accrued at $ 3,634, ($ 8,254), $ 17,335 and $60, respectively; and directors' and supervisors' remuneration was accrued at $ 484, ($ 1,101), $ 2,311 and $8, respectively. The above amounts constitute 10%~15% and 2%, respectively, of the net income after taking into account the legal reserve, and are recognized as operating cost and expense. If the actual distribution amounts are different from the estimated amounts, the difference will be adjusted in the income statement of the following year.

G. The distribution of the employees' bonus and the directors' and supervisors' remuneration in 2011, as mentioned in D) above, was different from the employees' bonus of $27,532 and directors' and supervisors' remuneration of $3,671 recognized in the 2011 financial statements. The differences of $32 and $171, respectively, had been adjusted in the statement of comprehensive income for the year ended December 31, 2012. The Company did not recognize any employees' bonus or directors' and supervisors' remuneration in 2012 due to accumulated deficit.

Information about the appropriation of employees' bonus and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Other equity items

	Available-for-sale investment	Currency translation	Total
At January 1, 2013	$ 15,032	($ 44,930)	($ 29,898)
Valuation adjustments	(20,794)	-	(20,794)
Currency translation differences:			
- Group	-	1,107	1,107
At June 30, 2013	($ 5,762)	($ 43,823)	($ 49,585)

	Available-for-sale investment	Currency translation	Total
At January 1, 2012	$ 37,708	$ -	$ 37,708
Valuation adjustments	(14,535)	-	(14,535)
Currency translation differences:			
- Group	-	(20,050)	(20,050)
At June 30, 2012	$ 23,173	($ 20,050)	$ 3,123

(25) Operating revenue

	For the three-month periods ended June 30,	
	2013	2012
Sales revenue-net	$ 1,897,012	$ 1,619,957
Service revenue	18,064	7,244
Other operating revenue	41,440	4,727
	$ 1,956,516	$ 1,631,928

	For the six-month periods ended June 30,	
	2013	2012
Sales revenue-net	$ 3,916,249	$ 3,625,251
Service revenue	24,654	11,400
Other operating revenue	80,018	6,688
	$ 4,020,921	$ 3,643,339

(26) Other income

	For the three-month periods ended June 30,	
	2013	2012
Rental revenue	$ 420	$ 13,833
Interest income from bank deposits	1,243	1,987
Other income	6,404	36,108
	$ 8,067	$ 51,928

	For the six-month periods ended June 30,	
	2013	2012
Rental revenue	$ 637	$ 26,020
Interest income from bank deposits	2,196	3,064
Other income	11,133	43,282
	$ 13,966	$ 72,366

(27) Other gains and losses

	For the three-month periods ended June 30,	
	2013	2012
Net (loss) gain on financial assets at fair value through profit or loss	($ 493)	$ 478
Net currency exchange loss	(1,755)	(172)
Gain on disposal of property, plant and equipment	3,940	14
Impairment loss	(33,000)	-
Gain on disposal of investments	7,058	43,373
Others	(3,397)	(7,132)
	($ 27,647)	$ 36,561

	For the six-month periods ended June 30,	
	2013	2012
Net (loss) gain financial assets at fair value through profit or loss	($ 1,011)	$ 969
Net currency exchanges (loss) gain	(2,917)	1,214
Gain on disposal of property, plant and equipment	3,824	150
Impairment loss	(35,989)	-
Gain on disposal of investments	7,058	43,373
Others	(10,530)	(11,398)
	($ 39,565)	$ 34,308

(28) Finance costs

	For the three-month periods ended June 30,	
	2013	2012
Interest expense:		
Bank borrowings	$ 111	$ 2,718
Bonds payable	154	59
Others	474	-
	$ 739	$ 2,777

	For the six-month periods ended June 30,	
	2013	2012
Interest expense:		
Bank borrowings	$ 1,434	$ 4,088
Bonds payable	154	59
Others	474	-
	$ 2,062	$ 4,147

(29) Expenses by nature

	For the three-month periods ended June 30,	
	2013	2012
Point service cost	$ 528,083	$ 164,565
Cost of physical sales	441,605	195,332
On-line game cost	385,026	524,274
Employee benefit expenses	260,597	401,100
Depreciation on property, plant and equipment	48,240	55,036
Advertising expense	28,512	32,041
Amortization expense	36,451	62,396
Operating lease payments	27,573	15,822
Service fee	26,103	13,707
Research and designing expense	3,055	5,015
Other expenses	79,371	189,376
Other operating cost	24,082	56,835
	$ 1,888,698	$ 1,715,499

	For the six-month periods ended June 30,	
	2013	2012
On-line game cost	$ 920,998	$ 1,170,447
Point service cost	882,176	319,507
Cost of physical sales	877,895	404,433
Employee benefit expenses	599,188	798,638
Depreciation on property, plant and equipment	108,822	108,800
Advertising expense	82,721	133,006
Amortization expense	78,183	119,704
Operating lease payments	58,162	51,381
Service fee	49,065	37,868
Research and designing expense	4,501	41,687
Other expenses	157,949	325,994
Other operating cost	77,058	131,299
	$ 3,836,718	$ 3,642,764

(30) Employee benefit expense

	For the three-month periods ended June 30,	
	2013	2012
Wages and salaries	$ 224,655	$ 338,908
Labor and health insurance fees	19,949	29,093
Pension costs	9,362	16,695
Other personnel expenses	6,631	16,404
	$ 260,597	$ 401,100

	For the six-month periods ended June 30,	
	2013	2012
Wages and salaries	$ 517,626	$ 674,392
Labor and health insurance fees	42,080	56,793
Pension costs	20,529	31,736
Other personnel expenses	18,953	35,717
	$ 599,188	$ 798,638

(31) Income tax

A. Income tax expense

Components of income tax expense:

	For the three-month periods ended June 30,	
	2013	2012
Current tax		
Current tax on profits for the period	$ 7,269	$ 13,437
Adjustments in respect of prior years	6,761	35,571
Total current tax	14,030	49,008
Deferred tax		
Origination and reversal of temporary differences	7,648	(4,945)
Impact of change in tax rate	-	-
Total deferred tax	7,648	(4,945)
Income tax expense	$ 21,678	$ 44,063

	For the six-month periods ended June 30,	
	2013	2012
Current tax		
Current tax on profits for the period	$ 38,332	$ 58,338
Adjustments in respect of prior years	6,761	35,571
Total current tax	45,093	93,909
Deferred tax		
Origination and reversal of temporary differences	3,817	(8,105)
Impact of change in tax rate	-	-
Total deferred tax	3,817	(8,105)
Income tax expense	$ 48,910	$ 85,804

B. The reconciliation between accounting income and tax income:

	For the six-month periods ended June 30,	
	2013	2012
Income tax at the statutory tax rate	$ 45,854	$ 47,248
Tax effect of amounts recognized which are not allowed by the regulations	14,789	4,565
Tax effect of tax credits	(8,772)	(1,580)
Tax effect of loss carryforwards	(9,722)	-
Understatement of income tax payable	6,761	35,571
Income tax expense	$ 48,910	$ 85,804

C. The Company's and its domestic subsidiary's assessed and approved income tax returns are as follows:

	Latest Year Assessed by Tax Authority
The Company	2009
Fundation, Redgate, Seedo, Gamania Asia, Fantasy, Gameastor, Playcoo, Jsdway	2010
Gash Plus	Not assessed yet

D. Unappropriated retained earnings:

	June 30, 2013	December 31, 2012
Earnings generated in and before 1997	$ -	$ -
Earnings generated in and after 1998	67,499	(322,219)
	$ 67,499	($ 322,219)

	June 30, 2012	January 1, 2012
Earnings generated in and before 1997	$ -	$ -
Earnings generated in and after 1998	24,545	159,424
	$ 24,545	$ 159,424

E. The Company's balance of shareholders account of deductible tax and estimated creditable tax ratio are as follows:

	June 30, 2013	December 31, 2012
Balance of shareholders deductible tax	$ 41,444	$ 41,444

	June 30, 2012	January 1, 2012
Balance of shareholders deductible tax	$ 64,566	$ 33,454

	2012 (Actual)	2011 (Actual)
Creditable tax ratio	(Note)	23.38%

Creditable ratio = Imputation tax credit account balance/Accumulated undistributed earnings account balance

The calculation of accumulated undistributed earnings as above is based on the Company's consideration of the amendment associated with income tax and accumulated undistributed earnings, on and after January 1, 1998 which was handled based on the requirement of R.O.C. Company Law associated with preparing financial statements.

Note: Due to the Company's accumulated deficit in 2012, there is no creditable tax ratio.

F. The tax expense recognized in interim periods was calculated using estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The disclosure requirement of reconcilation between accounting income and taxable income is not applicable.

(32) Earnings per share (loss per share)

	For the three-month periods ended June 30, 2013		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 27,979	157,098	$ 0.18
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 27,979	157,098	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	409	
Employees' bonus	-	143	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 27,979	157,650	$ 0.18

	For the three-month periods ended June 30, 2012		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share			
Loss attributable to ordinary shareholders of the parent	($ 38,176)	156,813	($ 0.24)
Diluted loss per share			
Loss attributable to ordinary shareholders of the parent	($ 38,176)	156,813	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	1,223	
Employees' bonus	-	-	
Loss attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	($ 38,176)	158,036	($ 0.24)

	For the six-month period ended June 30, 2013		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 110,785	157,019	$ 0.71
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 110,785	157,019	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	448	
Employees' bonus	-	682	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 110,785	158,149	$ 0.70

	For the six-month period ended June 30, 2012		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 11,066	156,793	$ 0.07
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 11,066	156,793	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	1,173	
Employees' bonus	-	2	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 11,066	157,968	$ 0.07

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Group's shares are widely held so the Company has no ultimate parent and ultimate controlling party.

