

GAMANIA DIGITAL ENTERTAINMENT CO., LTD.

**CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT ACCOUNTANTS**

MARCH 31, 2009 AND 2008

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

Review Report of Independent Accountants Translated from Chinese

PWCR09000012

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

We have reviewed the accompanying consolidated balance sheets of Gamania Digital Entertainment Co., Ltd. (the “Company”) and its subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income and of cash flows for the three-month periods then ended. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to issue a conclusion on these consolidated financial statements based on our reviews.

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

As described in Note 1(2), the consolidated financial statements include unreviewed financial statements of certain consolidated subsidiaries, which statements reflect total assets of \$1,017,723 thousand and \$684,288 thousand as of March 31, 2009 and 2008, respectively, and total operating revenues of \$581,573 thousand and \$186,361 thousand for the three-month periods then ended, respectively. In addition, as explained in Note 4(8), the consolidated financial statements include long-term investments accounted for under the equity method amounting to \$0 thousand and \$3,468 thousand, and the other liabilities-other amounting to \$4,390 thousand and \$0 thousand as of March 31, 2009 and 2008, respectively, and the related investment loss was \$643 thousand and \$2,987 thousand for the three-month periods then ended, respectively. These amounts and the information disclosed in Note 11 were based on their respective financial statements which were not reviewed by independent accountants.

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

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

As a result of the adoption of the newly issued regulation, net income decreased by \$8,806 thousand for the three-month period ended March 31, 2008.

PricewaterhouseCoopers

April 23, 2009

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 review 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 review report of the independent accountants are not intended for use by those who are not informed about the accounting principles or review standards generally accepted in the Republic of China, and their applications in practice.

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

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

MARCH 31,

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

(UNAUDITED)

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>	<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>	<u>2009</u>	<u>2008</u>
Current Assets			Current Liabilities		
Cash and cash equivalents (Note 4 (1))	\$ 920,619	\$ 715,877	Short-term loans (Note 4 (12))	\$ 100,000	\$ -
Financial assets at fair value through profit or loss - current (Note 4 (2))	-	87,533	Notes payable - third parties	19,853	121,983
Available-for-sale financial assets - current (Note 4 (3))	-	19,722	Accounts payable - third parties	168,842	124,402
Notes receivable - third parties - net (Note 4 (4))	67,306	73,671	Accounts payable - related party (Note 5(2))	56,819	48,757
Accounts receivable - third parties - net (Note 4 (5))	972,578	966,156	Income tax payable (Note 4 (14))	86,054	29,138
Other receivables	38,362	7,544	Accrued expenses	250,715	172,179
Other financial assets - current (Note 6)	2,000	-	Other payables	144,666	104,232
Inventories - net (Note 4 (6))	50,397	31,671	Unearned revenue collected in advance	120,166	79,721
Prepaid expenses	83,630	43,629	Current portion of long-term liabilities (Note 4 (13))	10,486	-
Deferred income tax assets - current (Note 4 (14))	14,718	20,944	Other current liabilities	31,111	45,177
Other current assets	3,937	3,136		<u>988,712</u>	<u>725,589</u>
	<u>2,153,547</u>	<u>1,969,883</u>	Long-term Liability		
Long-term Investments			Long-term loans (Note 4 (13))	<u>15,315</u>	<u>-</u>
Financial assets carried at cost - non-current (Note 4 (7))	114,294	114,294	Other Liabilities		
Long-term investments - accounted for under the equity method (Note 4 (8))	-	3,468	Accrued pension liabilities (Note 4 (15))	6,062	5,445
Prepayment for long-term investment (Note 4 (8))	5,000	-	Guarantee deposits	386	380
	<u>119,294</u>	<u>117,762</u>	Other liabilities - other (Note 4 (8))	5,231	406
Property, Plant and Equipment - net (Notes 4 (9) and 6)				<u>11,679</u>	<u>6,231</u>
Cost			Total Liabilities	<u>1,015,706</u>	<u>731,820</u>
Land	147,751	147,751	Stockholders' Equity		
Buildings	164,365	156,612	Common stock		
Machinery and equipment	714,217	642,610	Common stock (Note 1)	1,587,827	1,530,678
Office equipment	81,735	63,705	Stock subscriptions received in advance	3,485	-
Leasehold improvements	38,676	36,407	Capital reserve (Note 4 (16))		
Other equipment	2,513	6,736	Paid-in capital in excess of par	740,670	740,670
Total Cost	1,149,257	1,053,821	Gain on disposal of property, plant and equipment	221	221
Less: Accumulated depreciation	(619,948)	(489,399)	Retained earnings		
Accumulated impairment	(4,063)	(5,121)	Legal reserve (Note 4 (17))	61,214	24,132
Construction in progress and prepayments for equipment	5,234	175	Retained earnings (Notes 4 (14) and (18))	422,853	483,192
	<u>530,480</u>	<u>559,476</u>	Financial instruments' unrealized gain	-	186
Intangible Assets			Cumulative translation adjustments	43,448	18,594
Trademark	531	265	Treasury stock (Note 4 (20))	(370,182)	(350,140)
Goodwill	49,053	39,375		2,489,536	2,447,533
Deferred pension cost	787	780	Minority interest	24,931	17,469
Other intangible assets - net (Note 4 (10))	35	317	Total Stockholders' Equity	<u>2,514,467</u>	<u>2,465,002</u>
	<u>50,406</u>	<u>40,737</u>	Commitments and Contingent Liabilities (Note 7)		
Other Assets					
Refundable deposits	35,668	31,646			
Deferred charges - net (Note 4 (11))	468,272	305,401			
Deferred income tax assets - non-current (Note 4 (14))	172,299	171,708			
Other asset - other	207	209			
	<u>676,446</u>	<u>508,964</u>			
TOTAL ASSETS	<u>\$ 3,530,173</u>	<u>\$ 3,196,822</u>	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 3,530,173</u>	<u>\$ 3,196,822</u>

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated April 23, 2009.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE-MONTH PERIODS ENDED MARCH 31,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

	<u>2009</u>	<u>2008</u>
Operating revenues		
Sales revenue	\$ 1,394,228	\$ 1,029,158
Sales returns	(30,341)	(48,616)
Sales allowances	(11,027)	(14,060)
Net sales revenue	1,352,860	966,482
Service revenue	10,754	18,757
Total operating revenues	<u>1,363,614</u>	<u>985,239</u>
Operating costs (Notes 4 (22) and 5 (2))		
Cost of goods sold	(654,091)	(506,819)
Gross profit	<u>709,523</u>	<u>478,420</u>
Operating expenses (Notes 4 (22), 5(2) and 10)		
Selling expenses	(209,178)	(101,375)
General and administrative expenses	(195,435)	(192,550)
Research and development expenses	(87,879)	(49,089)
Total operating expenses	<u>(492,492)</u>	<u>(343,014)</u>
Operating income	<u>217,031</u>	<u>135,406</u>
Non-operating income		
Interest income	501	3,026
Gain on adjustment of financial assets	96	922
Gain on disposal of property, plant and equipment	-	42
Foreign exchange gain	2,919	1,937
Rental income	22	53
Gain on recovery of bad debts	-	10,000
Miscellaneous income	2,794	1,139
Total non-operating income	<u>6,332</u>	<u>17,119</u>
Non-operating expenses		
Interest expense	(761)	(213)
Investment loss accounted for under the equity method (Note 4(8))	(643)	(2,987)
Loss on disposal of property, plant and equipment	(442)	-
Miscellaneous losses	(4,544)	(741)
Total non-operating expenses	<u>(6,390)</u>	<u>(3,941)</u>
Income before income tax	216,973	148,584
Income tax expense (Note 4 (14))	(46,685)	(36,506)
Consolidated net income	<u>\$ 170,288</u>	<u>\$ 112,078</u>
Attributable to:		
Equity holders of the Company	\$ 165,308	\$ 111,571
Minority interest	4,980	507
	<u>\$ 170,288</u>	<u>\$ 112,078</u>

	<u>2009</u>		<u>2008</u>	
	<u>Before</u>	<u>After</u>	<u>Before</u>	<u>After</u>
	<u>income tax</u>	<u>income tax</u>	<u>income tax</u>	<u>income tax</u>
Basic earnings per share (in dollars) (Note 4(19))				
Profit attributable to equity holders of the Company	\$ 1.46	\$ 1.13	\$ 1.01	\$ 0.76
Minority interest income	0.03	0.03	-	-
Consolidated net income	<u>\$ 1.49</u>	<u>\$ 1.16</u>	<u>\$ 1.01</u>	<u>\$ 0.76</u>
Diluted earnings per share (in dollars) (Note 4(19))				
Profit attributable to equity holders of the Company	\$ 1.44	\$ 1.13	\$ 1.01	\$ 0.76
Minority interest income	0.03	0.03	-	-
Consolidated net income	<u>\$ 1.47</u>	<u>\$ 1.16</u>	<u>\$ 1.01</u>	<u>\$ 0.76</u>

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated April 23, 2009.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

