

**GAMANIA DIGITAL ENTERTAINMENT CO., LTD.**

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

**MARCH 31, 2008 AND 2007**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying 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.

## **Report of Independent Accountants Translated from Chinese**

(08) R.F014.08000012

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, 2008 and 2007, 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 report 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 \$684,288 thousand and \$616,021 thousand, constituting 21.41% and 18.49% of the related consolidated totals as of March 31, 2008 and 2007, respectively, and total operating revenues of \$186,361 thousand and \$119,721 thousand, constituting 18.92% and 13.98% of the related consolidated totals for the three-month periods then ended, respectively. In addition, as explained in Note 4(8), the consolidated financial statements include certain long-term investments accounted for under the equity method amounting to \$3,468 thousand and \$27,695 thousand as of March 31, 2008 and 2007, respectively, and the related investment loss was \$2,987 thousand and \$2,026 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”, “Business Entity Accounting Law”, “Regulation on Business Entity Accounting Handling” and generally accepted accounting principles in the Republic of China.

As described in Note 3, Gamania Digital Entertainment Co., Ltd. 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 21, 2008

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The accompanying 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 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 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)**

	2008	2007		2008	2007
<b>ASSETS</b>			<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<u>Current Assets</u>			<u>Current Liabilities</u>		
Cash and cash equivalents (Note 4 (1))	\$ 715,877	\$ 1,083,550	Short-term loans (Note 4 (12))	\$ -	\$ 30,000
Financial assets at fair value through profit or loss – current (Note 4 (2))	87,533	-	Notes payable – third parties	121,983	173,959
Available-for-sale financial assets – current (Note 4 (3))	19,722	-	Accounts payable – third parties	173,158	150,929
Notes receivable – third parties – net (Note 4 (4))	73,671	137,014	Income tax payable (Note 4 (14))	29,138	74,098
Accounts receivable – third parties – net (Note 4 (5))	966,156	841,310	Accrued expenses	172,179	109,532
Other receivables	7,544	8,292	Other payables – third parties	104,232	63,940
Inventories – net (Note 4 (6))	31,671	31,150	Unearned revenue collected in advance	79,722	116,950
Prepaid expenses	43,629	30,949	Current portion of long-term loans (Note 4 (13))	-	120,000
Deferred income tax assets – current (Note 4 (14))	20,944	33,177	Other current liabilities	45,177	45,489
Other current assets	3,136	3,745		<u>725,589</u>	<u>884,897</u>
	<u>1,969,883</u>	<u>2,169,187</u>	<u>Other Liabilities</u>		
<u>Long-term Investments</u>			Accrued pension liabilities (Note 4 (15))	5,445	3,510
Financial assets carried at cost – non-current (Note 4 (7))	114,294	114,294	Guarantee deposits	380	361
Long-term investments – accounted for under the equity method (Note 4 (8))	3,468	27,695	Other liabilities – other	406	1,044
	<u>117,762</u>	<u>141,989</u>		<u>6,231</u>	<u>4,915</u>
<u>Property, Plant and Equipment – net (Notes 4 (9) and 6)</u>			Total Liabilities	<u>731,820</u>	<u>889,812</u>
Cost			<u>Stockholders' Equity</u>		
Land	147,751	147,751	Common stock (Note 1)	1,530,678	1,468,787
Buildings	156,612	156,054	Capital reserve (Note 4 (16))		
Machinery and equipment	642,610	764,557	Paid-in capital in excess of par	740,670	736,166
Office equipment	63,705	57,282	Gain on disposal of property, plant and equipment	221	221
Leased assets	5,240	1,551	Retained earnings		
Leasehold improvements	36,407	20,127	Legal reserve (Note 4(17))	24,132	-
Other equipment	1,496	1,357	Retained earnings (Note 4 (18))	483,192	358,777
Total Cost	1,053,821	1,148,679	Financial instruments' unrealized gain (loss)	186	( 45)
Less: Accumulated depreciation	( 489,399)	( 570,539)	Cumulative translation adjustments	18,594	23,730
Accumulated impairment	( 5,121)	( 19,180)	Treasury stock (Note 4 (20))	( 350,140)	( 155,765)
Construction in progress and prepayments for equipment	175	-		2,447,533	2,431,871
	<u>559,476</u>	<u>558,960</u>	Minority interest	17,469	9,939
<u>Intangible assets</u>			Total Stockholders' Equity	<u>2,465,002</u>	<u>2,441,810</u>
Trademark	265	287	Commitments and Contingent Liabilities (Note 7)		
Goodwill	39,375	2,900			
Deferred pension cost	780	545			
Other intangible assets – net (Note 4 (10))	317	695			
	<u>40,737</u>	<u>4,427</u>			
<u>Other Assets</u>					
Refundable deposits	31,646	36,749			
Deferred charges – net (Note 4 (11))	305,401	204,843			
Deferred income tax assets – non-current (Note 4 (14))	171,708	215,467			
Other assets – other	209	-			
	<u>508,964</u>	<u>457,059</u>			
<b>TOTAL ASSETS</b>	<b><u>\$ 3,196,822</u></b>	<b><u>\$ 3,331,622</u></b>	<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b><u>\$ 3,196,822</u></b>	<b><u>\$ 3,331,622</u></b>

The accompanying notes are an integral part of these consolidated financial statements.  
See report of independent accountants dated April 21, 2008.

**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>2008</u>	<u>2007</u>
Operating revenues		
Sales revenue	\$ 1,029,158	\$ 862,877
Sales returns	( 48,616)	( 22,302)
Sales allowances	( 14,060)	( 13,708)
Net sales revenue	966,482	826,867
Service revenue	18,757	29,259
Operating revenues	<u>985,239</u>	<u>856,126</u>
Operating costs		
Cost of goods sold (Notes 4 (22) and 5)	( 498,930)	( 443,338)
Gross profit	<u>486,309</u>	<u>412,788</u>
Operating expenses (Notes 4 (22) and 10)		
Selling expenses	( 99,902)	( 79,408)
General and administrative expenses	( 197,866)	( 163,973)
Research and development expenses	( 46,545)	( 38,411)
Total operating expenses	<u>( 344,313)</u>	<u>( 281,792)</u>
Operating income	<u>141,996</u>	<u>130,996</u>
Non-operating income		
Interest income	3,026	1,153
Gain on adjustment of financial assets	922	2,454
Gain on disposal of property, plant and equipment	42	-
Gain on sale of investments (Note 4 (7))	-	20,681
Foreign exchange gain	1,937	-
Rental income	53	96
Gain from price recovery of inventories	10,000	-
Miscellaneous income	1,139	4,552
Total non-operating income	<u>17,119</u>	<u>28,936</u>
Non-operating expenses		
Interest expense	( 213)	( 830)
Investment loss accounted for under the equity method (Note 4 (8))	( 2,987)	( 2,026)
Loss on decline in market value of obsolete inventories	( 6,590)	( 7,155)
Miscellaneous losses	( 741)	( 2,497)
Total non-operating expenses	<u>( 10,531)</u>	<u>( 12,508)</u>
Income before income tax	148,584	147,424
Income tax expense (Note 4 (14))	( 36,506)	( 30,921)
Consolidated net income	<u>\$ 112,078</u>	<u>\$ 116,503</u>
Attributable to:		
Equity holders of the Company	\$ 111,571	\$ 118,079
Minority interest	507	( 1,576)
	<u>\$ 112,078</u>	<u>\$ 116,503</u>

	<u>2008</u>		<u>2007</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 (in dollars) (Note 4 (19))				
Profit attributable to equity holders of the Company	\$ 1.03	\$ 0.78	\$ 1.04	\$ 0.83
Minority interest loss	-	-	( 0.01)	( 0.01)
Consolidated net income	<u>\$ 1.03</u>	<u>\$ 0.78</u>	<u>\$ 1.03</u>	<u>\$ 0.82</u>
Diluted earnings per share (in dollars) (Note 4 (19))				
Profit attributable to equity holders of the Company	\$ 1.03	\$ 0.78	\$ 1.04	\$ 0.82
Minority interest loss	-	-	( 0.01)	( 0.01)
Consolidated net income	<u>\$ 1.03</u>	<u>\$ 0.78</u>	<u>\$ 1.03</u>	<u>\$ 0.81</u>

The accompanying notes are an integral part of these consolidated financial statements.  
See report of independent accountants dated April 21, 2008.