(2) Significant transactions and balances with related parties

A. Sales:

	For the three-month periods ended June 30, 2013	2012
Sales of goods:		
Associates	$ -	$ 3,863

	For the six-month periods ended June 30, 2013	2012
Sales of goods:		
Associates	$ -	$ 3,863

The selling price and the collection term for related parties were the same for non-related parties.

B. Use of intangible assets:

	For the three-month periods ended June 30, 2013	2012
License fees:		
Associates	$ 236,219	$ 242,443

	For the six-month periods ended June 30, 2013	2012
License fees:		
Associates	$ 455,894	$ 540,458

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

C. Period-end balances arising from use of intangible assets:

	June 30, 2013	December 31, 2012
Payables to related parties:		
Associates	$ 37,749	$ 62,027

	June 30, 2012	January 1, 2012
Payables to related parties:		
Associates	$ 58,216	$ 72,099

The payables to related parties arise mainly from purchase of right of agency and on-line games license fees and are due 60 days after the date of purchase. The payables bear no interest.

D. Property transactions:

Period-end balances arising from purchase of right of agency:

	June 30, 2013	December 31, 2012
Purchase of right of agency		
Associates	$ 42,491	$ 53,601

	June 30, 2012	January 1, 2012
Purchase of right of agency		
Associates	$ 35,977	$ 49,946

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

E. Other significant transactions and balances with related parties:

	For the three-month periods ended June 30,	
	2013	2012
Donation		
Associates	$ 1,000	$ 1,500

	For the six-month periods ended June 30,	
	2013	2012
Donation		
Associates	$ 1,000	$ 3,000

	June 30, 2013	December 31, 2012
Other payables to related parties:		
Associates	$ -	$ 3,675

The above represents payments for membership and annual fee and advertising expenses. There is no balance as of June 30, 2012 and January 1, 2012.

(3) Key management compensation

	For the three-month periods ended June 30,	
	2013	2012
Salaries and other short-term employee benefits	$ 5,300	$ 547
Post-employment benefits	52	8
	$ 5,352	$ 555

	For the six-month periods ended June 30,	
	2013	2012
Salaries and other short-term employee benefits	$ 15,270	$ 9,374
Post-employment benefits	105	42
	$ 15,375	$ 9,416

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

Pledged assets	Book value June 30, 2013	Book value December 31, 2012	Purpose
Demand deposits (shown in other financial assets-current)	$ 5,019	$ 19	Credit card merchant guarantee Department of creditor claimed seizure
Property, plant and equipment			
Land	148,126	81,748	Short-term and long-term loans / Credit lines
Buildings	121,015	70,443	〃
Transportation equipment	1,422	1,629	Long-term loans guarantee
	$ 275,582	$ 153,839	

Pledged assets	Book value June 30, 2012	Book value January 1, 2012	Purpose
Time deposits (shown in other financial assets-current)	$ 14,117	$ 7,815	Short-term loans guarnatee
Property, plant and equipment			
Land	81,374	90,254	Short-term and long-term loans / Credit lines
Buildings	69,850	70,519	〃
Transportation equipment	1,835	2,041	Long-term loans guarantee
	$ 167,176	$ 170,629	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. The Company signed operating lease agreements and the future lease payments under operating leases within three years are as follows:

	June 30, 2013	December 31, 2012
Warehouse office building and parking lot	$ 119,232	$ 93,637
Transportation equipment	1,669	2,259
Networking device	69,341	30,422
	$ 190,242	$ 126,318

	June 30, 2012	January 1, 2012
Warehouse office building and parking lot	$ 122,359	$ 201,834
Transportation equipment	2,848	4,583
Networking device	4,119	6,925
	$ 129,326	$ 213,342

B. The subsidiary signed a contract for the development of a website and the total future contract payment as of June 30, 2012 was $963.

C. 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.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk management

The Group's principal objectives when managing capital are to maintain an integrity credit rating and a well capital structure to support operating and maximum stockholders' equity. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders.

(2) Financial instruments

A. Fair value information of financial instruments

Except those in the table below, cash, cash equivalents, fair value of financial instruments measured at amortized cost (including notes receivable, accounts receivable, other receivables, short-term loans, notes payable, accounts payable and other payables) is approximate to their book value. Fair value information of financial instruments measured at fair value is provided in Note 12(3).

	June 30, 2013	
	Book value	Fair value
Financial assets:		
Other financial assets	$ 52,064	$ 52,064

	December 31, 2012	
	Book value	Fair value
Financial assets:		
Other financial assets	$ 51,120	$ 51,120

	June 30, 2012	
	Book value	Fair value
Financial assets:		
Other financial assets	$ 73,787	$ 73,787

	January 1, 2012	
	Book value	Fair value
Financial assets:		
Other financial assets	$ 65,487	$ 65,487

	June 30, 2013	
	Book value	Fair value
Financial liabilities:		
Bonds payable (including current portion)	$ 49,067	$ 49,067
Long-term borrowings (including current portion)	1,645	1,645
Other financial liabilities	9,222	9,222
	$ 59,934	$ 59,934

	December 31, 2012	
	Book value	Fair value
Financial liabilities:		
Bonds payable (including current portion)	$ 64,132	$ 64,132
Long-term borrowings (including current portion)	7,542	7,542
Other financial liabilities	8,716	8,716
	$ 80,390	$ 80,390

	June 30, 2012	
	Book value	Fair value
Financial liabilities:		
Bonds payable (including current portion)	$ 16,901	$ 16,901
Long-term borrowings (including current portion)	17,779	17,779
Other financial liabilities	5,558	5,558
	$ 40,238	$ 40,238

	January 1, 2012	
	Book value	Fair value
Financial liabilities:		
Bonds payable (including current portion)	$ 25,463	$ 25,463
Long-term borrowings (including current portion)	31,526	31,526
Other financial liabilities	5,761	5,761
	$ 62,750	$ 62,750

B. Financial risk management policies

The Group’s activities expose it to a variety of financial risks, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

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.

C. Significant financial risks and degrees of financial risks

a) Market risk

Foreign exchange risk

i. Each of the entities in the Group operates in different countries respectively and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Group set the natural hedging as principle. Foreign exchange risk arises when future commercial transactions, recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

iii. The Group's businesses involve some non-functional currency operations The information on assets and liabilities denominated in foreign currencies of each entity in the Group whose values would be materially affected by the exchange rate fluctuations is as follows:

	June 30, 2013		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
Foreign currency: functional currency			
Financial assets			
Monetary items			
USD:NTD	$ 3,500	30.1200	$ 105,420
JPY:NTD	67,644	0.3048	20,618
KRW:NTD	630,848	0.0264	16,654
RMB:USD	4,969	0.1629	24,381
HKD:USD	142,391	0.1289	552,829
JPY:USD	506,787	0.0101	154,171
Non-monetary items			
USD:NTD	19,318	30.1200	581,858
KRW:NTD	493,789	0.0264	13,036
RMB:USD	1,660	0.1629	8,145
HKD:USD	61,300	0.1289	237,995
JPY:USD	341,123	0.0101	103,774
EUR:USD	799	1.3047	31,399

	June 30, 2013		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
Financial liabilities			
Monetary items			
USD:NTD	4,902	30.1200	147,648
KRW:NTD	186,697	0.0264	4,929
RMB:USD	9,125	0.1629	44,772
HKD:USD	77,708	0.1289	301,669
JPY:USD	383,305	0.0101	116,606

	December 31, 2012		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
Foreign currency: functional currency			
Financial assets			
Monetary items			
USD:NTD	$ 2,694	29.1360	$ 78,492
KRW:NTD	1,139,913	0.0272	31,006
JPY:NTD	41,517	0.3375	14,012
RMB:USD	14,118	0.1604	65,979
HKD:NTD	33,652	0.1290	126,483
KRW:USD	375,015	0.0009	9,834
JPY:USD	838,954	0.0116	283,548
Non-monetary items			
USD:NTD	18,866	29.1360	549,680
KRW:NTD	691,338	0.0272	18,804
HKD:USD	57,884	0.1290	217,560
JPY:USD	410,413	0.0116	138,710
EUR:USD	853	1.3252	32,935
Financial liabilities			
Monetary items			
USD:NTD	6,360	29.1360	185,305
KRW:NTD	362,331	0.0272	9,855
RMB:USD	6,516	0.1604	30,452
HKD:USD	12,878	0.1290	48,403
JPY:USD	477,760	0.0116	161,472

	June 30, 2012				
	Foreign Currency Amount (In Thousands)		Exchange Rate		Book Value (NTD)
Foreign currency: functional currency					
Financial assets					
Monetary items					
USD:NTD	$	10,610	29.9000	$	317,239
KRW:NTD		401,566	0.0261		10,481
JPY:NTD		419	0.3756		158
RMB:USD		7,392	0.1574		34,789
HKD:NTD		76,328	0.1289		294,177
KRW:USD		220,057	0.0009		5,922
JPY:USD		1,049,572	0.0126		395,416
Non-monetary items					
USD:NTD		26,715	29.9000		798,779
KRW:NTD		1,002,329	0.0261		26,161
RMB:USD		12,332	0.1574		58,038
HKD:USD		65,202	0.1289		251,296
JPY:USD		524,069	0.0126		197,438
EUR:USD		1,408	1.2569		52,914
Financial liabilities					
Monetary items					
USD:NTD		5,777	29.9000		172,732
KRW:NTD		132,979	0.0261		3,471
RMB:USD		18,575	0.1574		87,419
HKD:USD		15,433	0.1289		59,480
JPY:USD		547,497	0.0126		206,264

