

GAMANIA DIGITAL ENTERTAINMENT CO., LTD.

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

JUNE 30, 2008 AND 2007

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

PWCR08000089

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

We have audited the accompanying consolidated balance sheets of Gamania Digital Entertainment Co., Ltd. (the “Company”) and its subsidiaries as of June 30, 2008 and 2007, and the related consolidated statements of income, of changes in stockholders’ equity and of cash flows for the six-month periods then ended. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of certain investee companies, which statements reflect total assets of \$518,131 thousand and \$443,713 thousand, constituting 15.95% and 13.6% of the related consolidated totals as of June 30, 2008 and 2007, respectively, and total operating revenues of \$235,043 thousand and \$153,877 thousand, constituting 12.52% and 9.4% of the related consolidated totals for the six-month periods then ended, respectively. In addition, as explained in Note 4(7), we did not audit the financial statements of an investee accounted for under the equity method. This long-term investment amounted to \$0 and \$40,456 thousand, constituting 0% and 1.24% of the consolidated total assets as of June 30, 2008 and 2007, respectively, and the related investment loss amounted to \$1,993 thousand and \$4,413 thousand, constituting 1.14% and 2.88% of the consolidated net income attributable to equity holders of the Company for the six-month periods then ended, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for these investee companies and the information disclosed in Note 11(2) relative to these long-term investments, is based solely on the reports of the other auditors.

We conducted our audits in accordance with the “Rules Governing Examination of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Gamania Digital Entertainment Co., Ltd. and its subsidiaries as of June 30, 2008 and 2007, and the results of their operations and their cash flows for the six-month periods then ended, 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 \$14,532 thousand for the six-month period ended June 30, 2008.

PricewaterhouseCoopers

August 20, 2008

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

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

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

JUNE 30,

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2008	2007		2008	2007
ASSETS			LIABILITIES AND STOCKHOLDERS' EQUITY		
<u>Current Assets</u>			<u>Current Liabilities</u>		
Cash and cash equivalents (Note 4(1))	\$ 1,028,872	\$ 1,146,064	Short-term loans (Note 4(11))	\$ 18,405	\$ -
Available-for-sale financial assets – current (Note 4(2))	14,550	-	Notes payable – third parties	107,116	179,663
Notes receivable – third parties – net (Note 4(3))	90,529	149,163	Accounts payable – third parties	167,646	135,026
Accounts receivable – third parties – net (Note 4(4))	779,145	748,518	Income tax payable (Note 4(13))	46,171	37,763
Other receivables	12,262	10,339	Accrued expenses	197,024	134,929
Inventories – net (Note 4(5))	26,169	25,065	Other payables	365,320	225,188
Prepaid expenses	35,356	18,400	Unearned revenue collected in advance	69,281	85,463
Deferred income tax assets – current (Note 4(13))	19,140	16,908	Current portion of long-term liabilities (Note 4(12))	-	120,000
Other current assets	2,717	1,874	Other current liabilities	27,168	31,548
	<u>2,008,740</u>	<u>2,116,331</u>		<u>998,131</u>	<u>949,580</u>
<u>Long-term Investments</u>			<u>Other Liabilities</u>		
Financial assets carried at cost – non-current (Note 4(6))	114,294	114,294	Accrued pension liabilities (Note 4(14))	5,675	3,888
Long-term investments – accounted for under the equity method (Note 4(7))	2,288	40,456	Guarantee deposits	671	1,031
	<u>116,582</u>	<u>154,750</u>	Other liabilities – other	636	586
				<u>6,982</u>	<u>5,505</u>
<u>Property, Plant and Equipment – net</u> (Notes 4(8) and 6)			Total Liabilities	<u>1,005,113</u>	<u>955,085</u>
Cost			<u>Stockholders' Equity</u>		
Land	147,751	147,751	Common stock (Note 1)	1,530,678	1,468,787
Buildings	156,351	155,834	Stock dividends to be distributed (Note 4(17))	57,149	59,908
Machinery and equipment	635,471	683,977	Capital reserve (Note 4(15))		
Office equipment	70,839	68,259	Paid-in capital in excess of par	740,670	736,166
Leased assets	5,215	4,424	Gain on disposal of property, plant and equipment	221	221
Leasehold improvements	37,112	28,887	Retained earnings		
Other equipment	1,969	1,357	Legal reserve (Notes 4(16) and 4(17))	61,214	24,132
Total Cost	1,054,708	1,090,489	Retained earnings (Notes 4(13) and 4(17))	177,376	141,500
Less: Accumulated depreciation	(507,823)	(506,203)	Financial instruments' unrealized gain	56	38
Accumulated impairment	(4,839)	(19,342)	Cumulative translation adjustments	10,825	18,582
Construction in progress and prepayments for equipment	1,927	223	Treasury stock (Note 4(19))	(350,835)	(155,765)
	<u>543,973</u>	<u>565,167</u>		<u>2,227,354</u>	<u>2,293,569</u>
<u>Intangible Assets</u>			Minority interest	15,821	13,425
Trademark	396	261	Total Stockholders' Equity	<u>2,243,175</u>	<u>2,306,994</u>
Goodwill	39,373	2,893	<u>Commitments and Contingent Liabilities</u> (Note 7)		
Deferred pension cost	745	423			
Other intangible assets – net (Note 4(9))	235	618			
	<u>40,749</u>	<u>4,195</u>			
<u>Other Assets</u>					
Refundable deposits	30,817	32,255			
Deferred charges – net (Note 4(10))	338,514	186,878			
Deferred income tax assets – non-current (Note 4(13))	168,740	202,319			
Other assets – other	173	184			
	<u>538,244</u>	<u>421,636</u>			
TOTAL ASSETS	\$ 3,248,288	\$ 3,262,079	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 3,248,288	\$ 3,262,079

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated August 20, 2008.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE SIX-MONTH PERIODS ENDED JUNE 30,

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2008	2007		
Operating revenues				
Sales revenue	\$ 1,925,624	\$ 1,678,530		
Sales returns	(71,700)	(47,157)		
Sales allowances	(10,559)	(28,957)		
Net sales revenue	1,843,365	1,602,416		
Service revenue	33,262	43,094		
Operating revenues	1,876,627	1,645,510		
Operating costs				
Cost of goods sold (Notes 4(21) and 5(2))	(954,031)	(857,037)		
Gross profit	922,596	788,473		
Operating expenses (Notes 4(21) and 10)				
Selling expenses	(194,719)	(146,704)		
General and administrative expenses	(404,264)	(334,745)		
Research and development expenses	(103,758)	(79,735)		
Total operating expenses	(702,741)	(561,184)		
Operating income	219,855	227,289		
Non-operating income				
Interest income	5,972	2,841		
Gain on adjustment of financial assets	1,909	5,022		
Gain on sale of investments (Note 4(6))	204	20,681		
Gain on physical count of inventories	8	-		
Foreign exchange gain	1,324	-		
Rental income	91	195		
Gain on recovery of bad debts	10,000	-		
Miscellaneous income	19,038	3,324		
Total non-operating income	38,546	32,063		
Non-operating expenses				
Interest expense	(510)	(1,939)		
Investment loss accounted for under the equity method (Note 4(7))	(4,144)	(4,413)		
Other investment loss	(1)	-		
Loss on disposal of property, plant and equipment	(33)	(1,995)		
Foreign exchange loss	-	(1,279)		
Loss on decline in market value of obsolete inventories	(12,698)	(12,825)		
Miscellaneous losses	(9,226)	(7,382)		
Total non-operating expenses	(26,612)	(29,833)		
Income before income tax	231,789	229,519		
Income tax expense (Note 4(13))	(57,851)	(77,531)		
Consolidated net income	\$ 173,938	\$ 151,988		
Attributable to:				
Equity holders of the Company	\$ 175,198	\$ 153,271		
Minority interest	(1,260)	(1,283)		
	\$ 173,938	\$ 151,988		
	2008	2007		
Basic earnings per share (in dollars) (Note 4(18))	Before	After	Before	After
Profit attributable to equity holders of the Company	\$ 1.51	\$ 1.14	\$ 1.55	\$ 1.03
Minority interest loss	(0.01)	(0.01)	(0.01)	(0.01)
Consolidated net income	\$ 1.50	\$ 1.13	\$ 1.54	\$ 1.02
Diluted earnings per share (in dollars) (Note 4(18))	Before	After	Before	After
Profit attributable to equity holders of the Company	\$ 1.51	\$ 1.13	\$ 1.55	\$ 1.03
Minority interest loss	(0.01)	(0.01)	(0.01)	(0.01)
Consolidated net income	\$ 1.50	\$ 1.12	\$ 1.54	\$ 1.02

