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

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

**SEPTEMBER 30, 2014 AND 2013**

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

Review Report of Independent Accountants Translated From Chinese

PWCR14001648

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

We have reviewed the accompanying consolidated balance sheets of Gamania Digital Entertainment Co., Ltd. and its subsidiaries as of September 30, 2014 and 2013, the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, of changes in equity and of cash flows for the nine-month periods then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these financial statements based on our reviews. We did not review the financial statements of certain consolidated subsidiaries, which statements reflect total assets of $328,977 thousand and $1,054,019 thousand, constituting 7% and 22% of the consolidated total assets as of September 30, 2014 and 2013, respectively; total liabilities of $122,375 thousand and $602,540 thousand, constituting 5% and 27% of the related consolidated total liabilities as of September 30, 2014 and 2013, respectively; and total operating revenue of $100,203 thousand, $560,373 thousand, $339,653 thousand and $1,574,480 thousand, constituting 5%, 26%, 5% and 25% of the consolidated total operating revenues for the three-month and nine-month periods then ended, respectively. Those financial statements and the information disclosed in Note 13 relative to these subsidiaries were reviewed by other independent accountants whose reports thereon have been furnished to us, and our conclusion expressed herein, is based solely on the reports of the other independent accountants.

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

We did not review the financial statements of certain insignificant consolidated subsidiaries and investments accounted for under equity method, which statements reflect total assets (including investments accounted for under equity method) of $818,590 thousand and $610,730 thousand, constituting 17% and 13% of the consolidated total assets, and total liabilities of $256,010 thousand and $216,846 thousand, constituting 11% and 10% of the consolidated total liabilities as of September

30, 2014 and 2013, respectively, and total comprehensive loss of ($31,765) thousand, ($166,974) thousand, ($49,338) thousand and ($237,663) thousand, constituting (119%), (2,256%), (51%) and (256%) of the consolidated total comprehensive income for the three-month and nine-month periods then ended, respectively. These amounts and the information disclosed in Note 13 were based solely on the unreviewed financial statements of these companies as of September 30, 2014 and 2013.

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

PricewaterhouseCoopers, Taiwan

November 10, 2014

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GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2014, DECEMBER 31, 2013 AND SEPTEMBER 30, 2013
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE SEPTEMBER 30, 2014 AND 2013 BALANCE SHEETS ARE UNAUDITED)

| | Assets | Notes | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|---|---|
| | **Current assets** | | | | |
| 1100 | Cash and cash equivalents | 6(1) | $ 1,326,324 | $ 1,607,505 | $ 1,430,370 |
| 1110 | Financial assets at fair value through profit or loss - current | 6(2) | 205,092 | 5,607 | 272,711 |
| 1150 | Notes receivable, net | | 6,119 | 10,431 | 10,761 |
| 1170 | Accounts receivable, net | 6(4) | 1,623,743 | 1,519,247 | 1,541,427 |
| 1200 | Other receivables | | 31,272 | 16,572 | 14,039 |
| 1220 | Current income tax assets | | 76,116 | 81,598 | 61,777 |
| 130X | Inventories | 6(5) | 182,963 | 63,086 | 111,775 |
| 1410 | Prepayments | | 96,734 | 94,553 | 109,941 |
| 1470 | Other current assets | 8 | 19,698 | 39,319 | 7,063 |
| 11XX | **Total Current Assets** | | 3,568,061 | 3,437,918 | 3,559,864 |
| | **Non-current assets** | | | | |
| 1523 | Available-for-sale financial assets - non-current | 6(3) | 127,753 | 58,928 | 45,928 |
| 1550 | Investments accounted for using equity method | 6(6)(10) | 65,137 | 42,141 | 19,107 |
| 1600 | Property, plant and equipment | 6(7) and 8 | 622,408 | 694,386 | 708,171 |
| 1780 | Intangible assets | 6(8)(10) and 7 | 278,831 | 309,884 | 264,666 |
| 1840 | Deferred income tax assets | | 123,228 | 85,789 | 77,169 |
| 1900 | Other non-current assets | 6(9) and 8 | 51,762 | 65,878 | 65,624 |
| 15XX | **Total Non-current Assets** | | 1,269,119 | 1,257,006 | 1,180,665 |
| 1XXX | **Total Assets** | | $ 4,837,180 | $ 4,694,924 | $ 4,740,529 |

(Continued)

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2014, DECEMBER 31, 2013 AND SEPTEMBER 30, 2013
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE SEPTEMBER 30, 2014 AND 2013 BALANCE SHEETS ARE UNAUDITED)

| | Liabilities and Equity | Notes | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|---|---|
| | **Current liabilities** | | | | |
| 2100 | Short-term borrowings | 6(11) | $ 8,345 | $ 13,559 | $ 11,516 |
| 2150 | Notes payable | | 10,097 | 9,846 | 9,439 |
| 2170 | Accounts payable | | 1,417,890 | 1,194,537 | 1,210,475 |
| 2180 | Accounts payable - related parties | 7 | 23,151 | 25,825 | 45,595 |
| 2200 | Other payables | 6(12) | 304,702 | 367,433 | 352,863 |
| 2220 | Other payables - related parties | 7 | 5,014 | 2,799 | 3,972 |
| 2230 | Current income tax liabilities | | 35,348 | 44,074 | 28,007 |
| 2250 | Provisions for liabilities - current | | - | 2,853 | - |
| 2300 | Other current liabilities | 6(13)(14)(15) | 523,425 | 521,673 | 503,216 |
| 21XX | **Total Current Liabilities** | | 2,327,972 | 2,182,599 | 2,165,083 |
| | **Non-current liabilities** | | | | |
| 2530 | Bonds payable | 6(14) | 4,172 | 21,112 | 23,944 |
| 2550 | Provisions for liabilities - non-current | | - | - | 4,868 |
| 2570 | Deferred income tax liabilities | | 10,115 | 1,576 | 1,799 |
| 2600 | Other non-current liabilities | 6(6)(16) | 26,762 | 28,921 | 44,692 |
| 25XX | **Total Non-current Liabilities** | | 41,049 | 51,609 | 75,303 |
| 2XXX | **Total Liabilities** | | 2,369,021 | 2,234,208 | 2,240,386 |
| | **Equity attributable to owners of parent** | | | | |
| | **Share capital** | | | | |
| 3110 | Share capital - common stock | 6(18) | 1,575,936 | 1,573,117 | 1,571,132 |
| 3140 | Stock subscriptions received in advance | 6(17) | - | 2,819 | 1,985 |
| | **Capital surplus** | 6(19) | | | |
| 3200 | Capital surplus | | 669,274 | 747,176 | 740,522 |
| | **Retained earnings** | 6(20) | | | |
| 3310 | Legal reserve | | 3,856 | - | - |
| 3320 | Special reserve | | 34,703 | - | - |
| 3350 | Unappropriated retained earnings | | 78,951 | 38,559 | 93,387 |
| | **Other equity interest** | | | | |
| 3400 | Other equity interest | | ( 29,843) | ( 46,131) | ( 60,398) |
| 31XX | **Equity attributable to owners of the parent** | | 2,332,877 | 2,315,540 | 2,346,628 |
| 36XX | **Non-controlling interest** | | 135,282 | 145,176 | 153,515 |
| 3XXX | **Total equity** | | 2,468,159 | 2,460,716 | 2,500,143 |
| | **Significant contingent liabilities and unrecorded contract commitments** | 9 | | | |
| | **Significant events after the balance sheet date** | 11 | | | |
| | **Total liabilities and equity** | | $ 4,837,180 | $ 4,694,924 | $ 4,740,529 |

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated November 10, 2014.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2014 AND 2013
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)
(UNAUDITED)

| | Items | Notes | For the three-month periods ended September 30, 2014 | For the three-month periods ended September 30, 2013 | For the nine-month periods ended September 30, 2014 | For the nine-month periods ended September 30, 2013 |
|---|---|---|---|---|---|---|
| 4000 | **Operating revenue** | 6(21) | $ 2,205,847 | $ 2,176,695 | $ 6,824,467 | $ 6,197,616 |
| 5000 | **Operating costs** | 6(25)(26) and 7 | ( 1,820,975) | ( 1,717,706) | ( 5,529,810) | ( 4,574,817) |
| 5950 | **Gross profit** | | 384,872 | 458,989 | 1,294,657 | 1,622,799 |
| | **Operating expenses** | 6(25)(26) and 7 | | | | |
| 6100 | Selling expenses | | ( 105,344) | ( 77,203) | ( 377,772) | ( 337,302) |
| 6200 | General and administrative expenses | | ( 199,437) | ( 283,825) | ( 615,341) | ( 835,420) |
| 6300 | Research and development expenses | | ( 58,757) | ( 83,344) | ( 181,949) | ( 251,257) |
| 6000 | **Total operating expenses** | | ( 363,538) | ( 444,372) | ( 1,175,062) | ( 1,423,979) |
| 6900 | **Operating income** | | 21,334 | 14,617 | 119,595 | 198,820 |
| | **Non-operating income and expenses** | | | | | |
| 7010 | Other income | 6(22) | 11,290 | 20,894 | 35,380 | 34,860 |
| 7020 | Other gains and losses | 6(2)(10)(23) | ( 3,958) | 969 | ( 46,106) | ( 38,596) |
| 7050 | Finance costs | 6(24) | ( 216) | ( 653) | ( 933) | ( 2,715) |
| 7060 | Share of loss of associates and joint ventures accounted for using equity method | 6(6) | ( 1,263) | ( 17,968) | ( 7,172) | ( 20,612) |
| 7000 | **Total non-operating income and expenses** | | 5,853 | 3,242 | ( 18,831) | ( 27,063) |
| 7900 | **Profit before tax** | | 27,187 | 17,859 | 100,764 | 171,757 |
| 7950 | Income tax | 6(27) | 9,182 | 355 | ( 20,313) | ( 48,555) |
| 8200 | **Profit for the period** | | $ 36,369 | $ 18,214 | $ 80,451 | $ 123,202 |
| | **Other comprehensive income** | | | | | |
| 8310 | Financial statements translation differences of foreign operations | | $ 1,491 | ($ 5,641) | $ 3,467 | ($ 4,535) |
| 8325 | Unrealized gain (loss) on valuation of available-for-sale financial assets | 6(3) | ( 11,058) | ( 5,171) | 12,825 | ( 25,965) |
| 8300 | | | ($ 9,567) | ($ 10,812) | $ 16,292 | ($ 30,500) |
| 8500 | **Total comprehensive income for the period** | | $ 26,802 | $ 7,402 | $ 96,743 | $ 92,702 |
| | **Profit (loss) attributable to:** | | | | | |
| 8610 | Owners of parent | | $ 39,159 | $ 26,420 | $ 85,068 | $ 137,205 |
| 8620 | Non-controlling interests | | ( 2,790) | ( 8,206) | ( 4,617) | ( 14,003) |
| | | | $ 36,369 | $ 18,214 | $ 80,451 | $ 123,202 |
| | **Comprehensive income (loss) attributable to:** | | | | | |
| 8710 | Owners of parent | | $ 29,589 | $ 15,607 | $ 101,356 | $ 106,705 |
| 8720 | Non-controlling interests | | ( 2,787) | ( 8,205) | ( 4,613) | ( 14,003) |
| | | | $ 26,802 | $ 7,402 | $ 96,743 | $ 92,702 |
| | **Earnings per share (in dollars)** | 6(28) | | | | |
| 9750 | **Basic earnings per share** | | $ 0.25 | $ 0.17 | $ 0.54 | $ 0.87 |
| 9850 | **Diluted earnings per share** | | $ 0.25 | $ 0.17 | $ 0.54 | $ 0.87 |

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated November 10, 2014.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2014 AND 2013
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

| | | Equity attributable to owners of the parent | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Share capital | | Capital surplus | | | Retained earnings | | | Other equity interest | | | | |
| | Notes | Share capital-common stock | Stock subscriptions received in advance | Additional paid-in capital | Treasury stock transactions | Others | Legal reserve | Special reserve | Unappropriated retained earnings (accumulated deficit) | Financial statements translation differences of foreign operations | Unrealized gain or loss on available-for-sale financial assets | Total | Non-controlling interest | Total |
| 2013 | | | | | | | | | | | | | | |
| Balance at January 1, 2013 | | $ 1,568,685 | $ 149 | $ 833,643 | $ 24,234 | $ 1,670 | $ 159,610 | $ - | ($ 322,219) | ($ 44,930) | $ 15,032 | $2,235,874 | $ 171,193 | $2,407,067 |
| Share-based payment transactions | 6(17) | 2,298 | 1,985 | 5,569 | - | - | - | - | - | - | - | 9,852 | - | 9,852 |
| Capital collected in advance transferred to common stock | | 149 | ( 149) | - | - | - | - | - | - | - | - | - | - | - |
| Deficit compensation for 2012: | | | | | | | | | | | | | | |
| Deficit covered by legal reserve | | - | - | ( 123,619) | - | - | ( 159,610) | - | 283,229 | - | - | 123,619 | - | 123,619 |
| Deficit covered by capital surplus | | - | - | - | - | - | - | - | - | - | - | ( 123,619) | - | ( 123,619) |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | | - | - | - | - | ( 975) | - | - | ( 4,828) | - | - | ( 5,803) | - | ( 5,803) |
| Profit (loss) for the period | | - | - | - | - | - | - | - | 137,205 | - | - | 137,205 | ( 14,003) | 123,202 |
| Other comprehensive income (loss) for the period | | - | - | - | - | - | - | - | - | ( 4,535) | ( 25,965) | ( 30,500) | - | ( 30,500) |
| Changes in non-controlling interests | | - | - | - | - | - | - | - | - | - | - | - | ( 3,675) | ( 3,675) |
| Balance at September 30, 2013 | | $ 1,571,132 | $ 1,985 | $ 715,593 | $ 24,234 | $ 695 | $ - | $ - | $ 93,387 | ($ 49,465) | ($ 10,933) | $2,346,628 | $ 153,515 | $2,500,143 |
| 2014 | | | | | | | | | | | | | | |
| Balance at January 1, 2014 | | $ 1,573,117 | $ 2,819 | $ 719,258 | $ 24,234 | $ 3,684 | $ - | $ - | $ 38,559 | ($ 48,198) | $ 2,067 | $2,315,540 | $ 145,176 | $2,460,716 |
| Capital collected in advance transferred to common stock | | 2,819 | ( 2,819) | - | - | - | - | - | - | - | - | - | - | - |
| Distribution of 2013 earnings: | | | | | | | | | | | | | | |
| Legal reserve | | - | - | - | - | - | 3,856 | - | ( 3,856) | - | - | - | - | - |
| Special reserve | | - | - | - | - | - | - | 34,703 | ( 34,703) | - | - | - | - | - |
| Distribution of cash dividends from capital surplus | | - | - | ( 78,797) | - | - | - | - | - | - | - | ( 78,797) | - | ( 78,797) |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | | - | - | - | - | 823 | - | - | ( 5,213) | - | - | ( 4,390) | - | ( 4,390) |
| Changes in equity of associates and joint ventures accounted for using equity methed | | - | - | - | - | 72 | - | - | ( 904) | - | - | ( 832) | - | ( 832) |
| Profit (loss) for the period | | - | - | - | - | - | - | - | 85,068 | - | - | 85,068 | ( 4,617) | 80,451 |
| Other comprehensive income (loss) for the period | | - | - | - | - | - | - | - | - | 3,463 | 12,825 | 16,288 | 4 | 16,292 |
| Changes in non-controlling interest | | - | - | - | - | - | - | - | - | - | - | - | ( 5,281) | ( 5,281) |
| Balance at September 30, 2014 | | $ 1,575,936 | $ - | $ 640,461 | $ 24,234 | $ 4,579 | $ 3,856 | $ 34,703 | $ 78,951 | ($ 44,735) | $ 14,892 | $2,332,877 | $ 135,282 | $2,468,159 |