	January 1, 2012				
	Foreign Currency Amount (In Thousands)		Exchange Rate		Book Value (NTD)
Foreign currency: functional currency					
Financial assets					
Monetary items					
USD:NTD	$	2,786	30.29	$	84,388
KRW:NTD		527,776	0.0263		13,881
RMB:USD		23,647	0.1589		113,815
HKD:USD		60,843	0.1287		237,186
JPY:USD		807,458	0.0129		315,507

	January 1, 2012		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
Non-monetary items			
USD:NTD	27,516	30.29	833,460
KRW:NTD	867,984	0.0263	22,828
RMB:USD	14,266	0.1589	68,663
HKD:USD	69,424	0.1287	270,637
JPY:USD	669,751	0.0129	261,699
EUR:USD	1,509	1.2942	59,155
Financial liabilities			
Monetary items			
USD:NTD	6,627	30.29	200,732
KRW:NTD	338,493	0.0263	8,902
RMB:NTD	271	4.8125	1,304
RMB:USD	10,311	0.1589	49,628
HKD:USD	16,337	0.1287	63,687
JPY:USD	399,210	0.1290	155,988

Analysis of foreign currency market risk arising from significant foreign exchange rate fluctuations is as follows:

	For the six-month period ended June 30, 2013		
	Extent of Variation	Effect on Profit or Loss	Effect on Other Comprehensive Income
Foreign currency: functional currency			
Financial assets			
Monetary items			
USD:NTD	1%	$ 1,054	$ -
JPY:NTD	1%	206	-
KRW:NTD	1%	167	-
RMB:USD	1%	244	-
HKD:USD	1%	5,528	-
JPY:USD	1%	1,542	-
Financial liabilities			
Monetary items			
USD:NTD	1%	1,477	-
KRW:NTD	1%	49	-
RMB:USD	1%	448	-
HKD:USD	1%	3,017	-
JPY:USD	1%	1,167	-

	For the six-month period ended June 30, 2012		
	Extent of Variation	Effect on Profit or Loss	Effect on Other Comprehensive Income
Foreign currency: functional currency			
Financial assets			
Monetary items			
USD:NTD	1%	$ 3,172	$ -
KRW:NTD	1%	105	-
JPY:NTD	1%	2	-
RMB:USD	1%	348	-
HKD:USD	1%	2,942	-
KRW:USD	1%	59	
JPY:USD	1%	3,954	-
Financial liabilities			
Monetary items			
USD:NTD	1%	1,727	-
KRW:NTD	1%	35	-
RMB:USD	1%	874	-
HKD:USD	1%	595	-
JPY:USD	1%	2,063	-

Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. However, the Company has set stop-loss amounts for those assets; therefore, no material market risk is expected.

Interest rate risk

i. The Group's interest rate risk arises from each borrowing. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The interest rate for short-term borrowings of the Group are mainly floating rate and for long-term borrowings are fixed rate. During the six-month periods ended June 30, 2013 and 2012, the Group's borrowings at variable rate were denominated in NTD, RMB and JPY.

ii. At June 30, 2013 and 2012, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the six-month periods ended June 30, 2013 and 2012 would have been $636 and $990 lower/higher, respectively, mainly as a result of higher interest expense on floating rate borrowings.

b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on bookkeeping and administrative department's rating. The utilisation of credit limits is regularly monitored. Credit risk arises from cash, cash equivalents and accounts receivable arising from operating activities. For banks and financial institutions, only rated parties with a good credit rating are accepted.

ii. During the six-month periods ended June 30, 2013 and 2012, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

iii. The details of credit quality of the Group's significant financial assets are provided in Note 6 (5).

c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by the capital management department. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs.

ii. The table below is the Group's non-derivative financial liabilities which is presented based on the remaining period at the balance sheet date to the contract maturity date and undiscounted maturity amount based on the maturity date.

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 3 years	Over 3 years
June 30, 2013			
Short-term borrowings	$ 63,680	$ -	$ -
Notes payable	10,964	-	-
Accounts payable	961,324	-	-
Accounts payable-related party	37,749	-	-
Other payables	379,123	-	-
Bonds payable	17,676	31,391	-
Deposits received	9,147	75	-
Long-term borrowings (including current portion)	1,645	-	-

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 3 years	Over 3 years
December 31, 2012			
Short-term borrowings	$ 69,070	$ -	$ -
Notes payable	28,905	-	-
Accounts payable	715,108	-	-
Accounts payable-related party	62,027	-	-
Other payables	373,910	-	-
Bonds payable	19,577	44,555	-
Deposits received	4,902	1,240	2,574
Long-term borrowings (including current portion)	7,520	22	-

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 3 years	Over 3 years
June 30, 2012			
Short-term borrowings	$ 99,025	$ -	$ -
Notes payable	29,910	-	-
Accounts payable	642,060	-	-
Accounts payable-related party	58,216	-	-
Other payables	1,084,456	-	-
Bonds payable	3,756	13,145	-
Deposits received	1,210	3,278	1,070
Long-term borrowings (including current portion)	15,851	1,928	-

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 3 years	Over 3 years
January 1, 2012			
Short-term borrowings	$ 92,563	$ -	$ -
Notes payable	30,006	-	-
Accounts payable	698,235	-	-
Accounts payable-related party	72,009	-	-
Other payables	724,562	-	-
Bonds payable	3,905	17,653	3,905
Deposits received	2,010	1,408	2,343
Long-term borrowings (including current portion)	22,964	8,562	-

(3) Fair value estimation

A. The table below analyses financial instruments measured at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

The following table presents the Group's financial assets and liabilities that are measured at fair value at June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012.

June 30, 2013	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Equity securities	$ 113,139	$ -	$ -	$ 113,139
Callable preferred stock	-	-	-	-
Available-for-sale financial assets				
Equity securities	-	-	48,011	48,011
	$ 113,139	$ -	$ 48,011	$ 161,150
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Callable preferred stock	$ -	$ -	$ -	$ -

December 31, 2012	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Equity securities	$ 6,269	$ -	$ -	$ 6,269
Callable preferred stock	-	-	2,850	2,850
Available-for-sale financial assets				
Equity securities	-	-	66,805	66,805
	$ 6,269	$ -	$ 69,655	$ 75,924
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Callable preferred stock	$ -	$ -	$ 9,616	$ 9,616

June 30, 2012	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Equity securities	$ 27,018	$ -	$ -	$ 27,018
Callable preferred stock	-	-	2,850	2,850
Available-for-sale financial assets				
Equity securities	-	-	56,014	56,014
	$ 27,018	$ -	$ 58,864	$ 85,882
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Callable preferred stock	$ -	$ -	$ 7,372	$ 7,372

January 1, 2012	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Equity securities	$ 9,839	$ -	$ -	$ 9,839
Callable preferred stock	-	-	2,850	2,850
Available-for-sale financial assets				
Equity securities	-	-	162,002	162,002
	$ 9,839	$ -	$ 164,852	$ 174,691
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Callable preferred stock	$ -	$ -	$ 6,653	$ 6,653

B. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active 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. The quoted market price used for financial assets held by the Group is the closing price. These instruments are included in level 1. Instruments included in level 1 comprise primarily of equity instruments classified as financial assets/financial liabilities at fair value through profit or loss or available-for-sale financial assets.

C. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

D. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

E. Specific valuation techniques used to value financial instruments include:

   a) Quoted market prices or dealer quotes of similar instruments.

   b) The fair value of interest rate swap is calculated as the present value of the estimated future cash flows based on observable yield curves.

   c) Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

All the transactions with subsidiaries disclosed below had been eliminated in the consolidated financial statements. The disclosure information of certain investments were not reviewed by independnt accountants and are for reference only.

A) Loans to others: None.

B) Provision of endorsements and guarantees to others:

The Company or investee companies		Parties being guaranteed												
Number (Note 1)	Name	Name	Relationship with the Company (Note 2)	Limit of guarantee for each party (Note 3)	Maximum outstanding guarantee amount for the six-month period ended June 30, 2013	Outstanding guarantee amount at June 30, 2013	Actual amount drawn down	Amount of guarantee with collateral placed	Ratio of accumulated guarantee amount to net value of the Company	Maximum amount available for guarantee (Note 3)	Provision of endorsements / guarantees by parent company to subsidiary (Note 4)	Provision of endorsements / guarantees by subsidiary to parent company (Note 4)	Provision of endorsements / guarantees to the party in Mainland China (Note 4)	Note
0	The Company	Gash Plus Company Ltd.	2	$ 471,293	$ 448,000	$ 448,000	$ 297,873	None	19.26%	$ 1,570,976	Y			
0	The Company	Gameastor Digital Entertainment Co., Ltd.	2	471,293	50,000	-	-	None	-	1,570,976	Y			
0	The Company	Gamania Digital Entertainment (Japan) Co., Ltd.	3	471,293	113,470	94,770	52,755	None	-	1,570,976	Y			
0	The Company	Gamania Digital Entertainment (U.S.) Co., Ltd.	3	471,293	3,200	2,761	2,761	None	0.12%	1,570,976	Y			
0	The Company	Gamania Digital Entertainment (Beijing) Co., Ltd.	3	471,293	46,496	38,818	38,818	None	1.67%	1,570,976	Y		Y	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:
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 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.

Note 4: Y means provision of endorsements / guarantees by parent company to subsidiary, provision of endorsements / guarantees by subsidiary to parent company or provision of endorsements / guarantees to the party in Mainland China.