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>2008</u>	<u>2007</u>
<u>Cash flows from operating activities</u>		
Consolidated net income	\$ 112,078	\$ 116,503
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Gain on sale of investments	-	( 20,681)
Gain on adjustment of financial assets	( 922)	( 2,454)
Reversal of allowance for doubtful accounts and sales returns	( 13,431)	( 895)
Provision for decline in market value and obsolescence of inventories and inventories written – off	6,590	5,481
Investment loss accounted for under the equity method	2,987	2,026
Depreciation and amortization	63,075	62,079
Amortization of trademark	11	11
Gain on disposal of property, plant and equipment	( 42)	( 27)
Amortization of other intangible assets	78	83
Fixed assets charged to other expenses	19	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Notes receivable - third parties	15,335	( 24,320)
Accounts receivable - third parties	( 85,147)	30,749
Other receivables - third parties	5,355	( 4,522)
Inventories	( 23,152)	( 13,962)
Prepaid expenses	( 16,580)	( 14,182)
Deferred income tax assets	15,852	1,090
Other current assets	576	( 1,844)
Increase (decrease) in:		
Notes payable - third parties	( 16,717)	103,638
Accounts payable - third parties	3,275	52,308
Accounts payable - related party	-	( 26,168)
Income tax payable	19,408	29,157
Accrued expenses	( 31,742)	( 68,462)
Other payables - third parties	6,484	8,433
Unearned revenue collected in advance	( 29,517)	( 29,852)
Other current liabilities	15,453	36,456
Accrued pension liabilities	176	( 1,848)
Net cash provided by operating activities	<u>49,502</u>	<u>238,797</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>2008</u>	<u>2007</u>
<b><u>Cash flows from investing activities</u></b>		
Proceeds from disposal of financial assets held for trading		
- bond funds	\$ 544,923	\$ 1,089,454
Increase in financial assets held for trading - bond funds	( 631,534)	( 1,087,000)
Proceeds from disposal of long-term investments	-	75,499
Proceeds from disposal of property, plant and equipment	570	686
Increase in long-term investments – subsidiary acquisition price	( 75,545)	-
Acquisition of property, plant and equipment	( 51,448)	( 12,409)
Increase in deferred charges	( 59,425)	( 35,860)
Decrease (increase) in refundable deposits, net	1,068	( 10,950)
Increase in other assets – other	( 10)	-
Net cash (used in) provided by investing activities	<u>( 271,401)</u>	<u>19,420</u>
<b><u>Cash flows from financing activities</u></b>		
(Decrease) increase in short-term loans	( 10,000)	30,000
Decrease in long-term loans	( 25,000)	( 25,000)
Increase in other liabilities - other	111	94
(Decrease) increase in guarantee deposits	( 901)	11
Decrease in capital lease obligation – non-current	-	( 128)
Acquisition of treasury stock	( 149,352)	-
Changes in minority interest	( 672)	1,467
Net cash (used in) provided by financing activities	<u>( 185,814)</u>	<u>6,444</u>
Effect of changes in consolidated subsidiaries	1,334	( 215,394)
Effect of exchange rate changes on cash and cash equivalents	( 7,420)	3,103
Net (decrease) increase in cash and cash equivalents	( 413,799)	52,370
Cash and cash equivalents at beginning of year	<u>1,129,676</u>	<u>1,031,180</u>
Cash and cash equivalents at end of year	<u>\$ 715,877</u>	<u>\$ 1,083,550</u>
<b><u>Supplemental disclosures of cash flow information</u></b>		
Cash paid during the period for:		
Interest	<u>\$ 251</u>	<u>\$ 950</u>
Income tax	<u>\$ 304</u>	<u>\$ 33</u>
<b><u>Cash paid for the acquisition of property, plant and equipment:</u></b>		
Property, plant and equipment acquired	\$ 24,678	\$ 19,911
Payable at end of year	( 3,233)	( 9,593)
Payable at beginning of year	30,003	2,091
Cash paid	<u>\$ 51,448</u>	<u>\$ 12,409</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>2008</u>	<u>2007</u>
<u>Information on disposal of majority-owned subsidiaries:</u>		
Cash and bank deposits	\$ -	\$ 70,863
Other current assets	-	151,777
Property, plant and equipment	-	78,373
Other assets	-	23,526
Current liabilities	-	( 171,811)
Other liabilities	<u>-</u>	<u>( 669)</u>
Total minority interest's equity	-	152,059
Gain on disposal of majority-owned subsidiaries	-	20,681
Minority interest	-	( 74,400)
Book value of long-term investments which were not disposed	<u>-</u>	<u>( 22,841)</u>
Proceeds from disposal of majority-owned subsidiaries	<u>\$ -</u>	<u>\$ 75,499</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>( 4,692)</u>	<u>-</u>
Acquisition price	<u>\$ 75,545</u>	<u>\$ -</u>

The accompanying notes are an integral part of these consolidated financial statements.  
See report of independent accountants dated April 21, 2008.



GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2008 AND 2007  
(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, 2008, 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 \$1,530,678. The Company is engaged in software services, TV programming and magazine publications. As of March 31, 2008, the Company and its consolidated subsidiaries had 1,045 employees.

(2) Consolidated subsidiaries

<u>Name of company</u>	<u>Relationship</u>	<u>Main activities</u>	<u>% of shares held as of</u>	
			<u>2008</u>	<u>2007</u>
Gamania Holdings Ltd.	Note A	Investment holding company	100%	100%
Taiwan Index Co., Ltd.	Note A	Software services	96.64%	96.60%
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	98.6%	96.92%
Foundation Digital Entertainment Co., Ltd.	Note A	Publishing of magazines and periodicals	100%	100%
Gamania Digital Entertainment Labuan Holdings, Ltd.	Note A	Investment holding company	100%	100%
Playcoo Co.	Note A	Design and research of software	73.32%	-
Gamania International Holdings Ltd.	Note B	Investment holding company	100%	100%
InnoJelly Corporation	Note B	Investment holdings	73.32%	-
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 holding company	93.55%	92.92%
Gamania Digital Entertainment (H.K.) Co., Ltd.	Note D	Design and sales of software	93.55%	92.92%

<u>Name of company</u>	<u>Relationship</u>	<u>Main activities</u>	<u>% of shares held as of</u>		
			<u>March 31,</u>		
			<u>2008</u>	<u>2007</u>	
G. A. Co., Limited	Note D	Design and sales of software	93.55%	92.92%	
Gamania Digital Entertainment Sino Holdings Co., Ltd.	Note D	Investment holdings	93.55%	92.92%	
Gamania Digital Entertainment (Beijing) Co., Ltd.	Note E	Design and sales of software	93.55%	92.92%	

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.