	<u>2009</u>	<u>2008</u>
<u>Cash flows from operating activities</u>		
Consolidated net income	\$ 170,288	\$ 112,078
Adjustments to reconcile consolidated net income to net cash provided by (used in) operating activities:		
Gain on adjustment of financial assets	-	(922)
Provision (reversal of allowance) for doubtful accounts and sales returns	3,197	(13,431)
Provision for decline in market value of inventories	1,944	6,590
Investment loss accounted for under the equity method	643	2,987
Depreciation and amortization	99,849	63,164
Deferred charges charged to other loss	4,513	-
Loss (gain) on disposal of property, plant and equipment	442	(42)
Fixed assets charged to other expenses	-	19
Changes in assets and liabilities:		
(Increase) decrease in:		
Financial assets at fair value through profit or loss	-	(86,611)
Notes receivable - third parties	2,813	15,335
Accounts receivable - third parties	(37,285)	(85,147)
Other receivables - third parties	(20,892)	5,355
Other financial assets - current	2,000	-
Inventories	(31,222)	(23,152)
Prepaid expenses	(15,624)	(16,580)
Deferred income tax assets	19,720	15,852
Other current assets	(1,510)	576
Increase (decrease) in:		
Notes payable - third parties	(7,055)	(16,717)
Accounts payable - third parties	29,435	3,275
Accounts payable - related party	21,120	-
Income tax payable	26,277	19,408
Accrued expenses	(36,194)	(31,742)
Other payables - third parties	(2,533)	6,484
Unearned revenue collected in advance	(25,048)	(29,517)
Other current liabilities	1,248	15,453
Accrued pension liabilities	(48)	176
Net cash provided by (used in) operating activities	<u>206,078</u>	<u>(37,109)</u>
<u>Cash flows from investing activities</u>		
Increase in long-term investments – subsidiary acquisition price	-	(75,545)
Proceeds from disposal of property, plant and equipment	-	570
Acquisition of property, plant and equipment	(23,984)	(51,448)
Increase in deferred charges	(62,044)	(59,425)
Decrease in refundable deposits, net	2,741	1,068
Decrease (increase) in other assets – other	10	(10)
Net cash used in investing activities	<u>(83,277)</u>	<u>(184,790)</u>

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GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE THREE-MONTH PERIODS ENDED MARCH 31,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

	<u>2009</u>	<u>2008</u>
<u>Cash flows from financing activities</u>		
Decrease in short-term loans	(\$ 15,000)	(\$ 10,000)
Decrease in long-term loans	(4,082)	(25,000)
Increase in other liabilities - other	232	111
Increase (decrease) in guarantee deposits	12	(901)
Exercise of employee stock options	3,485	-
Changes in minority interest	314	(672)
Acquisition of treasury stock	<u>-</u>	<u>(149,352)</u>
Net cash used in financing activities	<u>(15,039)</u>	<u>(185,814)</u>
Effect of changes in consolidated subsidiaries	<u>-</u>	<u>1,334</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(8,627)</u>	<u>(7,420)</u>
Net increase (decrease) in cash and cash equivalents	99,135	(413,799)
Cash and cash equivalents at beginning of period	<u>821,484</u>	<u>1,129,676</u>
Cash and cash equivalents at end of period	<u>\$ 920,619</u>	<u>\$ 715,877</u>
<u>Supplemental disclosures of cash flow information</u>		
Cash paid during the period for:		
Interest	<u>\$ 644</u>	<u>\$ 251</u>
Income tax	<u>\$ 856</u>	<u>\$ 304</u>
<u>Cash paid for the acquisition of property, plant and equipment:</u>		
Property, plant and equipment acquired	\$ 35,898	\$ 24,678
Payable at end of year	(14,133)	(3,233)
Payable at beginning of year	<u>2,219</u>	<u>30,003</u>
Cash paid	<u>\$ 23,984</u>	<u>\$ 51,448</u>
<u>Fair value of subsidiary acquired:</u>		
Current assets	\$ -	\$ 21,146
Other current assets	-	2,348
Long-term investments	-	10
Property, plant and equipment	-	793
Intangible assets and other assets	-	73,288
Accrued expenses	-	(6,436)
Other current liabilities and other liabilities	-	(7,503)
Minority interest	-	(3,409)
Less: Previous fiscal year long-term investment balance	<u>-</u>	<u>(4,692)</u>
Acquisition price	<u>\$ -</u>	<u>\$ 75,545</u>

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated April 23, 2009.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009 AND 2008
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)
(UNAUDITED)

1. HISTORY AND ORGANIZATION

(1) Gamania Digital Entertainment Co., Ltd. (the Company) was incorporated in June 1995 under the provisions of the Company Law of the Republic of China (R.O.C.) as a company limited by shares. As of March 31, 2009, the total authorized capital was \$2,500,000, consisting of 250 million shares of common stock (including 22 million shares of employee stock options), at a par value of \$10 (NT dollars) per share, and the issued and outstanding capital was \$1,587,827. The Company is engaged in software services. As of March 31, 2009, the Company and its consolidated subsidiaries had 1,200 employees.

(2) Consolidated subsidiaries

<u>Name of company</u>	<u>Relationship</u>	<u>Main activities</u>	<u>% of shares held as of</u>	
			<u>2009</u>	<u>2008</u>
Gamania Holdings Ltd.	Note A	Investment holding company	100%	100%
Gamania International Holdings Ltd.	Note B	Investment holdings	100%	100%
Gamania Digital Entertainment (Japan) Co., Ltd.	Note C	Design and sales of software; sales of hardware	100%	100%
Gamania China Holdings Ltd.	Note C	Investment holdings	93.84%	93.55%
Gamania Digital Entertainment (H.K.) Co., Ltd.	Note D	Design and sales of software	93.84%	93.55%
G. A. Co., Limited	Note D	Design and sales of software	-	93.55%
Gamania Digital Entertainment Sino Holdings Co., Ltd.	Note D	Investment holdings	93.84%	93.55%
Gamania Digital Entertainment (Beijing) Co., Ltd.	Note E	Design and sales of software	93.84%	93.55%
Taiwan Index Co., Ltd.	Note A	Software services	99.28%	96.64%
Gamania Asia Investments Co., Ltd.	Note A	Investment holdings	100%	100%
Gamania Korea Co., Ltd.	Note A	Design and sales of software	100%	100%
Alibangbang Games Co., Ltd.	Note A	Design and research of software	99.27	98.60%
Foundation Digital Entertainment Co., Ltd.	Note A	Publishing of magazines and periodicals	100%	100%

<u>Name of company</u>	<u>Relationship</u>	<u>Main activities</u>	<u>% of shares held as of</u>		
			<u>March 31,</u>		
			<u>2009</u>	<u>2008</u>	
Gamania Digital Entertainment Labuan Holdings, Ltd.	Note A	Investment holdings	100%	100%	
Redgate Games Co., Ltd.	Note A	Design and research of software	100%	-	
Seedo Games Co., Ltd.	Note A	Design and research of software	100%	-	
Playcoo Co.	Note A	Design and research of software	75.25%	73.32%	
InnoJelly Corporation	Note B	Investment holdings	75.25%	73.32%	

Note A: Majority-owned subsidiary

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

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

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

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

2. The consolidated financial statements include unreviewed financial statements of certain consolidated subsidiaries as of March 31, 2009 and 2008, respectively.

(3) Changes in the consolidated subsidiaries:

1. Majority-owned subsidiary that was newly included in the consolidated financial statements

<u>Name of company</u>	<u>Relationship</u>	<u>Main activities</u>	<u>% of shares held as</u>		<u>Note</u>
			<u>of March 31,</u>		
			<u>2009</u>	<u>2008</u>	
Redgate Games Co., Ltd.	Note A	Design and research of software	100%	-	Note B
Seedo Games Co., Ltd.	Note A	Design and research of software	100%	-	Note B

Note A: Majority-owned subsidiary.

Note B: The company was established in 2009.

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

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

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

- (7) Special operation risk of foreign subsidiaries: None.
- (8) Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: None.
- (9) The Company's and its subsidiaries' earnings distribution are restricted by enactment or contract: None.
- (10) The subsidiaries hold the Company's stock and bonds: None.
- (11) Convertible bonds and new stocks are issued by the subsidiaries: None.
- (12) Other consequential items to the consolidated financial statements: None.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1). Principles of consolidation

- (A) Effective January 1, 2005, all majority-owned subsidiaries or controlled entities, which meet the criteria of the amended Statement of Financial Accounting Standards No. 7, "Consolidated Financial Statements", are included in the consolidated financial statements. All significant intercompany balances and transactions are eliminated in the consolidation.
- (B) The results of operations of a subsidiary are included in the consolidated financial statements from the date of acquisition. Effective January 1, 2005, under the amended SFAS No. 7, the results of operations of such subsidiary is excluded from the consolidated statements of income effective the date on which the Company loses control over the subsidiary. For the initial year of adoption of SFAS No. 7, restatement of prior year's financial statements is not required.

(2). Translation of financial statements of foreign subsidiaries

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

(3).Foreign currency transactions

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

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

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

- a) Assets arising from operating activities that are expected to be realized or consumed, or are intended to be sold within the normal operating cycle;
- b) Assets held mainly for trading purposes;
- c) Assets that are expected to be realized within 12 months from the balance sheet date; and
- d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged and used to pay off liabilities more than 12 months after the balance sheet date.

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

- a) Liabilities arising from operating activities that are expected to be paid within the normal operating cycle;
- b) Liabilities arising mainly from trading activities;
- c) Liabilities that are to be paid within 12 months from the balance sheet date; and
- d) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date.