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated November 10, 2014.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2014 AND 2013
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

| | Notes | 2014 | 2013 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | $ 100,764 | $ 171,757 |
| Adjustments to reconcile net income to net cash provided by operating activities | | | |
| Income and expenses having no effect on cash flows | | | |
| Gain on financial assets or liabilities at fair value through profit or loss | | ( 592) | ( 4,216) |
| Provision for doubtful accounts | 6(4) | 26,317 | 31,037 |
| Share of loss of associates accounted for using equity method | | 7,172 | 20,612 |
| Depreciation | | 143,382 | 154,708 |
| Loss on disposal of property, plant and equipment | | 6,654 | 606 |
| Amortization | | 117,921 | 107,650 |
| Gain on disposal of intangible assets | | - | ( 8,600) |
| Intangible assets transferred to other loss | | 167 | 8,805 |
| Loss (gain) on disposal of investments | | 8,600 | ( 3,640) |
| Impairment loss on non-financial assets | | 15,921 | 35,989 |
| Interest income | | ( 3,204) | ( 3,089) |
| Interest expense | | 933 | 2,715 |
| Dividend income | | ( 800) | - |
| Changes in assets/liabilities relating to operating activities | | | |
| Net changes in assets relating to operating activities | | | |
| Available-for-sale financial assets | | ( 199,010) | ( 267,852) |
| Notes receivable | | 4,312 | 11,742 |
| Accounts receivable | | ( 130,362) | ( 512,238) |
| Other receivables | | ( 14,700) | 22,024 |
| Inventories | | ( 119,877) | ( 35,854) |
| Prepayments | | ( 2,502) | ( 34,535) |
| Other current assets | | ( 7,140) | 37,403 |
| Net changes in liabilities relating to operating activities | | | |
| Notes payable | | 251 | ( 19,466) |
| Accounts payable | | 224,069 | 495,367 |
| Accounts payable - related parties | | ( 2,674) | ( 16,432) |
| Other payables | | ( 27,715) | ( 1,344) |
| Other payables - related parties | | 2,215 | 3,972 |
| Provisions for liabilities | | ( 2,853) | - |
| Other current liabilities | | 519 | 98,108 |
| Other non-current liabilities | | 1,639 | ( 4,491) |
| Cash generated from operations | | 149,407 | 290,738 |
| Interest received | | 3,204 | 3,089 |
| Dividend received | | 800 | - |
| Interest paid | | ( 933) | ( 2,715) |
| Income tax paid | | ( 54,111) | ( 22,160) |
| Net cash provided by operating activities | | 98,367 | 268,952 |

(Continued)

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2014 AND 2013
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

| | Notes | 2014 | 2013 |
|---|---|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of available-for-sale financial assets | | ($ 56,000) | ($ 3,088) |
| Acquisition of investments accounted for under equity method | | ( 30,000) | ( 1,500) |
| Net cash flow from acquisition of subsidiaries (net of cash acquired) | 6(30) | - | 12 |
| Disposal of subsidiaries | | 2,812 | ( 15,708) |
| Acquisition of property, plant and equipment | 6(31) | ( 111,891) | ( 23,620) |
| Proceeds from disposal of property, plant and equipment | | 640 | 7,498 |
| Acquisition of intangible assets | 6(31) | ( 118,904) | ( 94,970) |
| Proceeds from disposal of intangible assets | | 2,466 | 13,493 |
| Decrease in other current assets | | 26,761 | - |
| Decrease in other non-current assets | | 12,716 | 695 |
| Net cash used in investing activities | | ( 271,400) | ( 117,188) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Decrease in short-term borrowings | | ( 5,214) | ( 57,551) |
| Decrease in other non-current liabilities | | ( 3,798) | ( 723) |
| Repayment of bonds payable | | ( 15,685) | ( 22,608) |
| Repayment of long-term debt | | ( 22) | ( 7,338) |
| Distribution of cash dividends | | ( 78,797) | - |
| Exercise of employee share options | | - | 9,852 |
| Changes in non-controlling interest | | ( 5,281) | ( 3,675) |
| Net cash used in financing activities | | ( 108,797) | ( 82,043) |
| Effect of exchange rate changes on cash and cash equivalents | | 649 | 12,150 |
| (Decrease) increase in cash and cash equivalents | | ( 281,181) | 81,871 |
| Cash and cash equivalents at beginning of period | | 1,607,505 | 1,348,499 |
| Cash and cash equivalents at end of period | | $ 1,326,324 | $ 1,430,370 |

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated November 10, 2014.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)
(UNAUDITED)

1. HISTORY AND ORGANIZATION

Gamania Digital Entertainment Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in software services of on-line game and sales of related merchandises.

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

These consolidated financial statements were reported to the Board of Directors and authorized for issuance by the Board of Directors on November 10, 2014.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATION

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

None.

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

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued on April 3, 2014, commencing 2015, companies with shares listed on the TWSE or traded on the Taiwan GreTai Securities Market or Emerging Stock Market shall adopt the 2013 version of IFRS (not including IFRS 9, 'Financial instruments' but including the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" effective January 1, 2015) as endorsed by the FSC in preparing the consolidated financial statements. The related new standards, interpretations and amendments are listed below:

| New Standards, Interpretations and Amendments | Effective Date by International Accounting Standards Board |
|---|---|
| Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendment to IFRS 1) | July 1, 2010 |
| Severe hyperinflation and removal of fixed dates for first-time adopters (amendment to IFRS 1) | July 1, 2011 |
| Government loans (amendment to IFRS 1) | January 1, 2013 |
| Disclosures－Transfers of financial assets (amendment to IFRS 7) | July 1, 2011 |

| New Standards, Interpretations and Amendments | Effective Date by International Accounting Standards Board |
|---|---|
| Disclosures－Offsetting financial assets and financial liabilities (amendment to IFRS 7) | January 1, 2013 |
| IFRS 10, 'Consolidated financial statements' | January 1, 2013 (Investment entities: January 1, 2014) |
| IFRS 11, 'Joint arrangements' | January 1, 2013 |
| IFRS 12, 'Disclosure of interests in other entities' | January 1, 2013 |
| IFRS 13, 'Fair value measurement' | January 1, 2013 |
| Presentation of items of other comprehensive income (amendment to IAS 1) | July 1, 2012 |
| Deferred tax: recovery of underlying assets (amendment to IAS 12) | January 1, 2012 |
| IAS 19 (revised), 'Employee benefits' | January 1, 2013 |
| IAS 27, 'Separate financial statements' (as amended in 2011) | January 1, 2013 |
| IAS 28, 'Investments in associates and joint ventures' (as amended in 2011) | January 1, 2013 |
| Offsetting financial assets and financial liabilities (amendment to IAS 32) | January 1, 2014 |
| IFRIC 20, 'Stripping costs in the production phase of a surface mine' | January 1, 2013 |
| Improvements to IFRSs 2010 | January 1, 2011 |
| Improvements to IFRSs 2009－2011 | January 1, 2013 |

Based on the Group's assessment, the adoption of the 2013 version of IFRS has no significant impact on the consolidated financial statements of the Group, except the following:

A. IAS 19 (revised), 'Employee benefits'

   The revised standard mainly corrects the net interest expense or income calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. An entity is required to recognize termination benefits at the earlier of when the entity can no longer withdraw an offer of those benefits and when it recognizes any related restructuring costs. Additional disclosures are required to present how defined benefit plans may affect the amount, timing and uncertainty of the entity's future cash flows.

B. IAS 1, 'Presentation of financial statements'

   The amendment requires entities to separate items presented in OCI classified by nature into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Group will adjust its presentation of the statement of comprehensive income.

C. IFRS 12, ‘Disclosure of interests in other entities’

The standard integrates the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group will disclose additional information about its interests in consolidated entities and unconsolidated entities accordingly.

D. IFRS 13, ‘Fair value measurement’

The standard defines fair value, sets out a framework for measuring fair value, and requires disclosures about fair value measurements. Based on the Group’s assessment, the adoption of the standard has no significant impact on its consolidated financial statements, and the Group will disclose additional information about fair value measurements accordingly.

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

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRS as endorsed by the FSC:

| New Standards, Interpretations and Amendments | Effective Date by International Accounting Standards Board |
|---|---|
| IFRS 9, ‘Financial instruments' | January 1, 2018 |
| Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28) | January 1, 2016 |
| Accounting for acquisition of interests in joint operations (amendments to IFRS 11) | January 1, 2016 |
| IFRS 14, 'Regulatory deferral accounts' | January 1, 2016 |
| IFRS 15, ‘Revenue from contracts with customers' | January 1, 2017 |
| Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38) | January 1, 2016 |
| Agriculture: bearer plants (amendments to IAS 16 and IAS 41) | January 1, 2016 |
| Defined benefit plans: employee contributions (amendments to IAS 19R) | July 1, 2014 |
| Equity method in separate financial statements (amendments to IAS 27) | January 1, 2016 |
| Recoverable amount disclosures for non-financial assets (amendments to IAS 36) | January 1, 2014 |
| Novation of derivatives and continuation of hedge accounting (amendments to IAS 39) | January 1, 2014 |
| IFRIC 21, ‘Levies’ | January 1, 2014 |
| Improvements to IFRSs 2010-2012 | July 1, 2014 |

| New Standards, Interpretations and Amendments | Effective Date by International Accounting Standards Board |
|---|---|
| Improvements to IFRSs 2011-2013 | July 1, 2014 |
| Improvements to IFRSs 2012-2014 | January 1, 2016 |

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and IAS 34, 'Interim Financial Reporting' as endorsed by the FSC.

(2) Basis of preparation

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

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

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

c) Defined benefit liabilities recognized based on the net amount of pension fund assets plus unrecognized past service cost and unrecognized actuarial losses, and less unrecognized actuarial gains and present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated.

c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

B. Subsidiaries included in the consolidated financial statements:

| | | | Ownership (%) | | | |
|---|---|---|---|---|---|---|
| Name of Investor | Name of Subsidiary | Main Business Activities | September 30, 2014 | December 31, 2013 | September 30, 2013 | Description |
| Gamania Digital Entertainment Co., Ltd. | Gamania Holdings Ltd. | Holding company | 100 | 100 | 100 | |
| Gamania Holdings Ltd. | Gamania International Holdings Ltd. | Investment holdings | 100 | 100 | 100 | |
| Gamania Holdings Ltd. | Gamania R&D (HK) Holdings Limited | Investment holdings | 100 | 100 | 100 | Notes 1 and 2 |
| Gamania International Holdings Ltd. | Gamania Digital Entertainment (Japan) Co., Ltd. | Design and sales of software; sales of hardware | 100 | 100 | 100 | Note 2 |

| Name of Investor | Name of Subsidiary | Main Business Activities | Ownership (%) September 30, 2014 | December 31, 2013 | September 30, 2013 | Description |
|---|---|---|---|---|---|---|
| Gamania International Holdings Ltd. | Gamania China Holdings Ltd. | Investment holdings | 98.85 | 98.79 | 98.85 | |
| Gamania International Holdings Ltd. | Gamania Western Holdings Ltd. | Investment holdings | 100 | 100 | 100 | Notes 1 and 2 |
| Gamania International Holdings Ltd. | Gamania Netherlands Holdings Cooperatief U.A. | Investment holdings | 100 | 100 | 100 | Notes 1 and 2 |
| Gamania International Holdings Ltd. | Joymobee Entertainment Co., Ltd. | Design and research and development of software | 100 | 100 | 100 | Notes 1, 2 and 3 |
| Gamania China Holdings Ltd. | Gamania Digital Entertainment (H.K.) Co., Ltd. | Software services and sales | 100 | 100 | 100 | Note 1 |
| Gamania China Holdings Ltd. | Gamania Sino Holdings Ltd. | Investment holdings | 100 | 100 | 100 | |
| Gamania Netherlands Holdings Cooperatief U.A. | Gamania Digital Entertainment (Europe) B.V. | Software services and sales | 100 | 100 | 100 | Notes 1 and 2 |
| Gamania Western Holdings Ltd. | Gamania Digital Entertainment (U.S.) Co., Ltd. | Software services and sales | 100 | 100 | 100 | Notes 1 and 2 |
| Gamania Sino Holdings Ltd. | Gamania Digital Entertainment (Beijing) Co., Ltd. | Design and research and development of software | 100 | 100 | 100 | |
| Gamania Digital Entertainment Co., Ltd. | Gameastor Digital Entertainment Co., Ltd. | Software services and sales | 72.08 | 72.08 | 72.08 | Notes 1 and 2 |
| Gamania Digital Entertainment Co., Ltd. | Gamania Asia Investment Co., Ltd. | Investment holdings | 100 | 100 | 100 | Notes 1 and 2 |
| Gamania Asia Investment Co., Ltd. | Gameastor Digital Entertainment Co., Ltd. | Software services and sales | 27.20 | 27.20 | 27.20 | Notes 1 and 2 |
| Gamania Asia Investment Co., Ltd. | Mimigigi Digital Technology Co., Ltd. | Software services and sales | 70 | 70 | 70 | Notes 1 and 2 |
| Gamania Asia Investment Co., Ltd. | UniCube Co., Ltd. | Software services and sales | 70 | 70 | 70 | Notes 1 and 2 |
| Gamania Digital Entertainment Co., Ltd. | Gash Plus Korea Co., Ltd. | Design and research and development of software | - | - | 100 | Notes 2 and 4 |