C) Holding of marketable securities at the end of the period:

Unit: Thousands of New Taiwan Dollars / Thousands of Shares

Company	Type of marketable securities (Note 1)	Relationship with the security holders	General ledger account	June 30, 2013 Number of shares	Book value	Percentage	Market value (Note 2)	Note
The Company	Gamania Holdings Ltd. - Stock	Subsidiary	Long-term investment accounted for under the equity method	35,423	$ 574,825	100	$ 574,825	Notes 6, 8
〃	Gamania Korea Co., Ltd. - Stock	〃	〃	138	13,036	100	13,036	Notes 6, 8
〃	Fantasy Fish Digital Games Co., Ltd. - Stock	〃	〃	1,340	11,259	99.75	11,259	Notes 6, 8
〃	Gameastor Digital Entertainment Co., Ltd. - Stock	〃	〃	3,863	55,691	72.08	55,691	Notes 6, 8
〃	Gamania Asia Investment Co., Ltd. - Stock	〃	〃	6,500	74,601	100	74,601	Notes 6, 8
〃	Gamania Digital Entertainment Labuan Holdings, Ltd.- Stock	〃	〃	1,330	1,943	100	1,943	Notes 6, 8
〃	Fundation Digital Entertainment Co., Ltd. - Stock	〃	〃	5,330	14,040	100	14,040	Notes 6, 8
〃	Playcoo Co. - Stock	〃	〃	17,389	54,682	80.50	17,225	Notes 6, 8
〃	Redgate Games Co., Ltd. - Stock	〃	〃	26,200	14,284	100	14,284	Notes 6, 8
〃	Seedo Games Co., Ltd. - Stock	〃	〃	16,200	9,593	100	9,593	Notes 6, 8
〃	Two Tigers Co., Ltd. - Stock	〃	〃	627	6,453	51	6,453	Notes 6, 8
〃	Gash Plus (Taiwan) Company Limited - Stock	〃	〃	5,000	60,302	100	60,302	Notes 6, 8
〃	Global Pursuit (U.S.) Co., Ltd. - Stock	〃	〃	3,000	16,516	80	16,516	Notes 6, 8
〃	RitwNow Inc. - Stock	〃	〃	1,530	13,387	51	13,387	Notes 6, 8
〃	Machi Pictures Co., Ltd. - Stock	Investee company accounted for under the equity method	〃	2,000	18,431	33.33	18,431	Note 6
〃	Taiwan e-sports Co., Ltd. - Stock	〃	〃	4,680	5,697	40.70	5,697	Note 6
〃	NC Taiwan Co., Ltd. - Stock	Investee company accounted for under available-for-sale	Available-for-sale financial assets - non-current	2,100	26,821	15	26,821	Note 6
〃	Gamemag Interactive Inc. - Stock	Investee company accounted for under available-for-sale	Available-for-sale financial assets - non-current	460	14,518	5	14,518	Note 6

Unit: Thousands of New Taiwan Dollars / Thousands of Shares

Company	Type of marketable securities (Note 1)	Relationship with the security holders	General ledger account	June 30, 2013				
				Number of shares	Book value	Percentage	Market value (Note 2)	Note
The Company	Franklin Temp SinoAm Agrsv Ret Bd Acc	None	Financial assets at fair value through profit or loss -current	315	$ 3,500	Note 7	$ 3,500	Note 6
〃	JP Morgan (Taiwan) Asia Hi Yld. Ttl Rt Bd	None	〃	296	3,500	Note 7	3,500	Note 6
〃	Jih Sun Bond	None	〃	3,471	50,000	Note 7	50,000	Note 6
〃	Capital Money Market	None	〃	3,183	50,000	Note 7	50,000	Note 6
Gamania Holdings Ltd.	Gamania International Holdings Ltd. - Stock	Subsidiary	Long-term investment accounted for under the equity method	65,733	18,308	100	17,415	Notes 4, 8
Gamania Holdings Ltd.	Gamania R&D (HK) Holdings Limited - Stock	〃	〃	1,600	704	100	704	Notes 4, 8
Gamania International Holdings Ltd.	Gamania Digital Entertainment (Japan) Co., Ltd.- Stock	〃	〃	22	3,435	100	3,435	Notes 4, 8
Gamania International Holdings Ltd.	Gamania China Holdings Ltd. - Stock	〃	〃	41,684	9,615	98.85	8,722	Notes 4, 8
Gamania International Holdings Ltd.	Gamania Western Holdings Ltd. - Stock	〃	〃	8,670	2,508	100	2,508	Notes 4, 8
Gamania International Holdings Ltd.	Gamania Netherlands Holdings Cooperatief U.A. - Stock	〃	〃	-	1,043	100	1,043	Notes 4, 8
Gamania International Holdings Ltd.	Firedog Studio Company Limited	〃	〃	30,702	(21)	100	(21)	Notes 4, 8
Gamania International Holdings Ltd.	Gash Plus (Hong Kong) Company Limited - Stock	〃	〃	750	1,634	100	1,634	Notes 4, 8
Gamania China Holdings Ltd.	Gamania Sino Holdings Ltd.- Stock	〃	〃	39,520	512	100	512	Notes 4, 8
Gamania China Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.- Stock	〃	〃	35,500	7,925	100	7,925	Notes 4, 8

Unit: Thousands of New Taiwan Dollars / Thousands of Shares

Company	Type of marketable securities (Note 1)	Relationship with the security holders	General ledger account	June 30, 2013				
				Number of shares	Book value	Percentage	Market value (Note 2)	Note
Gamania Sino Holdings Ltd.	Gamania Digital Entertainment (Beijing) Co., Ltd. - Stock	Subsidiary	Long-term investment accounted for under the equity method	-	$ 270	100	$ 270	Notes 4, 8
Gamania Western Holdings Ltd.	Gamania Digital Entertainment (U.S.) Co., Ltd. - Stock	〃	〃	1	2,498	100	2,498	Notes 4, 8
Gamania Netherlands Holdings Cooperatief U.A.	Gamania Digital Entertainment (Europe) B.V. - Stock	〃	〃	-	799	100	799	Notes 5, 8
Gash Plus (Taiwan) Company Ltd.	Jsdway Digital Technology Co., Ltd. - Stock	〃	〃	5,250	37,259	32.81	37,259	Notes 6, 8
Gash Plus (Taiwan) Company Ltd.	Punch Technologies Co., Ltd. - Stock	〃	〃	100	886	100	886	Notes 6, 8
Global Pursuit (U.S.) Co., Ltd.	Global Pursuit North America Co., Ltd. - Stock	〃	〃	1,100	15,888	100	15,888	Notes 6, 8
Gamania Asia Investment Co., Ltd.	Gameastor Digital Entertainment Co., Ltd. - Stock	Long-term investment accounted for under the equity method	〃	1,458	20,751	27.20	20,751	Notes 6, 8
Gamania Asia Investment Co., Ltd.	Pri-One Marketing Co., Ltd. - Stock	Long-term investment accounted for under the equity method	〃	150	1,062	30	1,062	Note 6
Gamania Asia Investment Co., Ltd.	Mimigigi Digital Technology Co., Ltd. - Stock	Subsidiary	〃	700	6,613	100	6,613	Notes 6, 8
Gamania Asia Investment Co., Ltd.	Compass Systems Corp. - Stock	None	Available-for-sale financial assets - non-current	1,000	592	3.33	592	Note 6
Jsdway Digital Technology Co., Ltd.	Webo Digital Co., Ltd. - Stock	Subsidiary	Long-term investment accounted for under the equity method	2,775	22,316	100	22,316	Notes 6, 8
Jsdway Digital Technology Co., Ltd.	Precious Power Digital Technology Co., Ltd. - Stock	〃	〃	700	2,828	70.00	2,828	Notes 6, 8
Jsdway Digital Technology Co., Ltd.	Moqizone Holding Corporation - Stock	Prepaid long-term equity investment	Other non-current assets	-	6,000	-	6,000	Note 6

Unit: Thousands of New Taiwan Dollars / Thousands of Shares

Company	Type of marketable securities (Note 1)	Relationship with the security holders	General ledger account	June 30, 2013				
				Number of shares	Book value	Percentage	Market value (Note 2)	Note
Jsdway Digital Technology Co., Ltd.	Jsdway(M) Sdn. Bhd. - Stock	Prepaid long-term equity investment	Other non-current assets	-	$ 585	-	$ 585	Note 6
Jsdway Digital Technology Co., Ltd.	Yeck Entertainment Co., Ltd. - Stock	None	Available-for-sale financial assets - non-current	340	4,080	10.16	4,080	Note 6
Precious Power Digital Technology Co., Ltd.	Everpeace International Limited - Stock	None	Available-for-sale financial assets - non-current	-	2,000	-	2,000	Note 6
Jsdway Digital Technology Co., Ltd.	International Games System Co., Ltd. - Stock	None	Financial assets at fair value through profit or loss - current	28	2,215	Note 7	2,215	Note 6
Jsdway Digital Technology Co., Ltd.	Franklin Templeton SinoAm Return Bond Fund of Funds	None	Financial assets at fair value through profit or loss - current	100	1,079	Note 7	1,079	Note 6
Jsdway Digital Technology Co., Ltd.	Taishin Asia-Australia High Yield Bond Fund - Accumulated	None	Financial assets at fair value through profit or loss - current	100	1,006	Note 7	1,006	Note 6
Jsdway Digital Technology Co., Ltd.	Yuanta As Pac (ex-Jap) Inr Gr Gv Bd	None	Financial assets at fair value through profit or loss - current	200	1,839	Note 7	1,839	Note 6

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: Thousand stocks

Note 4：Currency: USD

Note 5：Currency: EUR

Note 6：Currency:NTD

Note 7：Less than 1%。

Note 8：The transaction had been eliminated in the consolidated financial statements.