(5).Cash equivalents

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

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

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

- A) Financial assets at fair value through profit or loss are recognized as of the trade date at fair value for equity stocks. Financial assets at fair value through profit or loss are recognized as of the settlement date at fair value for bonds, beneficiary certificates and derivative instruments.
- B) These financial instruments are subsequently remeasured and stated at fair value, and the gain or loss is recognized in profit or loss. The fair value of listed stocks, closed-end mutual funds and depositary receipts is based on latest quoted fair prices of the accounting period. The fair value of open-end mutual funds is based on the net asset value at the balance sheet date.

(7).Available-for-sale financial assets

- A) Available-for-sale financial assets are recognized and derecognized using trade date accounting and are initially stated at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.
- B) The financial assets are remeasured and stated at fair value, and the gain or loss is recognized in equity, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in equity shall be recognized in profit or loss. The fair values of listed stocks, OTC stocks and closed-end mutual funds are based on latest quoted fair prices of the accounting period. The fair values of open-end and balanced mutual funds are based on the net asset value at the balance sheet date.
- C) If there is any objective evidence that the financial asset is impaired, the cumulative loss that had been recognized directly in equity shall be transferred from equity to profit or loss. When the fair value of an equity instrument subsequently increases, impairment losses recognized previously in profit or loss shall not be reversed. When the fair value of a debt instrument subsequently increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed to the extent of the loss recognized in profit or loss.

(8).Financial assets carried at cost

- A) Investments in unlisted equity instruments are recognized initially at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.
- B) If there is any objective evidence that the financial asset is impaired, the impairment loss is recognized in profit or loss. Such impairment loss cannot be reversed.

(9). Allowance for doubtful accounts

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

(10). Inventories

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

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

- A) Long-term equity investments in which the Group holds more than 20% of the investee company's voting shares or has the ability to exercise significant influence on the investee's operational decisions are accounted for under the equity method.
- B) Long-term investments in foreign investee companies accounted for under the equity method and denominated in foreign currency are translated into New Taiwan dollars at the exchange rate prevailing at the balance sheet date. The unrealized exchange loss resulting from translation is deferred in the cumulative translation adjustment account in the stockholders' equity.
- C) The capital reserve and long-term investment amounts are adjusted by the variance between the investment cost and net assets of the investee due to the disproportionate acquisition or decrease of shares in connection with the capital increase or decrease by the investee company. If the balance of capital reserve from long-term investment is not sufficient, then retained earnings is debited.

(12) Property, plant and equipment

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

lives are 55 years for buildings, and 3 to 8 years for the other property, plant and equipment.

- B) When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts and the resulting gain or loss is included in current non-operating income (expense).
- C) Major renewals or betterments are capitalized and depreciated accordingly. Maintenance and repairs are expensed as incurred.

(13) Deferred charges

- A) Costs of software and copyrights are capitalized and amortized under the straight-line basis over the estimated useful lives.
- B) Royalty payments for operating online game software are capitalized and amortized based on the period of the contract or deducted based on actual units of play.

(14) Other intangible assets

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

(15) Impairment of non-financial assets

- A) Impairment loss is recognized when the recoverable amount of an asset is less than the book value due to changes in environment or occurrences of some events. Recoverable amount is the higher of net fair value or value in use of an asset. Net fair value is the selling price of an asset in an arm's-length transaction between knowledgeable and willing parties, less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset.
- B) If there is an indication that an asset has recovered its value of the impairment loss recognized in the prior period, a gain is recognized to the extent of the impairment loss recognized. No recovery in impairment loss is recognized for goodwill.

(16) Share-based payment – employee compensation plan

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

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

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

(18) Deferred income tax assets and income tax

- A) Income tax of the Company and its domestic subsidiaries are provided based on accounting income after adjusting for permanent differences. The provision for income tax includes deferred income tax resulting from items reported in different periods for tax and financial reporting purposes. Deferred income tax assets or liabilities are further classified into current and non-current items based on the classification of the related assets or liabilities or on the expected reversal date of the temporary differences and are presented on the financial statements at net amount. Valuation allowance on deferred income tax assets is recognized to the extent that it is more likely than not that the tax benefits will not be realized.
- B) Tax credits resulting from equipment purchases, technology acquisitions, research and development expenditures, training expenses and long-term equity investments, etc. of the Company and its domestic subsidiaries are recognized as current income tax benefit when incurred.
- C) Over or under provision of prior years' income tax liabilities is included in the current year's income tax expense.

- D) The Company's overseas subsidiaries' income tax are subject to their local regulations.
- E) In accordance with the Taiwan imputation tax system, any undistributed current earnings of a company derived on or after January 1, 1998 is subject to an additional 10% corporate income tax if the earnings are not distributed before a specific time. This 10% additional corporate income tax is recorded as income tax expense in the period the stockholders approve a resolution to retain the earnings.
- F) In accordance with the "Income Basic Tax Act", effective January 1, 2006, when income tax is lower than the basic tax, income tax due shall be equal to the basic tax.

(19) Retirement plan

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

(20) Treasury stock

- A) Treasury stocks acquired are stated at cost using the weighted-average method and reported as a deduction from stockholders' equity in the balance sheet.
- B) Upon disposal, the related gain is credited to "capital reserve-treasury stock transaction" and any loss is offset against this capital reserve account. However, when the balance of this capital reserve account is insufficient to offset the loss, then the remaining amount is charged against retained earnings.
- C) Upon registration of cancellation, except for the book value sum of "common stock" and "capital reserve-additional paid-in", which is in proportion to shareholding, the related gain is credited to "capital reserve-treasury stock transaction" and any loss is offset against this capital reserve account. However, when the balance of this capital reserve account is insufficient to offset the loss, then the remaining amount is charged against retained earnings.

(21) Revenues, costs and expenses

- A) Costs from development of software for sale are recognized as research expense before establishing technical feasibility.
- B) Revenue from prepaid cards for on-line games is deferred and is recognized based on points consumed.
- C) Revenue from software and other merchandise is recognized when the earning process is substantially completed and the revenue is realized or realizable.
- D) Sales returns are estimated based on a percentage of sales.
- E) Costs and expenses are recognized as incurred.
- F) Commissions received on prepaid cards from the on-line game providers is deferred and recognized as revenue when services are rendered.

(22) Earnings per share

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

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

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

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

(23) Use of estimates

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

3. CHANGES IN ACCOUNTING PRINCIPLES

(1) Inventory

Effective January 1, 2009, the Company and its domestic subsidiaries adopted the amended Statement of Financial Accounting Standards No. 10, "Inventory". The

adoption of this regulation had no significant effect on the financial statements as of and for the year ended March 31, 2009.

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

Effective January 1, 2008, the Company and its domestic subsidiaries adopted Regulation No. 52, "Accounting for Employees' Bonuses and Directors' and Supervisors' Remuneration" newly issued by the Accounting Research and Development Foundation in Taiwan. As a result of the adoption of this regulation, net income decreased by \$8,806 thousand and earnings per share decreased by \$0.061 for the three-month period ended March 31, 2008.

4. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31,</u>	
	<u>2009</u>	<u>2008</u>
Cash on hand	\$ 237,722	\$ 905
Cash in banks	575,104	259,275
Time deposits	71,000	414,688
Cash equivalents	36,793	41,009
	<u>\$ 920,619</u>	<u>\$ 715,877</u>

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

	<u>March 31,</u>	
	<u>2009</u>	<u>2008</u>
Current items:		
Financial asset held for trading		
Bond funds	\$ -	\$ 87,533
Adjustment of financial asset held for trading	-	-
	<u>\$ -</u>	<u>\$ 87,533</u>

(3) Available-for-sale financial assets

	<u>March 31,</u>	
	<u>2009</u>	<u>2008</u>
Current item:		
Bond funds	\$ -	\$ 19,468
Adjustment of available-for-sale financial assets	-	254
	<u>\$ -</u>	<u>\$ 19,722</u>

(4) Notes receivable - net

	<u>March 31,</u>	
	<u>2009</u>	<u>2008</u>
Notes receivable	\$ 67,322	\$ 73,687
Less: Allowance for doubtful accounts	(16)	(16)
	<u>\$ 67,306</u>	<u>\$ 73,671</u>

(5) Accounts receivable - net

	<u>March 31,</u>	
	<u>2009</u>	<u>2008</u>
Accounts receivable	\$ 1,050,974	\$ 1,038,500
Less: Allowance for doubtful accounts	(71,531)	(62,792)
Allowance for sales returns	(6,865)	(9,552)
	<u>\$ 972,578</u>	<u>\$ 966,156</u>

(6) Inventories - net

	<u>March 31,</u>	
	<u>2009</u>	<u>2008</u>
Inventories	\$ 61,697	\$ 60,398
Less: Reserve for decline in market value and obsolescence	(11,300)	(28,727)
	<u>\$ 50,397</u>	<u>\$ 31,671</u>

Related loss recognized for the period:

	<u>For the three-month periods ended March 31,</u>	
	<u>2009</u>	<u>2008</u>
Provision for decline in market value of inventories	<u>\$ 1,944</u>	<u>\$ 6,590</u>

(7) Financial assets carried at cost

	<u>March 31,</u>	
	<u>2009</u>	<u>2008</u>
Unlisted stocks		
Nice Finance Co., Ltd.	\$ 91,453	\$ 91,453
NC Taiwan Co., Ltd.	22,841	22,841
	<u>\$ 114,294</u>	<u>\$ 114,294</u>

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

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

A) List of long-term investments

<u>Name of investee</u>	<u>Original cost</u>	<u>March 31, 2009</u>		<u>Investment loss for the three-month period ended March 31, 2009</u>
		<u>Ownership Percentage</u>	<u>Balance</u>	
Taiwan e-sports Co., Ltd.	\$ 5,000	20%	(\$ 4,390)	(\$ 643)
Prepaid long-term investment:				
Taiwan e-sports Co., Ltd.	5,000		5,000	
	<u>\$ 10,000</u>		<u>\$ 610</u>	

<u>Name of investee</u>	<u>Original cost</u>	<u>March 31, 2008</u>		<u>Investment loss for the three-month period ended March 31, 2008</u>
		<u>Ownership Percentage</u>	<u>Balance</u>	
Taiwan e-sports Co., Ltd.	\$ 5,000	25%	\$ 3,468	(\$ 971)
Playcoo Co. (Note)	-	73.32%	-	(2,016)
	<u>\$ 5,000</u>		<u>\$ 3,468</u>	<u>(\$ 2,987)</u>

Note: The Company increased its ownership in Playcoo Co. to 73.32% by acquiring 6,295,000 shares of common stock from Wistron Corporation and Wisecap Ltd. in March 2008. Accordingly, the Company has included Playcoo Co. in its consolidated financial statements from then on.