| Name of Investor | Name of Subsidiary | Main Business Activities | Ownership (%) September 30, 2014 | December 31, 2013 | September 30, 2013 | Description |
|---|---|---|---|---|---|---|
| Gamania Digital Entertainment Co., Ltd. | Fundation Digital Entertainment Co., Ltd. | Publishing of magazines and periodicals | 100 | 100 | 100 | Notes 1 and 2 |
| Gamania Digital Entertainment Co., Ltd. | Gamania Digital Entertainment Labuan Holdings, Ltd. | Investment holdings | 100 | 100 | 100 | Notes 1 and 2 |
| Gamania Digital Entertainment Co., Ltd. | Redgate Games Co., Ltd. | Design and research and development of software | 100 | 100 | 100 | Notes 1 and 2 |
| Gamania Digital Entertainment Co., Ltd. | Seedo Games Co., Ltd. | Software services and sales | 100 | 100 | 100 | Notes 1 and 2 |
| Gamania Digital Entertainment Co., Ltd. | Playcoo Co. | Design and research and development of software | 81.70 | 80.50 | 80.50 | Notes 1 and 2 |
| Gamania Digital Entertainment Co. Ltd. | Two Tigers Co., Ltd. | Animation production | 51 | 51 | 51 | Notes 1 and 2 |
| Gamania Digital Entertainment Co. Ltd. | Gash Plus (Taiwan) Company Limited | Software information and supply of electronic services | 100 | 100 | 100 | |
| Gamania Digital Entertainment Co., Ltd. | Ants' Power Co., Ltd. | Customer service | 100 | 100 | - | Notes 1 and 5 |
| Gash Plus (Taiwan) Company Limited | Jsdway Digital Technology Co., Ltd. | Software information and supply of electronic services | 35.04 | 33.33 | 32.88 | Note 6 |
| Gash Plus (Taiwan) Company Limited | Punch Technologies Co., Ltd. | Software services and sales | 100 | 100 | 100 | Notes 1 and 2 |
| Gash Plus (Taiwan) Company Limited | Gash Plus (Hong Kong) Company Limited | Software information and supply of electronic services | 100 | 100 | 100 | Note 2 |
| Gash Plus (Taiwan) Company Limited | Gash Plus (Japan) Co., Ltd. | Software information and supply of electronic services | 100 | 100 | 100 | Notes 1 and 2 |
| Gash Plus (Taiwan) Company Limited | Gash Plus Korea Co., Ltd. | Design and sales of software | 100 | 100 | - | Notes 1 and 4 |

| Name of Investor | Name of Subsidiary | Main Business Activities | Ownership (%) September 30, 2014 | December 31, 2013 | September 30, 2013 | Description |
|---|---|---|---|---|---|---|
| Punch Technologies Co., Ltd. | Coco Digital Technology (HK) Co., Ltd. | Software services and sales | 100 | 100 | - | Notes 1 and 7 |
| Jsdway Digital Technology Co., Ltd. | Webo Digital Co., Ltd. | Software services and sales | 100 | 100 | 100 | Notes 1, 2 and 8 |
| Jsdway Digital Technology Co., Ltd. | Precious Power Digital Technology Co., Ltd. | Software services and sales | 70 | 70 | 70 | Notes 1 and 2 |
| Jsdway Digital Technology Co., Ltd. | Jsdway (M) Sdn. Bhd. | Information and supply of electronic services | 60 | 60 | 60 | Notes 1 and 2 |
| Gamania Digital Entertainment Co., Ltd. | RitwNow Inc. | E-sports and internet live broadcasting services | 51 | 51 | 51 | Notes 1 and 2 |
| Gamania Digital Entertainment Co., Ltd. | Global Pursuit Co., Ltd. | Software information and supply of electronic services | 100 | 80 | 80 | Notes 1 and 2 |
| Global Pursuit Co., Ltd. | Global Pursuit North America Co., Ltd. | IP commodities authorization | - | 100 | 100 | Notes 2 and 9 |
| Gamania Digital Entertainment Co., Ltd. | We Backers Co., Ltd. | Software information and supply of electronic information services | 70 | - | - | Notes 1 and 10 |

Note 1: The financial statements of the entity as of and for the nine-month period ended September 30, 2014 were not reviewed by independent accountants as the entity did not meet the definition of significant subsidiary.

Note 2: The financial statements of the entity as of and for the nine-month period ended September 30, 2013 were not reviewed by independent accountants as the entity did not meet the definition of significant subsidiary.

Note 3: Formerly known as Firedog Studio Company Ltd. and was renamed on December 30, 2013.

Note 4: Formerly Gamania Korea Co., Ltd. is listed as a subsidiary of Gash Plus (Taiwan) Company Limited after reengineering in December 2013.

Note 5: Formerly known as Answer Co., Ltd., it was registered on December 17, 2013, and renamed on February 17, 2014.

Note 6: Gash Plus (Taiwan) Company Limited holds more than half of the board seats of Jsdway Digital Technology Co., Ltd.

Note 7: It was established and registered on November 29, 2013.

Note 8: The company’s Chinese name was renamed on April 28, 2014.

Note 9: Global Pursuit North has disposed Global Pursuit North America Co., Ltd. at $3,024 in April 2014 and recognised investment loss of $8,600.

Note 10: It was established and registered on September 15, 2014.

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

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

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

B. Translation of foreign operations

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

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

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

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

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

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

(5) Classification of current and non-current items

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

a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

b) Assets held mainly for trading purposes;

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

d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

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

a) Liabilities that are expected to be paid off within the normal operating cycle;

b) Liabilities arising mainly from trading activities;

c) Liabilities that are to be paid off within twelve months from the balance sheet date;

d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash and cash equivalents

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

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

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

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

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

(8) Available-for-sale financial assets

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

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

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

(9) Accounts receivable

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

(10) Impairment of financial assets

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

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

a) Significant financial difficulty of the issuer or debtor;

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

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

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

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

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

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

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

C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

a) Financial assets measured at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

b) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(11) Derecognition of financial assets

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

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

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

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

(12) Inventories

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

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

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

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

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

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

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

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

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

(14) Property, plant and equipment

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

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

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

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

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

(15) Intangible assets

A. Trademarks

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

B. Franchises for game development

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

C. Franchises for sales of on-line games

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

D. Comic copyright

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

E. Goodwill

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

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

G. Royalty payments for operating online game software are capitalised and amortized based on the period of the contract or deducted based on actual units of play.

(16) Impairment of non-financial assets

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

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

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

(17) Borrowings

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

(18) Notes and accounts payable

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

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

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

a) Hybrid (combined) contracts; or

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

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

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

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(21) Bonds payable

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

(22) Provisions – decommissioning liabilities

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

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

a) Defined contribution plans

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

b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date instead).

ii. Actuarial gains and losses arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise.

iii. Past service costs are recognised immediately in profit or loss if vested immediately; if not, the past service costs are amortised on a straight-line basis over the vesting period.

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

C. Termination benefits

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

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

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

(24) Employee share-based payment

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

(25) Income tax

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

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

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

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

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

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

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

(26) Share capital

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

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

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

A. Sales of goods

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

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

B. Sales of services

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

(29) Business combinations

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

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(30) Operating segments

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

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

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make **c**ritical assumptions and **e**stimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

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

A. Financial assets-impairment of equity investments

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

B. Revenue recognition on a net/gross basis

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

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

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

(2) Critical accounting estimates and assumptions

A. Revenue recognition

The Group recognises the collections of payments for game card purchases or value-added by players as "advance receipts" within current liabilities, and amortizes those amounts as revenue over the period of the services or the estimated useful period of the virtual items, when they are actually used in the purchases of services or virtual items for online games. The Group estimates the deferred amount and period for the related deferred revenue based on historical results and other known factors, and reviews its rationale periodically. As of September 30, 2014, the Group's deferred revenue amounted to $59,118, shown as "Other current liabilities".

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

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

C. Impairment assessment on goodwill

The impairment assessment on goodwill relies on the Group's subjective judgment, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(10) for the information on goodwill impairment.

As of September 30, 2014, the Group recognised goodwill, net of impairment loss, amounting to $55,799.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Cash on hand and petty cash | $ 1,373 | $ 1,138 | $ 1,202 |
| Checking accounts and demand deposits | 1,159,405 | 1,310,288 | 1,100,042 |
| Time deposits | 165,546 | 296,079 | 329,126 |
| | $ 1,326,324 | $ 1,607,505 | $ 1,430,370 |

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

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

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

| Items | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Current items | | | |
| Financial assets held for trading | | | |
| Listed (TSE and OTC) stocks | $ 1,361 | $ 2,351 | $ 3,716 |
| Corporate bond funds | 204,000 | 4,000 | 271,000 |
| Valuation adjustment of financial assets held for trading | ( 269) | ( 744) | ( 2,005) |
| | $ 205,092 | $ 5,607 | $ 272,711 |

A. The Group recognised net gain (loss) of $3, ($422), $592 and ($1,410) on financial assets held for trading for the three-month and nine-month periods ended September 30, 2014 and 2013, respectively.

B. For business operation purposes, the Company's domestic subsidiary, Gamania Asia Investment Co., invested 285 thousand shares at a par value of $10 (NT dollars) per share in the amount of $2,850. Such investment is not entitled to a voting right, profit distribution right and the right to claim for remaining property. According to the investment contract, both parties agreed that during the thirty days from the repurchase base day, which is at the expiration of three years of settlement date (May 28, 2010) or other documents' appointment date, the investor can ask the issuer to redeem all of the preferred stock based on fair value at the repurchase base day. If the fair value will be lower than the published price, the issuer will repurchase based on the issue price. In accordance with the contents of the preferred stock contract and IAS 39, "Financial Instruments: Recognition and Measurement", the subsidiary is accounted for as Financial assets at fair value through profit or loss. Gamania Asia Investment Co. had recognized gain of $1,140 on disposal of financial instruments in second quarter of 2013.

C. On March 30, 2010, the Board of Directors of the Company's subsidiary, Gameastor Digital Entertainment Co., Ltd., has resolved to issue preferred stocks of 285 thousand shares with the par value of $10 amounting to $2,850 for business needs. After 3 years from the issuance of preferred stocks, if the fair value is higher than the agreed base price, the subsidiary may buy back the issued preferred stocks at the original fair value within 30 days. Within the same period, investors may request the subsidiary to buy back all the shares at once at the fair value. However, if the fair value is lower than the agreed based price, the subsidiary shall redeem at the agreed base price. Gameastor Digital Entertainment Co., Ltd. has disposed the financial liabilities in the second quarter of 2013. The gain recognised on financial liabilities measured at fair value through profit or loss amounting to $5,626 was recorded as 'other gains and losses'.

(3) Available-for-sale financial assets

| Items | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Non-current items: | | | |
| Unlisted stock | $ 122,067 | $ 66,067 | $ 66,067 |
| Valuation adjustment of available-for-sale financial assets | 14,892 | 2,067 | ( 10,933) |
| Accumulated impairment | ( 9,206) | ( 9,206) | ( 9,206) |
| | $ 127,753 | $ 58,928 | $ 45,928 |

A. The Group recognised ($11,058), ($5,171), $12,825 and ($25,965) in other comprehensive income for fair value changes for the three-month and nine-month periods ended September 30, 2014 and 2013, respectively.

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

C. As of September 30, 2014, December 31, 2013 and September 30, 2013, no available-for-sale financial assets of the Group were pledged as collateral.

(4) Accounts receivable

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Accounts receivable | $ 1,714,227 | $ 1,585,073 | $ 1,606,415 |
| Less: Allowance for doubtful accounts | ( 89,947) | ( 65,289) | ( 64,451) |
| Allowance for sales returns | ( 537) | ( 537) | ( 537) |
| | $ 1,623,743 | $ 1,519,247 | $ 1,541,427 |

A. The ageing analysis of accounts receivable (including overdue accounts receivable) that were past due is as follows:

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Up to 30 days | $ 185,740 | $ 252,078 | $ 301,893 |
| 31~60 days | 97,764 | 73,838 | 116,140 |
| 61~90 days | 50,762 | 23,028 | 24,736 |
| 91~180 days | 39,867 | 11,993 | 9,784 |
| Over 180 days | 241,724 | 217,088 | 227,318 |
| | $ 615,857 | $ 578,025 | $ 679,871 |

The movement analysis of the above impaired financial assets that are past due is as follows:

a) As of September 30, 2014, December 31, 2013 and September 30, 2013, the Group's notes receivable, accounts receivable and overdue accounts receivable that were impaired amounted to $204,234, $178,176 and $175,761, respectively.

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

| | 2014 | | |
|---|---|---|---|
| | Individual provision | Group provision | Total |
| At January 1 | $ 112,887 | $ 65,289 | $ 178,176 |
| Provision for impairment | 1,400 | 24,917 | 26,317 |
| Write-offs during the period | - | ( 300) | ( 300) |
| Effect of exchange rate | - | 41 | 41 |
| At September 30 | $ 114,287 | $ 89,947 | $ 204,234 |

| | 2013 | | |
|---|---|---|---|
| | Individual provision | Group provision | Total |
| At January 1 | $ 68,005 | $ 76,778 | $ 144,783 |
| Provision for impairment | 4,522 | 26,515 | 31,037 |
| Write-offs during the period | ( 127) | - | ( 127) |
| Amount transfemed to overdue accounts receivable | 38,895 | ( 38,895) | - |
| Effect of exchange rate | 15 | 53 | 68 |
| At September 30 | $ 111,310 | $ 64,451 | $ 175,761 |

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

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Neither past due nor impaired | $ 1,219,254 | $ 1,127,932 | $ 1,045,852 |

D. The maximum exposure to credit risk at September 30, 2014, December 31, 2013 and September 30, 2013 was the carrying amount of each class of accounts receivable.

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

(5) Inventories

| | September 30, 2014 | | |
|---|---|---|---|
| | Cost | Allowance for obsolescence and market value decline | Book value |
| Inventories | $ 184,055 | ($ 1,092) | $ 182,963 |

| | December 31, 2013 | | |
|---|---|---|---|
| | Cost | Allowance for obsolescence and market value decline | Book value |
| Inventories | $ 64,284 | ($ 1,198) | $ 63,086 |

| | September 30, 2013 | | |
|---|---|---|---|
| | Cost | Allowance for obsolescence and market value decline | Book value |
| Inventories | $ 112,910 | ($ 1,135) | $ 111,775 |

The cost of inventories recognised as expense for the period:

| | For the three-month periods ended September 30, | |
|---|---|---|
| | 2014 | 2013 |
| Cost of goods sold | $ 139,555 | $ 624,410 |
| Provision (reversal of allowance) for inventory obsolescence and market price decline (Note) | ( 111) | 2,048 |
| | $ 139,444 | $ 626,458 |

| | For the nine-month periods ended September 30, | |
|---|---|---|
| | 2014 | 2013 |
| Cost of goods sold | $ 655,673 | $ 1,502,305 |
| Provision (reversal of allowance) for inventory obsolescence and market price decline (Note) | ( 106) | 2,048 |
| | $ 655,567 | $ 1,504,353 |

(Note) The gain on reversal of allowance was caused by the Group's recognition of reversal of allowance for impairment loss on inventories when the related inventory items were scrapped or sold.

(6) Investments accounted for under the equity method

A. List of long-term investments

| Name of associates | September 30, 2014 Ownership percentage | September 30, 2014 Balance | December 31, 2013 Ownership percentage | December 31, 2013 Balance | September 30, 2013 Ownership percentage | September 30, 2013 Balance |
|---|---|---|---|---|---|---|
| Chuang Meng Shr Ji Co., Ltd. | 23.08 | $ 29,708 | - | $ - | - | $ - |
| Fantasy Fish Digital Games Co., Ltd. | 44.08 | 19,381 | 44.08 | 20,323 | 44.14 | 11,884 |
| Taiwan e-sports Co., Ltd. (Taiwan e-sports) | 30.94 | 8,703 | 30.94 | 12,687 | 40.70 | 1,619 |
| Firedog Creative Co., Ltd. (Firedog) | 40.00 | 4,807 | 40.00 | 7,375 | - | - |
| Pri-One Marketing Co., Ltd. | 30.00 | 2,348 | 30.00 | 1,756 | 30.00 | 1,860 |
| Machi Pictures Co., Ltd. (Machi Pictures) (Note) | 33.33 | 190 | 33.33 | - | 33.33 | 3,744 |
| | | $ 65,137 | | $ 42,141 | | $ 19,107 |

Note: As the Company intends to provide endorsements, guarantees or financial support for Machi Pictures, the investment loss is recognized continuously in proportion to the Company's equity interest in the investee. Thus, as of December 31, 2013, the credit balance of investment was ($4), and accounted in other liabilities (shown in 'other non-current liabilities').