1. The consolidated financial statements include unreviewed financial statements of certain consolidated subsidiaries, which statements reflect total assets of \$684,288 thousand and \$616,021 thousand, constituting 21.41% and 18.49% of the related consolidated totals as of March 31, 2008 and 2007, respectively, and total operating revenues of \$186,361 thousand and \$119,721 thousand, constituting 18.92% and 13.98% of the related consolidated totals for the three-month periods then ended, 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>2008</u>	<u>2007</u>	
Playcoo Co.	Note A	Design and research of software	73.32%	30.30%	Note C
InnoJelly Corporation	Note B	Investment holdings	73.32%	-	Note D

Note A: Majority-owned subsidiary.

Note B: The company was established in 2007.

Note C: Percentage of shares held by the Company increased from 30.30% to 73.32%.

Note D: A majority-owned subsidiary of Playcoo Co.

(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", "Business Entity Accounting Law", "Regulation on Business Entity Accounting Handling" 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, although the Company owns less than 50% of the voting rights of the investee companies directly or indirectly. 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.

(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. The excess of the initial investment cost over the acquired net asset value of the investee attributable to goodwill is no longer amortized and carries on tests of impairment every year, effective January 1, 2006. Retroactive adjustment of the amount of goodwill amortized in previous years is not required.
- B) The accounting policy on impairment of long-term investments accounted for under the equity method is described in Note 2(15).

(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 5 years for the other property, plant and equipment.

- B) When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts and the resulting gain or loss is included in current non-operating income (expense).
- C) Major renewals or betterments are capitalized and depreciated accordingly. Maintenance and repairs are expensed as incurred.
- D) Rents paid for capital leases are capitalized and liabilities on lease obligations are recognized accordingly.
- E) The accounting policy on impairment of property, plant and equipment is described in Note 2(15).

(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.
- C) The accounting policy on impairment of deferred charges is described in Note 2(15).

(14) Other intangible assets

- A) Franchises for game development are recorded at acquisition cost and amortized using the straight-line method over the estimated service life. Franchises could be deducted from franchises payable amounting to 2% based on sales revenues.
- B) The accounting policy on impairment of other intangible assets is described in Note 2(15).

(15) Impairment of non-financial assets

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

(16) Share-based payment – employee compensation plan

The Company adopted Regulation No. 70, 71 and 72 “Accounting for Employee Stock Option Plan” issued by the Accounting Research and Development Foundation in Taiwan for grant date of employee stock option or amended date of employee stock option plan, effective January 1, 2004. The cost of employee stock option plan is determined using the “intrinsic value method”. In addition, the Company discloses the pro forma net income and earnings per share as if the “fair-value-based method” has been adopted.

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

The cost of employees’ bonuses and directors’ and supervisors’ remuneration is determined by the Regulation No. 52 “Accounting for Employees’ Bonuses and Directors’ and Supervisors’ Remuneration” issued by the Accounting Research and Development Foundation in Taiwan. The Company recognizes the expense and the related liability when the obligation can be measured reliably.

(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, income tax is accounted for based on the income tax law or other regulations when income tax is equal or more than the basic tax. When income tax is lower than the basic tax, income tax due shall be equal to the basic tax. The difference cannot be deducted from investment credits based on other regulations.

(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. Costs and expenses are recognized as incurred.
- E) 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. The Company adopted the “treasury stock method” in computing the dilutive effect of the employee stock options.

(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

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>2008</u>	<u>2007</u>
Cash on hand	\$ 905	\$ 6,292
Cash in banks	259,275	997,702
Time deposits	414,688	54,451
Cash equivalents	<u>41,009</u>	<u>25,105</u>
	<u>\$ 715,877</u>	<u>\$ 1,083,550</u>

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

	<u>March 31,</u>	
	<u>2008</u>	<u>2007</u>
Current items:		
Financial asset held for trading		
Bond funds	\$ 87,533	\$ -
Adjustment of financial asset held for trading	<u>-</u>	<u>-</u>
	<u>\$ 87,533</u>	<u>\$ -</u>

##### (3) Available-for-sale financial assets

	<u>March 31,</u>	
	<u>2008</u>	<u>2007</u>
Current item:		
Bond funds	\$ 19,468	\$ -
Adjustment of available-for-sale financial assets	<u>254</u>	<u>-</u>
	<u>\$ 19,722</u>	<u>\$ -</u>

(4) Notes receivable

	March 31,	
	2008	2007
Notes receivable	\$ 73,687	\$ 137,030
Less: Allowance for doubtful accounts	( 16)	( 16)
	<u>\$ 73,671</u>	<u>\$ 137,014</u>

(5) Accounts receivable

	March 31,	
	2008	2007
Accounts receivable	\$ 1,038,500	\$ 921,185
Less: Allowance for doubtful accounts	( 62,792)	( 73,615)
Allowance for sales returns	( 9,552)	( 6,260)
	<u>\$ 966,156</u>	<u>\$ 841,310</u>

(6) Inventories

	March 31,	
	2008	2007
Inventories	\$ 60,398	\$ 59,754
Less: Reserve for decline in market value and obsolescence	( 28,727)	( 28,604)
	<u>\$ 31,671</u>	<u>\$ 31,150</u>

(7) Financial assets carried at cost

	March 31,	
	2008	2007
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.
- B) In January 2007, the Company sold 5,040,000 common shares of NC Taiwan Co., Ltd. to NCsoft Corporation at a cost of \$14.98 per share and recognized a gain on disposal of \$20,681. After the disposal, the Company's ownership in NC Taiwan Co., Ltd. decreased from 51% to 15%. Accordingly, the said investment was classified as "Financial asset carried at cost – non-current" instead of "Long-term investment accounted for under the equity method".

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

A) List of long-term investments

<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)	138,696	73.32%	-	( 2,016)
	<u>\$ 143,696</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, and the Company has included Playcoo Co. in its consolidated financial statements from then on.

<u>Name of investee</u>	<u>Original cost</u>	<u>March 31, 2007</u>		<u>Investment loss for the three-month period ended March 31, 2007</u>
		<u>Ownership Percentage</u>	<u>Balance</u>	
Playcoo Co.	<u>\$ 40,000</u>	30.30%	<u>\$ 27,695</u>	<u>(\$ 2,026)</u>

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, 2008 and 2007 which were not reviewed by independent accountants.

(9) Property, plant, and equipment

	<u>March 31,</u>	
	<u>2008</u>	<u>2007</u>
<u>Cost</u>		
Land	\$ 147,751	\$ 147,751
Buildings	156,612	156,054
Machinery and equipment	642,610	764,557
Office equipment	63,705	57,282
Leased assets	5,240	1,551
Leasehold improvements	36,407	20,127
Other equipment	1,496	1,357
	<u>1,053,821</u>	<u>1,148,679</u>
<u>Accumulated depreciation</u>		
Buildings	( 17,514)	( 13,223)
Machinery and equipment	( 430,290)	( 509,719)
Office equipment	( 28,414)	( 33,926)
Leased assets	( 2,760)	( 1,098)
Leasehold improvements	( 9,513)	( 11,968)
Other equipment	( 908)	( 605)
	<u>( 489,399)</u>	<u>( 570,539)</u>
Construction in progress and prepayments for equipment	175	-
Less: Accumulated impairment	( 5,121)	( 19,180)
	<u>\$ 559,476</u>	<u>\$ 558,960</u>

(10) Other intangible assets

	<u>March 31,</u>	
	<u>2008</u>	<u>2007</u>
Prepayments for franchises	\$ 38,615	\$ 41,437
Less: Accumulated impairment	( 38,298)	( 40,742)
	<u>\$ 317</u>	<u>\$ 695</u>

(11) Deferred charges

	<u>March 31,</u>	
	<u>2008</u>	<u>2007</u>
Royalty payments	\$ 462,277	\$ 434,668
Unamortized expense	166,757	96,091
	629,034	530,759
Less: Accumulated impairment	( 323,633)	( 325,916)
	<u>\$ 305,401</u>	<u>\$ 204,843</u>