D) Aggregate purchases or slaes of the same securities reaching $100,000 or 20% of paid-in capital or more: None.

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) Purchases or sales of goods from or to related parties reaching $100,000 or 20% of paid-in capital or more:

			Transaction terms				Description of and reasons for difference in transaction terms compared to non-related party transactions		Accounts or notes receivable (payable)		
Purchaser /Seller	Name of transaction parties	Relationship	Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit terms	Unit price	Credit period	Balance	Percentage of total accounts or notes receivable (payable)	Note
The Company	Gash Plus (Taiwan) Company Limited	Subsidiary	Sales	$ 1,577,380	96%	Note 1	Note 1	Note 1	$ 545,210	98%	Note 4
〃	Nexon Korea Corporation	Associates	License fees	424,638	52%	Note 2	Note 2	Note 2	34,211	33%	
Gash Plus (Taiwan) Company Limited	Jsdway Digital Technology Co., Ltd.	Subsidiary	Sales	791,680	29%	Note 1	Note 1	Note 1	205,641	19%	Note 3
Gash Plus (Hong Kong) Company Limited	Gamania Digital Entertainment (H.K.) Co., Ltd.	Parent Company	Cost of goods sold	208,561	22%	Note 3	Note 3	Note 3	82,908	25%	Note 4
〃	Gash Plus (Taiwan) Company Limited	Subsidiary	Sales	240,432	26%	Note 3	Note 3	Note 3	953	10%	Note 4

Note 1: The above represents sales based on merchandise, competitive market and trading situation. There is no similar transaction to compare with.

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

Note 3: The above represents payments for points valued cost and are negotiated based on different factors.

Note 4: The transaction had been eliminated in the consolidated financial statements.

H) Receivables 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) (Note 1)	Allowance for doubtful accounts provided	Note
					Amount	Action adopted for overdue accounts			
The Company	Gash Plus (Taiwan) Company Limited	Subsidiary	$ 565,645	5.13	$ -	-	$ 83,458	$ 23,175	Note 3
Gash Plus (Taiwan) Company Limited	Jsdway Digital Technology Co., Ltd.	Subsidiary	205,641	5.10	-	-	87,008	-	Note 3
Gamania Digital Entertainment (H.K.) Co., Ltd.	Gash Plus (Hong Kong) Company Limited	Subsidiary	104,668	1.64	-	-	10,834	-	Note 3

Note 1: The subsequent collections represent collections from the balance sheet date to August 9, 2013.

Note 2: The nature balance is receipts under custody and advertising revenue.

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

I) Derivative financial instruments undertaken during the six-month period ended June 30, 2013: None.

J) Significant inter-company transactions during the six-month period ended June 30, 2013:

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount (Note 5)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	The Company	Gameastor Digital Entertainment Co., Ltd.	1	Other payables	$ 70,904	Note 4	1%
0	The Company	Gash Plus (Taiwan) Company Limited	1	Sales	1,577,380	Note 4	39%
0	The Company	Gash Plus (Taiwan) Company Limited	1	Accounts receivable	545,210	Note 4	12%
0	The Company	Gash Plus (Taiwan) Company Limited	1	Other receivables	20,435	Note 4	-%
0	The Company	Gamania Digital Entertainment Labuan Holdings, Ltd.	1	Royalties	12,892	Note 4	-%
0	The Company	Gamania Digital Entertainment (Europe) B.V.	1	Other payables	17,695	Note 4	-%
1	Gash Plus (Taiwan) Company Limited	Gameastor Digital Entertainment Co., Ltd.	3	Cost of goods sold	53,696	Note 4	1%
1	Gash Plus (Taiwan) Company Limited	Gameastor Digital Entertainment Co., Ltd.	3	Accounts payable	11,120	Note 4	-%
1	Gash Plus (Taiwan) Company Limited	Jsdway Digital Technology Co., Ltd.	3	Notes receivable	45,270	Note 4	1%
1	Gash Plus (Taiwan) Company Limited	Jsdway Digital Technology Co., Ltd.	3	Accounts payable	18,222	Note 4	-%
1	Gash Plus (Taiwan) Company Limited	Jsdway Digital Technology Co., Ltd.	3	Accounts receivable	160,371	Note 4	4%
1	Gash Plus (Taiwan) Company Limited	Jsdway Digital Technology Co., Ltd.	3	Cost of goods sold	12,857	Note 4	-%
1	Gash Plus (Taiwan) Company Limited	Gash Plus (Hong Kong) Company Limited	3	Other receivables	12,929	Note 4	-%
1	Gash Plus (Taiwan) Company Limited	Jsdway Digital Technology Co., Ltd.	3	Sales	791,680	Note 4	20%
1	Gash Plus (Taiwan) Company Limited	Gash Plus (Hong Kong) Company Limited	3	Cost of goods sold	240,432	Note 4	6%
3	Gamania Digital Entertainment (H.K.) Co., Ltd.	Gash Plus (Hong Kong) Company Limited	3	Accounts receivable	82,908	Note 4	2%
3	Gamania Digital Entertainment (H.K.) Co., Ltd.	Gash Plus (Hong Kong) Company Limited	3	Other receivables	21,715	Note 4	-%
3	Gamania Digital Entertainment (H.K.) Co., Ltd.	Gash Plus (Hong Kong) Company Limited	3	Accrued expenses	20,707	Note 4	-%
3	Gamania Digital Entertainment (H.K.) Co., Ltd.	Gash Plus (Hong Kong) Company Limited	3	Accounts payable	38,344	Note 4	1%
4	Gash Plus (Hong Kong) Company Limited	Gamania Digital Entertainment (H.K.) Co., Ltd.	3	Cost of goods sold	208,561	Note 4	5%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

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.

(2) Information of investee companies

The disclosure imformation of certain non - significant investee companies was based on their 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
				2013.6.30	2012.12.31	Number of shares	Percentage	Book value			
The Company	Gamania Holdings Ltd.	Cayman Islands	Investment holdings	$ 2,171,721	$ 2,111,379	35,423	100	$ 574,825	($ 30,103)	($ 30,103)	Note 5
〃	Gamania Korea Co., Ltd.	Seoul, Korea	Design and sales of software	339,270	339,270	138	100	13,036	(5,334)	(5,334)	Note 5
〃	Fantasy Fish Digital Games Co., Ltd.	Taiwan	Design and research and development of software	330,000	330,000	1,340	99.75	11,259	(647)	(645)	Note 5
〃	Gameastor Digital Entertainment Co., Ltd.	Taiwan	Software services	211,433	211,433	3,863	72.08	55,691	3,702	2,668	Notes 1, 5
〃	Gamania Asia Investment Co., Ltd.	Taiwan	Investment holdings	115,549	115,549	6,500	100	74,601	1,561	1,561	Note 5
〃	Gamania Digital Entertainment Labuan Holdings, Ltd.	Malaysia	Investment holdings	38,994	38,994	1,330	100	1,943	-	-	Note 5
〃	Fundation Digital Entertainment Co., Ltd.	Taiwan	Publishing of magazines and periodicals	210,000	210,000	5,330	100	14,040	(9,019)	(9,019)	Note 5
〃	Playcoo Co.	Taiwan	Design and research and development of software	183,839	153,914	17,389	80.50	54,682	(35,439)	(27,487)	Note 5
〃	Redgate Games Co. Ltd.	Taiwan	Design and research and development of software	262,000	222,000	26,200	100	14,284	(29,927)	(29,927)	Note 5
〃	Seedo Games Co. Ltd.	Taiwan	Design and research and development of software	162,000	162,000	16,200	100	9,593	1,412	1,412	Note 5

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
				2013.6.30	2012.12.31	Number of shares	Percentage	Book value			
The Company	Two Tigers Co. Ltd.	Taiwan	Animation production	$ 6,269	$ 6,269	627	51	$ 6,453	$ 1,013	$ 517	Note 5
〃	Gash Plus (Taiwan) Company Limited	Taiwan	Software information and supply of electronic services	50,000	50,000	5,000	100	60,302	5,905	5,905	Note 5
〃	Global Pursuit (U.S.) Co., Ltd.	Taiwan	Software information and supply of electronic services	30,000	30,000	3,000	80	16,516	(10,432)	(8,345)	Note 5
〃	Machi Pictures Co., Ltd.	Taiwan	Movie making and publishing	20,000	20,000	2,000	33.33	18,431	(948)	(316)	
〃	RitwNow Inc.	Taiwan	Supply of software services and electronic information	15,300	15,300	1,530	51	13,387	(913)	(466)	Note 5
〃	Taiwan e-sports Co., Ltd.	Taiwan	Software services and sales	46,800	46,800	4,680	40.70	5,697	(4,644)	(1,890)	
Gamania Asia Investment Co., Ltd.	Gameastor Digital Entertainment Co., Ltd.	Taiwan	Software services	80,625	80,625	1,458	27.20	20,751	3,702	1,007	Note 5
〃	Pri-One Marketing Co., Ltd.	Taiwan	Software services	1,500	-	150	30	1,062	(1,461)	(438)	
〃	Mimigigi Digital Technology Co., Ltd.	Taiwan	Software services	7,000	-	700	100	6,613	(387)	(387)	Note 5
Global Pursuit (U.S.) Co., Ltd.	Global Pursuit North America Co., Ltd.	U.S.A.	Software information and supply of electronic services	32,665	23,966	1,100	100	15,888	(10,359)	(10,359)	Note 5