B. For the nine-month periods ended September 30, 2014 and 2013, the Group's associates were accounted for using equity method based on their unreviewed financial statements.

C. The Group's subsidiary, Gash Plus (Taiwan) Company Limited, has lost its control over Fantasy Fish Digital Games Co., Ltd. for not investing in the capital increase in September and November, 2013 and not holding more than half of the board seats. Gash Plus (Taiwan) Company Limited's shareholding ratio dropped from 100% to 44.08% and it did not associate with the Group at the end of the third quarter of 2013. Accordingly, only its profit for the first three quarters of 2013 was included in the Group's consolidated financial statements.

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

| | Assets | Liabilities | Revenue | Profit/(Loss) | % interest held |
|---|---|---|---|---|---|
| September 30, 2014 | | | | | |
| Taiwan e-sports | $ 40,900 | $ 12,766 | $ 17,300 | ($ 12,879) | 30.94% |
| Machi Pictures | 1,325 | 754 | - | 585 | 33.33% |
| Pri-One | 11,191 | 3,366 | 18,651 | 1,971 | 30.00% |
| Firedog | 6,547 | 9,132 | 6,788 | ( 6,669) | 40.00% |
| Fantasy Fish | 102,441 | 58,474 | 154,042 | ( 2,137) | 44.08% |
| Chuang Meng | 129,421 | 686 | - | ( 1,265) | 23.08% |
| | $ 291,825 | $ 85,178 | $ 196,781 | ($ 20,394) | |

| | Assets | Liabilities | Revenue | Profit/(Loss) | % interest held |
|---|---|---|---|---|---|
| December 31, 2013 | | | | | |
| Taiwan e-sports | $ 51,824 | $ 10,811 | $ 24,058 | ($ 17,054) | 30.94% |
| Machi Pictures | 1,383 | 1,396 | 31,392 | ( 56,256) | 33.33% |
| Pri-One | 8,584 | 2,730 | 14,205 | 854 | 30.00% |
| Firedog | 5,641 | 1,573 | 341 | ( 5,477) | 40.00% |
| Fantasy Fish | 63,952 | 17,848 | 19,487 | ( 7,830) | 44.08% |
| | $ 131,384 | $ 34,358 | $ 89,483 | ($ 85,763) | |

| | Assets | Liabilities | Revenue | Profit/(Loss) | % interest held |
|---|---|---|---|---|---|
| September 30, 2013 | | | | | |
| Taiwan e-sports | $ 11,964 | $ 7,986 | $ 19,333 | ($ 14,663) | 40.70% |
| Machi Pictures | 23,397 | 12,168 | 30,988 | ( 45,047) | 33.33% |
| Pri-One | 8,560 | 2,359 | 9,071 | 1,201 | 30.00% |
| Fantasy Fish | 26,872 | 612 | 30 | ( 2,674) | 44.14% |
| | $ 70,793 | $ 23,125 | $ 59,422 | ($ 61,183) | |

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

(7) Property, plant and equipment

| | Land | Buildings | Machinery | Transportation equipment | Office equipment | Leasehold improvements | Other equipment | Equipment to be inspected | Total |
|---|---|---|---|---|---|---|---|---|---|
| At January 1, 2014 | | | | | | | | | |
| Cost | $ 157,449 | $ 203,942 | $ 731,430 | $ 7,332 | $ 84,752 | $ 65,461 | $ 36,340 | $ 1,722 | $ 1,288,428 |
| Accumulated depreciation | - | ( 46,061) | ( 428,085) | ( 2,845) | ( 56,065) | ( 36,029) | ( 18,530) | - | ( 587,615) |
| Accumulated impairment | - | - | ( 6,382) | - | ( 45) | - | - | - | ( 6,427) |
| | $ 157,449 | $ 157,881 | $ 296,963 | $ 4,487 | $ 28,642 | $ 29,432 | $ 17,810 | $ 1,722 | $ 694,386 |
| Nine-month period ended September 30, 2014 | | | | | | | | | |
| Opening net book amount | $ 157,449 | $ 157,881 | $ 296,963 | $ 4,487 | $ 28,642 | $ 29,432 | $ 17,810 | $ 1,722 | $ 694,386 |
| Additions | - | 4,760 | 57,376 | - | 2,220 | 8,758 | 731 | 4,470 | 78,315 |
| Disposals | - | ( 5,767) | ( 1,176) | ( 160) | ( 20) | ( 104) | ( 67) | - | ( 7,294) |
| Reclassifications | - | 3,243 | 2,995 | - | ( 375) | - | 375 | ( 6,238) | - |
| Depreciation charge | - | ( 7,458) | ( 110,471) | ( 1,199) | ( 8,839) | ( 8,819) | ( 6,596) | - | ( 143,382) |
| Effect of decrease in consolidated entities | - | - | ( 43) | - | ( 232) | - | ( 270) | - | ( 545) |
| Net exchange differences | 154 | 462 | ( 19) | - | 23 | 247 | 15 | 46 | 928 |
| Closing net book amount | $ 157,603 | $ 153,121 | $ 245,625 | $ 3,128 | $ 21,419 | $ 29,514 | $ 11,998 | $ - | $ 622,408 |
| At September 30, 2014 | | | | | | | | | |
| Cost | $ 157,603 | $ 200,605 | $ 732,686 | $ 6,935 | $ 74,318 | $ 68,409 | $ 33,322 | $ - | $ 1,273,878 |
| Accumulated depreciation | - | ( 47,484) | ( 480,679) | ( 3,807) | ( 52,852) | ( 38,895) | ( 21,324) | - | ( 645,041) |
| Accumulated impairment | - | - | ( 6,382) | - | ( 47) | - | - | - | ( 6,429) |
| | $ 157,603 | $ 153,121 | $ 245,625 | $ 3,128 | $ 21,419 | $ 29,514 | $ 11,998 | $ - | $ 622,408 |

| | Land | Buildings | Machinery | Transportation equipment | Office equipment | Leasehold improvements | Other equipment | Equipment to be inspected | Total |
|---|---|---|---|---|---|---|---|---|---|
| At January 1, 2013 | | | | | | | | | |
| Cost | $ 157,192 | $ 211,280 | $ 775,954 | $ 7,904 | $ 92,919 | $ 123,746 | $ 27,246 | $ 2,673 | $ 1,398,914 |
| Accumulated depreciation | - | ( 43,570) | ( 361,359) | ( 1,410) | ( 52,072) | ( 72,961) | ( 9,174) | - | ( 540,546) |
| Accumulated impairment | - | - | ( 4,674) | - | ( 1,639) | - | - | - | ( 6,313) |
| | $ 157,192 | $ 167,710 | $ 409,921 | $ 6,494 | $ 39,208 | $ 50,785 | $ 18,072 | $ 2,673 | $ 852,055 |
| Nine-month period ended September 30, 2013 | | | | | | | | | |
| Opening net book amount | $ 157,192 | $ 167,710 | $ 409,921 | $ 6,494 | $ 39,208 | $ 50,785 | $ 18,072 | $ 2,673 | $ 852,055 |
| Business combination | - | - | - | - | 24 | - | - | - | 24 |
| Additions | - | 564 | 13,987 | 465 | 3,421 | 887 | 2,395 | 264 | 21,983 |
| Disposals | - | - | ( 3,023) | ( 599) | ( 2,413) | ( 995) | ( 1,074) | - | ( 8,104) |
| Reclassifications | - | - | ( 10,594) | - | 4,486 | - | 6,689 | ( 581) | - |
| Depreciation charge | - | ( 5,258) | ( 110,070) | ( 1,243) | ( 11,165) | ( 20,436) | ( 6,536) | - | ( 154,708) |
| Net exchange differences | 169 | ( 740) | ( 2,590) | 14 | 6 | 365 | ( 37) | ( 266) | ( 3,079) |
| Closing net book amount | $ 157,361 | $ 162,276 | $ 297,631 | $ 5,131 | $ 33,567 | $ 30,606 | $ 19,509 | $ 2,090 | $ 708,171 |
| At September 30, 2013 | | | | | | | | | |
| Cost | $ 157,361 | $ 206,265 | $ 707,750 | $ 7,742 | $ 90,557 | $ 65,519 | $ 35,748 | $ 2,090 | $ 1,273,032 |
| Accumulated depreciation | - | ( 43,989) | ( 403,737) | ( 2,611) | ( 56,946) | ( 34,913) | ( 16,239) | - | ( 558,435) |
| Accumulated impairment | - | - | ( 6,382) | - | ( 44) | - | - | - | ( 6,426) |
| | $ 157,361 | $ 162,276 | $ 297,631 | $ 5,131 | $ 33,567 | $ 30,606 | $ 19,509 | $ 2,090 | $ 708,171 |

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

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

## (8) Intangible assets

| | Agency | Software | Other intangible asset | Trademark | Goodwill | Total |
|---|---|---|---|---|---|---|
| At January 1, 2014 | | | | | | |
| Cost | $ 339,109 | $ 135,637 | $ 52,514 | $ 105 | $ 74,537 | $601,902 |
| Accumulated amortisation | ( 86,685) | ( 76,197) | ( 24,034) | ( 8) | - | ( 186,924) |
| Accumulated impairment | ( 61,550) | ( 29,630) | - | - | ( 13,914) | ( 105,094) |
| | $ 190,874 | $ 29,810 | $ 28,480 | $ 97 | $ 60,623 | $309,884 |
| Nine-month period ended September 30, 2014 | | | | | | |
| Opening net book amount | $ 190,874 | $ 29,810 | $ 28,480 | $ 97 | $ 60,623 | $309,884 |
| Additions | 82,045 | 23,895 | 11,524 | - | - | 117,464 |
| Amortisation charge | ( 76,030) | ( 26,608) | ( 15,283) | - | - | ( 117,921) |
| Transfer to other expenses | - | - | ( 167) | - | - | ( 167) |
| Disposals | ( 1,472) | - | ( 994) | - | - | ( 2,466) |
| Reclassifications | - | ( 2,299) | 2,535 | - | - | 236 |
| Effect of decrease in consolidated entities | - | - | ( 10,932) | - | - | ( 10,932) |
| Impairment loss | ( 10,663) | - | - | - | ( 5,258) | ( 15,921) |
| Net exchange differences | ( 2,339) | 346 | 216 | ( 3) | 434 | ( 1,346) |
| Closing net book amount | $ 182,415 | $ 25,144 | $ 15,379 | $ 94 | $ 55,799 | $278,831 |
| At September 30, 2014 | | | | | | |
| Cost | $ 347,336 | $ 96,027 | $ 37,210 | $ 102 | $ 74,986 | $555,661 |
| Accumulated amortisation | ( 143,237) | ( 41,994) | ( 21,831) | ( 8) | - | ( 207,070) |
| Accumulated impairment | ( 21,684) | ( 28,889) | - | - | ( 19,187) | ( 69,760) |
| | $ 182,415 | $ 25,144 | $ 15,379 | $ 94 | $ 55,799 | $278,831 |

| | Patent | Agency | Software | Other intangible asset | Trademark | Goodwill | Total |
|---|---|---|---|---|---|---|---|
| At January 1, 2013 | | | | | | | |
| Cost | $ 8,538 | $ 507,434 | $ 147,178 | $ 55,863 | $ 4,526 | $ 89,437 | $ 812,976 |
| Accumulated amortisation | ( 4,894) | ( 293,282) | ( 76,808) | ( 12,573) | ( 830) | - | ( 388,387) |
| Accumulated impairment | ( 2,135) | ( 50,763) | - | - | ( 374) | ( 10,019) | ( 63,291) |
| | $ 1,509 | $ 163,389 | $ 70,370 | $ 43,290 | $ 3,322 | $ 79,418 | $ 361,298 |
| Nine-month period ended September 30, 2013 | | | | | | | |
| Opening net book amount | $ 1,509 | $ 163,389 | $ 70,370 | $ 43,290 | $ 3,322 | $ 79,418 | $ 361,298 |
| Additions | - | 55,784 | 31,385 | 7,801 | - | - | 94,970 |
| Business combination | - | - | - | - | - | 308 | 308 |
| Amortisation charge | ( 1,263) | ( 54,331) | ( 31,266) | ( 18,604) | ( 566) | - | ( 106,030) |
| Disposals | ( 280) | ( 15,813) | ( 5,134) | ( 2,221) | ( 2,831) | ( 5,052) | ( 31,331) |
| Reclassifications | - | 88 | ( 5,981) | ( 3,222) | - | - | ( 9,115) |
| Impairment loss | - | ( 20,000) | - | - | - | ( 14,891) | ( 34,891) |
| Effect of decrease in consolidated entities | - | ( 8,571) | - | ( 22) | - | - | ( 8,593) |
| Net exchange differences | 34 | ( 211) | ( 2,675) | 237 | 75 | 590 | ( 1,950) |
| Closing net book amount | $ - | $ 120,335 | $ 56,699 | $ 27,259 | $ - | $ 60,373 | $ 264,666 |
| At September 30, 2013 | | | | | | | |
| Cost | $ - | $ 371,084 | $ 134,229 | $ 47,456 | $ - | $ 74,278 | $ 627,047 |
| Accumulated amortisation | - | ( 187,531) | ( 77,530) | ( 20,197) | - | - | ( 285,258) |
| Accumulated impairment | - | ( 63,218) | - | - | - | ( 13,905) | ( 77,123) |
| | $ - | $ 120,335 | $ 56,699 | $ 27,259 | $ - | $ 60,373 | $ 264,666 |

A. The details of amortisation are as follows:

| | For the three-month periods ended September 30, 2014 | 2013 |
|---|---|---|
| Operating costs | $ 38,215 | $ 22,931 |
| Selling expenses | 2,422 | 2,228 |
| General and administrative expenses | 3,324 | 5,350 |
| Research and development expenses | 502 | 565 |
| | $ 44,463 | $ 31,074 |

| | For the nine-month periods ended September 30, 2014 | 2013 |
|---|---|---|
| Operating costs | $ 91,816 | $ 72,596 |
| Selling expenses | 5,278 | 6,795 |
| General and administrative expenses | 19,568 | 21,853 |
| Research and development expenses | 1,259 | 4,786 |
| | $ 117,921 | $ 106,030 |

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

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Goodwill | | | |
| Playcoo | $ 46,552 | $ 46,552 | $ 46,552 |
| GCH | 27,198 | 26,763 | 26,513 |
| Sino | 928 | 914 | 905 |
| Jsdway(M) Sdn. Bhd. | 308 | 308 | 308 |
| | 74,986 | 74,537 | 74,278 |
| Less: accumulated impairment | ( 19,187) | ( 13,914) | ( 13,905) |
| | $ 55,799 | $ 60,623 | $ 60,373 |

C. Impairment information about the intangible assets is provided in Note 6(10).

(9) Non-current assets

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Overdue accounts receivable | $ 120,884 | $ 120,884 | $ 119,308 |
| Less: Allowance for doubtful accounts | ( 114,287) | ( 112,887) | ( 111,310) |
| Refundable deposits | 33,520 | 46,045 | 45,525 |
| Prepayment for investments | 6,000 | 6,000 | 6,000 |
| Other financial assets-non-current | 5,010 | 5,007 | - |
| Others | 635 | 829 | 6,101 |
| | $ 51,762 | $ 65,878 | $ 65,624 |

The Company's indirect subsidiary, Jsdway Digital Technology Co., Ltd., did not fully provide its overdue accounts receivable with allowance as of September 30, 2014, December 31, 2013 and September 30, 2013 since based on its assessment, such receivables were collectible.