(12) Short-term loans

	<u>March 31,</u>	
	<u>2008</u>	<u>2007</u>
Short-term bank loans	<u>\$ -</u>	<u>\$ 30,000</u>
Annual interest rates	-	2.00%
Credit lines	<u>\$ 565,000</u>	<u>\$ 255,000</u>

(13) Long-term loans

<u>Bank</u>	<u>Total Credit Lines</u>	<u>Period/Terms of Repayment</u>	<u>March 31,</u>	
			<u>2008</u>	<u>2007</u>
Mega International Commercial Bank	\$ 150,000	08.30.2004 ~ 07.20.2007 Principal due on maturity	\$ -	\$ 50,000
Mega International Commercial Bank	150,000	12.31.2004 ~ 07.20.2007 Principal due on maturity (Note)	-	20,000
Chang Hwa Bank	150,000	02.14.2005 ~ 02.14.2009 First year grace period, 12 equal semi-annual installments starting from year 2 (Note)	-	50,000
			-	120,000
Less: Current portion			-	( 120,000)
			<u>\$ -</u>	<u>\$ -</u>

Note: Part of the principal amount was repaid before due date.

(14) Income tax

A) Income tax payable and income tax expense for the three-month periods ended March 31, 2008 and 2007 are reconciled as follows:

	<u>For the three-month periods ended March 31,</u>	
	<u>2008</u>	<u>2007</u>
Current year income tax expense	\$ 36,349	\$ 30,921
Additional 10% corporate income tax on undistributed earnings	157	-
	<u>36,506</u>	<u>30,921</u>
Add (Less): Net change in deferred income tax assets	( 15,852)	( 1,090)
Prepaid income tax	( 304)	( 33)
Income tax payable of prior year	8,966	44,314
Income tax refundable	40	-
Effect of exchange rate	( 218)	( 14)
Income tax payable	<u>\$ 29,138</u>	<u>\$ 74,098</u>

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

	<u>March 31,</u>	
	<u>2008</u>	<u>2007</u>
Deferred income tax assets - current	\$ 28,418	\$ 37,672
Deferred income tax assets - non-current	<u>337,057</u>	<u>281,828</u>
	\$ 365,475	\$ 319,500
Less: Valuation allowance - current	( 7,474)	( 4,495)
Valuation allowance - non-current	<u>( 165,349)</u>	<u>( 66,361)</u>
	<u>\$ 192,652</u>	<u>\$ 248,644</u>

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

	March 31,			
	2008		2007	
	Amount	Tax effect	Amount	Tax effect
Current items:				
Over provision of allowance for bad debts	\$ 2,328	\$ 582	\$ 10,139	\$ 2,535
Allowance for decline in market value and inventory obsolescence	25,311	6,327	29,799	7,450
Allowance for sales returns	13,799	3,450	6,711	1,678
Welfare expenses	100	25	850	212
Loss carryforwards	3,238	809	25,632	6,408
Others	( 10)	( 2)	175	44
Investment tax credits		<u>17,227</u>		<u>19,345</u>
		28,418		37,672
Less: Valuation allowance		( <u>7,474</u> )		( <u>4,495</u> )
		<u>\$ 20,944</u>		<u>\$ 33,177</u>
Non-current items:				
Welfare expenses	\$ 42	\$ 10	\$ 142	\$ 36
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	103,741	25,935
Reserve for foreign investments	( 63,539)	( 15,884)	( 112,752)	( 28,188)
Reduction in capital of subsidiaries to cover accumulated deficit	672,643	168,161	785,541	196,385
Retirement fund expense but not deposited with Bank of Taiwan	422	106	-	-
Foreign investments	87,889	21,972	-	-
Depreciation allowances in excess of related depreciation	( 10,929)	( 1,913)	-	-
Loss carryforwards	429,500	107,375	236,082	58,446
Others	-	-	527	132
Investment tax credits		<u>52,271</u>		<u>26,619</u>
		337,057		281,828
Less: Valuation allowance		( <u>165,349</u> )		( <u>66,361</u> )
		<u>\$ 171,708</u>		<u>\$ 215,467</u>

D) As of March 31, 2008 and 2007, the balance of shareholders account of deductible tax was as follows:

	March 31,	
	2008	2007
Balance of shareholders account of deductible tax	<u>\$ 66,687</u>	<u>\$ 39,024</u>
2007 Estimated creditable tax ratio		<u>17.94%</u>
2006 Actual creditable tax ratio		<u>21.45%</u>



E) The Company, in accordance with Regulation No. 273 issued by the Accounting Research and Development Foundation in Taiwan on December 31, 1998, discloses the following information:

	<u>March 31,</u>	
	<u>2008</u>	<u>2007</u>
On or after January 1, 1998		
a. Earnings not subjected to 10% income tax	\$ 111,571	\$ 552,165
b. Earnings subjected to 10% income tax	<u>371,621</u>	<u>(193,388)</u>
	<u>\$ 483,192</u>	<u>\$ 358,777</u>

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

- (a) As of March 31, 2008, the Company's income tax returns through 2002 have been assessed and approved by the Tax Authority.
- (b) The Tax Authority imposed additional tax and interests amounting to \$3,327 on the Company's re-examination of 2001 income tax return. The Company had temporarily recognized the assessment in the financial statements and filed an appeal in April 2007. In August 2007, the Ministry of Finance upheld the re-examination assessment by the Tax Authority as the Company did not have a legitimate certificate as support for its investment loss. Consequently, the Company filed an administrative litigation with the Taipei High Administrative Court in October 2007, which is pending as of the report date.
- (c) 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.

G) As of March 31, 2008, 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 \$184,678 to offset against taxable income for the next four 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	\$ 70,240	\$ 63,244	2008~2011
Machinery and equipment	3,178	3,178	2008~2011
Employees training	3,076	3,076	2009~2010
Loss carryforwards	<u>108,184</u>	<u>108,184</u>	2008~2012
	<u>\$ 184,678</u>	<u>\$ 177,682</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 contributes 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, 2008 and 2007, net pension costs recognized by the Company and its domestic subsidiaries under the defined benefit plan amounted to \$283 and \$495, respectively. The balance of the retirement fund deposited with Bank of Taiwan (formerly Central Trust of China) was \$34,652 and \$25,947 as of March 31, 2008 and 2007, 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 \$476 and \$397 for the three-month periods ended March 31, 2008 and 2007, 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 \$736 and \$471 for the three-month periods ended March 31, 2008 and 2007, 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, 2008 and 2007 amounted to \$6,451 and \$4,786, 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 shareholder can claim a proportionate share in the company's corporate income tax as tax credit against its individual income tax liability effective 1998.

C) On March 24, 2008, the Company's Board of Directors approved to distribute 2007 earnings which include legal reserve of \$37,082, employee stock bonuses of \$50,088, stock dividends of \$7,061, cash dividends of \$268,333 and directors' and supervisors' remuneration of \$6,678. As of April 21, 2008, no earnings distribution has been approved by the Company's stockholders.

D) On June 13, 2007, the Company's stockholders approved to distribute 2006 earnings which include legal reserve of \$24,132, employee bonuses of \$21,719, cash dividends of \$152,754 (which is \$614 different from the actual distribution of \$152,140 due to fractional shares), stock dividends of \$38,189 and directors' and supervisors' remuneration of \$4,340.

E) 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.