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated August 20, 2008.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Common Stock		Capital Reserve		Retained Earnings		Other Adjustment Items		Treasury Stock	Minority Interest	Total
	Common Stock	Stock dividends to be distributed	Paid-in Capital in Excess of Par	Capital Surplus from Gain on Disposal of Assets	Legal Reserve	Retained Earnings	Financial Instruments' Unrealized Gain	Cumulative Translation Adjustments			
Balance at January 1, 2007	\$ 1,468,787	\$ -	\$ 736,166	\$ 221	\$ -	\$ 241,323	\$ 65	\$ 20,561	(\$ 155,765)	\$ 84,448	\$ 2,395,806
Distribution of 2006 earnings:											
Legal reserve	-	-	-	-	24,132	(24,132)	-	-	-	-	-
Capital increase from employees' bonuses	-	21,719	-	-	-	(21,719)	-	-	-	-	-
Directors' and supervisors' remuneration	-	-	-	-	-	(4,340)	-	-	-	(4,340)	(4,340)
Cash dividends	-	-	-	-	-	(152,754)	-	-	-	(152,754)	(152,754)
Capital increase from retained earnings	-	38,189	-	-	-	(38,189)	-	-	-	-	-
Cumulative translation adjustments	-	-	-	-	-	-	(1,979)	-	-	(1,979)	(1,979)
Effect of change in ownership percentage of investee company	-	-	-	-	-	(11,960)	-	-	-	(11,960)	(11,960)
Effect of investee's unrealized loss on financial instruments	-	-	-	-	-	-	(27)	-	-	(27)	(27)
Changes in minority interest	-	-	-	-	-	-	-	-	-	(69,740)	(69,740)
Consolidated net income for the period	-	-	-	-	-	153,271	-	-	-	(1,283)	151,988
Balance at June 30, 2007	<u>\$ 1,468,787</u>	<u>\$ 59,908</u>	<u>\$ 736,166</u>	<u>\$ 221</u>	<u>\$ 24,132</u>	<u>\$ 141,500</u>	<u>\$ 38</u>	<u>\$ 18,582</u>	<u>(\$ 155,765)</u>	<u>\$ 13,425</u>	<u>\$ 2,306,994</u>
Balance at January 1, 2008	\$ 1,530,678	\$ -	\$ 740,670	\$ 221	\$ 24,132	\$ 371,621	\$ 92	\$ 24,282	(\$ 200,788)	\$ 14,121	\$ 2,505,029
Distribution of 2007 earnings:											
Legal reserve	-	-	-	-	37,082	(37,082)	-	-	-	-	-
Capital increase from employees' bonuses	-	50,088	-	-	-	(50,088)	-	-	-	-	-
Capital increase from retained earnings	-	7,061	-	-	-	(7,061)	-	-	-	-	-
Directors' and supervisors' remuneration	-	-	-	-	-	(6,678)	-	-	-	(6,678)	(6,678)
Cash dividends	-	-	-	-	-	(268,333)	-	-	-	(268,333)	(268,333)
Acquisition of treasury stock	-	-	-	-	-	-	-	(150,047)	-	(150,047)	(150,047)
Cumulative translation adjustments	-	-	-	-	-	-	(13,457)	-	-	(13,457)	(13,457)
Effect of change in ownership percentage of investee company	-	-	-	-	-	(201)	-	-	-	(201)	(201)
Effect of investee's unrealized loss on financial instruments	-	-	-	-	-	-	(36)	-	-	(36)	(36)
Changes in minority interest	-	-	-	-	-	-	-	-	-	2,961	2,961
Consolidated net income for the period	-	-	-	-	-	175,198	-	-	-	(1,261)	173,937
Balance at June 30, 2008	<u>\$ 1,530,678</u>	<u>\$ 57,149</u>	<u>\$ 740,670</u>	<u>\$ 221</u>	<u>\$ 61,214</u>	<u>\$ 177,376</u>	<u>\$ 56</u>	<u>\$ 10,825</u>	<u>(\$ 350,835)</u>	<u>\$ 15,821</u>	<u>\$ 2,243,175</u>

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

See report of independent accountants dated August 20, 2008.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30,

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2008	2007
<u>Cash flows from operating activities</u>		
Consolidated net income	\$ 173,938	\$ 151,988
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Gain on sale of long-term investments	-	(20,681)
Gain on adjustment of financial assets	(1,908)	(5,022)
(Reversal of allowance for) provision for bad debts and sales returns	(15,861)	7,094
Provision for decline in market value and obsolescence of inventories and inventories written - off	5,693	5,209
Investment loss accounted for under the equity method	4,144	4,413
Other investment loss	1	-
Loss on disposal of investment	(204)	-
Depreciation and amortization	140,467	114,378
Amortization of trademark	26	21
Loss on disposal of property, plant and equipment and other intangible assets	33	1,995
Amortization of other intangible assets	144	167
Deferred charges charged to cost	-	442
Changes in assets and liabilities:		
(Increase) decrease in:		
Notes receivable - third parties	(1,525)	(36,469)
Accounts receivable - third parties	104,360	115,601
Other receivables - third parties	776	(6,569)
Inventories	(16,753)	(7,604)
Prepaid expenses	(10,043)	(1,633)
Deferred income tax assets	20,624	30,507
Other current assets	866	28
Increase (decrease) in:		
Notes payable - third parties	(31,584)	109,342
Accounts payable - third parties	(2,237)	36,406
Accounts payable - related party	-	(26,168)
Income tax payable	36,441	(7,178)
Accrued expenses	(7,792)	(43,065)
Other payables - third parties	(12,776)	17,986
Unearned revenue collected in advance	(39,592)	(61,339)
Other current liabilities	(2,753)	22,516
Accrued pension liabilities	903	(1,348)
Net cash provided by operating activities	345,388	401,017

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

	<u>2008</u>	<u>2007</u>
<u>Cash flows from investing activities</u>		
Increase in financial assets held for trading - bond funds	(\$ 910,000)	(\$ 2,116,000)
Proceeds from disposal of financial assets held for trading - bond funds	911,908	2,121,022
Increase in available-for-sale financial assets	(36,500)	-
Proceeds from disposal of available-for-sale financial assets	36,725	-
Increase in long-term investment – subsidiary	-	(23,151)
Increase in long-term investment – subsidiary acquisition price	(75,545)	-
Proceeds from disposal of long-term investment	-	75,499
Proceeds from disposal of property, plant and equipment and deferred charges	604	3,174
Acquisition of property, plant and equipment	(67,219)	(61,071)
Increase in trademark	(161)	-
Increase in deferred charges	(140,452)	(40,266)
Decrease (increase) in refundable deposits, net	1,939	(6,456)
Decrease (increase) in other assets – other	<u>1</u>	<u>(184)</u>
Net cash used in investing activities	<u>(278,700)</u>	<u>(47,433)</u>
<u>Cash flows from financing activities</u>		
Increase in short-term loans	8,405	-
Decrease in current portion of long-term liabilities	(25,000)	-
Decrease in long-term loans	-	(25,128)
Increase (decrease) in other liabilities - other	341	(364)
(Decrease) increase in guarantee deposits	(610)	681
Acquisition of treasury stock	(150,047)	-
Changes in minority interest	<u>1,279</u>	<u>4,659</u>
Net cash used in financing activities	<u>(165,632)</u>	<u>(20,152)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(3,194)</u>	<u>(3,154)</u>
Effect of changes in consolidated subsidiaries	<u>1,334</u>	<u>(215,394)</u>
Net (decrease) increase in cash and cash equivalents	<u>(100,804)</u>	<u>114,884</u>
Cash and cash equivalents at beginning of the period	<u>1,129,676</u>	<u>1,031,180</u>
Cash and cash equivalents at end of the period	<u>\$ 1,028,872</u>	<u>\$ 1,146,064</u>
<u>Supplemental disclosures of cash flow information</u>		
Cash paid during the period for:		
Interest	<u>\$ 527</u>	<u>\$ 1,965</u>
Income taxes	<u>\$ 1,966</u>	<u>\$ 54,888</u>

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

	<u>2008</u>	<u>2007</u>
<u>Cash paid for the acquisition of property, plant and equipment:</u>		
Property, plant and equipment acquired	\$ 45,786	\$ 63,173
Payable at end of the period	(8,570)	(4,193)
Payable at beginning of the period	<u>30,003</u>	<u>2,091</u>
Cash paid	<u>\$ 67,219</u>	<u>\$ 61,071</u>
<u>Information on disposal of majority-owned subsidiary:</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 subsidiary	-	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 subsidiary	<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>
<u>Non-cash flows from financing activities:</u>		
Directors' and supervisors' remuneration	<u>\$ 6,678</u>	<u>\$ 4,340</u>
Cash dividends	<u>\$ 268,333</u>	<u>\$ 152,754</u>
Capital increment from employees' bonuses	<u>\$ 50,088</u>	<u>\$ 21,719</u>
Capital increment from retained earnings	<u>\$ 7,061</u>	<u>\$ 38,189</u>

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

See report of independent accountants dated August 20, 2008.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

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 June 30, 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 issued and outstanding capital was \$1,530,678. The Company is engaged in software services and TV programming. As of June 30, 2008, the Company and its consolidated subsidiaries had 1,082 employees.