B) Long-term investments accounted for under the equity method were based on the financial statements as of and for the three-month periods ended March 31, 2009 and 2008 of the investees which were not reviewed by independent accountants.

(9) Property, plant and equipment

	<u>March 31,</u>	
	<u>2009</u>	<u>2008</u>
<u>Cost</u>		
Land	\$ 147,751	\$ 147,751
Buildings	164,365	156,612
Machinery and equipment	714,217	642,610
Office equipment	81,735	63,705
Leasehold improvements	38,676	36,407
Other equipment	2,513	6,736
	<u>1,149,257</u>	<u>1,053,821</u>
<u>Accumulated depreciation</u>		
Buildings	(22,201)	(17,514)
Machinery and equipment	(530,584)	(430,290)
Office equipment	(43,231)	(28,414)
Leasehold improvements	(22,503)	(9,513)
Other equipment	(1,429)	(3,668)
	<u>(619,948)</u>	<u>(489,399)</u>
Construction in progress and prepayments for equipment	5,234	175
Less: Accumulated impairment	(4,063)	(5,121)
	<u>\$ 530,480</u>	<u>\$ 559,476</u>

(10) Other intangible assets

	<u>March 31,</u>	
	<u>2009</u>	<u>2008</u>
Prepayments for franchises	\$ 38,333	\$ 38,615
Less: Accumulated impairment	(38,298)	(38,298)
	<u>\$ 35</u>	<u>\$ 317</u>

(11) Deferred charges

	<u>March 31,</u>	
	<u>2009</u>	<u>2008</u>
Royalty payments	\$ 553,691	\$ 462,277
Unamortized expense	<u>220,139</u>	<u>166,757</u>
	773,830	629,034
Less: Accumulated impairment	(305,558)	(323,633)
	<u>\$ 468,272</u>	<u>\$ 305,401</u>

(12) Short-term loans

	<u>March 31,</u>	
	<u>2009</u>	<u>2008</u>
Short-term bank loans	<u>\$ 100,000</u>	<u>\$ -</u>
Annual interest rates	<u>1.37%~2.36%</u>	<u>-</u>
Credit lines	<u>\$ 989,000</u>	<u>\$ 565,000</u>

(13) Long-term loans

<u>Bank</u>	<u>Total</u>	<u>Period/Terms</u>	<u>March 31,</u>	
	<u>Credit Line</u>	<u>of Repayment</u>	<u>2009</u>	<u>2008</u>
Sumitomo Mitsui	JPY 90,000	09.24.2008 ~ 09.23.2011,		
Banking Corporation	(Note)	12 equal quarterly installments	25,801	-
Less: Current portion			(10,486)	-
			<u>\$ 15,315</u>	<u>\$ -</u>

Note: Thousands of yen.

(14) Income tax payable

A) Income tax payable and income tax expense for the three-month periods ended March 31, 2009 and 2008 are reconciled as follows:

	<u>For the three-month periods ended March 31,</u>	
	<u>2009</u>	<u>2008</u>
Current year income tax expense	\$ 38,289	\$ 36,349
Additional 10% corporate income tax on undistributed earnings	<u>8,396</u>	<u>157</u>
	46,685	36,506
Add (Less): Net change in deferred income tax assets	(19,720)	(15,852)
Prepaid income tax	(26)	(304)
Income tax payable of prior year	58,947	8,966
Effect of exchange rate	<u>107</u>	<u>(218)</u>
Income tax payable	<u>\$ 85,993</u>	<u>\$ 29,098</u>
Other receivables (income tax refundable)	(\$ 61)	(\$ 40)
Income tax payable	<u>86,054</u>	<u>29,138</u>
	<u>85,993</u>	<u>29,098</u>

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

	<u>March 31,</u>	
	<u>2009</u>	<u>2008</u>
Deferred income tax assets - current	\$ 27,144	\$ 28,418
Deferred income tax assets - non-current	<u>343,263</u>	<u>337,057</u>
	370,407	365,475
Less: Valuation allowance - current	(12,426)	(7,474)
Valuation allowance - non-current	<u>(170,964)</u>	<u>(165,349)</u>
	<u>\$ 187,017</u>	<u>\$ 192,652</u>

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

	March 31,			
	2009		2008	
	Amount	Tax effect	Amount	Tax effect
Current items:				
Over provision of allowance for bad debts	\$ -	\$ -	\$ 2,328	\$ 582
Allowance for sales returns	6,865	1,716	13,799	3,450
Allowance for decline in market value and inventory obsolescence	11,275	2,819	25,311	6,327
Welfare expenses	42	10	100	25
Loss carryforwards	35,833	8,958	3,238	809
Others	13,604	3,401	(10)	(2)
Investment tax credits		<u>10,240</u>		<u>17,227</u>
		27,144		28,418
Less: Valuation allowance		(<u>12,426</u>)		(<u>7,474</u>)
		<u>\$ 14,718</u>		<u>\$ 20,944</u>
Non-current items:				
Welfare expenses	\$ -	\$ -	\$ 42	\$ 10
Investment loss on financial assets carried at cost – non-current	9,851	2,463	9,851	2,463
Impairment loss on deferred charges and intangible assets	-	-	9,985	2,496
Reserve for foreign investments	(50,874)	(12,718)	(63,539)	(15,884)
Reduction in capital of subsidiaries to cover accumulated deficit	672,643	168,161	672,643	168,161
Retirement fund expense but not deposited with Bank of Taiwan	287	71	422	106
Foreign investments	58,792	14,698	87,889	21,972
Depreciation allowances in excess of related depreciation	(16,620)	(2,742)	(10,929)	(1,913)
Loss carryforwards	498,460	124,615	429,500	107,375
Investment tax credits		<u>48,715</u>		<u>52,271</u>
		343,263		337,057
Less: Valuation allowance		(<u>170,964</u>)		(<u>165,349</u>)
		<u>\$172,299</u>		<u>\$171,708</u>

D) As of March 31, 2009 and 2008, the balance of shareholders account of deductible tax was as follows:

	March 31,	
	2009	2008
Balance of shareholders account of deductible tax	<u>\$ 419</u>	<u>\$ 66,687</u>
2008 Estimated creditable tax ratio		<u>12.28%</u>
2007 Actual creditable tax ratio		<u>17.60%</u>

E) Undistributed retained earnings:

	March 31,	
	2009	2008
On or after January 1, 1998		
a. Earnings not subjected to 10% income tax	\$ 165,308	\$ 111,571
b. Earnings subjected to 10% income tax	257,545	371,621
	<u>\$ 422,853</u>	<u>\$ 483,192</u>

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

- (a) As of March 31, 2009, the Company's income tax returns through 2002 have been assessed and approved by the Tax Authority.
- (b) The Tax Authority imposed additional tax amounting to \$127,204 on the Company's 2002 income tax return. The Company paid \$4,050 and contested the remaining balance imposed by the Tax Authority. The Company filed for re-examination in February 2006. The re-examination is still pending as of the report date.

G) As of March 31, 2009, in accordance with the "Income Tax Law" and "Statute for Upgrading Industries", the Company and its domestic subsidiaries had investment tax credits and loss carryforwards in the amount of \$192,528 to offset against taxable income for the next ten years. The details are as follows:

<u>Deductible item</u>	<u>Total credits</u>	<u>Unused balance</u>	<u>Year of expiration</u>
Research and development expenditures	\$ 61,182	\$ 57,846	2009~2012
Machinery and equipment	1,109	1,109	2009~2013
Loss carryforwards	133,573	133,573	2013~2018
	<u>\$ 195,864</u>	<u>\$ 192,528</u>	

(15) Accrued pension liability

- A) The Company has a non-contributory and funded defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees before the implementation of the Labor Pension Act on July 1, 2005. Under the defined benefit plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter with a maximum of 45 units. Retirement benefits are based on the number of units accrued and the average monthly salaries and wages of the last six months prior to retirement. The Company and its subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan (formerly Central Trust of China) under the name of the independent

retirement fund committee. For the three-month periods ended March 31, 2009 and 2008, net pension costs recognized by the Company and its domestic subsidiaries under the defined benefit plan amounted to \$651 and \$283, respectively. The balance of the retirement fund deposited with Bank of Taiwan (formerly Central Trust of China) was \$39,147 and \$34,652 as of March 31, 2009 and 2008, respectively. The fund balances are not reflected in the consolidated financial statements.