F) In accordance with Regulation No. 52 "Accounting for Employees' Bonuses and Directors' and Supervisors' Remuneration" issued by the Accounting Research and Development Foundation, the pro forma information for the three-month period ended March 31, 2007 are set forth below:

a. The employees' bonuses and directors' and supervisors' remuneration are \$15,412 and \$2,055, respectively, for the three-month period ended March 31, 2007. The amounts are calculated based on the percentage of net income for the first quarter of 2007.

b. Pro forma information:

For the three-month period ended March 31, 2007

Net income	Net income	\$ 118,079
	Pro forma net income	100,612
Basic earnings per share	EPS	0.83 (in dollars)
	Pro forma EPS	0.70 (in dollars)
Diluted earnings per share	EPS	0.82 (in dollars)
	Pro forma EPS	0.70 (in dollars)

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, 2008

	<u>Amount</u>		<u>Weighted average number of outstanding common shares (In thousands of shares)</u>	<u>Earnings per share (Note 2)</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 attributable to common stockholders	\$ 148,077	\$ 111,571	143,625	<u>\$ 1.03</u>	<u>\$ 0.78</u>
Dilutive effect: Stock options (Note 1)	-	-	-		
Diluted earnings per share:					
Net income	<u>\$ 148,077</u>	<u>\$ 111,571</u>	<u>143,625</u>	<u>\$ 1.03</u>	<u>\$ 0.78</u>

For the three-month period ended March 31, 2007

	<u>Amount</u>		<u>Weighted average number of outstanding common shares (In thousands of shares)</u>	<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 before retroactive adjustment:					
Net income	\$ 149,000	\$ 118,079	136,879	<u>\$ 1.09</u>	<u>\$ 0.86</u>
Dilutive effect: Stock options	-	-	336		
Diluted earnings per share					
Net income	<u>\$ 149,000</u>	<u>\$ 118,079</u>	<u>137,215</u>	<u>\$ 1.09</u>	<u>\$ 0.86</u>
Basic earnings per share after retroactive adjustment:					
Net income	\$ 149,000	\$ 118,079	142,869	<u>\$ 1.04</u>	<u>\$ 0.83</u>
Dilutive effect: Stock options	-	-	336		
Diluted earnings per share:					
Net income	<u>\$ 149,000</u>	<u>\$ 118,079</u>	<u>143,205</u>	<u>\$ 1.04</u>	<u>\$ 0.82</u>

Note 1: As of March 31, 2008, the outstanding employee stock options have no dilutive effect.

Note 2: In New Taiwan Dollars.

(20) Treasury stock

A)

<u>Purpose</u>	<u>For the three-month period ended March 31, 2008</u>			
	<u>Beginning shares (Note)</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending shares (Note)</u>
Employee stock options	<u>6,887</u>	<u>4,953</u>	<u>-</u>	<u>11,840</u>

<u>Purpose</u>	<u>For the three-month period ended March 31, 2007</u>			
	<u>Beginning shares (Note)</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending shares (Note)</u>
Employee stock options	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>

Note: Amount in thousands of shares.

B) The maximum and ending balances of treasury stock for the three-month periods ended March 31, 2008 and 2007 are as follows:

<u>March 31, 2008</u>		<u>March 31, 2007</u>	
<u>Maximum balance</u>	<u>Ending balance</u>	<u>Maximum balance</u>	<u>Ending balance</u>
<u>\$ 350,140</u>	<u>\$ 350,140</u>	<u>\$ 155,765</u>	<u>\$ 155,765</u>

- C) In accordance with 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) In accordance with the R.O.C. Securities and Exchange Act, treasury stocks held by the Company shall not be pledged, and shall bear no right of shareholders until reissued.
- E) In accordance with the R.O.C. Securities and Exchange Act, treasury shares for the purpose of enhancing Company's credit standing and shareholders' equity shall be retired within six months; treasury stocks for all other purposes shall be reissued within three years from the month of acquisition. Treasury stocks not reissued within the said period shall be retired.

(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 stock option has an exercise period of six years. Employees will be able to exercise these options after two years in accordance with the procedures of the employee stock option plan.

B) The units and weighted average exercise price of the stock options for the three-month periods ended March 31, 2008 and 2007 were as follows:

Stock Options	For the three-month periods ended March 31,			
	2008		2007	
	Units (in thousands)	Weighted-average exercise price (in dollars) (Note)	Units (in thousands)	Weighted-average exercise price (in dollars) (Note)
Beginning balance (Note 1)	16,718	\$ 29.21	5,210	\$ 32.80
Number of options granted (Note 2)	-	-	-	-
Adjustment due to issuance of stock dividends	-	-	-	-
Exercised	-	-	-	-
Cancelled	(158)	-	(91)	-
Ending balance (Note 1)	<u>16,560</u>	\$ 29.21	<u>5,119</u>	\$ 32.80
Exercisable at the end of the period	<u>4,704</u>		<u>5,119</u>	

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

Note 2: On December 7, 2007, the Financial Supervisory Commission, Executive Yuan approved the Company's plan to issue 12,000,000 units of employee stock options. These options were subsequently issued by the Company on December 17, 2007.

C) As of March 31, 2008 and 2007, the details of outstanding stock options are as follows:

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)
\$ 31.4	4,704	1.83	\$ 31.4	4,704	\$ 31.4
\$ 28.35	11,856	5.67	\$ 28.35	-	\$ -

March 31, 2007					
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)
\$ 32.80	5,210	2.83	\$ 32.8	5,119	\$ 32.8

D) 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>	For the three-month period ended March 31, 2008	For the three-month period ended March 31, 2007
Dividend yield	0%	0%
Volatility (Note 1)	43.58%	62.02%
Risk-free interest rate	2.65%	1.95%
Expected life of the options	4.3 years	6 years
Exercise price (Note 2)	\$ 28.35 (in dollars)	\$ 31.4 (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 the 2006 earnings distribution and was readjusted to \$31.4.

(c) Result of evaluation:

	For the three-month period ended March 31, 2008		For the three-month period ended March 31, 2007
	<u>2007 stock options</u>	<u>2004 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)	\$ 17.4656 (in dollars)
Compensation cost under “fair value method”	\$ 13,496	\$ -	\$ 6,982



(d) Pro forma information:

		For the three-month period ended March 31, 2008	(Retroactively adjusted) For the three-month period ended March 31, 2007
Net income	Net income	\$ 111,571	\$ 118,079
	Pro forma net income	98,075	111,097
Basic earnings per share (EPS)	EPS	0.78 (in dollars)	0.83 (in dollars)
	Pro forma EPS	0.68 (in dollars)	0.78 (in dollars)
Diluted earnings per share	EPS	0.78 (in dollars)	0.82 (in dollars)
	Pro forma EPS	0.68 (in dollars)	0.78 (in dollars)

(23) Personnel, depreciation and amortization expenses

	<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	\$ 16,816	\$ 152,034	\$ 168,850
Labor and health insurances	590	11,418	12,008
Pension	-	7,946	7,946
Others	229	9,791	10,020
Directors' and supervisors' remuneration	-	1,887	1,887
	<u>\$ 17,635</u>	<u>\$ 183,076</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>

	<u>For the three-month period ended March 31, 2007</u>		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Personnel expenses			
Salaries	\$ 27,107	\$ 96,619	\$ 123,726
Labor and health insurances	622	9,671	10,293
Pension	680	5,469	6,149
Others	553	8,131	8,684
	<u>\$ 28,962</u>	<u>\$ 119,890</u>	<u>\$ 148,852</u>
Depreciation	\$ 25,065	\$ 12,763	\$ 37,828
Amortization	16,480	9,093	25,573
	<u>\$ 41,545</u>	<u>\$ 21,856</u>	<u>\$ 63,401</u>

(24) Preparation of financial statements

The Company, in accordance with Article 12 of “Statute for Upgrading Industries”, may set aside 20% of overseas investments as allowance for investment losses for income tax purposes. The balance amounted to \$63,539 as of March 31, 2008.