(2) Consolidated subsidiaries

<u>Name of company</u>	<u>Relationship</u>	<u>Main activities</u>	<u>% of shares held as of June 30</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	98.97%	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 holdings	100%	100%
Playcoo Co.	Note A	Design and research of software	73.32%	36.72% (Note F)
Gamania International Holding Ltd.	Note B	Investment holdings	100%	100%
InnoJelly Coporation	Note B	Investment holdings	73.32%	36.72% (Note F)
Gamania Digital Entertainment (Japan) Co., Ltd.	Note C	Design and sales of software; sales of hardware	100%	100%
Gamania China Holdings Ltd.	Note C	Investment holdings	93.55%	93.55%
Gamania Digital Entertainment (H.K.) Co., Ltd.	Note D	Design and sales of software	93.55%	93.55%

<u>Name of company</u>	<u>Relationship</u>	<u>Main activities</u>	<u>% of shares held as of June 30</u>	
			<u>2008</u>	<u>2007</u>
Gamania Digital Entertainment Sino Holdings Co., Ltd.	Note D	Investment holdings	93.55%	93.55%
Gamania Digital Entertainment (Beijing) Co., Ltd.	Note E	Design and sales of software	93.55%	93.55%

Note A: Majority-owned subsidiary

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

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

Note F: As of June 30, 2007, the company was not a consolidated subsidiary.

(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 of June 30</u>		<u>Note</u>
			<u>2008</u>	<u>2007</u>	
Playcoo Co.	Note A	Design and research of software	73.32%	36.72%	Note C

InnoJelly Corporation	Note B	Investment holdings	73.32%	36.72%	Note B
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Note A: Majority-owned subsidiary.

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

Note C: Percentage of shares held by the Company increased from 36.72% to 73.32%.

2. Majority-owned subsidiary that was deconsolidated from the consolidated financial statements

<u>Name of company</u>	<u>Relationship</u>	<u>Main activities</u>	<u>% of shares held as of June 30</u>		<u>Note</u>
			<u>2008</u>	<u>2007</u>	
G.A.O. Co., Limited	Note A	Design and sales of software	-	93.55%	Note B

Note A: Majority-owned subsidiary.

Note B: The Company had been liquidated.

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

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

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

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

- (8) Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: None.
- (9) The Company's and its subsidiaries' earnings distributions are restricted by enactment or contract: None.
- (10) The subsidiaries hold the company's stocks and bonds: None.
- (11) Convertible bonds and new stocks are published 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 are excluded from the consolidated statements of income effective the date on which the Company loses control over the subsidiary. For the initial year of adoption of SFAS No. 7, restatement of prior year's financial statements is not required.

(2) Translation of financial statements of foreign subsidiaries

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

(3) Foreign currency transactions

The accounts of the Company and its subsidiaries are maintained in New Taiwan dollars and functional currencies, respectively. Transactions arising in foreign currencies are translated into New Taiwan dollars and functional currencies at the

exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into New Taiwan dollars and functional currencies 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 capital reserve and long-term investment amounts are adjusted by the variance between the investment cost and net assets of the investee due to the disproportionate acquisition or decrease of shares in connection with the capital increase or decrease by the investee company. If the balance of capital reserve from long-term investment is not sufficient, then retained earnings is debited.
- C) 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. Except for leasehold improvements, which are based on the shorter of the contract period or the life of the asset, the estimated useful lives are 55 years for buildings and 3 to 8 years for the other property, plant and equipment.
- B) When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts and the resulting gain or loss is included in current non-operating income (expense).
- C) Major renewals or betterments are capitalized and depreciated accordingly. Maintenance and repairs are expensed as incurred.
- 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 is 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 employee stock options granted from January 1, 2004 through December 31, 2007 are accounted for in accordance with EITF 92-070, EITF 92-071 and EITF 92-072 of the Accounting Research and Development Foundation, R.O.C., dated March 17, 2003, "Accounting for Employee Stock Options", prescribed by the R.O.C. Accounting Research and Development Foundation. Under the share-based employee compensation plan, compensation cost is recognized using the intrinsic value method and pro forma disclosures of net income and earnings per share is prepared under the fair value method.

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

Effective January 1, 2008, pursuant to EITF 96-052 of the Accounting Research and Development Foundation, R.O.C., dated March 16, 2007, "Accounting for Employees' Bonuses and Directors' and Supervisors' Remuneration", the costs of employees' bonuses and directors' and supervisors' remuneration are accounted for as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and the amounts can be estimated reasonably. However, if the accrued amounts for employees' bonuses and directors' and supervisors' remuneration are significantly different from the actual distributed amounts resolved by the stockholders at their annual stockholders' meeting subsequently, the differences shall be recognized as gain or loss in the following year. In addition, according to EITF 97-127 of the Accounting Research and Development Foundation, R.O.C., dated March 31, 2008, "Criteria for Listed Companies in Calculating the Number of Shares of

Employees' Stock Bonus", the Company calculates the number of shares of employees' stock bonus based on the closing price of the Company's common stock at the previous day of the stockholders' meeting held in the year following the financial reporting year, and after taking into account the effects of ex-rights and ex-dividends.

(18) Deferred income tax assets and income tax

- A) Income tax of the Company and its domestic subsidiaries are provided based on accounting income after adjusting for permanent differences. The provision for income tax includes deferred income tax resulting from items reported in different periods for tax and financial reporting purposes. Deferred income tax assets or liabilities are further classified into current and non-current items based on the classifications of the related assets or liabilities or on the expected reversal date of the temporary differences and are presented on the financial statements at net amount. Valuation allowance on deferred income tax assets is recognized to the extent that it is more likely than not that the tax benefits will not be realized.
- B) Tax credits resulting from equipment purchases, technology acquisitions, research and development expenditures, training expenses and long-term equity investments, etc. of the Company and its domestic subsidiaries are recognized as current income tax benefit when incurred.
- C) Over or under provision of prior years' income tax liabilities is included in the current year's income tax expense.
- D) The Company's overseas subsidiaries' income taxes are subject to their local regulations.
- E) In accordance with the Taiwan imputation tax system, any undistributed current earnings of a company derived on or after January 1, 1998 is subject to an additional 10% corporate income tax if the earnings are not distributed before a specific time. This 10% additional corporate income tax is recorded as income tax expense in the period the stockholders approve a resolution to retain the earnings.
- F) In accordance with the "Income Basic Tax Act", effective January 1, 2006, 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 period.

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

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

(23) Use of estimates

The preparation of 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 \$14,532 and earnings per share decreased by \$0.094 for the six-month period ended June 30, 2008.

4. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30,	
	2008	2007
Cash on hand	\$ 703	\$ 3,750
Cash in banks	528,799	1,053,158
Time deposits	461,798	69,029
Cash equivalents	37,572	20,127
	<u>\$ 1,028,872</u>	<u>\$ 1,146,064</u>

(2) Available-for-sale financial assets

Items	June 30,	
	2008	2007
Current item:		
Bond funds	\$ 14,475	\$ -
Adjustment of available-for-sale financial assets	75	-
	<u>\$ 14,550</u>	<u>\$ -</u>

(3) Notes receivable

	<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>
Notes receivable	\$ 90,545	\$ 149,179
Less: Allowance for doubtful accounts	(16)	(16)
	<u>\$ 90,529</u>	<u>\$ 149,163</u>

(4) Accounts receivable

	<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>
Accounts receivable	\$ 849,059	\$ 836,331
Less: Allowance for doubtful accounts	(62,226)	(73,009)
Allowance for sales returns	(7,688)	(14,804)
	<u>\$ 779,145</u>	<u>\$ 748,518</u>

(5) Inventories - net

	<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>
Inventories	\$ 39,967	\$ 53,397
Less: Allowance for obsolescence and market value decline	(13,798)	(28,332)
	<u>\$ 26,169</u>	<u>\$ 25,065</u>

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

	<u>June 30,</u>	
<u>Items</u>	<u>2008</u>	<u>2007</u>
Unlisted stocks		
Nice Finance Co., Ltd.	\$ 91,453	\$ 91,453
NC Taiwan Co., Ltd.	22,841	22,841
	<u>\$ 114,294</u>	<u>\$ 114,294</u>

A) The 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".