- B) Gamania Digital Entertainment (Japan) Co., Ltd., Gamania Korea Co., Ltd. and Gamania Digital Entertainment (H.K.) Co., Ltd. provide pension reserves annually for their employees in accordance with the local regulations. The net pension costs were \$590 and \$476 for the three-month periods ended March 31, 2009 and 2008, respectively.
- C) Gamania Digital Entertainment (Beijing) Co., Ltd. provides an old-age pension and insurance monthly based on 20% of the employees' salaries and wages in accordance with the local regulations. The net pension and insurance cost was \$511 and \$736 for the three-month periods ended March 31, 2009 and 2008, respectively.
- D) Effective July 1, 2005, the Company and its domestic subsidiaries, adopted a defined contribution pension plan (the "New Plan"). Under the New Plan, employees have the option to choose the New Plan. The Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts deposited with the Bureau of Labor Insurance. Benefits accrued under the New Plan are portable when the employees leave the company. The net pension costs recognized by the Company and its domestic subsidiaries under the defined contribution plan for the three-month periods ended March 31, 2009 and 2008 amounted to \$7,680 and \$6,451, respectively.
- E) Gamania Holdings Ltd., Gamania Asia Investment Co., Ltd., Gamania Digital Entertainment Labuan Holdings Ltd., Gamania International Holdings Ltd. and Gamania China Holdings Ltd. do not have an employee retirement plan.

(16) Capital reserve

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

(17) Legal reserve

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

(18) Retained earnings (accumulated deficit)

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

C) On March 23, 2009, the Company's Board of Directors approved to distribute employee bonuses of \$23,500 and directors' and supervisors' remuneration of

\$4,600. The Company's Board of Directors also approved to distribute 2008 earnings which include legal reserve of \$25,516 and cash dividends of \$145,684. As of April 23, 2009, no earnings distribution has been approved by the Company's stockholders.

D) On June 13, 2008, the Company's stockholders approved to distribute 2007 earnings which include legal reserve of \$37,082, employee bonuses of \$50,088, cash dividends of \$268,333, stock dividends of \$7,061 and directors' and supervisors' remuneration of \$6,678.

E) The estimated amounts of employees' bonuses and directors' and supervisors' remuneration are \$14,617 and \$2,923, constituting 10% and 2%, respectively, of net income after tax for the three-month period ended March 31, 2009, after taking into account the legal reserve, and are recognized as operating expenses for the three-month period ended March 31, 2009.

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

F) The estimated amounts of employees' bonuses and directors' and supervisors' remuneration are \$9,433 and \$1,887, constituting 10% and 2%, respectively, of net income after tax for the three-month period ended March 31, 2008, after taking into account the legal reserve, and are recognized as operating expenses for the three-month period ended March 31, 2008.

The calculation of shares of stock bonus distributed is based on the closing price of the Company's common stock at the previous day of the following year's stockholders' meeting after taking into account the effects of ex-rights and ex-dividends. If the estimated amount is different from the amount approved by the stockholders, the difference is recognized as gain or loss in the following year. As of April 23, 2009, the 2008 earnings have not been distributed.

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

(19) Earnings per share

	For the three-month period ended March 31, 2009				
	<u>Amount</u>		Weighted average number of outstanding common shares (In thousands of shares)	<u>Earnings per share (Note 1)</u>	
	<u>Before income tax</u>	<u>After income tax</u>		<u>Before income tax</u>	<u>After income tax</u>
Basic earnings per share:					
Net income	\$ 211,993	\$ 165,308	145,684	<u>\$ 1.46</u>	<u>\$ 1.13</u>
Dilutive effect:					
Stock options (Note 2)	-	-	-		
Employees' bonuses	-	-	1,148		
Diluted earnings per share:					
Net income	<u>\$ 211,993</u>	<u>\$ 165,308</u>	<u>146,832</u>	<u>\$ 1.44</u>	<u>\$ 1.13</u>

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

Note 1: In New Taiwan Dollars.

Note 2: As of March 31, 2009, the outstanding employee stock options had no dilutive effect.

	For the three-month period ended March 31, 2008				
	Amount		Weighted average number of outstanding common shares (In thousands of shares)	Earnings per share (Note 1)	
	Before income tax	After income tax		Before income tax	After income tax
Basic earnings per share after retroactive adjustment:					
Net income	\$ 148,077	\$ 111,571	145,975	\$ 1.01	\$ 0.76
Dilutive effect:					
Stock options (Note 2)	-	-	-		
Employees' bonuses	-	-	339		
Diluted earnings per share:					
Net income	\$ 148,077	\$ 111,571	146,314	\$ 1.01	\$ 0.76

Note 1: In New Taiwan Dollars.

Note 2: As of March 31, 2008, the outstanding employee stock options had no dilutive effect.

(20) Treasury stock

Changes in the treasury stock for the three-month periods ended March 31, 2009 and 2008 are set forth below (in thousands of shares):

A) Purpose	For the three-month period ended March 31, 2009			
	Beginning shares	Additions	Disposals	Ending shares
Employee stock options	13,009	-	-	13,009

Purpose	For the three-month period ended March 31, 2008			
	Beginning shares	Additions	Disposals	Ending shares
Employee stock options	6,887	4,953	-	11,840

Note: Amount in thousands of shares.

B) The maximum and ending balances of treasury stock for the three-month periods ended March 31, 2009 and 2008 are as follows:

March 31, 2009		March 31, 2008	
Maximum balance	Ending balance	Maximum balance	Ending balance
\$ 370,182	\$ 370,182	\$ 350,140	\$ 350,140

- C) According to the R.O.C. Securities and Exchange Act, the percentage of the number of shares of treasury stocks shall not exceed 10% of the total shares of common stocks issued by the Company and the total amount of treasury stock shall not exceed the total amount of retained earnings, paid-in capital in excess of par value, and realized capital reserve.
- D) According to the R.O.C. Securities and Exchange Act, treasury stocks held by the Company shall not be pledged, and shall bear no right of shareholders until reissued. According to the R.O.C. Securities and Exchange Act, treasury shares for the purpose of enhancing Company's credit and shareholders' equity not reissued within six months shall be retired, and treasury stocks for all other purposes shall be reissued within three years from the month of acquisition.

(21) Employee stock option plan

- A) On December 25, 2003 and November 14, 2007, the board of directors approved the employee stock option plans which provide for the issuance of 10,000,000 units and 12,000,000 units of options, respectively, that can be converted to one share of common stock per unit. When the contributed capital changes as a result of the issuance of new shares of common stock, the option price will be adjusted based on a predetermined formula. The Company has issued the employee stock options on February 10, 2004 and December 17, 2007. The stock option has an exercise period of six years. Employees will be able to exercise these options after two years in accordance with the procedures of the employee stock option plan.
- B) The board of directors approved the employee stock option plan which provides for the issuance of 5,000,000 units of options on December 24, 2008. The plan has been reported to the Financial Supervisory Commission (the Administration) on December 31, 2008 and became effective since January 12, 2009. The Company expects to issue all or part of the stock options depending on actual demand during the year. As of April 23, 2009, no unit of employee stock options has been issued by the Company.

C) The units and weighted average exercise price of the stock options for the three-month periods ended March 31, 2009 and 2008 are as follows:

Stock Options	For the three-month periods ended March 31,			
	2009		2008	
	Units (in thousands)	Weighted-average exercise price (in dollars) (Note)	Units (in thousands)	Weighted-average exercise price (in dollars) (Note)
Beginning balance	16,297	\$ 26.16	16,718	\$ 29.21
Number of options granted	-	-	-	-
Adjustment due to issuance of stock dividends	-	-	-	-
Exercised	(123)	-	-	-
Cancelled	(109)	-	(158)	-
Ending balance	<u>16,065</u>	\$ 26.14	<u>16,560</u>	\$ 29.21
Exercisable at the end of the period	<u>4,488</u>		<u>4,704</u>	
Authorized but unissued at the end of the period	<u>-</u>		<u>-</u>	

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

D) As of March 31, 2009 and 2008, the details of outstanding stock options are as follows:

For the three-month period ended March 31, 2009					
Outstanding stock options			Exercisable stock options		
Exercise price (in dollars)	Units (in thousands)	Weighted-average remaining life (year)	Weighted-average exercise price (in dollars)	Units (in thousands)	Weighted-average exercise price (in dollars)
\$ 28.30	4,488	0.83	\$ 28.30	4,488	\$ 28.30
\$ 25.30	11,577	4.67	\$ 25.30	-	\$ -

For the three-month period ended March 31, 2008					
Outstanding stock options			Exercisable stock options		
Exercise price (in dollars)	Units (in thousands)	Weighted-average remaining life (year)	Weighted-average exercise price (in dollars)	Units (in thousands)	Weighted-average exercise price (in dollars)
\$ 31.40	4,704	1.83	\$ 31.40	4,704	\$ 31.40
\$ 28.35	11,856	5.67	\$ 28.35	-	\$ -

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

(a) Model: The Black-Scholes model

(b) Assumptions:

<u>Black-Scholes model assumptions</u>	<u>2007 Stock Options</u>	<u>2004 Stock Options</u>
Dividend yield	0%	0%
Volatility (Note 1)	43.58%	62.02%
Risk-free interest rate	2.65%	1.95%
Expected life of the option	4.3 years	6 years
Exercise price (Note 2)	\$ 25.3 (in dollars)	\$ 28.3 (in dollars)
Amortization period	2~3 years	2~3 years

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

Note 2: Exercise price of the stock options mentioned above considered the effect of earnings distribution and was readjusted to \$25.3 and \$28.3, respectively.