However, to comply with generally accepted accounting principles in Republic of China, the allowance had been reversed in the financial statements as of March 31, 2008.

<u>Amount as of January 1, 2008</u>	<u>Additions</u>	<u>Recovery</u>	<u>Amount as of March 31, 2008</u>
\$ 63,539	\$ -	\$ -	\$ 63,539

## 5. RELATED PARTY TRANSACTIONS

### (1) Names and relationship of related parties

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Playcoo Co. (Playcoo)	A subsidiary of the Company (Note)

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

### (2) Significant transactions with related parties

#### A) License fees

	<u>For the three-month periods ended March 31,</u>			
	<u>2008</u>		<u>2007</u>	
	<u>Amount</u>	<u>% of operating cost</u>	<u>Amount</u>	<u>% of operating cost</u>
Playcoo	\$ 1,395	-	\$ -	-

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

## 6. DETAILS OF PLEDGED OR RESTRICTED ASSETS

	<u>March 31,</u>			
<u>Assets</u>	<u>2008</u>	<u>2007</u>		<u>Purpose</u>
Land	\$ 147,751	\$ 141,717		Long-term loans / Credit lines
Buildings	110,885	103,654		"
Machinery and equipment	-	18,608		"
	<u>\$ 258,636</u>	<u>\$ 263,979</u>		

## 7. COMMITMENTS AND CONTINGENT LIABILITIES

- A) As of March 31, 2008, 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 \$106,717.
- 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.
- D) Mediaweb filed a lawsuit against the Company's subsidiary, Gamania Korea Co., Ltd., in May 2006, alleging that Mediaweb had incurred losses since Gamaina Korea Co., Ltd. terminated the marketing services of Mediaweb prior to the end of the contract. Accordingly, Mediaweb is claiming for damages as a result of breach of contract. The case proceedings are ongoing and final judgement is expected in 2008. If the court will render judgement in favor of Mediaweb, Gamaina Korea Co., Ltd. will have to compensate Mediaweb KRW 349,000 thousand (NT\$12,180 thousand).
- E) For the period from January 1, 2008 to December 31, 2008, 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, 2007 financial statements were reclassified to conform with the March 31, 2008 financial statement presentation.

(2) The fair values of the financial instruments

	March 31, 2008			March 31, 2007		
	Book value	Fair value		Book value	Fair value	
		Quotations in an active market	Estimated 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	\$1,766,384	(Note A)	\$1,766,384	\$2,073,911	(Note A)	\$2,073,911
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	31,646	-	31,471	36,749	-	36,504
Liabilities						
Financial liabilities with fair values equal to book values	\$ 645,867	(Note A)	\$ 645,867	\$ 767,947	(Note A)	\$ 767,947
Guarantee deposits	380	-	380	361	-	361

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

- A) For short-term instruments, the book value is approximate to the fair value because of their short-term maturities. This applies to cash and cash equivalents, notes and accounts receivable, other receivables, other current assets, short-term loans, notes and accounts payable, income tax payable, accrued expenses, other payables, current portion of long-term loans and other current liabilities.
- B) 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.
- D) The fair value of guarantee deposits is the book value since the amount is insignificant.
- E) 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, 2008 and 2007, the Company donated cash and magazines amounting to \$400 and \$400, respectively, to political parties, charities and educational institutions that are accredited by the government, without significant appointed considerations.

(6) Intercompany transactions eliminated

	For the three-month period ended March 31, 2008								
	Gamania Digital Entertainment Co., Ltd.	Gamania Holdings Ltd. and its subsidiaries	Fundation Digital Entertainment Co. Ltd.	Taiwan Index Co., Ltd.	Gamania Asia Investment Co., Ltd.	Gamania Korea Co., Ltd.	Gamania Digital Entertainment Labuan Holdings Ltd.	Alibangbang Digital Games Co., Ltd.	Playcoo Co.
1. Long-term investments and stockholders' equity eliminated	(\$ 607,288)	\$ 227,757	\$ 17,099	\$ 117,647	\$ 114,480	\$ 14,063	(\$ 121)	\$ 10,436	\$ 105,927
2. Receivables and payables eliminated	( 24,482)	( 14,683)	( 2,681)	49,237	6	3,523	( 2,084)	( 1,551)	( 7,285)
3. Profit and loss accounts eliminated									
(1) Sales and purchase transactions	( 705)	1,066	705	( 1,066)					
(2) Royalty income and publishing expense	( 684)	684							
(3) Other operating revenue and service expense	( 480)			480					
(4) Advertising expense and revenue	3,129			( 3,129)					
(5) Rent revenue and expense	( 1,502)		6	1,496					
(6) Other revenue and expense	( 960)	8	85	867					
(7) Realized (unrealized) gross profit on intercompany transactions	740			( 740)					



For the three-month period ended March 31, 2007

	Gamania Digital Entertainment Co., Ltd.	Gamania Holdings Ltd. and its subsidiaries	Fundation Digital Entertainment Co., Ltd.	Taiwan Index Co., Ltd.	Gamania Asia Investment Co., Ltd.	Gamania Korea Co., Ltd.	Gamania Digital Entertainment Labuan Holdings Ltd.	Alibangbang Digital Games Co., Ltd.
1. Long-term investments and stockholders' equity eliminated	(\$ 481,149)	\$ 168,445	\$ 40,810	\$ 112,998	\$ 109,093	\$ 31,835	\$ 63	\$ 17,905
2. Receivables and payables eliminated	( 42,441)	( 16,751)	789	58,416	6	135	( 142)	( 12)
3. Profit and loss accounts eliminated								
(1) Sales and purchase transactions	7,739	1,066	( 5,391)	( 3,414)				
(2) Royalty income and publishing expense	( 484)	484						
(3) Other operating revenue and service expense	( 480)			480				
(4) Advertising expense and revenue	2,189			( 2,189)				
(5) Rent revenue and expense	( 70)		30	40				
(6) Other revenue and expense	( 355)			355				
(7) Realized (unrealized) gross profit on intercompany transactions	( 1,104)	( 32)		1,136				

11. DISCLOSURE INFORMATION

(1) Related information of significant transactions

A) Financing activities to any company or person: None

B) Guarantee information: None

C) Marketable securities held at March 31, 2008:

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, 2008				
					Number of shares	Book value	Percentage	Market value (Note (2))	Note
The Company	Common Stock	Gamania Holdings Ltd.	Subsidiary	Long-term investment	30,878	\$ 227,757	100%	\$ 227,757	Note (3)
"	"	Gamania Korea Co., Ltd.	"	"	329	14,063	100%	14,063	"
"	"	Alibangbang Digital Games Co., Ltd.	"	"	5,423	10,436	98.60%	10,436	"
"	"	Taiwan Index Co., Ltd.	"	"	7,750	84,262	69.64%	84,262	"
"	"	Gamania Asia Investmet Co., Ltd.	"	"	13,945	147,865	100%	147,865	"
"	"	Gamania Digital Entertainment Labuan Holdings, Ltd.	"	"	10	( 121)	100%	( 121)	"
"	"	Foundation Digital Entertainment Co., Ltd.	"	"	4,000	17,099	100%	17,099	"
"	"	Playcoo Co.	"	"	12,611	105,927	73.32%	105,927	"
"	"	Taiwan e-sports Co., Ltd.	Investee company accounted for under the equity method	"	500	3,468	25.00%	3,468	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%	-	"
"	"	ECD Interactive Corporation	"	"	2,040	-	18.55%	-	"
"	"	Joyon Entertainment Co., Ltd.	"	"	697	-	11.47%	-	"
"	"	RAVA Ideologie Inc.	"	"	880	-	8.69%	-	"
"	"	NC Taiwan Co., Ltd.	"	"	2,100	22,841	15.00%	22,841	"
"	Bond Fund	ING Bond Fund	N/A	Financial assets held for trading	1,952	30,000	-	30,000	"
"	"	Fuh-Hwa Bond Fund	"	"	2,574	35,000	-	35,000	"

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.