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
				2013.6.30	2012.12.31	Number of shares	Percentage	Book value			
Gash Plus (Taiwan) Company Limited	Jsdway Digital Technology Co., Ltd.	Taiwan	Software information and supply of electronic services	$ 52,500	$ 50,000	5,250	32.81	$ 37,259	$ 7,843	$ 2,612	Note 5
〃	Punch Technologies Co., Ltd.	Taiwan	Software information and supply of eletronic services	1,000	-	100	100	886	(114)	(114)	Note 5
Jsdway Digital Technology Co., Ltd.	Webo Digital Co., Ltd.	Taiwan	Software services and sales	34,590	34,590	2,775	100	22,316	(2,977)	(2,977)	Note 5
〃	Precious Power Digital Technology Co., Ltd.	Taiwan	Software services and sales	7,000	7,000	700	70	2,828	(614)	(430)	Note 5
Gamania Holdings Ltd.	Gamania International Holdings Ltd.	Cayman Islands	Investment holdings	65,733	63,681	65,733	100	18,308	(1,017)	(1,017)	Notes 3, 5
〃	Gamania R&D (HK) Holdings Limited	Hong Kong	Investment holdings	1,600	1,600	1,600	100	704	11	11	Notes 3, 5
Gamania International Holdings Ltd.	Gamania Digital Entertainment (Japan) Co., Ltd.	Japan	Software services and sales	20,908	19,856	22	100	3,435	(1,715)	(1,715)	Notes 3, 5
〃	Gamania China Holdings Ltd.	Cayman Islands	Investment holdings	41,684	39,884	41,684	98.85	9,615	548	542	Notes 2, 3 and 5
〃	Gamania Western Holdings Ltd.	Cayman Islands	Investment holdings	8,670	8,670	8,670	100	2,508	(308)	(308)	Notes 3, 5
〃	Gamania Netherlands Holdings Cooperatief U.A.	Amsterdam	Investment holdings	5,884	5,884	-	100	1,043	(70)	(70)	Notes 3, 5

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
				2013.6.30	2012.12.31	Number of shares	Percentage	Book value			
Gamania International Holdings Ltd.	Firedog Studio Company Limited	Hong Kong	Design and research and development of software	$ 3,950	$ 3,850	30,027	100	($ 21)	($ 524)	($ 524)	Notes 3, 5
〃	Gash Plus (Hong Kong) Company Limited	Hong Kong	Software information and supply of electronic services	97	97	750	100	1,634	1,067	1,067	Notes 3, 5
Gamania China Holdings Ltd.	Gamania Sino Holdings Ltd.	Cayman Islands	Investment holdings	39,520	37,720	39,520	100	512	(386)	(386)	Notes 3, 5
〃	Gamania Digital Entertainment (H.K.) Co., Ltd.	Hong Kong	Software services and sales	3,009	3,009	35,500	100	7,925	935	935	Notes 3, 5
Gamania Sino Holdings Ltd.	Gamania Digital Entertainment (Beijing) Co., Ltd.	China	Design and sales of software	35,300	33,500	-	100	270	(378)	(378)	Notes 3, 5
Gamania Western Holdings Ltd.	Gamania Digital Entertainment (U.S.) Co., Ltd.	U.S.A.	Software services and sales	8,630	8,630	1	100	2,498	(308)	(308)	Notes 3, 5
Gamania Netherlands Holdings Cooperatief U.A.	Gamania Digital Entertainment (Europe) B.V.	Amsterdam	Software services and sales	4,500	4,500	-	100	799	(54)	(54)	Notes 4, 5

Note 1：Including write-off of realized (unrealized) sales margin of $1,394.

Note 2：The weighted-average ownership percentage is 98.82%.

Note 3：Currency: USD

Note 4：Currency: EUR

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

(3) INFORMATION ON INVESTMENT IN MAINLAND CHINA

A) Basic information:

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method	Accumulated investment from Taiwan as of January 1, 2013 (Note 4)	Remitted or received investment amount during the period		Accumulated investment from Taiwan as of June 30, 2013 (Note 5)	Direct and indirect percentage of ownership	Investment loss recognized during the period (Note 2)	Balance of investment on June 30, 2013 (Note 6)	Accumulated investment income received as of June 30, 2013
					Remitted	Received					
Gamania Digital Entertainment (Beijing) Co., Ltd.	Design and sales of software	$1,063,236	Investment through a holding company registered in a country other than Taiwan and Mainland China	$ 749,084	$ 54,216	$ -	$ 803,300	98.85%	($ 11,243)	($ 8,132)	$ -
MoNoKos Studio Technology Co., Ltd.	Research and development of software	45,180	Investment through a holding company registered in a country other than Taiwan and Mainland China	45,180	-	-	45,180	Note 7	-	-	-

Company	Accumulated amount of investment in Mainland China as of June 30, 2013	Related investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 1)	Upper limit of investment in Mainland China
Gamania Digital Entertainment (Beijing) Co., Ltd.	$ 803,300	$ 1,113,326	$ 1,490,512
MoNoKos Studio Technology Co., Ltd.	45,180	150,600	

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 1,113,326 thousand based on 30.12 exchange rate. The related total investment amount approved by FIA to invest in MoNoKos Studio Technology Co., Ltd. is USD 5 million or NTD 150,600 thousand based on 30.12 exchange rate.

Note 2: The investment loss of the investee company, Gamania Digital Entertainment (Beijing) Co., Ltd., for the six-month period ended June 30, 2013 was recognized based on the indirect weighted-average ownership percentage of 98.82% and on their financial statements for the corresponding period, which were reviewed. Due to MoNoKos Studio Technology Co., Ltd. is not the significant subsidiary, the financial information was recognized and disclosed in the financial statements which were unreviewed

Note 3: Paid-in capital of Company, Gamania Digital Entertainment (Beijing) Co., Ltd. and MoNoKos Studio Technology Co., Ltd. was USD 35,300 thousand and USD 1,500 thousand, respectively.

Note 4: 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, 2013 was USD 24,870 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 June 30, 2013 was USD 26,670 thousand and USD 1,500 thousand, respectively.

Note 6: Balance of investment of Gamania Digital Entertainment (Beijing) Co., Ltd. and MoNoKos Studio Technology Co., Ltd. as of June 30, 2013 was USD 270 thousand and USD 0, respectively.

Note 7: MoNokos Studio Technology Co., Ltd. is under liquidation proceedings as of the date of the report. It has not yet received the money.

B) The subsidiary in Mainland China and the Company have no significant transactions.

C) The investment had been eliminated in the consolidated financial statements.

14. 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 six-month periods ended June 30, 2013 and 2012 are as follows:

For the six-month period ended June 30, 2013	Gamania Digital Entertainment Co., Ltd.	Gash Plus (Taiwan) Company Limited	Jsdway Digital Technology Co., Ltd.	Gameastor Digital Entertainment Co., Ltd.	Others	Total	
Revenue from external customers	$ 1,631,683	$ 1,125,750	$ 376,990	$ 77,110	$ 809,388	$4,020,921	
Inter-segment revenue	12,913	1,643,943	791,680	-	487,997	2,936,533	Note 1
Segment profit (loss)	112,922	5,905	8,336	3,702	(25,877)	104,988	
Segment profit (loss) includes:							
Depreciation and amortization	(127,599)	(6,122)	(5,115)	(9,771)	(33,935)	(182,542)	
Income tax benefit (expense)	(29,469)	315	(2,602)	45	(17,199)	(48,910)	
Investment income (loss) accounted for under the equity method	(99,549)	2,498	(3,407)	-	97,814	(2,644)	Note 2

For the six-month period ended June 30, 2012	Gamania Digital Entertainment Co., Ltd.	Gash Plus (Taiwan) Company Limited	Jsdway Digital Technology Co., Ltd.	Gameastor Digital Entertainment Co., Ltd.	Others	Total	
Revenue from external customers	$ 1,694,985	$ 598,770	$ 289,035	$ 295,985	$ 764,564	$3,643,339	
Inter-segment revenue	5,653	1,936,697	1,547,597	29,703	487,963	4,007,613	Note 1
Segment profit (loss)	1,620	27,785	21,787	83,929	(122,362)	12,759	
Segment profit (loss) includes:							
Depreciation and amortization	(139,412)	(2,776)	(4,090)	(24,203)	(58,024)	(228,505)	
Income tax expense	(20,929)	(3,504)	(5,042)	(6,608)	(49,721)	(85,804)	
Investment income (loss) accounted for under the equity method	(164,661)	7,262	(1,610)	-	154,470	(4,539)	Note 2

Note 1: The transaction had been eliminated in the consolidated financial statements.
Note 2: The inter-segment investment income or loss had 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 statement of comprehensive income. There is no difference between the presentation of segment report and income statement and accordingly, no reconciliation is required to be disclosed.

15. INITIAL APPLICATION OF IFRSs

These consolidated financial statements are the first second-quarter interim consolidated financial statements prepared by the Group in accordance with the IFRSs. The Group has adjusted the amounts as appropriate that are reported in the previous R.O.C. GAAP consolidated financial statements to those amounts that should be presented under IFRSs in the preparation of the opening IFRS balance sheet. Information about exemptions elected by the Group, exceptions to the retrospective application of IFRSs in relation to initial application of IFRSs, and how it affects the Group's financial position, operating results and cash flows in transition from R.O.C. GAAP to the IFRSs is set out below:

(1) Exemptions elected by the Group

A. Business combinations

The Group has elected not to apply the requirements in IFRS 3, 'Business Combinations', retrospectively to business combinations that occurred prior to the date of transition to IFRSs ("the transition date").

B. Share-based payment transactions

The Group has elected not to apply the requirements in IFRS 2, 'Share-based Payment', retrospectively to equity instruments arising from share-based payment transactions prior to the transition date.