(c) Result of evaluation:

	<u>For the three-month period ended March 31, 2009</u>	
	<u>2007 stock options</u>	<u>2004 stock options</u>
Weighted average fair value of options granted to employees	\$ 10.95 (in dollars)	\$ 17.4656 (in dollars)
Compensation cost under "fair value method"	\$ 12,874	\$ -

	<u>For the three-month period ended March 31, 2008</u>	
	<u>2007 stock options</u>	<u>2004 stock options</u>
Weighted average fair value of options granted to employees	\$ 10.95 (in dollars)	\$ 17.4656 (in dollars)
Compensation cost under "fair value method"	\$ 13,496	\$ -

(d) Pro forma information:

		<u>(Retroactively adjusted)</u>	
		<u>For the three-month period ended March 31, 2009</u>	<u>For the three-month period ended March 31, 2008</u>
Net income	Net income	\$ 165,308	\$ 111,571
	Pro forma net income	152,434	98,075
Basic earnings per share (EPS)	EPS	1.13 (in dollars)	0.76 (in dollars)
	Pro forma EPS	1.05 (in dollars)	0.67 (in dollars)
Diluted earnings per share	EPS	1.13 (in dollars)	0.76 (in dollars)
	Pro forma EPS	1.04 (in dollars)	0.67 (in dollars)

(22) Personnel, depreciation and amortization expenses

	<u>For the three-month period ended March 31, 2009</u>		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Personnel expenses			
Salaries	\$ 23,429	\$ 201,951	\$ 225,380
Labor and health insurances	1,314	15,328	16,642
Pension	277	9,155	9,432
Others	278	15,178	15,456
	<u>\$ 25,298</u>	<u>\$ 241,612</u>	<u>\$ 266,910</u>
Depreciation	\$ 16,854	\$ 22,435	\$ 39,289
Amortization	40,926	15,438	56,364
	<u>\$ 57,780</u>	<u>\$ 37,873</u>	<u>\$ 95,653</u>

	<u>For the three-month period ended March 31, 2008</u>		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Personnel expenses			
Salaries	\$ 18,115	\$ 150,735	\$ 168,850
Labor and health insurances	590	11,418	12,008
Pension	-	7,946	7,946
Others	229	11,678	11,907
	<u>\$ 18,934</u>	<u>\$ 181,777</u>	<u>\$ 200,711</u>
Depreciation	\$ 18,061	\$ 17,303	\$ 35,364
Amortization	23,019	6,145	29,164
	<u>\$ 41,080</u>	<u>\$ 23,448</u>	<u>\$ 64,528</u>

5. RELATED PARTY TRANSACTIONS

(1) Names and relationship of related parties

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Nexon Corporation (Nexon)	A stockholder of the Company (Note 1)
Playcoo Co. (Playcoo)	A subsidiary of the Company (Note 2)
Gamania Cheer Up Foundation	Same chairman

Note 1: Held an interest of more than 20% in December 2008.

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

(2) Significant transactions and balances with related parties

A) License fees

	For the three-month periods ended March 31,			
	2009		2008	
	<u>Amount</u>	<u>% of operating cost</u>	<u>Amount</u>	<u>% of operating cost</u>
Nexon	\$ 254,240	54	\$ 220,518	60
Playcoo	-	-	1,395	-
	<u>\$ 254,240</u>	<u>54</u>	<u>\$ 221,913</u>	<u>60</u>

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

B) Deferred charges

	March 31, 2009		March 31, 2008	
	% of net		% of net	
	<u>Amount</u>	<u>deferred charges</u>	<u>Amount</u>	<u>deferred charges</u>
Nexon	\$ 62,916	13	\$ 76,186	25

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

C) Accounts payable

	March 31, 2009		March 31, 2008	
	% of		% of	
	<u>Amount</u>	<u>accounts payable</u>	<u>Amount</u>	<u>accounts payable</u>
Nexon	\$ 56,819	25	\$ 48,757	28

D) Donation

	For the three-month periods ended March 31,			
	2009		2008	
	<u>Amount</u>	<u>% of donation</u>	<u>Amount</u>	<u>% of donation</u>
Gamania Cheer Up Foundation	\$ 3,000	86	\$ -	-

6. DETAILS OF PLEDGED OR RESTRICTED ASSETS

<u>Assets</u>	<u>March 31,</u>		<u>Purpose</u>
	<u>2009</u>	<u>2008</u>	
Land	\$ 57,497	\$ 147,751	Long-term loans / Credit lines
Buildings	40,785	110,885	"
Cash in bank (shown in other financial assets-current)	2,000	-	Short-term loans / Credit lines
	<u>\$ 100,282</u>	<u>\$ 258,636</u>	

7. COMMITMENTS AND CONTINGENT LIABILITIES

- A) As of March 31, 2009, the total future rental payments for the next 3 years under non-cancelable operating lease agreements for the lease of the Group's office building and the server warehouse from Chunghwa Telecom Co., Ltd. was \$77,500.
- B) The Company contracted the use of cable lines, T1 and T3, with rental charges based on utilization. In addition, the Company contracted with several on-line game vendors and will pay royalty based on actual usage.
- C) As stated in Note 4(14), the Tax Authority imposed additional tax amounting to \$127,204 on the Company's 2002 income tax return. The Company reassessed the 2002 income tax return and deemed its additional liability to be \$4,050. The Company filed for re-examination in February 2006 to contest the balance of tax and penalties.
- E) For the period from January 1, 2009 to December 31, 2009, First Commercial Bank provided guarantee for merchandise transactions on behalf of the Company to Wisdom Distribution Service Corporation. The Company guarantees that if the amount of sales to Wisdom Distribution Service Corporation is lower than the amount of sales returns, the Company should pay the guarantee of \$4,000 to First Commercial Bank and Wisdom Distribution Service Corporation would get implicative guarantee from First Commercial Bank.

8. MAJOR CATASTROPHE

None.

9. SUBSEQUENT EVENTS

None.

10. OTHERS

(1) Financial statement presentation

Certain accounts in the March 31, 2008 financial statements were reclassified to conform with the March 31, 2009 financial statement presentation.

(2) The fair values of the financial instruments

	March 31, 2009			March 31, 2008		
	Fair value			Fair value		
	Book value	Quotations in an active market	Estimated value	Book value	Quotations in an active market	Estimated value
<u>Financial instruments</u>						
Non-derivative financial instruments						
Assets						
Financial assets with fair values equal to book values	\$2,000,865	(Note A)	\$2,000,865	\$1,763,248	(Note A)	\$1,763,248
Financial assets held for trading	-	-	-	87,533	87,533	-
Available-for-sale financial assets	-	-	-	19,722	19,722	-
Financial assets carried at cost	114,294	-	-	114,294	-	-
Refundable deposits	35,668	-	35,638	31,646	-	31,471
Liabilities						
Financial liabilities with fair values equal to book values	\$ 782,492	(Note A)	\$ 782,492	\$ 616,730	(Note A)	\$ 616,730
Long-term loans	15,315	-	14,416	-	-	-
Guarantee deposits	386	-	386	380	-	380

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

- A) For short-term instruments, the book value is approximate to the fair value because of their short maturities. This applies to cash and cash equivalents, notes and accounts receivable, other receivables, other financial asset-current, short-term loans, notes and accounts payable (including related parties), accrued expenses, other payables, current portion of long-term liabilities and other current liabilities.
- B) For financial assets held for trading and available-for-sale financial assets, the market value is the fair value.
- C) The fair value of long-term loans is based on the present value of expected cash flow amounts. The discount rate was another instrument which the Company could acquire similar terms at about 2.425%.

D) The fair value of refundable deposits is based on the present value of expected cash flow amounts. The discount rate was the one-year deposit rate of the Directorate General of Postal Remittances and Savings Bank.

E) The fair value of guarantee deposits is the book value since the amount is insignificant.

F) Off-balance sheet financial instruments with credit risk: None.

(3) Procedure of financial risk control and hedge

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

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

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

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

(4) Information of financial risk

A) Financial instruments of equity: Includes financial assets at fair value through profit or loss-current and financial asset carried at cost - non-current

(A) Market risk

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

(B) Credit risk

As long as the Group places transaction orders with centralized exchanges and over-the-counter trading centers, or trades with trading counterparties whose credit ratings are good, the trading counterparty is not expected to be in breach of contract, so the probability of credit risk is considered low.

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

(C) Liquidity risk

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

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

(D) Cash flow interest rate risk

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

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

(A) Market risk

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

(B) Credit risk

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

(C) Liquidity risk

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

(D) Cash flow interest rate risk

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

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

(A) Market risk

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

(B) Credit risk

None.

(C) Liquidity risk

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

(D) Cash flow interest risk

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

- (5) For the three-month periods ended March 31, 2009 and 2008, the Company donated cash and magazines amounting to \$3,500 and \$400, respectively, to charities and educational institutions that are accredited by the government, without significant appointed considerations.