- D) Marketable securities acquired or sold during the three-month period ended March 31, 2008 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			(Loss) income incurred by the investee	Investment (loss) income recognized by the Company	Note
				2008.3.31	2007.12.31	Number of shares	Percentage	Book value			
The Company	Gamania Holdings Ltd.	P.O. Box 30592 SMB, Cayside, 2nd Floor, Harbour Drive, Grand Cayman, Cayman Islands, British West Indies	Investment holdings	\$1,045,789	\$1,045,789	30,878	100%	\$227,757	\$ 9,213	\$ 9,213	Subsidiary (Note 3)
"	Gamania Korea Co., Ltd.	3F, No. 75-6 Soodang B/D, Samsung-Dong Kang Nam-Gu, Seoul Korea	Design and sales of software	158,457	158,457	329	100%	14,063	( 10,014)	( 10,014)	"
"	Alibangbang Digital Games Co., Ltd.	18F, No. 736 Chang-Cheng Rd., Chung-Ho City, Taipei County, Taiwan	Design and research and development of software	160,000	160,000	5,423	98.6%	10,436	( 10,575)	( 10,575)	"
"	Taiwan Index Co., Ltd.	"	Software services	208,248	208,248	7,750	69.44%	84,262	4,946	2,694	"
"	Gamania Asia Investment Co., Ltd.	"	Investment holdings	190,000	190,000	13,945	100%	147,865	1,441	1,441	"
"	Gamania Digital Entertainment Labuan Holdings, Ltd.	Level 15(A2), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Labuan, FT, Malaysia	Investment holdings	329	329	10	100%	( 121)	( 87)	( 87)	"
"	Fundation Digital Entertainment Co., Ltd.	18F, No. 736 Chang-Cheng Rd., Chung-Ho City, Taipei County, Taiwan	Sales and publishing of magazine and periodicals	40,000	40,000	4,000	100%	17,099	( 3,094)	( 3,094)	"
"	Playcoo Co.	4F-4, No. 215 Sec 2 Cheng-de Rd., Taipei City, Taiwan	Supply of software services and electronic information	138,696	63,151	12,611	73.32%	105,927	( 5,877)	( 2,300)	"
"	Taiwan e-sports Co., Ltd.	9F, No. 176 Chang Hsiao East Rd. Section 4, Taipei City, Taiwan	"	5,000	5,000	500	25.00%	3,468	( 3,886)	( 971)	Investee company accounted for under equity method (Note 3)
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%	33,385	4,946	1,345	"

Company	Name of investee	Location	Main operating activities	Original investment cost		Held by the Company			(Loss) income incurred by the investee	Investment (loss) income recognized by the Company	Note
				2008.3.31	2007.12.31	Number of shares	Percentage	Book value			
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\$30,878 thousand	USD\$30,878 thousand	30,878	100%	USD\$7,532 thousand	USD\$ 292 thousand	USD\$ 292 thousand	Subsidiary
Gamania International Holdings Ltd.	Gamania Digital Entertainment (Japan) Co., Ltd.	Sumitomo Ooimachi Bldg (North) 4F, 1-20-6 Town Ooi, Shinagawa-Ku, Tokyo, Japan 140-0014	Design and sales of software; sales of hardware	USD 14,298 thousand	USD 14,298 thousand	19	100%	USD 2,903 thousand	USD 96 thousand	USD 96 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 18,654 thousand	USD 18,654 thousand	18,654	93.55%	USD 4,641 thousand	USD 212 thousand	USD 196 thousand	"
Gamania China Holdings Ltd.	Gamania Sino Holdings Ltd.	4F, One Capital Place, P.O. Box 847 gt, Grand Cayman, Cayman Islands, British West Indies	General investments	USD 16,880 thousand	USD 16,880 thousand	16,880	100%	USD 479 thousand	(USD 252 thousand)	(USD 252 thousand)	"
Gamania China 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 13,500 thousand	USD 13,500 thousand	N/A	100%	USD 415 thousand	(USD 220 thousand)	(USD 220 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 4,457 thousand	USD 464 thousand	USD 464 thousand	"
Gamania China Holdings Ltd.	G.A. Co., Limited	Flat 504-507, 5F Conic Investment Building, 13 Hok Yuen Street, Hung, Hom, Kowloon, Hong Kong	Design and sales of software	Note 1	Note 1	N/A	100%	(Note 2)	-	-	"
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 1: The original investment cost is \$HK2.

Note 2: Under liquidation since December 2006.

Note 3: 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, 2008:

Issuer	Type of marketable securities (Note (1))	Name of marketable securities	Relationship with the security holders	General ledger account	March 31, 2008				
					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	30,878	USD\$ 7,532 thousand	100%	USD\$ 7,532 thousand	Note (4)
Gamania International Holdings Ltd.	"	Gamania Digital Entertainment (Japan) Co., Ltd.	"	"	19	USD 2,903 thousand	100%	USD 2,903 thousand	"
Gamania International Holdings Ltd.	"	Gamania China Holdings Ltd.	"	"	18,654	USD 4,641 thousand	93.55%	USD 4,641 thousand	"
Gamania China Holdings Ltd.	"	G.A. Co., Limited	"	"	N/A	-	100%	-	"
Gamania China Holdings Ltd.	"	Gamania Digital Entertainment (H.K.) Co., Ltd.	"	"	35,500	USD 4,457 thousand	100%	USD 4,457 thousand	"
Gamania China Holdings Ltd.	"	Gamania Sino Holdings Ltd.	"	"	16,880	USD 479 thousand	100%	USD 479 thousand	"
Gamania Sino Holdings Co., Ltd.	"	Gamania Digital Entertainment (Beijing) Co., Ltd.	"	"	N/A	USD 415 thousand	100%	USD 415 thousand	"
Playcoo Co.	"	Innojelly Corporation	"	"	2	10	100%	10	"
Gamania Asia Investment Co., Ltd.	"	Taiwan Index Co., Ltd.	Investee company accounted for under the equity method	"	3,036	33,385	27.20%	33,385	"

Issuer	Type of marketable securities (Note (1))	Name of marketable securities	Relationship with the security holders	General ledger account	March 31, 2008				
					Number of shares (Note (3))	Book value	Percentage	Market value (Note (2))	Note
Gamania Asia Investment Co., Ltd.	Common Stock	Nice Finance Co., Ltd.	Investee company accounted under financial assets carried at cost	Financial assets carried at cost	9,154	91,453	14.60%	91,453	None
Taiwan Index Co., Ltd.	Bond	93 First 1A	N/A	Financial assets at fair value through profit or loss	N/A	20,018	N/A	20,018	"
Taiwan Index Co., Ltd.	"	Center Bonds 95-1	N/A	Financial assets at fair value through profit or loss	N/A	2,515	N/A	2,515	"
Playcoo Co.	Fund	Pcafunds	N/A	Unrealized gain on financial instruments-current	872	11,217	N/A	11,217	None
Playcoo Co.	"	Paradigm funds	N/A	Available-for-sale financial assets – current	781	8,505	N/A	8,505	"

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): 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, 2008 in excess of \$100,000 or 20% of capital: None.
- F) Acquired real estate in excess of \$100,000 or 20% of capital: None.
- G) Disposal of real estate in excess of \$100,000 or 20% of capital: None.
- H) Sales to or purchases from related parties in excess of \$100,000 or 20% of capital: None.
- I) Receivable from related parties in excess of \$100,000 or 20% of capital: None.
- J) Information on derivative transactions: None.