(7) 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>June 30, 2008</u>		<u>Investment loss for the six-month period ended June 30, 2008</u>
		<u>Ownership percentage</u>	<u>Balance</u>	
Taiwan e-sports Co., Ltd.	\$ 5,000	25.00%	\$ 2,288	(\$ 2,151)
Playcoo Co. (Note)	138,696	73.32%	-	(1,993)
	<u>\$ 143,696</u>		<u>\$ 2,288</u>	<u>(\$ 4,144)</u>

Note: The Company increased its ownership in Playcoo Co. to 73.32% by acquiring 6,295,000 shares of common stocks for \$12 per share from Wistron Corporation and Wisecap Ltd. in March 2008, and the Company has included Playcoo Co. in its consolidated financial statements from then on.

<u>Name of investee</u>	<u>Original cost</u>	<u>June 30, 2007</u>		<u>Investment loss for the six-month period ended June 30, 2007</u>
		<u>Ownership percentage</u>	<u>Balance</u>	
Playcoo Co.	<u>\$ 63,151</u>	36.72%	<u>\$ 40,456</u>	<u>(\$ 4,413)</u>

B) Long-term investment in Playcoo Co. accounted for under the equity method was based on financial statements audited by other auditors as of and for the six-month periods ended June 30, 2008 and 2007.

C) The related investment loss of \$2,151 in Taiwan e-sports Co., Ltd. was based on its unaudited financial statements for the six-month period ended June 30, 2008 as its authorized capital was below \$30,000, its operating revenues was below \$50,000 and it did not account for 10% of the Company's operating revenues.

D) The related investment loss based on financial statements audited by other auditors amounted to \$1,993 and \$4,413 for the six-month periods ended June 30, 2008 and 2007, respectively. As of June 30, 2008 and 2007, the balance of this investment was \$0 and \$40,456, respectively.

(8) Property, plant and equipment

	<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>
<u>Cost</u>		
Land	\$ 147,751	\$ 147,751
Buildings	156,351	155,834
Machinery and equipment	635,471	683,977
Office equipment	70,839	68,259
Leased assets	5,215	4,424
Leasehold improvements	37,112	28,887
Other equipment	1,969	1,357
	<u>1,054,708</u>	<u>1,090,489</u>

	<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>
<u>Accumulated depreciation</u>		
Buildings	(18,476)	(14,468)
Machinery and equipment	(439,003)	(447,364)
Office equipment	(33,904)	(37,563)
Leased assets	(2,919)	(2,586)
Leasehold improvements	(12,526)	(3,505)
Other equipment	(995)	(717)
	(507,823)	(506,203)
Construction in progress and prepayments for equipment	1,927	223
Less: Accumulated impairment	(4,839)	(19,342)
	\$ 543,973	\$ 565,167
(9) <u>Other intangible assets</u>		
	<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>
Prepayments for franchises	\$ 38,533	\$ 38,916
Less: Accumulated impairment	(38,298)	(38,298)
	\$ 235	\$ 618
(10) <u>Deferred charges</u>		
	<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>
Royalty payments	\$ 474,360	\$ 405,111
Unamortized expense	187,845	107,705
	662,205	512,816
Less: Accumulated impairment	(323,691)	(325,938)
	\$ 338,514	\$ 186,878
(11) <u>Short-term loans</u>		
	<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>
Short-term bank loans	\$ 18,405	\$ -
Annual interest rates	<u>2.58%~4.5%</u>	-
Credit lines	\$ 140,000	\$ -

(12) Long-term loans

<u>Bank</u>	<u>Total Credit Lines</u>	<u>Period/Terms of Repayment</u>	<u>June 30,</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	-	20,000
Chang Hwa Bank	150,000	02.14.2005 ~ 02.14.2008 First year grace period, 12 equal semi-annual installments starting from year 2	-	50,000
			-	120,000
Less: Current portion			-	(120,000)
			<u>\$ -</u>	<u>\$ -</u>

(13) Income tax payable

A) Income tax payable and income tax expense for the six-month periods ended June 30, 2008 and 2007 are reconciled as follows:

	<u>For the six-month periods ended June 30,</u>	
	<u>2008</u>	<u>2007</u>
Current year income tax expense	\$ 57,693	\$ 77,512
Additional 10% corporate income tax on undistributed earnings	158	19
	<u>57,851</u>	<u>77,531</u>
Add (Less): Net change in deferred income tax assets	(20,624)	(30,507)
Prepaid income tax	(483)	(140)
Under provision of prior year's income tax	2,790	(16,474)
Income tax payable of prior year	7,377	7,377
Effect of exchange rate	(259)	(24)
Other-withholding tax of foreign income	(481)	-
Income tax payable	<u>\$ 46,171</u>	<u>\$ 37,763</u>

B) Deferred income tax assets are as follows:

	<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>
Deferred income tax assets – current	\$ 102,940	\$ 21,529
Deferred income tax assets – non-current	<u>274,355</u>	<u>271,711</u>
	377,295	293,240
Less: Valuation allowance – current	(83,800)	(4,621)
Valuation allowance – non-current	<u>(105,615)</u>	<u>(69,392)</u>
	<u>\$ 187,880</u>	<u>\$ 219,227</u>

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

	<u>June 30,</u>			
	<u>2008</u>		<u>2007</u>	
	<u>Amount</u>	<u>Tax effect</u>	<u>Amount</u>	<u>Tax effect</u>
Current items:				
Allowance for decline in market value and inventory obsolescence	\$ 13,797	\$ 3,449	\$ 38,752	\$ 9,688
Allowance for sales returns	9,843	2,460	6,711	1,678
Inventory obsolescence loss	13,847	3,462	-	-
Over provision of allowance for bad debts	-	-	9,538	2,385
Welfare expenses	100	25	600	150
Loss carryforwards	174,679	43,670	-	-
Others	-	-	14	4
Investment tax credits		<u>49,874</u>		<u>7,624</u>
		102,940		21,529
Less: Valuation allowance		<u>(83,800)</u>		<u>(4,621)</u>
		<u>\$ 19,140</u>		<u>\$ 16,908</u>
Non-current items:				
Welfare expenses	\$ 17	\$ 4	\$ 117	\$ 28
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	6,657	1,664	73,599	18,400
Loss carryforwards	301,481	75,370	250,594	62,649
Loss on foreign investments	100,649	25,162	-	-
Reserve for foreign investments	(69,675)	(17,418)	(124,480)	(31,120)
Reduction in capital of subsidiaries to cover accumulated deficit	672,643	168,160	785,541	196,385
Depreciation allowances in excess of related depreciation	(10,876)	(1,903)	-	-
Others	379	95	-	-
Investment tax credits		<u>20,758</u>		<u>22,906</u>
		274,355		271,711
Less: Valuation allowance		<u>(105,615)</u>		<u>(69,392)</u>
		<u>\$ 168,740</u>		<u>\$ 202,319</u>

D) As of June 30, 2008 and 2007, the balance of shareholders account of deductible tax was as follows:

	<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>
Balance of shareholders account of deductible tax	<u>\$ 65,406</u>	<u>\$ 91,495</u>
2007 Budgeted creditable tax ratio		<u>17.60%</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>June 30,</u>	
	<u>2008</u>	<u>2007</u>
On or after January 1, 1998		
a. Earnings not subjected to 10% income tax	\$ 175,198	\$ 153,271
b. Earnings subjected to 10% income tax	<u>2,178</u>	<u>(11,771)</u>
	<u>\$ 177,376</u>	<u>\$ 141,500</u>

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

- (a) As of June 30, 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 June 30, 2008, according to "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 \$189,672 to offset against taxable income for the next four to five 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	\$ 68,708	\$ 62,432	2008~2012
Machinery and equipment	5,124	5,124	2008~2012
Employees training	3,076	3,076	2009~2010
Loss carryforwards	476,160	119,040	2008~2012
	<u>\$ 553,068</u>	<u>\$ 189,672</u>	

(14) 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 (Central Trust of China) under the name of the independent retirement fund committee. For the six-month periods ended June 30, 2008 and 2007, net pension costs recognized by the Company and its domestic subsidiaries under the defined benefit plan amounted to \$574 and \$34, respectively. The balance of the retirement fund deposited with Bank of Taiwan was \$35,663 and \$26,793 as of June 30, 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 \$1,267 and \$788 for the six-month periods ended June 30, 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 \$1,453 and \$775 for the six-month periods ended June 30, 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 six-month periods ended June 30, 2008 and 2007 amounted to \$13,733 and \$10,653, 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.