(10) Impairment of non-financial assets

A. Details of impairment loss recognised by the Group for the three-month and nine-month periods ended September 30, 2014 and 2013 are as follows:

| | For the three-month period ended September 30, 2014 | |
|---|---|---|
| | Recognised in profit or loss | Recognised in other comprehensive income |
| Impairment loss-goodwill | $ - | $ - |
| Impairment loss-agency | - | - |
| | $ - | $ - |

| | For the three-month period ended September 30, 2013 | |
|---|---|---|
| | Recognised in profit or loss | Recognised in other comprehensive income |
| Impairment loss-goodwill | $ - | $ - |
| Impairment loss-agency | - | - |
| | $ - | $ - |

| | For the nine-month period ended September 30, 2014 | |
|---|---|---|
| | Recognised in profit or loss | Recognised in other comprehensive income |
| Impairment loss-goodwill | $ 5,258 | $ - |
| Impairment loss-agency | 10,663 | - |
| | $ 15,921 | $ - |

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

B. The Company's certain subsidiaries and associates accounted for using equity method recognised impairment loss on goodwill and investment for the nine-month periods ended September 30, 2014 and 2013 after assessing that the recoverable amounts of the value of future cash inflows are lower than the carrying amount. The value of future cash inflows was based on the best estimate of information available at the balance sheet date.

C. For the nine-month period ended September 30, 2014, the Group has recognised impairment loss on distribution right since the carrying amount is greater than recoverable amount. The recoverable amount is revenue incurred from expected points for on-line games used by consumers less expected expenditures.

(11) Short-term borrowings

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Unsecured bank loans | $ 8,345 | $ 13,559 | $ 11,516 |
| Credit lines | $ 583,474 | $ 1,950,738 | $ 2,549,006 |
| Interest rate | 1.15% | 1.15%~7.20% | 1.15%~7.20% |

(12) Other payables

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Salary payable and annual bonus | $ 133,455 | $ 170,535 | $ 182,612 |
| Employees' bonus payable | 11,692 | 3,315 | 16,056 |
| Compensation payable to directors and supervisors | 1,448 | 185 | 2,232 |
| Payable on corporate tax and withholding tax | 41,296 | 40,500 | 39,821 |
| Payable on equipment and intangible assets | 3,656 | 38,672 | 2,455 |
| Others | 113,155 | 114,226 | 109,687 |
| | $ 304,702 | $ 367,433 | $ 352,863 |

(13) Other current liabilities

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Unearned revenue collected in advance | $ 481,531 | $ 477,522 | $ 453,270 |
| Current portion of long-term liabilities | 17,802 | 16,569 | 17,784 |
| Receipts under custody | 7,362 | 9,622 | 11,703 |
| Tax receipts under custody | 16,730 | 17,960 | 20,459 |
| | $ 523,425 | $ 521,673 | $ 503,216 |

(14) Bonds payable

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Bonds payable | $ 21,974 | $ 37,659 | $ 41,524 |
| Less: Current portion | ( 17,802) | ( 16,547) | ( 17,580) |
| | $ 4,172 | $ 21,112 | $ 23,944 |

The Company's subsidiary, Gamania Digital Entertainment (Japan) Co., Ltd., issued unsecured corporate bonds in the amount of JPY200 million, as approved by the local competent authorities. The major terms of the corporate bonds are as follows:

| Issue Date | Term | Total credit line | Coupon rate | Repayment terms |
|---|---|---|---|---|
| 2011.10.31 | Five years | $ 17,696 (JPY 50 million) | 0.63% | Amount of JPY 5 million is repayable for the principal in each April and October from the issue date, and simple interest is payable every year from the issue date based on the coupon rate. |
| 2012.07.31 | Three years | $ 56,740 (JPY 150 million) | 0.49% | Amount of JPY 24 million is repayable for the principal in each January and July from the issue date, and simple interest is payable every year from the issue date based on the coupon rate. |

(15) Long-term borrowings

| Bank | Period / Terms of repayment | Interest | Collateral | December 31, 2013 |
|---|---|---|---|---|
| Yuanta Bank | Monthly installments | 2.99% | Car | $ 22 |
| Less: Current portion | 2011/1/14~2014/1/13 | | | ( 22) |
| | | | | $ - |

| Bank | Period / Terms of repayment | Interest | Collateral | September 30, 2013 |
|---|---|---|---|---|
| Yuanta Bank | 2010/12/30~2013/12/29 | 2.99% | Car | |
| | Monthly installments | | | $ 116 |
| Yuanta Bank | 2011/1/14~2014/1/13 | 2.99% | Car | 88 |
| | Monthly installments | | | |
| | | | | 204 |
| Less: Current portion | | | | ( 204) |
| | | | | $ - |

As of September 30, 2014, the Group did not have any long-term borrowing.

The Group has the following undrawn borrowing facilities:

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Fixed rate: | | | |
| Expiring within one year | $ - | $ 2,168 | $ 1,986 |
| Expiring beyond one year | - | - | - |
| | $ - | $ 2,168 | $ 1,986 |

(16) Pensions

A. Defined benefit plans

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

(b) For the aforementioned pension plan, the Group recognised pension costs of $314, $478, $947 and $1,336 for the three-month and nine-month periods ended September 30, 2014 and 2013, respectively.

Details of costs and expenses recognised in statements of comprehensive income are as follows:

| | For the three-month periods ended September 30, | |
|---|---|---|
| | 2014 | 2013 |
| Cost of sales | $ 20 | $ 40 |
| Selling expenses | 43 | 67 |
| General and administrative expenses | 184 | 269 |
| Research and development expenses | 67 | 102 |
| | $ 314 | $ 478 |

| | For the nine-month periods ended September 30, | |
|---|---|---|
| | 2014 | 2013 |
| Cost of sales | $ 65 | $ 114 |
| Selling expenses | 134 | 178 |
| General and administrative expenses | 540 | 743 |
| Research and development expenses | 208 | 301 |
| | $ 947 | $ 1,336 |

(g) Expected contributions to the defined benefit pension plans of the Group within one year from September 30, 2014 are $1,815.

B. Defined contribution plans

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

(b) The Company's mainland subsidiary, Gamania Digital Entertainment (Beijing) Co., Ltd., has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on a certain percentage of employees' monthly salaries and wages. The contribution percentage for the nine-month periods ended September 30, 2014 and 2013 were both 20%~22%. Other than the monthly contributions, the Group has no further obligations.

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

(d) The pension costs under the defined contribution pension plans of the Group for the three-month and nine-month periods ended September 30, 2014 and 2013 were $9,086, $9,260, $25,253 and $28,931, respectively.

(17) Share-based payment

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

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

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

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

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

| | For the nine-month periods ended September 30, | | | |
|---|---|---|---|---|
| | 2014 | | 2013 | |
| | No. of options | Weighted-average exercise price (in dollars) (Note 1) | No. of options | Weighted-average exercise price (in dollars) (Note 1) |
| Options outstanding at beginning of the period | 3,955 | $ 23.00 | 4,742 | $ 23.00 |
| Options granted | - | - | - | - |
| Distribution of stock dividends / adjustments for number of shares granted for one unit of option | - | - | - | - |
| Options forfeited | - | - | - | - |
| Options exercised (Note 2) | - | - | ( 428) | - |
| Options expired | ( 3,955) | - | ( 77) | - |
| Options outstanding at end of the period | - | - | 4,237 | 23.00 |
| Options exercisable at end of the period | - | | 4,237 | |

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

Note 2: For the nine-month period ended September 30, 2013, 16 thousand employees' stock options were converted to common stocks. As of September 30, 2013, 109 thousand shares were accounted for under stock subscriptions received in advance as the record date for the capital increase has not been set yet.

C. The weighted-average stock price of stock options at exercise date for the three-month period ended September 30, 2013 was $25.33 (in dollars).

D. As of December 31, 2013 and September 30, 2013, the exercise price of stock options outstanding was both \$23, and the weighted-average remaining contractual period was 0 year and 0.17 year, respectively.

(18) Common stock

As of September 30, 2014, the Company's authorized capital was \$2,500,000, consisting of 250 million shares of ordinary stock (including 12 million shares reserved for employee stock options), and the paid-in capital was \$1,575,936 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(19) Capital surplus

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

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

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

b) Donations.

C. On September 19, 2014, the stockholders resolved to use paid-in capital in excess of par value on issuance of common stocks to issue cash of \$0.5 (in dollars) per share, totaling \$78,797, to stockholders.

(20) Unappropriated 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) Paying all taxes and duties.

b) Covering prior years' accumulated deficit, if any.

c) After deducting items a and b, 10% of the remaining amount is appropriated as legal reserve.

d) In addition to the amount appropriated for legal reserve, the Company may appropriate an amount equal to the negative items in the stockholders' equity from retained earnings as special reserve.

e) Interest on capital.

f) After deducting items a to e, 10%～15% of the remaining earnings is appropriated as employees' bonuses and up to 2% as remuneration to directors and supervisors.

g) The remaining amount is to be distributed to stockholders in accordance with the resolution adopted at the stockholders' meeting.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. Special reserve

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

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

D. Pursuant to a resolution approved in the stockholders' meeting on June 19, 2013, the Company made the following appropriations of 2012 net income: legal reserve of $159,610, capital reserve of $123,619 and cover the accumulated deficit of $283,229. No employees' bonus and directors' and supervisors' remuneration was distributed as approved during the stockholders' meeting. The deficit compensation for 2012 as stated above is in agreement with that proposed by the Board of Directors on March 25, 2013.

E. The shareholders during their meeting on June 19, 2014 resolved to propose the following appropriation for 2013 earnings: cover accumulated deficit of $35,362 from net income of 2013 and appropriate legal reserve of $3,856 and special reserve of $34,703. There were no earnings to be appropriated from 2013, thus, employees' bonus and directors' and supervisors' remuneration were not accrued and resolved at the shareholders' meeting. The aforementioned appropriation for 2013 was in agreement with the proposal by the Board of Directors on March 17, 2014.

F. For the three-month and nine-month periods ended September 30, 2014 and 2013, employees' bonus was accrued at $4,673, ($1,761), $10,859 and $15,574, respectively; and directors' and supervisors' remuneration was accrued at $623, ($234), $1,448 and $2,077, respectively. The above amounts constitute 10%~15% and 2%, respectively, of the net income after taking into account the legal reserve, and are recognised as operating cost and expense. If the actual distribution amounts are different from the estimated amounts, the difference will be adjusted in the statement of comprehensive income of the following year.

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

(21) Operating revenue

| | For the three-month periods ended September 30, | |
|---|---|---|
| | 2014 | 2013 |
| Sales revenue-net | $ 2,179,644 | $ 2,123,113 |
| Service revenue | 8,252 | 11,518 |
| Other operating revenue | 17,951 | 42,064 |
| | $ 2,205,847 | $ 2,176,695 |

| | For the nine-month periods ended September 30, | |
|---|---|---|
| | 2014 | 2013 |
| Sales revenue-net | $ 6,718,587 | $ 6,039,362 |
| Service revenue | 19,251 | 36,172 |
| Other operating revenue | 86,629 | 122,082 |
| | $ 6,824,467 | $ 6,197,616 |

(22) Other income

| | For the three-month periods ended September 30, | |
|---|---|---|
| | 2014 | 2013 |
| Rental revenue | $ 1,452 | $ 431 |
| Interest income from bank deposits | 1,202 | 893 |
| Dividend income | 800 | - |
| Other income | 7,836 | 19,570 |
| | $ 11,290 | $ 20,894 |

| | For the nine-month periods ended September 30, | |
|---|---|---|
| | 2014 | 2013 |
| Rental revenue | $ 3,621 | $ 1,068 |
| Interest income from bank deposits | 3,204 | 3,089 |
| Dividend income | 800 | - |
| Other income | 27,755 | 30,703 |
| | $ 35,380 | $ 34,860 |

(23) Other gains and losses

| | For the three-month periods ended September 30, | |
|---|---|---|
| | 2014 | 2013 |
| Net gain on financial assets at fair value through profit or loss | $ 3 | $ 5,227 |
| Net currency exchange (loss) gain | ( 127) | 1,884 |
| Gain (loss) on disposal of property, plant and equipment | 429 | ( 4,430) |
| Gain on disposal of intangible assets | - | 8,600 |
| Loss on disposal of investment | - | ( 3,418) |
| Others | ( 4,263) | ( 6,894) |
| | ($ 3,958) | $ 969 |

| | For the nine-month periods ended September 30, | |
|---|---|---|
| | 2014 | 2013 |
| Net gain on financial assets at fair value through profit or loss | $ 592 | $ 4,216 |
| Net currency exchange loss | ( 4,165) | ( 1,033) |
| Loss on disposal of property, plant and equipment | ( 6,654) | ( 606) |
| Gain on disposal of intangible assets | - | 8,600 |
| Impairment loss | ( 15,921) | ( 35,989) |
| (Loss) gain on disposal of investment | ( 8,600) | 3,640 |
| Others | ( 11,358) | ( 17,424) |
| | ($ 46,106) | ($ 38,596) |

(24) Finance costs

| | For the three-month periods ended September 30, | |
|---|---|---|
| | 2014 | 2013 |
| Interest expense: | | |
| Bank borrowings | $ 163 | $ 326 |
| Others | 53 | 327 |
| | $ 216 | $ 653 |

| | For the nine-month periods ended September 30, | |
|---|---|---|
| | 2014 | 2013 |
| Interest expense: | | |
| Bank borrowings | $ 591 | $ 1,760 |
| Others | 342 | 955 |
| | $ 933 | $ 2,715 |