11. DISCLOSURE INFORMATION

(1) Related information of significant transactions

A) Financing activities to any company or person: None

B) Guarantee for any other company or person:

Unit: Thousands of New Taiwan Dollars

Company or investee companies		Parties being guaranteed		Limit of guarantee for each party (Note 4)	Maximum outstanding guarantee amount for the three-month period ended March 31, 2009	Outstanding guarantee amount at March 31, 2009	Amount of guarantee with collateral placed	Ratio of accumulated guarantee amount to net value of the Company	Maximum amount available for guarantee (Note 3)
Number (Note 1)	Name	Name	Relationship with the Company (Note 2)						
0	The Company	Gamania Digital Entertainment (Japan) Co., Ltd. (Note 5)	3	\$ 30,000	\$ 30,000	\$ 30,000	None	1.21%	\$ 476,348 (30% of the Company's capital)

Note 1: Number 0 represents the Company.

Note 2: Number 3 means the Company and the subsidiary own over 50% of the shares of the investee company.

Note 3: In accordance with the Company's policy, the total guarantee amount of the Company shall not exceed 30% of the Company's capital.

Note 4: \$30,000, and should not exceed the guaranteed company's capital.

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

C) Marketable securities held at March 31, 2009

Unit: Thousands of New Taiwan Dollars / Thousands of Shares

Company	Type of marketable securities (Note (1))	Name of marketable securities	Relationship of the issuers with the security holders	General ledger account	March 31, 2009				
					Number of shares	Book value	Percentage	Market value (Note (2))	Note
The Company	Common Stock	Gamania Holdings Ltd.	Subsidiary	Long-term investment	31,818	\$ 357,886	100%	\$ 357,886	Note (3)
"	"	Gamania Korea Co., Ltd.	"	"	682	18,770	100%	18,770	Note (3)
"	"	Alibangbang Digital Games Co., Ltd.	"	"	10,423	17,831	99.27%	15,940	Note (3)
"	"	Taiwan Index Co., Ltd.	"	"	8,044	73,240	72.08%	73,240	Note (3)
"	"	Gamania Asia Investmet Co., Ltd.	"	"	13,945	144,180	100%	144,180	Note (3)
"	"	Gamania Digital Entertainment Labuan Holdings, Ltd.	"	"	10	325	100%	325	Note (3)
"	"	Fundation Digital Entertainment Co., Ltd.	"	"	7,000	14,387	100%	14,387	Note (3)
"	"	Playcoo Co.	"	"	13,996	112,631	75.25%	112,631	Note (3)
"	"	Redgate Games Co., Ltd.	"	"	3,000	30,000	100%	30,000	Note (3)
"	"	Seedo Games Co., Ltd.	"	"	3,000	30,000	100%	30,000	Note (3)
"	"	Taiwan e-sports Co., Ltd.	Investee company accounted for under the equity method	"	500	(4,390)	20%	(4,390)	None
"	"	Taiwan e-sports Co., Ltd.	"	Prepayment for long-term investment	-	5,000	-	5,000	None
"	"	Buybooks Digital Technology Corp., Ltd.	Investee company accounted under financial assets carried at cost	Financial assets carried at cost-non-current	300	-	3.74%	-	None
"	"	ECD Interactive Corporation (Note (4))	"	"	2,040	-	18.55%	-	None
"	"	Joyon Entertainment Co., Ltd.	"	"	697	-	11.47%	-	None
"	"	RAVA Ideologie Inc.	"	"	880	-	8.69%	-	None
"	"	NC Taiwan Co., Ltd.	"	"	2,100	22,841	15%	22,841	None

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

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

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

Note (4): Under liquidation.

- D) Marketable securities acquired or sold during the three-month period ended March 31, 2009 in excess of \$100,000 or 20% of capital: None.
- E) Acquired real estate in excess of \$100,000 or 20% of capital: None.
- F) Disposal of real estate in excess of \$100,000 or 20% of capital: None.
- G) Sales to or purchases from related parties in excess of \$100,000 or 20% of capital: None.
- H) Receivable from related parties in excess of \$100,000 or 20% of capital: None.
- I) Information on derivative transactions: None.

(2) Information of investee companies

A) Information of investee companies:

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

Unit: Thousands of New Taiwan Dollars / Thousands of Shares

Company	Name of investee	Location	Main operating activities	Original investment cost		Held by the Company			Income (loss) incurred by the investee	Investment income (loss) recognized by the Company	Note
				2009.3.31	2008.3.31	Number of shares	Percentage	Book value			
The Company	Gamania Holdings Ltd.	P.O. Box 30592 SMB, Cayside, 2nd Floor, Harbour Drive, Grand Cayman, Cayman Islands, British West Indies	Investment holdings	\$1,076,728	\$1,076,728	31,818	100%	\$ 357,886	\$ 37,649	\$ 37,649	Subsidiary (Note)
"	Gamania Korea Co., Ltd.	3F, NO.75-6 Soodang B/D, Samsung-Dong Kang Nam-Gu, Seoul Korea	Design and sales of software	208,970	189,255	682	100%	18,770	(7,977)	(7,977)	"
"	Alibangbang Digital Games Co., Ltd.	18F, No. 736 Chang-Cheng Rd., Chung-Ho City, Taipei County, Taiwan	Design and research and development of software	210,000	210,000	10,423	99.27%	17,831	(11,016)	(10,856)	"
"	Taiwan Index Co., Ltd.	"	Software services and sales	211,433	211,433	8,044	72.08%	73,240	9,045	6,520	"
"	Gamania Asia Investment Co., Ltd.	"	Investment holdings	190,000	190,000	13,945	100%	144,180	2,490	2,490	"
"	Gamania Digital Entertainment Labuan Holdings, Ltd.	Level 15(A), Main Office Tower, Financial Park Labuan, 87000 Labuan, Jalan Merdeka, 87000 Labuan, FT, Malaysia	Investment holdings	329	329	10	100%	325	(3)	(3)	"
"	Fundation Digital Entertainment CO., Ltd.	18F, No. 736 Chang-Cheng Rd., Chung-Ho City, Taipei County, Taiwan	Sales and publishing of magazines and periodicals	70,000	70,000	7,000	100%	14,387	(5,929)	(5,929)	"
"	Playcoo Co.	4F-4, No. 215, SEC 2, Cheng-deRd., Taipei City, Taiwan	Design and research and development of software	152,554	152,554	13,996	75.25%	112,631	15,613	7,554	"

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

Unit: Thousands of New Taiwan Dollars / Thousands of Shares

Company	Name of investee	Location	Main operating activities	Original investment cost		Held by the Company			Income (loss) incurred by the investee	Investment income (loss) recognized by the Company	Note
				2009.3.31	2008.3.31	Number of shares	Percentage	Book value			
The Company	Redgate Games Co., Ltd.	18F, No. 736 Chang-Cheng Rd., Chung-Ho City, Taipei County, Taiwan	Design and research and development of software	\$ 30,000	\$ -	3,000	100%	\$ 30,000	\$ -	\$ -	Subsidiary (Note 1)
The Company	Seedo Games Co., Ltd.	"	Design and research and development of software	30,000	-	3,000	100%	30,000	-	-	"
"	Taiwan e-sports Co., Ltd.	9F, No.176 Chung Hsiao East Rd. Section 4, Taipei City, Taiwan	Supply of software services and electronic information	10,000 (Note 2)	10,000 (Note 2)	500	20%	610 (Note 2)	(3,213)	(643)	Investee company accounted for under equity method (Note 1)
Gamania Asia Investment Co., Ltd.	Taiwan Index Co., Ltd.	18F, No. 736 Chang-Cheng Rd., Chung-Ho City, Taipei County, Taiwan	Design and sales of software	80,625	80,625	3,036	27.20%	27,373	9,045	2,460	"
Gamania Holdings Ltd.	Gamania International Holdings Ltd.	P.O. Box 30592 SMB, Cayside, 2nd Floor, Harbour Drive, Grand Cayman, Cayman Islands, British West Indies	Investment holdings	USD 31,818 thousand	USD 31,818 thousand	31,818	100%	USD 10,612 thousand	USD 1,114 thousand	USD 1,114 thousand	Subsidiary (Note 1)
Gamania International Holdings Ltd.	Gamania Digital Entertainment (Japan) Co., Ltd.	Sumitomo Ooimachi Bldg (North) 4F, 1-20-6, Ooi, Shinagawa-Ku, Tokyo, Japan 140-0014	Design and sales of software; sales of hardware	USD 14,298 thousand	USD 14,298 thousand	3	100%	USD 4,445 thousand	USD 648 thousand	USD 648 thousand	"
Gamania International Holdings Ltd.	Gamania China Holdings Ltd.	P.O. Box 30592 SMB, Cayside, 2nd Floor, Harbour Drive, Grand Cayman, Cayman Islands, British West Indies	Investment holdings	USD 19,594 thousand	USD 19,594 thousand	19,594	93.84%	USD 6,595 thousand	USD 501 thousand	USD 470 thousand	"

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

Note 2: Including prepayment of \$5,000 for long-term investment.