(15) 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.

(16) Legal reserve

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

(17) Retained earnings

- A) As stipulated in the Company's Articles of Incorporation, the current earnings, if any, shall be distributed in the following order:
- a. Pay for taxes and duties.
 - b. Covering prior years' accumulated deficit, if any.
 - c. After deducting items a and b, 10% of the remaining amount is appropriated as legal reserve.
 - d. In addition to the amount appropriated for legal reserve, the Company may appropriate an amount equal to the negative items in the stockholders' equity from retained earnings as special reserve.
 - e. Interest on capital.
 - f. After deducting items a to e, 10% ~ 15% of the remaining earnings is appropriated as employees' bonuses and up to 2% as remuneration to directors and supervisors.
 - g. The remaining amount is to be distributed to stockholders in accordance with the resolution adopted at the stockholders' meeting.

- B) The Taiwan imputation tax system requires that any undistributed current earnings of a company derived on or after January 1, 1998 be subject to an additional corporate income tax if the earnings are not distributed in the following year's shareholders' meeting. This 10% additional tax on undistributed earnings paid by the company may be used as tax credit by shareholders, including foreign shareholders, against the withholding tax on dividends. In addition, the domestic shareholder can claim a proportionate share in the company's corporate income tax as tax credit against its individual income tax liability effective 1998.
- C) On June 13, 2008, the Company's stockholders approved to distribute 2007 earnings, which included legal reserve of \$37,082, employee bonuses of \$50,088, cash dividends of \$268,333, stock dividends of \$7,061 and directors' and supervisors' remuneration of \$6,678. For current status of the resolution, please visit the Taiwan Stock Exchange website.
- 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 \$15,512 and \$3,102, constituting 10% and 2%, respectively, of net income after tax for the six-month period ended June 30, 2008, after taking into account the legal reserve, and are recognized as operating expenses for the six-month period ended June 30, 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 six-month period ended June 30, 2007 are set forth below:
 - a. The employees' bonuses and directors' and supervisors' remuneration are \$20,005 and \$2,667, respectively, for the six-month period ended June 30, 2007. The amounts are calculated based on the percentage of net income for the half year of 2007.

b. Pro forma information:

		(Retroactively adjusted)	
		<u>For the six-month period ended June 30, 2007</u>	
Net income	Net income	\$	153,271
	Pro forma net income		130,599
Basic earnings per share	EPS		1.03 (in dollars)
	Pro forma EPS		0.88 (in dollars)
Diluted earnings per share	EPS		1.03 (in dollars)
	Pro forma EPS		0.88 (in dollars)

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

(18) Earnings per share

		<u>For the six-month period ended June 30, 2008</u>				
		<u>Amount</u>		<u>Weighted average</u>	<u>Earnings per share (Note)</u>	
		<u>Before</u>	<u>After</u>	<u>number of outstanding</u>	<u>Before</u>	<u>After</u>
		<u>income tax</u>	<u>income tax</u>	<u>common shares</u>	<u>income tax</u>	<u>income tax</u>
				<u>(In thousands of shares)</u>		
Basic earnings per share:	Net income attributable to common stockholders	\$ 233,049	\$ 175,198	154,057	<u>\$ 1.51</u>	<u>\$ 1.14</u>
Dilutive effect:	Stock options	-	-	566		
Diluted earnings per share:	Net income	<u>\$ 233,049</u>	<u>\$ 175,198</u>	<u>154,623</u>	<u>\$ 1.51</u>	<u>\$ 1.13</u>

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

	For the six-month period ended June 30, 2007				
	Amount		Weighted average number of outstanding common shares (In thousands of shares)	Earnings per share (Note)	
	Before income tax	After income tax		Before income tax	After income tax
Basic earnings per share before retroactive adjustment:					
Net income	\$ 230,802	\$ 153,271	142,870	\$ 1.62	\$ 1.07
Dilutive effect:					
Stock options	-	-	316		
Diluted earnings per share					
Net income	\$ 230,802	\$ 153,271	143,186	\$ 1.61	\$ 1.07
Basic earnings per share after retroactive adjustment:					
Net income	\$ 230,802	\$ 153,271	148,584	\$ 1.55	\$ 1.03
Dilutive effect:					
Stock options	-	-	316		
Diluted earnings per share:					
Net income	\$ 230,802	\$ 153,271	148,900	\$ 1.55	\$ 1.03

Note: In New Taiwan Dollars.

(19) Treasury stock

A) Changes in the treasury stock for the six-month periods ended June 30, 2008 and 2007 are set forth below:

	For the six-month period ended June 30, 2008				
	Beginning shares (Note)	Additions	Disposals	Ending shares (Note)	
Reason for reacquisition					
Employees stock options	6,887	4,953	-	11,840	
	For the six-month period ended June 30, 2007				
	Beginning shares (Note)	Additions	Disposals	Ending shares (Note)	
Reason for reacquisition					
Employees stock options	10,000	-	-	10,000	

Note: Amount in thousands of shares.

B) The maximum and ending balances of treasury stock for the six-month periods ended June 30, 2008 and 2007 are as follows:

June 30, 2008		June 30, 2007	
Maximum balance	Ending balance	Maximum balance	Ending balance
\$ 350,835	\$ 350,835	\$ 155,765	\$ 155,765

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

(20) Employee stock option plan

- A) On December 25, 2003, the board of directors approved an employee stock option plan. The program involves the issuance of 10,000,000 units of options that can be converted to one share of common stock per unit. When the contributed capital changes as a result of the issuance of new shares of common stock, the option price will be adjusted based on a predetermined formula. The 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 six-month periods ended June 30, 2008 and 2007 were as follows:

	For the six-month periods ended June 30,			
	2008		2007	
Stock Options	Units (in thousands)	Weighted-average exercise price (in dollars) (Note)	Units (in thousands)	Weighted-average exercise price (in dollars) (Note)
Beginning balance	16,718	\$ 29.21	5,210	\$ 32.80
Number of options granted	-	-	-	-
Adjustment due to issuance of stock dividends	-	-	-	-
Exercised	-	-	-	-
Cancelled	(227)	-	(353)	-
Ending balance	<u>16,491</u>	29.21	<u>4,857</u>	\$ 32.80
Exercisable at the end of the period	<u>4,700</u>		<u>4,857</u>	
Authorized but unissued at the end of the period	<u>-</u>		<u>-</u>	

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

C) As of June 30, 2008 and 2007, the details of outstanding stock options are as follows:

June 30, 2008					
Outstanding stock options			Exercisable stock options		
Exercise price (in dollars)	Units (in thousands)	Weighted-average remaining life (year)	Weighted-average exercise price (in dollars)	Units (in thousands)	Weighted-average exercise price (in dollars)
\$ 31.40	4,700	1.583	\$ 31.40	4,700	\$ 31.40
\$ 28.35	11,791	5.417	\$ 28.35	-	-

June 30, 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	4,857	2.583	\$ 32.80	4,857	\$ 32.80

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>	<u>2007 Stock Options</u>	<u>2004 Stock Options</u>
Dividend yield	0%	0%
Volatility (Note)	43.58%	62.02% (Note 1)
Risk-free interest rate	2.65%	1.95%
Expected life of the options	4.3years	6 years
Exercise price	\$ 28.35 (in dollars)	\$ 31.4 (in dollars) (Note 2)
Amortization period	2~3 years	2~3 years

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

	<u>For the six-month period ended June 30, 2008</u>		<u>For the six-month period ended June 30, 2007</u>
	<u>2004 stock options</u>	<u>2007 stock options</u>	<u>2004 stock options</u>
Weighted average fair value of options granted to employees	\$ 10.95 (in dollars)	\$ 17.4656 (in ollars)	\$ 17.4656 (in dollars)
Compensation cost under “fair value method”	\$ 26,859	\$ -	\$ 6,982

(d) Pro forma information:

		For the six-month period ended June 30, 2008	(Retroactively adjusted) For the six-month period ended June 30, 2007
Net income	Net income	\$ 175,198	\$ 153,271
	Pro forma net income	148,339	146,289
Basic earnings per share (EPS)	EPS	1.14 (in dollars)	1.03 (in dollars)
	Pro forma EPS	0.96 (in dollars)	0.98 (in dollars)
Diluted earnings per share	EPS	1.13 (in dollars)	1.03 (in dollars)
	Pro forma EPS	0.96 (in dollars)	0.98 (in dollars)