(25) Expenses by nature

| | For the three-month periods ended September 30, | |
|---|---|---|
| | 2014 | 2013 |
| On-line game cost | $ 293,698 | $ 406,713 |
| Point service cost | 1,163,177 | 525,833 |
| Cost of physical sales | 207,850 | 626,458 |
| Other operating cost | 96,329 | 78,729 |
| Operating lease payments | 14,071 | 22,505 |
| Advertising expense | 31,600 | 53,207 |
| Depreciation on property, plant and equipment | 47,132 | 45,886 |
| Amortisation expense | 41,063 | 29,467 |
| Service fees | 10,509 | 7,424 |
| Travel expenses | 11,501 | 6,470 |
| Utilities expenses | 8,354 | 12,619 |
| Employee benefit expenses | 232,039 | 281,279 |
| Other expenses | 27,190 | 65,488 |
| | $ 2,184,513 | $ 2,162,078 |

| | For the nine-month periods ended September 30, | |
|---|---|---|
| | 2014 | 2013 |
| On-line game cost | $ 889,154 | $ 1,327,711 |
| Point service cost | 3,448,975 | 1,348,009 |
| Cost of physical sales | 723,928 | 1,504,353 |
| Other operating cost | 286,574 | 155,787 |
| Operating lease payments | 63,862 | 80,667 |
| Advertising expense | 138,425 | 135,928 |
| Depreciation on property, plant and equipment | 143,382 | 154,708 |
| Amortisation expense | 117,921 | 107,650 |
| Service fees | 40,771 | 56,489 |
| Travel expenses | 30,214 | 25,093 |
| Utilities expenses | 22,333 | 33,401 |
| Employee benefit expenses | 686,531 | 880,467 |
| Other expenses | 112,802 | 188,533 |
| | $ 6,704,872 | $ 5,998,796 |

(26) Employee benefit expense

| | For the three-month periods ended September 30, | |
|---|---|---|
| | 2014 | 2013 |
| Wages and salaries | $ 193,583 | $ 241,662 |
| Labor and health insurance fees | 20,465 | 21,609 |
| Pension costs | 9,400 | 9,738 |
| Other personnel expenses | 8,591 | 8,270 |
| | $ 232,039 | $ 281,279 |

| | For the nine-month periods ended September 30, | |
|---|---|---|
| | 2014 | 2013 |
| Wages and salaries | $ 586,288 | $ 759,288 |
| Labor and health insurance fees | 48,050 | 63,689 |
| Pension costs | 26,200 | 30,267 |
| Other personnel expenses | 25,993 | 27,223 |
| | $ 686,531 | $ 880,467 |

(27) Income tax

A. Income tax expense (benefit)

Components of income tax expense (benefit):

| | For the three-month periods ended September 30, 2014 | 2013 |
|---|---|---|
| Current tax | | |
| Current tax on profits for the period | ($ 1,678) | $ 1,352 |
| Adjustments in respect of prior years | ( 67) | 15 |
| Total current tax | ( 1,745) | 1,367 |
| Deferred tax | | |
| Origination and reversal of temporary differences | ( 7,437) | ( 1,722) |
| Impact of change in tax rate | - | - |
| Total deferred tax | ( 7,437) | ( 1,722) |
| Income tax expense (benefit) | ($ 9,182) | ($ 355) |

| | For the nine-month periods ended September 30, 2014 | 2013 |
|---|---|---|
| Current tax | | |
| Current tax on profits for the period | $ 29,200 | $ 39,684 |
| Adjustments in respect of prior years | 18,682 | 6,776 |
| Total current tax | 47,882 | 46,460 |
| Deferred tax | | |
| Origination and reversal of temporary differences | ( 27,569) | 2,095 |
| Impact of change in tax rate | - | - |
| Total deferred tax | ( 27,569) | 2,095 |
| Income tax expense | $ 20,313 | $ 48,555 |

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

| | Latest Year Assessed by Tax Authority |
|---|---|
| The Company | 2010 |
| Gameastor, Jsdway | 2011 |
| Global Pursuit, Gamania Asia, Two Tigers, Fundation, Seedo, Playcoo, Redgate, Gash Plus (Taiwan) | 2012 |

The Company was required to pay additional income tax of $23,481 for the year 2002 after the re-examination of trial by the Tax Authority. In January 2011, the Company appealed against the assessment, but had paid the additional income tax amounting to $21,083. In October 2011, the decision on the appeal was issued which upheld the original judgment relating to the Company's tax exempt income, research and development expense and tax credits applicable to income tax. However, the original judgment relating to the loss on disposal of the Company's fixed assets was cancelled and would be subject to re-examination by the Tax Authority. In October 2013, the Company appealed against the assessment and paid half of the remaining income tax amounting to $1,199.

The appeal was denied in April 2014. Furthermore, the Company disagreed with the re-examination by Ministry of Finance and appealed for administrative litigation in June 2014.

C. Unappropriated retained earnings:

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Earnings generated in and before 1997 | $ - | $ - | $ - |
| Earnings generated in and after 1998 | 78,951 | 38,559 | 93,387 |
| | $ 78,951 | $ 38,559 | $ 93,387 |

D. The balance of the imputation tax credit account and the creditable tax rate are as follows:

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Imputation tax credit account balance | $ 111,086 | $ 74,337 | $ 49,054 |

| | 2013 (Actual) | 2012 (Actual) |
|---|---|---|
| Imputation tax credit account balance | 20.48% | (Note) |

Note: There was no creditable tax ratio since there is an accumulated deficit in 2012.

(28) Earnings per share

| | For the three-month period ended September 30, 2014 | | |
|---|---|---|---|
| | Amount after tax | Weighted average number of ordinary shares outstanding (shares in thousands) | Earnings per share (in dollars) |
| Basic earnings per share | | | |
| Profit attributable to ordinary shareholders of the parent | $ 39,159 | 157,594 | $ 0.25 |
| Diluted earnings per share | | | |
| Profit attributable to ordinary shareholders of the parent | $ 39,159 | - | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employees' bonus | - | 160 | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | $ 39,159 | 157,754 | $ 0.25 |

| | For the three-month period ended September 30, 2013 | | |
|---|---|---|---|
| | Amount after tax | Weighted average number of ordinary shares outstanding (shares in thousands) | Earnings per share (in dollars) |
| Basic earnings per share | | | |
| Profit attributable to ordinary shareholders of the parent | $ 26,420 | 157,113 | $ 0.17 |
| Diluted earnings per share | | | |
| Profit attributable to ordinary shareholders of the parent | $ 26,420 | 157,113 | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employee stock options | - | 317 | |
| Employees' bonus | - | 616 | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | $ 26,420 | 158,046 | $ 0.17 |

| | For the nine-month period ended September 30, 2014 | | |
|---|---|---|---|
| | Amount after tax | Weighted average number of ordinary shares outstanding (shares in thousands) | Earnings per share (in dollars) |
| Basic earnings per share | | | |
| Profit attributable to ordinary shareholders of the parent | $ 85,068 | 157,594 | $ 0.54 |
| Diluted earnings per share | | | |
| Profit attributable to ordinary shareholders of the parent | $ 85,068 | - | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employees' bonus | - | 371 | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | $ 85,068 | 157,965 | $ 0.54 |

| | For the nine-month period ended September 30, 2013 | | |
|---|---|---|---|
| | Amount after tax | Weighted average number of ordinary shares outstanding (shares in thousands) | Earnings per share (in dollars) |
| Basic earnings per share | | | |
| Profit attributable to ordinary shareholders of the parent | $ 137,205 | 157,051 | $ 0.87 |
| Diluted earnings per share | | | |
| Profit attributable to ordinary shareholders of the parent | $ 137,205 | 157,051 | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employee stock options | - | 390 | |
| Employees' bonus | - | 616 | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | $ 137,205 | 158,057 | $ 0.87 |

(29) Transactions with non-controlling interest

A. Acquisition of additional equity interest in a subsidiary

In April 2014, the Group acquired additional 20% shares of its subsidiary - Global Pursuit Co., Ltd. (GPTW) without consideration. The carrying amount of non-controlling interest in GPTW was $217 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by $217 and an increase in the equity attributable to owners of the parent by $217 (shown as "Capital surplus - difference between proceeds on acquisition of or disposal of equity interest in a subsidiary and its carrying amount").

B. The Group did not conduct any transaction with non-controlling interest for the nine-month period ended September 30, 2013.

(30) Business combinations

The Group's subsidiary, Jsdway Digital Technology Co., Ltd., acquired 60% shares of Jsdway (M) Sdn. Bhd. at $585 and retained control in September 2013. Jsdway (M) Sdn. Bhd. has no significant operations in 2013, thus the Group is not required to disclose pro forma financial information.

| | September 30, 2013 |
|---|---|
| Components of acquisition at fair value: | |
| Cash and cash equivalents | $ 573 |
| Net amount of accounts receivable | 26 |
| Property, plant and equipment | 24 |
| Other payables | ( 160) |
| Net identifiable assets | 463 |
| Non-controlling interest | ( 186) |
| Goodwill | 308 |
| | $ 585 |

(31) Non-cash transaction

Investing activities with partial cash payments

| | For the nine-month periods ended September 30, | |
|---|---|---|
| | 2014 | 2013 |
| Acquisition of property, plant and equipment | $ 78,315 | $ 21,983 |
| Add: opening balance of payable on equipment | 37,232 | 4,092 |
| Less: ending balance of payable on equipment | ( 3,656) | ( 2,455) |
| Cash paid during the period | $ 111,891 | $ 23,620 |

| | For the nine-month periods ended September 30, | |
|---|---|---|
| | 2014 | 2013 |
| Acquisition of intangible assets | $ 117,464 | $ 94,970 |
| Add: opening balance of payable on intangible assets | 1,440 | - |
| Cash paid during the period | $ 118,904 | $ 94,970 |

## 7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

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

(2) Significant transactions and balances with related parties

A. Usage of intangible assets:

| | For the three-month periods ended September 30, | |
|---|---|---|
| | 2014 | 2013 |
| License fees: | | |
| Other related party | $ - | $ 196,968 |

| | For the nine-month periods ended September 30, | |
|---|---|---|
| | 2014 | 2013 |
| License fees: | | |
| Other related party | $ 40,268 | $ 652,862 |

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

The license fees are negotiated based on different factors. As of January 23, 2014, the counterparty was not the related party, and the related transaction information is disclosed until January 22, 2014.

B. Other operating cost:

| | For the three-month periods ended September 30, | |
|---|---|---|
| | 2014 | 2013 |
| Associates | $ 11,976 | $ - |

| | For the nine-month periods ended September 30, | |
|---|---|---|
| | 2014 | 2013 |
| Associates | $ 63,746 | $ - |

The above pertains to payment for on-line game's points service cost which were based on stored points and contract ratio.

C. Accounts payable:

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Associates | $ 23,151 | $ 5,919 | $ 45,595 |
| Other related party | - | 19,906 | - |
| | $ 23,151 | $ 25,825 | $ 45,595 |

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

D. Property transactions:

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

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Purchase of right of agency | | | |
| Other related party | $ - | $ 83,248 | $ 36,167 |

The above represents payment for on-line games license fees. As of January 23, 2014, the counterparty was not the related party and the related transaction information is disclosed until January 22, 2014. For the three-month and nine-month periods ended September 30, 2013, the Group has paid license fees to other related party both amounting to $0, in accordance with agreement determined by both parties.

E. Other significant transactions and balances with related parties:

(a) Operating expense (shown in "selling expenses and general and administrative expenses")

| | For the three-month periods ended September 30, | |
|---|---|---|
| | 2014 | 2013 |
| Other related party | $ 2,500 | $ - |
| Associates | 3,629 | 2,000 |
| | $ 6,129 | $ 2,000 |

| | For the nine-month periods ended September 30, | |
|---|---|---|
| | 2014 | 2013 |
| Other related party | $ 7,000 | $ - |
| Associates | 10,554 | 3,000 |
| | $ 17,554 | $ 3,000 |

The above pertains to donation to other related party and associates amounting to $7,000 and $3,000 for the nine-month periods ended September 30, 2014 and 2013, respectively, and payments to associates for the Company's advertisements and game development. Except for donation, the terms and prices were negotiated based on different factors.

(b) Other payables to related parties:

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Associates | $ 5,014 | $ 2,799 | $ 3,972 |

Other payables consist of the payment for advertising and membership dues and annual fees.

(3) Key management compensation

| | For the three-month periods ended September 30, | |
|---|---|---|
| | 2014 | 2013 |
| Salaries and other short-term employee benefits | $ 6,375 | $ 2,609 |
| Post-employment benefits | 54 | 54 |
| | $ 6,429 | $ 2,663 |

| | For the nine-month periods ended September 30, | |
|---|---|---|
| | 2014 | 2013 |
| Salaries and other short-term employee benefits | $ 17,831 | $ 17,879 |
| Post-employment benefits | 162 | 159 |
| | $ 17,993 | $ 18,038 |

## 8. PLEDGED ASSETS

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

| | Book value | | | |
|---|---|---|---|---|
| Pledged assets | September 30, 2014 | December 31, 2013 | September 30, 2013 | Purpose |
| Demand deposits (shown in "other current assets") | $ 3,239 | $ 30,000 | $ 5,000 | Performance bond of on-line game card's standard contracts<br>Short-term loans guarantee |
| Demand deposits (shown in other financial assets-non-current) | 5,010 | 5,007 | - | Credit card merchant guarantee<br>Department of creditor claimed seizure |
| Property, plant and equipment | | | | |
| Land | 147,751 | 147,751 | 147,751 | Short-term and long-term loans / Credit lines |
| Buildings | 113,742 | 116,309 | 117,172 | 〃 |
| Transportation equipment | - | 1,216 | 1,319 | Long-term loans guarantee |
| | $ 269,742 | $ 300,283 | $ 271,242 | |

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

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

| | September 30, 2014 | December 31, 2013 | September 30, 2013 |
|---|---|---|---|
| Warehouse office building and parking lot | $ 77,579 | $ 94,862 | $ 97,765 |
| Transportation equipment | 196 | 1,080 | 1,375 |
| Networking device | 35,259 | 55,686 | 62,513 |
| | $ 113,034 | $ 151,628 | $ 161,653 |

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.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) On October 2, 2014, the Company's Board of Directors has adopted the resolution of the following significant events at their interim meeting:

A. The management team has assessed that there is no possibility of selling the subsidiary RitwNow Inc., therefore, liquidation is in progress.

B. In order to improve financial structure and optimize its operations, the subsidiary, Seedo Games Co., Ltd., plans to offset deficit by reducing its capital by $120,000 at a reduction ratio of 65.93%.

C. For operating capital requirements, the subsidiary, Redgate Games Co., Ltd., plans to increase capital by $20,000 which will be fully subscribed by the Company.

D. The Company will liquidate its subsidiary, Gamania Digital Entertainment Labuan Holding, Ltd., in accordance with the adjustment in the operation strategies.

E. In order to layout third party payment platform, the Company planned to have its subsidiary, Gash Plus (Taiwan) Company Limited, to invest $10,000 to establish a third party subsidiary which will be fully owned by Gash Plus (Taiwan) Company Limited.

F. The Company acquired 3,200,000 ordinary shares of XPEC Entertainment Inc. which were issued through private placement for a 4.05% share ownership at a consideration of $368,320. The investment was completed on October 16, 2014.

(2) On November 3, 2014, the Company's Board of Directors has adopted the resolution for the following significant events at their interim meeting:

A. In order to increase investments and managing performance in the Group's investees, the

Company plans to sell all its shares of 5,661,941 shares in its subsidiary, Unicube Co., Ltd., at $1,300 to XPEC Entertainment Inc..