Unit: Thousands of New Taiwan Dollars / Thousands of Shares

Company	Name of investee	Location	Main operating activities	Original investment cost		Held by the Company			Income (loss) incurred by the investee	Investment income (loss) recognized by the Company	Note
				2009.3.31	2008.3.31	Number of shares	Percentage	Book value			
Gamania China Holdings Ltd.	Gamania Sino Holdings Ltd.	Fourth Floor, One Capital Place P.O. Box 874GT, Grand Cayman, Cayman Islands, British West Indies	Investment holdings	USD 17,820 thousand	USD 17,820 thousand	17,820	100%	USD 35 thousand	(USD 418 thousand)	(USD 418 thousand)	Subsidiary (Note)
Gamania Sino Holdings Ltd.	Gamania Digital Entertainment (Beijing) Co., Ltd.	Rm. 811, 8F, Building A, GEM Techcenter, No. 9, 3rd street of Shangdi, Beijing 100085 China	Design and sales of software	USD 14,300 thousand	USD 14,300 thousand	N/A	100%	(USD 13 thousand)	(USD 368 thousand)	(USD 368 thousand)	"
Gamania China Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	Flat 504-507, 5F, Conic Investment Building, 13 Hok Yuen Street, Hung, Hom, Kowloon, Hong Kong	Design and sales of software	USD 3,009 thousand	USD 3,009 thousand	35,500	100%	USD 6,105 thousand	USD 918 thousand	USD 918 thousand	"
Playcoo Co.	InnoJelly Corporation	2nd Floor, Abbott Building, Road Town, Tortola, British Virgin Islands	Investment holdings	USD 2 thousand	USD 2 thousand	2	100%	10	-	-	"

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

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

C) Guarantee information: None.

D) Marketable securities held at March 31, 2009:

Issuer	Type of marketable securities (Note (1))	Name of marketable securities	Relationship with the security holders	General ledger account	March 31, 2009				
					Number of shares (Note (3))	Book value	Percentage	Market value (Note (2))	Note
Gamania Holdings Ltd.	Common Stock	Gamania International Holdings Ltd.	Subsidiary	Long-term investments – accounted for under the equity method	31,818	USD 10,612 thousand	100%	USD 10,612 thousand	Note (4)
Gamania International Holdings Ltd.	"	Gamania Digital Entertainment (Japan) Co., Ltd.	"	"	3	USD 4,445 thousand	100%	USD 4,445 thousand	"
Gamania International Holdings Ltd.	"	Gamania China Holdings Ltd.	"	"	19,594	USD 6,595 thousand	93.84%	USD 6,595 thousand	"
Gamania China Holdings Ltd.	"	Gamania Digital Entertainment (H.K.) Co., Ltd.	"	"	35,500	USD 6,105 thousand	100%	USD 6,105 thousand	"
Gamania China Holdings Ltd.	"	Gamania Sino Holdings Ltd.	"	"	17,820	USD 65 thousand	100%	USD 35 thousand	"
Gamania Sino Holdings Ltd.	"	Gamania Digital Entertainment (Beijing) Co., Ltd.	"	"	N/A	(USD 13 thousand)	100%	(USD 13 thousand)	"
Playcoo Co.	"	InnoJelly Corporation	"	"	2	\$ 10	100%	\$ 10	"
Gamania Asia Investment Co., Ltd.	"	Taiwan Index Co., Ltd.	Investee company accounted for under equity method	"	3,036	27,373	27.20%	27,373	"
Gamania Asia Investment Co., Ltd.	"	Nice Finance Co., Ltd.	Investee company accounted under financial assets carried at cost	Financial assets carried at cost	9,383	91,453	14.60%	91,453	None

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

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

The market value of open-end mutual funds is determined based on the net asset value at the balance sheet date.

Note (3): Unit: In thousand shares

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

- E) Marketable securities acquired or sold during the three-month period ended March 31, 2009 in excess of \$100,000 or 20% of capital: None.
- F) Acquired real estate in excess of \$100,000 or 20% of capital: None.
- G) Disposal of real estate in excess of \$100,000 or 20% of capital: None.
- H) Sale to or purchases from related parties in excess of \$100,000 or 20% of capital: None.
- I) Receivable from related parties in excess of \$100,000 or 20% of capital: None.
- J) Information on derivative transactions: None.

(3) DISCLOSURE OF INFORMATION ON INVESTMENT IN MAINLAND CHINA

A)

Name of investee in Mainland China	Main activities	Capital	Investment method	Accumulated investment as of January 1, 2009	Remitted or received investment amount during the period		Accumulated investment as of March 31, 2009	Direct and indirect percentage of ownership	Investment loss recognized during the period (Note (3))	Balance of investment at March 31, 2009	Accumulated investment income received as of March 31, 2009
					Remitted	Received					
Gamania Digital Entertainment (Beijing) Co., Ltd.	Design and sales of software	(RMB 116,075 thousand) \$575,941	(Note (2))	(USD 12,170 thousand) \$412,806	\$ -	\$ -	(USD 12,170 thousand) \$412,806	93.84%	(USD 345 thousand) (\$ 11,702)	(USD 12 thousand) (\$ 407)	\$ -

Accumulated amount of investment in Mainland China as of March 31, 2009	Related investment amount approved by FIA	Upper limit of investment in Mainland China
\$ 412,806 (USD 12,170 thousand)	\$ 575,962 (Note (1))	\$ 1,508,680

Note (1): Related total investment amount approved by FIA is USD 16,980,000 or NTD 575,962 thousand based on 33.92 exchange rate.

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

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

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

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

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

For the three-month period ended March 31, 2009

Number (Note (1))	Name of counterparty	Name of transaction parties	Relationship (Note (2))	Transaction terms			Percentage of total combined revenue or total assets (Note (3))
				Subject	Amount	Transaction terms	
0	Gamania Digital Entertainment Co., Ltd.	Playcoo Co.	1	License costs	\$ 7,761	Note (4)	-%
0	"	Taiwan Index Co., Ltd.	1	Advertising expense	8,040	Note (4)	-%
0	"	Gamania Digital Entertainment (Beijing) Co., Ltd.	1	Other receivables	5,533	Note (4)	-%
0	"	Gamania Digital Entertainment (H.K.) Co., Ltd.	1	Other receivables	5,432	Note (4)	-%
0	"	Taiwan Index Co., Ltd.	1	Accrued expenses	5,423	Note (4)	-%
0	"	Taiwan Index Co., Ltd.	1	Other payables	62,381	Note (4)	2%
1	Taiwan Index Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Sales revenue	8,040	Note (4)	-%
1	"	"	2	Accounts receivable	67,804	Note (4)	2%
2	Gamania Digital Entertainment (H.K.) Co., Ltd.	"	2	Other payables	5,432	Note (4)	-%
3	Gamania Digital Entertainment Labuan Holding, Ltd.	Gamania Digital Entertainment (Japan) Co., Ltd.	3	Accounts receivable	33,071	Note (4)	1%
3	"	Playcoo Co.	3	Accounts payable	30,244	Note (4)	1%
4	Gamania Digital Entertainment (Japan) Co., Ltd.	Gamania Digital Entertainment Labuan Holding, Ltd.	3	Accounts payable	33,071	Note (4)	1%
5	Playcoo Co.	Gamania Digital Entertainment Co., Ltd.	2	License revenue	7,761	Note (4)	-%
5	"	Gamania Digital Entertainment Labuan Holding, Ltd.	3	Accounts receivable	30,244	Note (4)	1%
6	Gamania Digital Entertainment (Beijing) Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	5,533	Note (4)	-%

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

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

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

1. The Company to the consolidated subsidiary.

2. The consolidated subsidiary to the Company.

3. The consolidated subsidiary to another consolidated subsidiary.

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

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

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

For the three-month period ended March 31, 2008

Number (Note (1))	Name of counterparty	Name of transaction parties	Relationship (Note (2))	Transaction terms			Percentage of total combined revenue or total assets (Note (3))
				Subject	Amount	Transaction terms	
0	Gamania Digital Entertainment Co., Ltd.	Gamania Digital Entertainment (Beijing) Co., Ltd.	1	Other receivables	\$ 6,615	Note (4)	-%
0	"	Gamania Digital Entertainment (H.K.) Co., Ltd.	1	Other receivables	5,305	Note (4)	-%
0	"	Playcoo Co.	1	Deferred charges	7,285	Note (4)	-%
0	"	Taiwan Index Co., Ltd.	1	Other payables	50,106	Note (4)	2%
1	Taiwan Index Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Accounts receivable	50,106	Note (4)	2%
2	Gamania Digital Entertainment (H.K.) Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	5,305	Note (4)	-%
2	"	Gamania Sino Holdings Ltd.	3	Accounts receivable	6,277	Note (4)	-%
3	Playcoo Co.	Gamania Digital Entertainment Co., Ltd.	2	Receipts in advance	7,285	Note (4)	-%
4	Gamania Digital Entertainment (Beijing) Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	6,615	Note (4)	-%
4	"	Gamania Sino Holdings Ltd.	3	Other payables	7,844	Note (4)	-%
5	Gamania Sino Holdings Ltd.	Gamania Digital Entertainment (Beijing) Co., Ltd.	3	Other receivables	7,844	Note (4)	-%
5	"	Gamania Digital Entertainment (H.K.) Co., Ltd.	3	Other payables	6,277	Note (4)	-%

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

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

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

1. The Company to the consolidated subsidiary.

2. The consolidated subsidiary to the Company.

3. The consolidated subsidiary to another consolidated subsidiary.

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

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

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

12. SEGMENT FINANCIAL INFORMATION

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