(21) Personnel, depreciation and amortization expenses

		<u>For the six-month period ended June 30, 2008</u>		
		<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Personnel expenses				
Salaries	\$ 40,247	\$ 306,972	\$ 347,219	
Labor and health insurances	1,721	23,608	25,329	
Pension	446	16,581	17,027	
Others	2,315	17,915	20,230	
	<u>\$ 44,729</u>	<u>\$ 365,076</u>	<u>\$ 409,805</u>	
Depreciation	<u>\$ 36,320</u>	<u>\$ 34,650</u>	<u>\$ 70,970</u>	
Amortization	<u>\$ 52,964</u>	<u>\$ 23,662</u>	<u>\$ 76,626</u>	
Directors' and supervisors' remuneration	<u>\$ -</u>	<u>\$ 3,102</u>	<u>\$ 3,102</u>	
		<u>For the six-month period ended June 30, 2007</u>		
		<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Personnel expenses				
Salaries	\$ 39,100	\$ 218,907	\$ 258,007	
Labor and health insurances	301	20,392	20,693	
Pension	163	12,019	12,182	
Others	1,434	16,453	17,887	
	<u>\$ 40,998</u>	<u>\$ 267,771</u>	<u>\$ 308,769</u>	
Depreciation	<u>\$ 39,821</u>	<u>\$ 31,914</u>	<u>\$ 71,735</u>	
Amortization	<u>\$ 36,171</u>	<u>\$ 10,291</u>	<u>\$ 46,462</u>	

(22) 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 \$69,675 as of June 30, 2008.

However, to comply with generally accepted accounting principles in Republic of China, the allowance had been reversed in the financial statements as of June 30, 2008.

The allowance for investment loss is as follows:

<u>Amount as of January 1, 2008</u>	<u>Additions</u>	<u>Recovery</u>	<u>Amount as of June 30, 2008</u>
\$ 63,539	\$ 6,136	\$ -	\$ 69,675

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)
Gamania Cheer Up Foundation	Same chairman

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 six-month periods ended June 30,</u>			
	<u>2008</u>		<u>2007</u>	
	<u>Amount</u>	<u>% of operating cost</u>	<u>Amount</u>	<u>% of operating cost</u>
Playcoo	\$ <u>1,395</u>	<u>-</u>	\$ <u>-</u>	<u>-</u>

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.

B) Donation

	<u>For the six-month periods ended June 30,</u>			
	<u>2008</u>		<u>2007</u>	
	<u>Amount</u>	<u>% of donation</u>	<u>Amount</u>	<u>% of donation</u>
Gamania Cheer Up Foundation	\$ <u>3,000</u>	<u>73</u>	\$ <u>-</u>	<u>-</u>

6. DETAILS OF PLEDGED OR RESTRICTED ASSETS

<u>Assets</u>	<u>June 30,</u>		<u>Purpose</u>
	<u>2008</u>	<u>2007</u>	
Land	\$ 57,497	\$ 141,717	Long-term loans / Credit lines
Buildings	41,399	103,151	"
Machinery and equipment	-	16,855	Long-term loans / Credit loans
	\$ <u>98,896</u>	\$ <u>261,723</u>	

7. COMMITMENTS AND CONTINGENT LIABILITIES

- A) As of June 30, 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 \$ 93,786.
- 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(13), 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) 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 June 30, 2007 consolidated financial statements were reclassified to conform with the June 30, 2008 consolidated financial statement presentation.

(2) The fair values of the financial instruments

	<u>June 30, 2008</u>			<u>June 30, 2007</u>		
	<u>Book value</u>	<u>Fair value</u>		<u>Book value</u>	<u>Fair value</u>	
		<u>Quotations in an active market</u>	<u>Estimated value</u>		<u>Quotations in an active market</u>	<u>Estimated value</u>
<u>Financial instruments</u>						
Non-derivative financial instruments						
Assets						
Financial assets with fair values equal to book values	\$1,913,525	(Note A)	\$1,913,525	\$2,055,958	(Note A)	\$2,055,958
Available-for-sale financial assets	14,550	14,550	-	-	-	-
Financial assets carried at cost	114,294	-	-	114,294	-	-
Refundable deposits	30,817	-	30,606	32,255	-	32,002
Liabilities						
Financial liabilities with fair values equal to book values	\$ 928,850	(Note A)	928,850	\$ 864,117	(Note A)	\$ 864,117
Guarantee deposits	671	-	671	1,031	-	1,031

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

(A) Market risk

The Group's trading of financial assets has no market price, however the Group expects no significant market risk because the Group has set a stop loss limit.

(B) Credit risk

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

(C) Liquidity risk

There is no active market for equity financial instruments of the Group, so the Group expects to have liquidity risk.

(D) Cash flow interest rate risk

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

B) Receivables: 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 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 six-month periods ended June 30, 2008 and 2007, the Company donated cash amounting to \$4,100 and \$700, respectively, to charities, and educational institutions that are accredited by the government, without significant appointed considerations.

(5) Intercompany transactions eliminated

For the six-month period ended June 30, 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	(\$ 604,414)	\$ 222,934	\$ 6,765	\$ 114,817	\$ 113,920	\$ 27,817	\$ 100	\$ 20,644	\$ 96,417
2. Receivables and payables eliminated	(24,333)	(15,886)	(2,611)	48,793	6	111	(2,508)	(33)	(3,539)
3. Profit and loss accounts eliminated									
(1) Sale and purchase transactions	(1,585)	3,210	1,585	(3,210)					
(2) Royalty income and publishing cost	1,769	1,063					3,946	(1,538)	(5,240)
(3) Other operating revenue and service expense	(1,200)			1,200					
(4) Advertising expense and revenue	(5,392)		(130)	5,522					
(5) Rent revenue and expense	(1,599)		11	1,588					
(6) Other revenue and expense	(1,702)	8	21	1,673					
(7) Realized (unrealized) gross profit on intercompany transactions	(230)			230					

For the six-month period ended June 30, 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	(\$ 510,385)	\$ 214,063	\$ 36,077	\$ 115,290	\$ 109,120	\$ 26,418	\$ 25	\$ 9,392
2. Receivables and payables eliminated	(53,218)	(15,456)	(5,127)	73,446	6	575	(220)	(6)
3. Profit and loss accounts eliminated								
(1) Sale and purchase transactions	34,110		(27,863)	(6,247)				
(2) Royalty income and publishing cost	(985)	985						
(3) Other operating revenue and service expense	(1,017)		57	960				
(4) Advertising expense and revenue	4,606		(11)	(4,595)				
(5) Rent revenue and expense	(117)		40	77				
(6) Other revenue and expense	(579)	71	57	451				
(7) Realized (unrealized) gross profit on intercompany transactions	(1,213)	(32)		1,245				

11. DISCLOSURE INFORMATION

(1) Related information of significant transactions

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

B) Guarantee for any other company or person:

Unit: Thousands of New Taiwan Dollars

Company or investee companies		Parties being guaranteed		Limit of guarantee for each party (Note 4)	Maximum outstanding guarantee amount for the six-month period ended June 30, 2008	Outstanding guarantee amount at June 30, 2008	Amount of guarantee with collateral placed	Ratio of accumulated guarantee amount to net value of the Company	Maximum amount available for guarantee (Note 3)
Number (Note 1)	Name	Name	Relationship with the Company (Note 2)						
0	The Company	Fundation Digital Entertainment Co., Ltd.	2	\$ 30,000	\$ 10,000	\$ 10,000	None	0.45%	\$ 459,203 (30% of the Company's capital)
0	The Company	Gamania Digital Entertainment (Japan) Co., Ltd.	3	30,000	14,190	14,190	None	0.64%	\$ 459,203 (30% of the Company's capital)

Note 1: Number 0 represents the Company.

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

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

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

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

C) Marketable securities held at June 30, 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	June 30, 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	\$ 223,934	100%	\$ 223,934	Note (3)
"	"	Gamania Korea Co., Ltd.	"	"	522	27,817	100%	27,817	"
"	"	Alibangbang Digital Games Co., Ltd.	"	"	7,423	20,644	98.97%	20,644	"
"	"	Taiwan Index Co., Ltd.	"	"	7,750	82,501	69.44%	82,501	"
"	"	Gamania Asia Investment Co., Ltd.	"	"	13,945	146,236	100%	146,236	"
"	"	Gamania Digital Entertainment Labuan Holdings, Ltd.	"	"	10	100	100%	100	"
"	"	Foundation Digital Entertainment Co., LTD.	"	"	4,000	6,765	100%	6,765	"
"	"	Playcoo Co.	"	"	12,611	96,417	73.32%	96,417	"
"	"	Taiwan e-sports Co., Ltd.	Investee company accounted for under the equity method	"	500	2,288	25.00%	2,288	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	"

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

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

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

D) Marketable securities acquired or sold during the six-month period ended June 30, 2008 in excess of \$100,000 or 20% of capital:

Unit: Thousands of New Taiwan Dollars / Thousands of Shares

Investor	Type and name of marketable securities	General ledger account	Name and relationship of counterparty	Beginning balance (Note)		Addition		Disposal			Disposal gain	Ending balance (Note)	
				Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Cost		Number of shares	Amount
The Company	Polaris De-Li Bond Fund	Financial asset held for trading-bond funds	Initial Investment at inception/None	-	-	8,477	\$ 130,000	8,477	\$ 130,306	\$ 130,000	\$ 306	-	-
"	IBT TaChong Equity Fund	"	"	-	-	7,536	100,000	7,536	100,357	100,000	357	-	-

Note: Original investment cost.