C. Employee benefits

The Group has elected to recognise all cumulative actuarial gains and losses relating to all employee benefit plans in 'retained earnings' at the transition date, and to disclose the information of present value of defined benefit obligation, fair value of plan assets, gain or loss on plan assets and experience adjustments under the requirements of paragraph 120A (P), IAS 19, 'Employee Benefits', based on their prospective amounts for financial periods from the transition date.

D. Cumulative translation differences

The Group has elected to reset the cumulative translation differences arising on the translation of the financial statements of foreign operations under R.O.C. GAAP to zero at the transition date, and to deal with translation differences arising subsequent to the transition date in accordance with IAS 21, 'The Effects of Changes in Foreign Exchange Rates'.

E. Designation of previously recognised financial instruments

The Group has elected to designate investments, which were originally measured at cost as 'available-for-sale financial assets' at the transition date.

(2) Except non-controlling interest to which exceptions to the retrospective application of IFRSs specified in IFRS 1 are not applied as they have no relation with the Group, other exceptions to the retrospective application are set out below:

A. Accounting estimates

Accounting estimates made under IFRSs on January 1, 2012 are consistent with those made under R.O.C. GAAP on that day.

B. Derecognition of financial assets and financial liabilities

The derecognition requirements in IAS 39, 'Financial Instruments: Recognition and Measurement' shall be applied prospectively to transactions occurring on or after January 1, 2004.

(3) Requirement to reconcile from R.O.C. GAAP to IFRSs at the time of initial application

IFRS 1 requires that entity should make reconciliation for equity, comprehensive income and cash flows for the comparative periods. The Group's initial application of IFRSs has no significant effect on cash flows from operating activities, investing activities and financing activities. Reconciliation for equity and comprehensive income for the comparative periods as to transition from R.O.C. GAAP to IFRSs is shown below:

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

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current Assets				
Cash and cash equivalents	$ 2,025,722	$ -	$ 2,025,722	
Financial assets at fair value through profit or loss - current	9,839	-	9,839	
Notes receivable-net	29,099	-	29,099	
Accounts receivable-net	1,060,946	-	1,060,946	
Other receivables	62,147	-	62,147	
Current income tax assets (Note)	9,166	-	9,166	
Inventory	263,476	-	263,476	
Prepayments	100,351	57,243	157,594	(a)
Deferred income tax assets-current	5,184	(5,184)	-	(c)
Other current assets	38,509	-	38,509	
Total current assets	3,604,439	52,059	3,656,498	
Non-current assets				
Financial assets at fair value through profit or loss – non-current	2,850	-	2,850	
Available-for-sale financial assets-non-current	-	162,002	162,002	(b)
Financial assets carried at cost-non-current	124,294	(124,294)	-	(b)
Investments accounted for under equity method	8,216	-	8,216	
Property, plant and equipment	845,909	-	845,909	
Intangible assets	441,169	(721)	440,448	(f)
Deferred income tax assets-non-current	34,199	25,325	59,524	(a)(c)(e)(f)
Other non-current assets	102,726	(9,066)	93,660	(f)
Total non-current assets	1,559,363	53,246	1,612,609	
Total assets	$ 5,163,802	$ 105,305	$ 5,269,107	

Note：In the financial statements prepared under R.O.C. GAAP, this was originally shown as ‘other receivables’ and ‘prepayments’.

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current Liabilities				
Short-term loans	$ 92,563	$ -	$ 92,563	
Notes payable	30,006	-	30,006	
Accounts payable	698,235	-	698,235	
Accounts payable-related parties	72,099	-	72,099	
Other payables	692,258	32,304	724,562	(e)
Current income tax liabilities	83,892	-	83,892	
Other current liabilities	434,237	114,487	548,724	(a)
Total current liabilities	2,103,290	146,791	2,250,081	
Non-current liabilities				
Financial liabilities at fair value through profit or loss - non-current	6,653	-	6,653	
Bonds payable	21,558	-	21,558	
Long-term loans	8,562	-	8,562	
Provisions-non-current (Note)	6,131	-	6,131	
Deferred income tax liabilities-non-current	2,229	-	2,229	
Other non-current liabilities	16,413	10,582	26,995	(f)
Total non-current liabilities	61,546	10,582	72,128	
Total liabilities	2,164,836	157,373	2,322,209	
Equity attributable to owners of the parent				
Share capital				
Common stock	1,567,515	-	1,567,515	
Stock subscriptions received in advance	28	-	28	
Capital surplus	856,385	-	856,385	
Retained earnings				
Legal reserve	140,909	-	140,909	
Undistributed earnings	219,813	(60,389)	159,424	
Other equity	27,889	9,819	37,708	(b)(f)(g)
Non-controlling interest	186,427	(1,498)	184,929	(a)(e)(f)
Total equity	2,998,966	(52,068)	2,946,898	
Total liabilities and equity	$ 5,163,802	$ 105,305	$ 5,269,107	

Note：In the financial statements prepared under R.O.C. GAAP, this was originally shown as ‘other non-current liabilities’.

B. Reconciliation of significant differences as of December 31, 2012

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current Assets				
Cash and cash equivalents	$ 1,348,499	$ -	$ 1,348,499	
Financial assets at fair value through profit or loss - current	9,119	-	9,119	
Notes receivable-net	22,503	-	22,503	
Accounts receivable-net	1,057,884	-	1,057,884	
Other receivables	36,073	-	36,073	
Current income tax assets (Note)	98,619	-	98,619	
Inventory	75,921	-	75,921	
Prepayments	47,265	23,862	71,127	(a)
Deferred income tax assets-current	7,257	(7,257)	-	(c)
Other current assets	44,466	-	44,466	
Total current assets	2,747,606	16,605	2,764,211	
Non-current assets				
Available-for-sale financial assets-non-current	-	66,805	66,805	(b)
Financial assets carried at cost-non-current	51,773	(51,773)	-	(b)
Investments accounted for under equity method	27,433	-	27,433	
Property, plant and equipment	840,771	11,284	852,055	(d)
Intangible assets	361,967	(669)	361,298	(f)
Idle assets	11,284	(11,284)	-	(d)
Deferred income tax assets-non-current	56,970	22,389	79,359	(a)(c)(e)(f)
Other non-current assets	80,291	(8,981)	71,310	(f)
Total non-current assets	1,430,489	27,771	1,458,260	
Total assets	$ 4,178,095	$ 44,376	$ 4,222,471	

Note：In the financial statements prepared under R.O.C. GAAP, this was originally shown as ‘other receivables’ and ‘prepayments’.

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current Liabilities				
Short-term loans	$ 69,070	$ -	$ 69,070	
Financial liabilities at fair value through profit or loss-current	9,616	-	9,616	
Notes payable	28,905	-	28,905	
Accounts payable	715,108	-	715,108	
Accounts payable-related parties	62,027	-	62,027	
Other payables	343,452	30,458	373,910	(e)
Current income tax liabilities	40,549	-	40,549	
Other current liabilities	366,697	47,724	414,421	(a)
Total current liabilities	1,635,424	78,182	1,713,606	
Non-current liabilities				
Bonds payable	44,555	-	44,555	
Long-term loans	22	-	22	
Provisions-non-current (Note)	5,421	-	5,421	
Deferred income tax liabilities-non-current	1,894	-	1,894	
Other non-current liabilities	31,833	18,073	49,906	(f)
Total non-current liabilities	83,725	18,073	101,798	
Total liabilities	1,719,149	96,255	1,815,404	
Equity attributable to owners of the parent				
Share capital				
Common stock	1,568,685	-	1,568,685	
Stock subscriptions received in advance	149	-	149	
Capital surplus	859,547	-	859,547	
Retained earnings				
Legal reserve	159,610	-	159,610	
Accumulated deficit	(283,230)	(38,989)	(322,219)	
Other equity	(18,712)	(11,186)	(29,898)	(b)(f)(g)
Non-controlling interest	172,897	(1,704)	171,193	(a)(e)(f)
Total equity	2,458,946	(51,879)	2,407,067	
Total liabilities and equity	$ 4,178,095	$ 44,376	$ 4,222,471	

Note：In the financial statements prepared under R.O.C. GAAP, this was originally shown as ‘other non-current liabilities’.

C. Reconciliation of significant differences as of June 30, 2012

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current Assets				
Cash and cash equivalents	$ 2,037,097	$ -	$ 2,037,097	
Financial assets at fair value through profit or loss - current	27,018	-	27,018	
Notes receivable-net	13,607	-	13,607	
Accounts receivable-net	1,274,240	-	1,274,240	
Other receivables	82,329	-	82,329	
Current income tax assets (Note)	333	-	333	
Inventory	111,630	-	111,630	
Prepayments	106,018	42,601	148,619	(a)
Deferred income tax assets-current	4,968	(4,968)	-	(c)
Other current assets	45,554	-	45,554	
Total current assets	3,702,794	37,633	3,740,427	
Non-current assets				
Financial assets at fair value through profit or loss - non-current	2,850	-	2,850	
Available-for-sale financial assets-non-current	-	56,014	56,014	(b)
Financial assets carried at cost-non-current	32,841	(32,841)	-	(b)
Investments accounted for under equity method	20,339	-	20,339	
Property, plant and equipment (Note 2)	879,090	-	879,090	
Intangible assets	442,338	(721)	441,617	(f)
Deferred income tax assets-non-current	44,956	22,667	67,623	(a)(c)(e)(f)
Other non-current assets (Note 2)	117,890	(9,040)	108,850	(f)
Total non-current assets	1,540,304	36,079	1,576,383	
Total assets	$ 5,243,098	$ 73,712	$ 5,316,810	

Note 1： In the financial statements prepared under R.O.C. GAAP, this was originally shown as ‘other receivables’ and ‘prepayments’.