(3) DISCLOSURE OF INFORMATION ON INVESTMENT IN MAINLAND CHINA

a.

Name of investee in Mainland China	Main activities	Capital	Investment method	Accumulated investment as of January 1, 2008	Remitted or received investment amount during the period		Accumulated investment as of March 31, 2008	Direct and indirect percentage of ownership	Investment loss recognized during the period (Note (2))	Balance of investment at March 31, 2008	Accumulated investment income received as of March 31, 2008
					Remitted	Received					
Gamania Digital Entertainment (Beijing) Co., Ltd.	Design and sales of software	(RMB 110,567 thousand) \$479,492	(Note (2))	(USD 11,370 thousand) \$345,648	\$ -	\$ -	(USD11,370 thousand) \$345,648	93.55%	(USD 206 thousand) (\$6,262)	USD 388 thousand \$11,795	\$ -

Accumulated amount of investment in Mainland China as of March 31, 2008	Related investment amount approved by FIA	Upper limit of investment in Mainland China
\$ 345,648 (USD 11,370 thousand)	\$516,192 (Note (1))	\$ 979,013

Note (1): Related total investment amount approved by FIA is USD16,980,000 or NTD 516,192 thousand based on 30.4 exchange rate.

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

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, 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.	NC Taiwan Co., Ltd.	1	Advertising expense	\$ 3,129	Note (4)	-%
0	"	NC Taiwan Co., Ltd.	1	Rent revenue	1,496	Note (4)	-%
0	"	NC Taiwan Co., Ltd.	1	Notes receivable	2,351	Note (4)	-%
0	"	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	"	Gamania Holdings, Ltd.	1	Other receivables	1,896	Note (4)	-%
0	"	Foundation Digital Entertainment Co., Ltd.	1	Other receivables	1,722	Note (4)	-%
0	"	Gamania Digital Entertainment Labuan Holding, Ltd.	1	Other receivables	1,503	Note (4)	-%
0	"	Gamania International Holdings Ltd.	1	Other receivables	1,242	Note (4)	-%
0	"	Playcoo Co.	1	Deferred charges	7,285	Note (4)	-%
0	"	Alibangbang Digital Games Co., Ltd.	1	Deferred charges	1,539	Note (4)	-%
0	"	NC Taiwan Co., Ltd.	1	Other payables	50,105	Note (4)	2%
0	"	NC Taiwan Co., Ltd.	1	Accrued expenses	4,097	Note (4)	-%
1	NC Taiwan Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Advertising revenue	3,129	Note (4)	-%

For the three-month period ended March 31, 2008 (Continued)

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	
1	NC Taiwan Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Operating costs	\$ 1,496	Note (4)	-%
1	NC Taiwan Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Accounts receivable	54,202	Note (4)	2%
1	NC Taiwan Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Notes payable	2,351	Note (4)	-%
1	NC Taiwan Co., Ltd.	Gamania Digital Entertainment Co., Ltd (H.K.).	3	Accounts receivable	1,599	Note (4)	-%
2	Gamania Holdings, Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	1,896	Note (4)	-%
3	Gamania International Holdings Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	1,242	Note (4)	-%
4	Alibangbang Digital Games Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Receipts in advance	1,539	Note (4)	-%
5	Gamania Digital Entertainment (H.K) Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	5,305	Note (4)	-%
5	Gamania Digital Entertainment (H.K) Co., Ltd.	Gamania Sino Holdings Ltd.	3	Accounts receivable	6,277	Note (4)	-%
5	Gamania Digital Entertainment (H.K) Co., Ltd.	Gamania Korea Co., Ltd.	3	Other receivables	3,189	Note (4)	-%
5	Gamania Digital Entertainment (H.K) Co., Ltd.	Taiwan Index Co., Ltd.	3	Accounts payable	1,599	Note (4)	-%
6	Playcoo Co.	Gamaina Digital Entertainment Co., Ltd.	2	Receipts in advance	7,285	Note (4)	-%

For the three-month period ended March 31, 2008 (Continued)

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	
7	Gamania Digital Entertainment Labuan Holding, Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Accounts payable	\$ 1,503	Note (4)	-%
8	Fundation Digital Entertainment Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Accounts payable	1,722	Note (4)	-%
9	Gamania Digital Entertainment (Beijing) Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	6,615	Note (4)	-%
9	Gamania Digital Entertainment (Beijing) Co., Ltd.	Gamania Sino Holdings Ltd.	3	Other payables	7,844	Note (4)	-%
10	Gamania Sino Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	3	Other receivables	7,844	Note (4)	-%
10	Gamania Sino Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	3	Other payables	6,277	Note (4)	-%
11	Gamania Korea Co., Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	3	Accounts payable	3,189	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 \$1,000 for the transaction amount.

For the three-month period ended March 31, 2007

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.	Fundation Digital Entertainment Co., Ltd.	1	Purchases	\$ 5,391	Note (4)	1%
0	"	Taiwan Index Co., Ltd.	1	Purchases	2,348	Note (4)	-%
0	"	Gamania Digital Entertainment (Beijing) Co., Ltd.	1	Other receivables	7,698	Note (4)	-%
0	"	Gamania Digital Entertainment (H.K.) Co., Ltd.	1	Other receivables	7,228	Note (4)	-%
0	"	Fundation Digital Entertainment Co., Ltd.	1	Other receivables	4,616	Note (4)	-%
0	"	Gamania Digital Entertainment (Japan) Co., Ltd.	1	Other receivables	1,631	Note (4)	-%
0	"	Gamania Holdings Ltd.	1	Other receivables	1,354	Note (4)	-%
0	"	Gamania International Holdings Ltd.	1	Other receivables	1,080	Note (4)	-%
0	"	Taiwan Index Co., Ltd.	1	Advertising expense	2,189	Note (4)	-%
0	"	Taiwan Index Co., Ltd.	1	Other payables	59,502	Note (4)	2%
0	"	Fundation Digital Entertainment Co., Ltd.	1	Other payables	5,404	Note (4)	-%
0	"	Gamania Digital Entertainment (H.K.) Co., Ltd.	1	Other payables	2,336	Note (4)	-%
1	Fundation Digital Entertainment Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Sales revenue	5,391	Note (4)	1%
1	"	"	2	Other payables	4,616	Note (4)	-%
1	"	"	2	Other receivables	5,404	Note (4)	-%
2	Taiwan Index Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Sales revenue	2,348	Note (4)	-%
2	"	"	2	Advertising revenue	2,189	Note (4)	-%
2	"	"	2	Other receivables	59,502	Note (4)	2%
2	"	Gamania Digital Entertainment (H.K.) Co., Ltd.	3	Accounts receivable	1,089	Note (4)	-%

For the three-month period ended March 31, 2007 (Continued)

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	
3	Gamania Korea Co., Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	3	Accounts payable	\$ 3,470	Note (4)	-%
4	Gamania Digital Entertainment (H.K.) Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other receivables	2,336	Note (4)	-%
4	"	"	2	Other payables	7,228	Note (4)	-%
4	"	Taiwan Index Co., Ltd.	3	Accounts payable	1,089	Note (4)	-%
4	"	Gamania Korea Co., Ltd.	3	Other receivables	3,470	Note (4)	-%
5	Gamania Digital Entertainment (Japan) Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	1,631	Note (4)	-%
6	Gamania Digital Entertainment (Beijing) Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	7,698	Note (4)	-%
7	Gamania Holdings Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	1,354	Note (4)	-%
8	Gamania International Holdings Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	1,080	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 \$1,000 for the transaction amount.