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

(2) Information of investee companies

A) Information of investee companies:

(The information on investee companies, Gamania Korea Co., Ltd., Taiwan Index Co., Ltd., Gamania Asia Investment Co., Ltd., Gamania Digital Entertainment (H.K.) Co., Ltd., Playcoo Co. and Foundation Digital Entertainment Co., Ltd. were based on financial statements audited by other auditors. The information on Gamania Entertainment Labuan Holdings Ltd. and Taiwan e-sports Co., Ltd. were based on unaudited financial statements. The others were audited by the Company's auditors.)

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) Gain incurred by the investee	Investment (loss) gain recognized by the Company	Note
				2008.6.30	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%	\$223,934	\$ 10,627	\$ 10,627	Subsidiary (Note)
"	Gamania Korea Co., Ltd.	3F, NO. 75-6 Soodang B/D, Samseong-Dong Kang Nam-Gu, Seoul, Korea	Design and sales of software	189,136	158,457	522	100%	27,817	(24,414)	(24,414)	"
"	Alibangbang Digital Games Co., Ltd.	18F, No. 736 Chang-Cheng Rd., Chung-Ho City, Taipei County, Taiwan	Design and research and development of software	180,000	160,000	7,423	98.97%	20,644	(20,445)	(20,167)	"
"	Taiwan Index Co., Ltd.	"	Software services and sales	208,248	208,248	7,750	69.44%	82,501	1,014	934	"
"	Gamania Asia Investment Co., Ltd.	"	Investment holdings	190,000	190,000	13,945	100%	146,236	(188)	(188)	"
"	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%	100	140	140	"
"	Foundation Digital Entertainment Co., Ltd.	18F, No. 736 Chang-Cheng Rd., Chung-Ho City, Taipei County, Taiwan	Sales and publishing of magazines and periodicals	40,000	40,000	4,000	100%	6,765	(13,428)	(13,428)	"

Company	Name of investee	Location	Main operating activities	Original investment cost		Held by the Company			(Loss) gain incurred by the investee	Investment (loss) gain recognized by the Company	Note
				2008.6.30	2007.12.31	Number of shares	Percentage	Book value			
The Company	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%	\$ 96,417	(\$ 11,880)	(\$ 11,679)	Subsidiary (Note)
"	Taiwan e-sports Co., Ltd.	9F, No. 176 Chung Hsiao East Rd. Section 4, Taipei City, Taiwan	Supply of software services and electronic information	5,000	5,000	500	25.00%	2,288	(8,602)	(2,151)	Investee company accounted for under equity method
Gamania Asia Investment Co., Ltd.	Taiwan Index Co., Ltd.	18F, No. 736 Chang-Cheng Rd., Chung-Ho City, Taipei County, Taiwan	Sales of software	80,625	80,625	3,036	27.20%	32,316	1,014	276	" (Note)
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 7,421 thousand	USD 343 thousand	USD 343 thousand	Subsidiary (Note)
Gamania International Holdings Ltd.	Gamania Digital Entertainment (Japan) Co., Ltd.	Sumitomo Ooimachi Bldgs (North) 4F, 1-20-6 Town, Ooi, Shinagawa-Ku, Tokyo, Japan 140-0014	Sales of software	USD 14,298 thousand	USD 14,298 thousand	19	100%	USD 2,754 thousand	USD 112 thousand	USD 112 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 4,679 thousand	USD 250 thousand	USD 231 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 investment	USD 16,880 thousand	USD 16,880 thousand	16,880	100%	USD 215 thousand	(USD 562 thousand)	(USD 562 thousand)	"

Company	Name of investee	Location	Main operating activities	Original investment cost		Held by the Company			(Loss) gain incurred by the investee	Investment (loss) gain recognized by the Company	Note
				2008.6.30	2007.12.31	Number of shares	Percentage	Book value			
Gamania Sino Holdings Ltd.	Gamania Digital Entertainment (Beijing) Co., Ltd.	Rm. 811, 8F, Building A, GEM Techcenter, No. 9, 3rd street of Shangdi, Beijing 100085 China	Sales of software	USD\$13,500 thousand	USD\$13,500 thousand	N/A	100%	USD\$ 154 thousand	(USD\$ 497 thousand)	(USD\$ 497 thousand)	Subsidiary (Note)
Gamania China Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	Flat 504-507, 5F, Conic Investment Building, 13 Hok Yuen Street, Hung Hom, Kowloon, Hong Kong	Design and sales of software	USD 3,009 thousand	USD 3,009 thousand	35,500	100%	USD 4,791 thousand	USD 812 thousand	USD 812 thousand	"
Playcoo Co.	InnoJelly Corporation	2nd Floor, Abbott Building, Road Town, Tortola, British Virgin Islands	Investment holdings	USD 2 thousand	USD 2 thousand	2	100%	9	(1)	(1)	"

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

- B) Financing activities to any company or person: None.
- C) Guarantee information: None.

D) Marketable securities held at June 30, 2008:

Issuer	Type of marketable securities (Note (1))	Name of marketable securities	Relationship with the security holders	General ledger account	June 30, 2008				
					Number of shares	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\$ 7,421 thousand	100%	USD\$ 7,421 thousand	Note(3)
Gamania International Holdings Ltd.	"	Gamania Digital Entertainment (Japan) Co., Ltd.	"	"	19	USD 2,754 thousand	100%	USD 2,754 thousand	"
Gamania International Holdings Ltd.	"	Gamania China Holdings Ltd.	"	"	18,654	USD 4,679 thousand	93.55%	USD 4,679 thousand	"
Gamania China Holdings Ltd.	"	Gamania Digital Entertainment (H.K.) Co., Ltd.	"	"	35,500	USD 4,791 thousand	100%	USD 4,791 thousand	"
Gamania China Holdings Ltd.	"	Gamania Sino Holdings Ltd.	"	"	16,880	USD 215 thousand	100%	USD 215 thousand	"
Gamania Sino Holdings Ltd.	"	Gamania Digital Entertainment (Beijing) Co., Ltd.	"	"	N/A	USD 154 thousand	100%	USD 154 thousand	"
Playcoo Co.	"	InnoJelly Corporation	"	"	2	9	100%	9	"
Gamania Asia Investment Co., Ltd.	"	Taiwan Index Co., Ltd.	Investee company accounted for under the equity method	"	3,036	32,508	27.20%	32,508	"
Gamania Asia Investment Co., Ltd.	"	Nice Finance Co., Ltd.	Investee company accounted under financial assets carried at cost	Financial assets carried at cost	8,718	91,453	14.60%	91,453	"
Playcoo Co.	Fund	PCA Well Pool Fund	N/A	Available-for-sale financial assets-current	469	5,975	N/A	6,017	"
Playcoo Co.	"	Paradigm Pion Fund	N/A	"	781	8,500	N/A	8,533	"

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

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

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

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

- E) Marketable securities acquired or sold during the six-month period ended June 30, 2007 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 from Taiwan as of January 1, 2008	Remitted or received investment amount during the period		Accumulated investment from Taiwan as of June 30, 2008	Direct and indirect percentage of ownership	Investment loss recognized during the period (Note (3))	Balance of investment at June 30, 2008	Accumulated investment income received as of June 30, 2008
					Remitted	Received					
Gamania Digital Entertainment (Beijing) Co., Ltd.	Design and sales of software	(RMB 110,567 thousand) \$489,416	(Note (2))	(USD11,370 thousand) \$344,966	\$ -	\$ -	(USD11,370 thousand) \$344,966	93.55%	(USD 465 thousand) (\$ 14,402)	USD 144 thousand \$ 4,371	\$ -

Accumulated amount of investment in Mainland China as of June 30, 2008	Related investment amount approved by FIA	Upper limit of investment in Mainland China
\$ 344,966 (USD 11,370 thousand)	\$515,173 (Note (1))	\$890,942

Note (1): Related total investment amount approved by FIA is USD16,980,000 or NTD 515,173 thousand based on 30.34 exchange rate.