Note 2： In the financial statements prepared under R.O.C. GAAP, this prepayment for equipment was originally shown as ‘Property, plant and equipment’ , reclassified as ‘Other non-current assets’.

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current Liabilities				
Short-term loans	$ 99,025	$ -	$ 99,025	
Notes payable	29,910	-	29,910	
Accounts payable	642,060	-	642,060	
Accounts payable-related parties	58,216	-	58,216	
Other payables	1,049,029	35,427	1,084,456	(e)
Current income tax liabilities	74,345	-	74,345	
Other current liabilities	409,618	85,201	494,819	(a)
Total current liabilities	2,362,203	120,628	2,482,831	
Non-current liabilities				
Financial liabilities at fair value through profit or loss - noncurrent	7,372	-	7,372	
Bonds payable-noncurrent	13,145	-	13,145	
Long-term loans	1,928	-	1,928	
Provisions-non-current (Note)	5,897	-	5,897	
Deferred income tax liabilities-non-current	2,223	-	2,223	
Other non-current liabilities	20,148	10,256	30,404	(f)
Total non-current liabilities	50,713	10,256	60,969	
Total liabilities	2,412,916	130,884	2,543,800	
Equity attributable to owners of the parent				
Share capital				
Common stock	1,568,125	-	1,568,125	
Capital surplus	857,253	-	857,253	
Retained earnings				
Legal reserve	159,610	-	159,610	
Undistributed earnings	75,490	(50,945)	24,545	
Other equity	7,839	(4,716)	3,123	(b)(f)(g)
Non-controlling interest	161,865	(1,511)	160,354	(a)(e)(f)
Total equity	2,830,180	(57,172)	2,773,010	
Total liabilities and equity	$ 5,243,098	$ 73,712	$ 5,316,810	

Note：In the financial statements prepared under R.O.C. GAAP, this was originally shown as ‘other non-current liabilities’.

D. Reconciliation of significant differences for the year ended December 31, 2012

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Operating revenue	$ 7,120,377	$ 66,614	$ 7,186,991	(a)
Operating costs	(4,565,352)	(33,307)	(4,598,659)	(a)
Gross profit	2,555,025	33,307	2,558,332	
Operating expenses				
Selling expenses	(791,973)	-	(791,973)	
General and administrative expenses	(1,327,152)	2,892	(1,324,260)	(e)(f)
Research and development expenses	(625,303)	-	(625,303)	
Operating loss	(189,403)	36,199	(153,204)	
Non-operating income and expenses				
Other income	19,775	-	19,775	
Other gains and losses	(91,003)	-	(91,003)	
Financial costs	(6,436)	-	(6,436)	
Share of (loss)/profit of associates and joint ventures accounted for under equity method	(7,448)	-	(7,448)	
Loss before income tax	(274,515)	36,199	(238,316)	
Income tax expense	(72,806)	(6,709)	(79,515)	(a)(e)(f)
Loss for the period	(347,321)	29,490	(317,831)	
Other comprehensive loss				
Currency translation differences	(15,854)	(29,032)	(44,886)	
Unrealized loss on valuation of available-for-sale financial assets	-	(22,676)	(22,676)	
Total comprehensive loss for the period	($ 363,175)	($ 22,218)	($ 385,393)	
Loss attributable to:				
Owners of the parent	($ 356,346)	$ 29,490	($ 326,856)	
Non-controlling interest	9,025	-	9,025	
	($ 347,321)	$ 29,490	($ 317,831)	
Total comprehensive loss attributable to:				
Owners of the parent	($ 372,244)	($ 22,218)	($ 394,462)	
Non-controlling interest	9,069	-	9,069	
	($ 363,175)	($ 22,218)	($ 385,393)	

E. Reconciliation for comprehensive income for the six-month period ended June 30, 2012

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Operating revenue	$ 3,614,118	$ 29,221	$ 3,643,339	(a)
Operating costs	(2,230,738)	(14,611)	(2,245,349)	(a)
Gross profit	1,383,380	14,610	1,397,990	
Operating expenses				
Selling expenses	(391,221)	-	(391,221)	
General and administrative expenses	(660,857)	(2,719)	(663,576)	(e)(f)
Research and development expenses	(342,618)	-	(342,618)	
Operating (loss) profit	(11,316)	11,891	575	
Non-operating income and expenses				
Other income	72,366	-	72,366	
Other gains and losses	34,308	-	34,308	
Financial costs	(4,147)	-	(4,147)	
Share of (loss)/profit of associates and joint ventures accounted for under equity method	(4,539)	-	(4,539)	
Profit before income tax	86,672	11,891	98,563	
Income tax expense	(83,359)	(2,445)	(85,804)	(a)(e)(f)
Profit for the period	3,313	9,446	12,759	
Other comprehensive income (loss)				
Currency translation differences	8,979	(29,032)	(20,053)	
Unrealized gain (loss) on valuation of available-for-sale financial assets	-	(14,535)	(14,535)	
Total comprehensive income (loss) for the period	$ 12,292	($ 34,121)	($ 21,829)	
Profit attributable to:				
Owners of the parent	$ 1,620	$ 9,446	$ 11,066	
Non-controlling interest	1,693	-	1,693	
	$ 3,313	$ 9,446	$ 12,759	
Comprehensive income attributable to:				
Owners of the parent	$ 10,602	($ 34,121)	($ 23,519)	
Non-controlling interest	1,690	-	1,690	
	$ 12,292	($ 34,121)	($ 21,829)	

F. Reconciliation for comprehensive income for the three-month period ended June 30, 2012

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Operating revenue	$ 1,601,762	$ 30,166	$ 1,631,928	(a)
Operating costs	(1,039,110)	(15,084)	(1,054,194)	(a)
Gross profit	562,652	15,082	577,734	
Operating expenses				
Selling expenses	(180,431)	-	(180,431)	
General and administrative expenses	(314,834)	(3,676)	(318,510)	(e)(f)
Research and development expenses	(162,364)	-	(162,364)	
Operating loss	(94,977)	11,406	(83,571)	
Non-operating income and expenses				
Other income	51,928	-	51,928	
Other gains and losses	36,560	-	36,560	
Financial costs	(2,776)	-	(2,776)	
Share of (loss)/profit of associates and joint ventures accounted for under equity method	(1,418)	-	(1,418)	
(Loss) profit before income tax	(10,683)	11,406	723	
Income tax expense	(42,204)	(1,859)	(44,063)	(a)(e)(f)
Loss for the period	(52,887)	9,547	(43,340)	
Other comprehensive loss				
Currency translation differences	13,515	-	13,515	
Unrealized gain (loss) on valuation of available-for-sale financial assets	-	(14,535)	(14,535)	
Total comprehensive loss for the period	($ 39,372)	($ 4,988)	($ 44,360)	
Profit attributable to:				
Owners of the parent	($ 47,723)	$ 9,547	($ 38,176)	
Non-controlling interest	(5,164)	-	(5,164)	
	($ 52,887)	$ 9,547	($ 43,340)	
Comprehensive income attributable to:				
Owners of the parent	($ 34,153)	($ 4,988)	($ 39,141)	
Non-controlling interest	(5,219)	-	(5,219)	
	($ 39,372)	($ 4,988)	($ 44,360)	

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 their online games and the virtual treasures Once this transaction occurs, 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, received in advance and deferred income tax assets - non-current, and decreased non-controlling interest and undistributed earnings at the transition date. The Group also adjusted the revenue from on-line games, on-line game costs and income tax.

b) Before the amendment of "Rules Governing the Preparation of Financial Statements by Securities Issuers", dated July 7, 2011, unlisted 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 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 to deferred income tax assets - non-current at the date of transition to IFRSs.

d) In accordance with current accounting standards in R.O.C., the Group's idle assets are presented in 'Other assets' account. However, in accordance with IAS 16, 'Property, Plant and Equipment', such idle assets that are presented in 'Other assets' account should be classified and accounted for as 'Machinery and equipment' based on its nature.

e) The current accounting standards in R.O.C. do not specify the rules on the cost recognition for accumulated unused compensated absences. The Group recognises such costs as expenses upon actual payment. However, IAS 19, ‘Employee Benefits’, requires that the costs of accumulated unused compensated absences should be accrued as expenses at the end of the reporting period. Therefore, the Group increased accrued expenses and deferred income tax assets - non-current and decreased non-controlling interest and undistributed earnings. The Group also adjusted salary expense and income tax.

f) 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 and deferred income tax assets - non-current and decreased prepaid pension cost, deferred pension costs, unrecognized net loss of pension cost, non-controlling interest and undistributed earnings based on the reasons stated above. The Group also adjusted pension expense and income tax expense.

g) The Group recognized cumulative translation adjustment as zero at the date of transition to IFRSs. Therefore, the Group decreased the cumulative translation adjustments and relatively increased undistributed earnings at the date of transition to IFRSs.

h) 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.

G. Major adjustments for the consolidated statement of cash flows for the six-month period ended June 30, 2012:

   a) The transition of R.O.C. GAAP to IFRSs has no effect on the Group’s cash flows reported.

   b) The reconciliation between R.O.C. GAAP and IFRSs has no net effect on the Group’s cash flows reported.

H. The accounting policies and selection of exemptions applied in these interim consolidated financial statements may be different from those applied in the first year-end IFRSs consolidated financial statements due to the issuance of related regulations by regulatory authorities, changes in economic environment, or changes in the evaluation of the impact of application of accounting policies and exemptions by the Group.