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

Note (3): Investment loss recognized during the period is calculated based on the percentage of indirect ownership using the audited financial statements of the investee.

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 six-month period ended June 30, 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.	Taiwan Index Co., Ltd.	1	Other revenue	\$ 1,673	Note (4)	-%
0	"	Taiwan Index Co., Ltd.	1	Service revenue	1,200	Note (4)	-%
0	"	Taiwan Index Co., Ltd.	1	Rent revenue	1,588	Note (4)	-%
0	"	Gamania Digital Entertainment (H.K.) Co., Ltd.	1	License revenue	1,063	Note (4)	-%
0	"	Gamania Digital Entertainment Labuan Holding, Ltd.	1	License revenue	3,946	Note (4)	-%
0	"	Fundation Digital Entertainment Co., Ltd.	1	On-line game revenue	1,439	Note (4)	-%
0	"	Alibangbang Digital Games Co., Ltd.	1	Operating costs	1,538	Note (4)	-%
0	"	Playcoo Co.	1	Operating costs	5,240	Note (4)	-%
0	"	Taiwan Index Co., Ltd.	1	Advertising expense	5,522	Note (4)	-%
0	"	Taiwan Index Co., Ltd.	1	Notes receivable	1,207	Note (4)	-%
0	"	Fundation Digital Entertainment Co., Ltd.	1	Accounts receivable	1,645	Note (4)	-%
0	"	Gamania Digital Entertainment Labuan Holding, Ltd.	1	Accounts receivable	2,417	Note (4)	-%
0	"	Gamania International Holdings Ltd.	1	Other receivables	1,242	Note (4)	-%
0	"	Gamania Holdings Ltd.	1	Other receivables	1,896	Note (4)	-%
0	"	Gamania Digital Entertainment (Japan) Co., Ltd.	1	Other receivables	1,054	Note (4)	-%
0	"	Gamania Digital Entertainment (H.K.) Co., Ltd.	1	Other receivables	6,740	Note (4)	-%
0	"	Gamania Digital Entertainment (Beijing) Co., Ltd.	1	Other receivables	6,638	Note (4)	-%
0	"	Playcoo Co.	1	Deferred charges	3,539	Note (4)	-%
0	"	Taiwan Index Co., Ltd.	1	Accrued expenses	3,533	Note (4)	-%
0	"	Taiwan Index Co., Ltd.	1	Other payables	47,234	Note (4)	1%
1	Playcoo Co.	Gamaina Digital Entertainment Co., Ltd.	2	Operating revenue	5,240	Note (4)	-%
1	"	Gamaina Digital Entertainment Co., Ltd.	2	Receipts in advance	3,539	Note (4)	-%

For the six-month period ended June 30, 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	Playcoo Co.	Gamania Digital Entertainment (Japan) Co., Ltd.	3	Receipts in advance	\$ 4,517	Note (4)	-%
2	Taiwan Index Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Advertising revenue	5,522	Note (4)	-%
2	"	Gamania Digital Entertainment (H.K.) Co., Ltd.	3	Operating revenue	3,210	Note (4)	-%
2	"	Gamania Digital Entertainment Co., Ltd.	2	Operating costs	1,588	Note (4)	-%
2	"	Gamania Digital Entertainment Co., Ltd.	2	Service expense	1,200	Note (4)	-%
2	"	Gamania Digital Entertainment Co., Ltd.	2	Other expense	1,673	Note (4)	-%
2	"	Gamania Digital Entertainment Co., Ltd.	2	Accounts receivable	50,767	Note (4)	2%
2	"	Gamania Digital Entertainment (H.K.) Co., Ltd.	3	Accounts receivable	1,603	Note (4)	-%
2	"	Gamania Digital Entertainment Co., Ltd.	2	Notes payable	1,207	Note (4)	-%
3	Gamania Digital Entertainment (H.K.) Co., Ltd.	Taiwan Index Co., Ltd.	3	Purchases	3,210	Note (4)	-%
3	"	Gamania Digital Entertainment Co., Ltd.	2	License cost	1,063	Note (4)	-%
3	"	Gamania Korea Co., Ltd.	3	Accounts receivable	3,210	Note (4)	-%
3	"	Taiwan Index Co., Ltd.	3	Accounts payable	1,603	Note (4)	-%
3	"	Gamania Digital Entertainment Co., Ltd.	2	Other payables	6,740	Note (4)	-%
4	Gamania Digital Entertainment (Japan) Co., Ltd.	Playcoo Co.	2	Accounts payable	4,517	Note (4)	-%
4	"	Gamania Digital Entertainment Co., Ltd.	2	Accounts payable	1,054	Note (4)	-%
4	"	Gamania Digital Entertainment Labuan Holding, Ltd.	3	Accounts payable	4,315	Note (4)	-%
5	Fundation Digital Entertainment Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Advertising expense	1,439	Note (4)	-%

For the six-month period ended June 30, 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	
5	Fundation Digital Entertainment Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Accounts payable	\$ 1,645	Note (4)	-%
6	Gamania Digital Entertainment Labuan Holding, Ltd.	Gamania Digital Entertainment Co., Ltd.	2	License cost	3,946	Note (4)	-%
6	"	Gamania Digital Entertainment (Japan) Co., Ltd.	3	Accounts receivable	4,315	Note (4)	-%
6	"	Gamania Digital Entertainment Co., Ltd.	2	Accounts payable	2,417	Note (4)	-%
7	Gamania Korea Co., Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	3	Accounts payable	3,210	Note (4)	-%
8	Alibangbang Digital Games Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	License revenue	1,538	Note (4)	-%
9	Gamania Holdings Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	1,896	Note (4)	-%
10	Gamania International Holdings Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	1,242	Note (4)	-%
11	Gamania Digital Entertainment (Beijing) Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	6,638	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 six-month period ended June 30, 2007

Number (Note (1))	Name of counterparty	Name of transaction parties	Relationship (Note (2))	Transaction terms		Transaction terms	Percentage of total combined revenue or total assets (Note (3))
				Subject	Amount		
0	Gamania Digital Entertainment Co., Ltd.	Fundation Digital Entertainment Co., Ltd.	1	Purchases	\$ 27,863	Note (4)	2%
0	"	Taiwan Index Co., Ltd.	1	Purchases	6,247	Note (4)	-%
0	"	Taiwan Index Co., Ltd.	1	Advertising expense	4,595	Note (4)	-%
0	"	Gamania Digital Entertainment (Beijing) Co., Ltd.	1	Other receivables	7,355	Note (4)	-%
0	"	Gamania Digital Entertainment (H.K.) Co., Ltd.	1	Other receivables	6,237	Note (4)	-%
0	"	Fundation Digital Entertainment Co., Ltd.	1	Other receivables	4,172	Note (4)	-%
0	"	Gamania Holdings Ltd.	1	Other receivables	1,354	Note (4)	-%
0	"	Gamania International Holdings Ltd.	1	Other receivables	1,079	Note (4)	-%
0	"	Taiwan Index Co., Ltd.	1	Other payables	74,464	Note (4)	2%
0	"	Gamania Digital Entertainment (H.K.) Co., Ltd.	1	Other payables	1,421	Note (4)	-%
1	Fundation Digital Entertainment Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Sales revenue	27,863	Note (4)	2%
1	"	Gamania Digital Entertainment Co., Ltd.	2	Accounts payable	4,172	Note (4)	-%
2	Taiwan Index Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Sales revenue	6,247	Note (4)	-%
2	"	Gamania Digital Entertainment Co., Ltd.	2	Advertising revenue	4,595	Note (4)	-%

For the six-month period ended June 30, 2007 (continued)

Number (Note (1))	Name of counterparty	Name of transaction parties	Relationship (Note (2))	Transaction terms		Transaction terms	Percentage of total combined revenue or total assets (Note (3))
				Subject	Amount		
2	Taiwan Index Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Accounts receivable	\$ 74,464	Note (4)	2%
2	"	Gamania Digital Entertainment (H.K.) Co., Ltd.	3	Accounts receivable	1,485	Note (4)	-%
3	Gamania Digital Entertainment (H.K.) Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	4,816	Note (4)	-%
3	"	Gamania Korea Co., Ltd.	3	Other receivables	3,445	Note (4)	-%
3	"	Taiwan Index Co., Ltd.	3	Accounts payable	1,485	Note (4)	-%
4	Gamania Digital Entertainment (Beijing) Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	7,355	Note (4)	-%
5	Gamania Holdings Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	1,354	Note (4)	-%
6	Gamania International Holdings Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	1,079	Note (4)	-%
7	Gamania Korea Co., Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	3	Accounts payable	3,445	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.