B. In order to expand the Group's operation territory and to layout electronic business, the Company plans to acquire preferred stocks of 6,162,530 shares in Achieve Made International Ltd. through increasing capital in the Company's subsidiary, Gamania Holdings Ltd. Such preferred stocks represent 4.05% of the company's share ownership and the investment amounts to USD$4,252 thousand.

(3) On November 10, 2014, the Company's Board of Directors has adopted the resolution for the following significant events at their interim meeting:

A. The subsidiary, Gamania Asia Investment Co., Ltd., plans to acquire all the subsidiary, Gash Plus (Taiwan) Company Limited's shares of 2,443,432 shares in the associate, Fantasy Fish Digital Games Co., Ltd., at $19,547. Such shares represent 44.08% of the company's share ownership.

B. The Company plans to jointly establish a mobile game company – XPEC Entertainment Inc.. The Company will invest $30,500 to acquire 51% share ownership.

C. The Company plans to sell land and buildings amounting to $142,280 to its subsidiary, Seedo Games Co., Ltd., to assist the subsidiary to develop type II Telecommunications Enterprise.

D. The subsidiary, Gamania Asia Investment Co., Ltd., plans to dispose 400,000 of its shares in Hualien Media Intl. Co., Ltd. at $10,800.

E. The Company plans to increase its investment by JPY270 million in the subsidiary, Gamania Digital Entertainment (Japan) Co., Ltd., to fulfil the company's operating and financing requirements.

F. The Company plans to increase its investment by $158,000 in the subsidiary, Seedo Games Co., Ltd., to fulfil the company's operating capital requirements.

G. The subsidiary, Punch Technologies Co., Ltd., plans to increase capital by issuing ordinary shares of 3,000,000 shares with the par value of $10 per share.

H. The Company plans to have its subsidiary, Gash Plus (Taiwan) Company Limited, to invest $8,000 to establish Gash Plus Digital Marketing Co., Ltd. and acquire 80% share ownership.

I. In order to expand layout of video market and diversify digital entertainment business, the Company plans to invest $22,500 for 45% share ownership for the establishment of Coture New Media Co., Ltd. The Company will obtain 3 seats out of the 5 seats of Board of Directors, therefore, the Company will have control over the company.

## 12. OTHERS

### (1) Capital risk management

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

(2) Financial instruments

A. Fair value information of financial instruments

The book value of the Group's financial instruments measured at amortised cost (including notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable (including related party) and other payables (including related party)) is approximate to their fair value. The interest rates of bonds payable and long-term borrowings (including current portion) are similar to market interest rates, therefore, the carrying amount shall be a reasonable basis for estimation of fair value. Fair value information of financial instruments measured at fair value is provided in Note 12(3).

B. Financial risk management policies

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

The Group's risk management program considers the effect of economic environment, competition and market value risk. The Group attains to the best risk position, holds appropriate liquidity position and centers on management of all the market risks. To reach the objective of risk management, the Group's hedged activities are focused on the market value risk and the cash flow risk.

C. Significant financial risks and degrees of financial risks

a) Market risk

Foreign exchange risk

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

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

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

| | September 30, 2014 | | |
|---|---|---|---|
| | Foreign Currency Amount (In Thousands) | Exchange Rate | Book Value (NTD) |
| Foreign currency: functional currency | | | |
| Financial assets | | | |
| Monetary items | | | |
| USD:NTD | $ 1,358 | 30.4360 | $ 41,332 |
| HKD:NTD | 4,536 | 3.9204 | 17,783 |
| HKD:USD | 51,161 | 0.1288 | 200,559 |
| NTD:USD | 292,052 | 0.0329 | 292,445 |
| USD:RMB | 500 | 6.1395 | 15,218 |
| USD:HKD | 631 | 7.7634 | 19,205 |
| Non-monetary items | | | |
| USD:NTD | 15,093 | 30.4360 | 459,371 |
| JPY:NTD | 124,328 | 0.2782 | 34,588 |
| HKD:USD | 54,129 | 0.1288 | 212,194 |
| JPY:USD | 60,832 | 0.0091 | 16,848 |
| EUR:USD | 686 | 1.2685 | 26,485 |
| Financial liabilities | | | |
| Monetary items | | | |
| USD:NTD | 1,999 | 30.4360 | 60,842 |
| HKD:USD | 14,653 | 0.1288 | 57,442 |

| | December 31, 2013 | | |
|---|---|---|---|
| | Foreign Currency Amount (In Thousands) | Exchange Rate | Book Value (NTD) |
| Foreign currency: functional currency | | | |
| Financial assets | | | |
| Monetary items | | | |
| USD:NTD | $ 2,698 | 29.95 | $ 80,805 |
| HKD:NTD | 5,009 | 3.8626 | 19,348 |
| HKD:USD | 35,305 | 0.1290 | 136,403 |
| NTD:USD | 429,174 | 0.0334 | 429,174 |
| USD:RMB | 500 | 6.0539 | 14,975 |
| USD:HKD | 603 | 7.7538 | 18,060 |

| | December 31, 2013 | | |
|---|---|---|---|
| | Foreign Currency Amount (In Thousands) | Exchange Rate | Book Value (NTD) |
| Non-monetary items | | | |
| USD:NTD | $ 15,686 | 29.95 | $ 469,791 |
| KRW:NTD | 347,442 | 0.0284 | 9,867 |
| HKD:USD | 61,834 | 0.1290 | 238,899 |
| JPY:USD | 239,355 | 0.0095 | 66,113 |
| EUR:USD | 767 | 1.3786 | 31,669 |
| Financial liabilities | | | |
| Monetary items | | | |
| USD:NTD | 4,416 | 29.95 | 132,259 |
| EUR:NTD | 433 | 41.2876 | 17,878 |

| | September 30, 2013 | | |
|---|---|---|---|
| | Foreign Currency Amount (In Thousands) | Exchange Rate | Book Value (NTD) |
| Foreign currency: functional currency | | | |
| Financial assets | | | |
| Monetary items | | | |
| USD:NTD | $ 2,614 | 29.6700 | $ 77,557 |
| JPY:NTD | 44,711 | 0.3031 | 13,552 |
| HKD:NTD | 887 | 3.8263 | 3,394 |
| NTD:USD | 298,638 | 0.0337 | 299,416 |
| HKD:USD | 56,024 | 0.1290 | 214,428 |
| USD:HKD | 279 | 7.7542 | 8,278 |
| Non-monetary items | | | |
| USD:NTD | 19,675 | 29.67000 | 583,757 |
| KRW:NTD | 422,648 | 0.02760 | 11,662 |
| HKD:USD | 64,516 | 0.12900 | 246,930 |
| JPY:USD | 341,181 | 0.01020 | 95,082 |
| EUR:USD | 801 | 1.35000 | 32,084 |
| Financial liabilities | | | |
| Monetary items | | | |
| USD:NTD | 3,846 | 29.67000 | 114,111 |
| HKD:USD | 50,196 | 0.12900 | 192,122 |

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

| | For the nine-month period ended September 30, 2014 | | |
|---|---|---|---|
| | Extent of Variation | Effect on Profit or Loss | Effect on Other Comprehensive Income |
| Foreign currency: functional currency | | | |
| Financial assets | | | |
| Monetary items | | | |
| USD:NTD | 1% | $ 413 | $ - |
| HKD:NTD | 1% | 178 | - |
| HKD:USD | 1% | 2,006 | - |
| NTD:USD | 1% | 2,921 | - |
| USD:RMB | 1% | 152 | - |
| USD:HKD | 1% | 192 | - |
| Financial liabilities | | | |
| Monetary items | | | |
| USD:NTD | 1% | 608 | - |
| HKD:USD | 1% | 574 | - |

| | For the nine-month period ended September 30, 2013 | | |
|---|---|---|---|
| | Extent of Variation | Effect on Profit or Loss | Effect on Other Comprehensive Income |
| Foreign currency: functional currency | | | |
| Financial assets | | | |
| Monetary items | | | |
| USD:NTD | 1% | $ 776 | $ - |
| JPY:NTD | 1% | 136 | - |
| HKD:NTD | 1% | 34 | - |
| NTD:USD | 1% | 2,986 | - |
| HKD:USD | 1% | 2,144 | - |
| USD:HKD | 1% | 83 | - |
| Financial liabilities | | | |
| Monetary items | | | |
| USD:NTD | 1% | 1,141 | - |
| HKD:USD | 1% | 1,921 | - |

Price risk

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

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

Interest rate risk

i. The Group's interest rate risk arises from each borrowing. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The interest rate for short-term borrowings of the Group are mainly floating rate and for long-term borrowings are fixed rate. During the nine-month periods ended September 30, 2014 and 2013, the Group's borrowings at variable rate were denominated in NTD, RMB and JPY.

ii. At September 30, 2014 and 2013, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the nine-month periods ended September 30, 2014 and 2013 would have been \$63 and \$115 lower/higher, respectively, mainly as a result of higher interest expense on floating rate borrowings.

b) Credit risk

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

ii. During the nine-month periods ended September 30, 2014 and 2013, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

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

c) Liquidity risk

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

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

Non-derivative financial liabilities:

| September 30, 2014 | Less than 1 year | Between 1 and 3 years | Over 3 years |
|---|---|---|---|
| Short-term borrowings | $ 8,345 | $ - | $ - |
| Notes payable | 10,097 | - | - |
| Accounts payable | 1,417,890 | - | - |
| Accounts payable-related parties | 23,151 | - | - |
| Other payables | 304,702 | - | - |
| Other payables-related parties | 5,014 | - | - |
| Bonds payable (including current portion) | 17,802 | 4,172 | - |

| December 31, 2013 | Less than 1 year | Between 1 and 3 years | Over 3 years |
|---|---|---|---|
| Short-term borrowings | $ 13,600 | $ - | $ - |
| Notes payable | 9,846 | - | - |
| Accounts payable | 1,194,537 | - | - |
| Accounts payable-related parties | 25,825 | - | - |
| Other payables | 367,433 | - | - |
| Other payables-related parties | 2,799 | - | - |
| Bonds payable | 16,744 | 21,222 | - |
| Long-term borrowings (including current portion) | 22 | - | - |

| September 30, 2013 | Less than 1 year | Between 1 and 3 years | Over 3 years |
|---|---|---|---|
| Short-term borrowings | $ 11,544 | $ - | $ - |
| Notes payable | 9,439 | - | - |
| Accounts payable | 1,210,475 | - | - |
| Accounts payable-related parties | 45,595 | - | - |
| Other payables | 352,863 | - | - |
| Deposits received | 17,798 | 16,529 | 7,581 |
| Long-term borrowings (including current portion) | 206 | - | - |

(3) Fair value estimation

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

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

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

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

The following table presents the Group's financial assets and liabilities that are measured at fair value at September 30, 2014, December 31, 2013 and September 30, 2013:

| September 30, 2014 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets: | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Equity securities | $ 1,092 | $ - | $ - | $ 1,092 |
| Open-end fund | 204,000 | - | - | 204,000 |
| Available-for-sale financial assets | | | | |
| Equity securities | - | - | 127,753 | 127,753 |
| | $ 205,092 | $ - | $ 127,753 | $ 332,845 |

| December 31, 2013 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets: | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Equity securities | $ 1,607 | $ - | $ - | $ 1,607 |
| Open-end fund | 4,000 | - | - | 4,000 |
| Available-for-sale financial assets | | | | |
| Equity securities | - | - | 58,928 | 58,928 |
| | $ 5,607 | $ - | $ 58,928 | $ 64,535 |

| September 30, 2013 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets: | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Equity securities | $ 1,711 | $ - | $ - | $ 1,711 |
| Open-end fund | 271,000 | - | - | 271,000 |
| Available-for-sale financial assets | | | | |
| Equity securities | - | - | 45,928 | 45,928 |
| | $ 272,711 | $ - | $ 45,928 | $ 318,639 |

B. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price. These instruments are included in level 1. Instruments included in level 1 comprise primarily of equity instruments classified as financial assets/financial liabilities at fair value through profit or loss or available-for-sale financial assets.

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

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

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

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

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

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

F. The following table presents the changes in level 3 instruments as at September 30, 2014, December 31, 2013 and September 30, 2013.

| | Equity securities | |
|---|---|---|
| | 2014 | 2013 |
| At January 1 | $ 58,928 | $ 66,805 |
| Gains and losses recognised in profit or loss | 12,825 | ( 25,965) |
| Acquired in the period | 56,000 | 3,088 |
| Disposed of in the period | - | - |
| Transfers from prepayment of investment | - | 2,000 |
| At September 30 | $ 127,753 | $ 45,928 |

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

A) Loans to others: None.

B) Provision of endorsements and guarantees to others:

| The Company or investee companies | | Parties being guaranteed | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Number (Note 1) | Name | Name | Relationship with the Company (Note 2) | Limit of guarantee for each party (Note 3) | Maximum outstanding guarantee amount for the nine-month period ended September 30, 2014 | Outstanding guarantee amount at September 30, 2014 | Actual amount drawn down | Amount of guarantee with collateral placed | Ratio of accumulated guarantee amount to net value of the Company | Maximum amount available for guarantee (Note 3) | Provision of endorsements / guarantees by parent company to subsidiary (Note 4) | Provision of endorsements / guarantees by subsidiary to parent company (Note 4) | Provision of endorsements / guarantees to the party in Mainland China (Note 4) | Note |
| 0 | The Company | Gash Plus Company Ltd. | 2 | $ 472,781 | $ 448,000 | $ 448,000 | $ 308,211 | $ - | 19.20% | $ 1,575,936 | Y | | | |
| 0 | The Company | Global Pursuit Co., Ltd. | 2 | 472,781 | 20,000 | - | - | - | - | 1,575,936 | Y | | | |
| 0 | The Company | Seedo Games Co., Ltd. | 2 | 472,781 | 30,000 | 30,000 | - | - | 1.29% | 1,575,936 | Y | | | |
| 0 | The Company | Gamania Digital Entertainment (Japan) Co., Ltd. | 3 | 472,781 | 124,770 | 111,280 | 27,264 | - | 4.77% | 1,575,936 | Y | | | Note 5 |
| 0 | The Company | Gamania Digital Entertainment (U.S.) Co., Ltd. | 3 | 472,781 | 2,005 | 893 | 893 | - | 0.04% | 1,575,936 | Y | | | Note 5 |
| 0 | The Company | Gash Plus (Hong Kong) Company Limited | 3 | 472,781 | 45,654 | 45,654 | - | - | 1.96% | 1,575,936 | Y | | | Note 5 |

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:
Number 0 represents the Company.

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

Note 3: The Company provides guarantee for the subsidiaries in which the Company directly or indirectly holds more than 50% voting rights. The limit of guarantee for each party is 30% of the Company’s capital, and the maximum amount available for guarantee is the Company’s capital.

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

Note 5: Based on exchange rate at September 30, 2014.

C) Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures):

Unit: Thousands of New Taiwan Dollars

| Company | Type of marketable securities (Note 1) | Relationship with the security holders | General ledger account | September 30, 2014 | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | Number of shares | Book value | Percentage | Market value | Note |
| The Company | NC Taiwan Co., Ltd. - Stock | None | Available-for-sale financial assets - non-current | 2,100,000 | $ 42,610 | 15 | $ 42,610 | |
| 〃 | Gamemag Interactive Inc. - Stock | 〃 | 〃 | 460,000 | 19,196 | 5 | 19,196 | |
| 〃 | Hagame Co., Ltd. - Stock | 〃 | 〃 | 800,000 | 36,000 | 19.05 | 36,000 | |
| 〃 | Taishin 1699 Money Market | 〃 | Financial assets measured at fair value through profit or loss - current | 3,770,277 | 50,000 | - | 50,000 | |
| 〃 | Jih Sun Money Market | 〃 | 〃 | 3,445,068 | 50,000 | - | 50,000 | |
| 〃 | Mega Diamond Money Market | 〃 | 〃 | 4,070,766 | 50,000 | - | 50,000 | |
| 〃 | Franklin Templeton Sinoam Money Market | 〃 | 〃 | 4,941,639 | 50,000 | - | 50,000 | |
| Gamania Asia Investment Co., Ltd. | Compass Systems Corp. - Stock | 〃 | Available-for-sale financial assets - non-current | 1,000,000 | 779 | 3.33 | 779 | |
| 〃 | Hualien Media Intl. Co., Ltd.- Stock | 〃 | 〃 | 800,000 | 20,000 | 3.81 | 20,000 | |
| Jsdway Digital Technology Co., Ltd. | Yeck Entertainment Co., Ltd. - Stock | 〃 | 〃 | 340,000 | 4,080 | 10.16 | 4,080 | |
| 〃 | Jie Tsai Technology Co., Ltd. - Stock | 〃 | 〃 | - | 2,338 | - | 2,338 | |
| Precious Power Digital Technology Co., Ltd. | Everpeace International Limited - Stock | 〃 | 〃 | - | 2,000 | - | 2,000 | |
| Webo Digital Co., Ltd. | Chi-shiang Digital Entertainment Co., Ltd. - Stock | 〃 | 〃 | - | 750 | - | 750 | |
| Jsdway Digital Technology Co., Ltd. | Pihsiang Machinery MFG. Co., Ltd. - Stock | 〃 | Financial assets measured at fair value through profit or loss - current | 40,000 | 1,361 | - | 1,361 | |
| 〃 | Capital Indlized Countries Eq Inc A | 〃 | 〃 | 200,000 | 2,000 | - | 2,000 | |
| 〃 | Yuanta As Pac (ex-Jap) Inr Gr Gv Bd In B | 〃 | 〃 | 200,000 | 1,731 | - | 1,731 | |

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IAS 39 ‘Financial instruments : recognition and measurement.’

Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

D) Aggregate purchases or sales of the same securities reaching $300,000 or 20% of paid-in capital or more: None.

E) Acquisition of real estate in excess of $300,000 or 20% of capital: None.

F) Disposal of real estate in excess of $300,000 or 20% of capital: None.

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

| | | | Transaction terms | | | | Description of and reasons for difference in transaction terms compared to non-related party transactions | | Accounts or notes receivable (payable) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Purchaser /Seller | Name of transaction parties | Relationship | Purchases (Sales) | Amount | Percentage of total purchases (sales) | Credit terms | Unit price | Credit period | Balance | Percentage of total accounts or notes receivable (payable) | Note |
| The Company | Gash Plus (Taiwan) Company Limited | Subsidiary | Sales | ($ 1,751,995) | ( 93) | Note | Note | Note | $ 785,215 | 96 | |
| Gash Plus (Hong Kong) Company Limited | Gash Plus (Taiwan) Company Limited | Affiliate | Sales | ( 402,141) | ( 19) | Note | Note | Note | - | - | |
| 〃 | Jsdway Digital Technology Co., Ltd. | 〃 | Sales | ( 792,851) | ( 37) | Note | Note | Note | 152,703 | 39 | |
| Gash Plus (Hong Kong) Company Limited | Gamania Digital Entertainment (H.K.) Co., Ltd. | 〃 | Purchase | 138,597 | 7 | Note | Note | Note | ( 43,711) | 8 | |

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

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

| | | | | | Overdue receivables | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Name of creditor | Transaction parties | Relationship | Balance of receivables from related parties (in thousands) | Turnover rate | Amount | Action adopted for overdue accounts | Subsequent collections (in thousands) (Note 1) | Allowance for doubtful accounts provided | Note |
| The Company | Gash Plus (Taiwan) Company Limited | Subsidiary | $ 790,917 | 3.64 | $ - | - | $ 290,543 | $ 34,970 | Notes 2, 3 |
| Gash Plus (Hong Kong) Company Limited | Jsdway Digital Technology Co., Ltd. | Affiliate | 152,703 | 5.36 | - | - | 77,867 | - | |

Note 1: The subsequent collections represent collections from the balance sheet date to November 9, 2014.

Note 2: The Group considers Gash Plus (Taiwan) Company Limited to evaluate and to make provision of the allowance for doubtful accounts – non related party, and the amount is accounted for under Allowance for doubtful accounts – non related party in the consolidated financial statements.

Note 3: Includes other receivables.

I) Derivative financial instruments undertaken during the nine-month period ended September 30, 2014: None.

J) Significant inter-company transactions during the nine-month period ended September 30, 2014:

| Number (Note 1) | Company name | Counterparty | Relationship (Note 2) | Transaction | | | |
|---|---|---|---|---|---|---|---|
| | | | | General ledger account | Amount (Note 5) | Transaction terms | Percentage of consolidated total operating revenues or total assets (Note 3) |
| 0 | The Company | Gameastor Digital Entertainment Co., Ltd. | 1 | Other payables | $ 55,693 | Note 4 | 1.15% |
| 0 | The Company | Gash Plus (Taiwan) Company Limited | 1 | Sales | 1,751,995 | Note 4 | 25.67% |
| 0 | The Company | Gash Plus (Taiwan) Company Limited | 1 | Accounts receivable | 785,215 | Note 4 | 16.23% |
| 0 | The Company | Gamania Digital Entertainment (Europe) B.V. | 1 | Other payables | 13,575 | Note 4 | 0.28% |
| 0 | The Company | Seedo Games Co., Ltd. | 1 | Other operating costs | 48,252 | Note 4 | 0.71% |
| 0 | The Company | Seedo Games Co., Ltd. | 1 | On-line game cost | 37,370 | Note 4 | 0.55% |
| 0 | The Company | Seedo Games Co., Ltd. | 1 | Other receivables | 59,070 | Note 4 | 1.22% |
| 0 | The Company | Seedo Games Co., Ltd. | 1 | Accounts payable | 46,167 | Note 4 | 0.95% |
| 0 | The Company | Ants' Power Co., Ltd. | 1 | Customer service fee | 69,462 | Note 4 | 1.02% |
| 0 | The Company | Ants' Power Co., Ltd. | 1 | Other payables | 23,050 | Note 4 | 0.48% |
| 0 | The Company | Gamania Digital Entertainment (H.K.) Co., Ltd. | 1 | Service revenue | 11,300 | Note 4 | 0.17% |
| 0 | The Company | Unicube Co., Ltd. | 1 | Service fee | 17,574 | Note 4 | 0.26% |
| 1 | Gash Plus (Taiwan) Company Limited | Gash Plus (Hong Kong) Company Limited | 3 | Service revenue | 11,520 | Note 4 | 0.17% |
| 1 | Gash Plus (Taiwan) Company Limited | Punch Technologies Co., Ltd. | 3 | Cost of goods sold | 18,380 | Note 4 | 0.27% |
| 1 | Gash Plus (Taiwan) Company Limited | Jsdway Digital Technology Co., Ltd. | 3 | Sales | 10,795 | Note 4 | 0.16% |
| 2 | Gash Plus (Hong Kong) Company Limited | Gamania Digital Entertainment (H.K.) Co., Ltd. | 3 | Accounts payable | 43,711 | Note 4 | 0.90% |
| 3 | Gash Plus (Hong Kong) Company Limited | Gamania Digital Entertainment (H.K.) Co., Ltd. | 3 | Cost of goods sold | 138,597 | Note 4 | 2.03% |
| 3 | Gash Plus (Hong Kong) Company Limited | Gamania Digital Entertainment (H.K.) Co., Ltd. | 3 | Other receivables | 15,949 | Note 4 | 0.33% |
| 3 | Gash Plus (Hong Kong) Company Limited | Gash Plus (Taiwan) Company Limited | 3 | Sales | 402,141 | Note 4 | 5.89% |
| 3 | Gash Plus (Hong Kong) Company Limited | Jsdway Digital Technology Co., Ltd. | 3 | Sales | 792,851 | Note 4 | 11.62% |

| Number (Note 1) | Company name | Counterparty | Relationship (Note 2) | Transaction | | | |
|---|---|---|---|---|---|---|---|
| | | | | General ledger account | Amount (Note 5) | Transaction terms | Percentage of consolidated total operating revenues or total assets (Note 3) |
| 3 | Gash Plus (Hong Kong) Company Limited | Jsdway Digital Technology Co., Ltd. | 3 | Accounts receivable | $ 152,703 | Note 4 | 3.16% |
| 3 | Gash Plus (Hong Kong) Company Limited | Gash Plus (Taiwan) Company Limited | 3 | Other payables | 10,124 | Note 4 | 0.21% |
| 4 | Playcoo Co. | Gamania Digital Entertainment (Europe) B.V. | 3 | License revenue | 23,563 | Note 4 | 0.35% |
| 4 | Playcoo Co. | Gamania Digital Entertainment (Japan) Co., Ltd. | 3 | License revenue | 15.378 | Note 4 | 0.23% |
| 5 | Punch Technologies Co., Ltd. | Coco Digital Technology (H.K.) Co., Ltd. | 3 | Service revenue | 13,608 | Note 4 | 0.20% |

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

(1) Parent company is ‘0’.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

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

Note 5：The disclosure standard reaches above $10,000 for the transaction amount.

(2) Information of investee companies (not including investees in Mainland China)

The disclosure information of certain non-significant investee companies was based on their unreviewed financial statements. Except for profit or loss for the period is translated into New Taiwan dollars at the weighted average exchange rates for the nine-month period ended September 30, 2014, others are translated at spot exchange rates prevailing at September 30, 2014.

| Company | Name of investee | Location | Main operating activities | Original investment cost | | Held by the Company | | | Income (loss) incurred by the investee | Investment income (loss) recognised by the Company | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 2014.9.30 | 2013.12.31 | Number of shares | Percentage | Book value | | | |
| The Company | Gamania Holdings Ltd. | Cayman Islands | Investment holdings | $ 2,171,721 | $ 2,171,721 | 35,423,395 | 100 | $ 374,782 | ($ 82,753) | ($ 82,753) | Note 2 |
| 〃 | Gameastor Digital Entertainment Co., Ltd. | Taiwan | Software services and sales | 211,433 | 211,433 | 3,863,490 | 72.08 | 47,205 | ( 211) | ( 152) | Note 2 |
| 〃 | Gamania Asia Investment Co., Ltd. | Taiwan | Investment holdings | 115,549 | 115,549 | 6,500,000 | 100 | 66,517 | 79 | 79 | Note 2 |
| 〃 | Gamania Digital Entertainment Labuan Holdings, Ltd. | Malaysia | Investment holdings | 38,994 | 38,994 | 1,330,000 | 100 | 1,394 | ( 549) | ( 549) | Note 2 |
| 〃 | Fundation Digital Entertainment Co., Ltd. | Taiwan | Publishing of magazines and periodicals | 210,000 | 210,000 | 6,330,440 | 100 | 7,336 | ( 10,931) | ( 10,931) | Note 2 |
| 〃 | Playcoo Co. | Taiwan | Design and research and development of software | 198,682 | 183,839 | 5,661,941 | 81.70 | ( 1,532) | ( 8,625) | ( 22,296) | Notes 1,2 |
| 〃 | Redgate Games Co. Ltd. | Taiwan | Design and research and development of software | 297,000 | 262,000 | 29,700,000 | 100 | 215 | ( 31,261) | ( 31,261) | Note 2 |
| 〃 | Seedo Games Co. Ltd. | Taiwan | Software services | 182,000 | 182,000 | 18,200,000 | 100 | 58,712 | 35,674 | 35,674 | Note 2 |
| 〃 | Two Tigers Co. Ltd. | Taiwan | Animation production | 6,269 | 6,269 | 626,892 | 51 | 7,087 | 293 | 150 | Note 2 |
| 〃 | Gash Plus (Taiwan) Company Limited | Taiwan | Software information and supply of electronic services | 50,000 | 50,000 | 5,000,000 | 100 | 47,434 | ( 16,339) | ( 11,532) | Note 2 |
| 〃 | Global Pursuit Co., Ltd. | Taiwan | Software information and supply of electronic services | 40,000 | 30,000 | 4,750,000 | 100 | 4,169 | ( 15,511) | ( 14,375) | Notes 2, 3 |

| Company | Name of investee | Location | Main operating activities | Original investment cost | | Held by the Company | | | Income (loss) incurred by the investee | Investment income (loss) recognised by the Company | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 2014.9.30 | 2013.12.31 | Number of shares | Percentage | Book value | | | |
| The Company | Machi Pictures Co., Ltd. | Taiwan | Movie making and publishing | $ 20,000 | $ 20,000 | 2,000,000 | 33.33 | $ 190 | $ 585 | $ 195 | |
| 〃 | RitwNow Inc. | Taiwan | Software services and sales | 15,300 | 15,300 | 1,530,000 | 51 | 12,431 | ( 1,477) | ( 753) | Note 2 |
| 〃 | Ants' Power Co., Ltd. | Taiwan | Customer services | 10,000 | 10,000 | 1,000,000 | 100 | 28,515 | 18,515 | 18,515 | Note 2 |
| 〃 | Taiwan e-sports Co., Ltd. | Taiwan | Software services and sales | 56,800 | 56,800 | 1,277,101 | 30.94 | 8,703 | ( 12,879) | ( 3,984) | |
| 〃 | Chuang Meng Shr Ji Co., Ltd. | Taiwan | Venture Capital Industry | 30,000 | - | 3,000,000 | 23.08 | 29,708 | ( 1,265) | ( 364) | |
| 〃 | WeBackers Co., Ltd. | Taiwan | Software information and supply of electronic services | 8,400 | - | 840,000 | 70.00 | 8,305 | ( 135) | ( 95) | Note 2 |
| Gamania Asia Investment Co., Ltd. | Gameastor Digital Entertainment Co., Ltd. | Taiwan | Software services and sales | 80,625 | 80,625 | 1,457,920 | 27.20 | 17,659 | ( 211) | ( 57) | Note 2 |
| 〃 | Pri-One Marketing Co., Ltd. | Taiwan | Software services and sales | 1,500 | 1,500 | 150,000 | 30 | 2,348 | 1,971 | 591 | |
| 〃 | Mimigigi Digital Technology Co., Ltd. | Taiwan | Software services and sales | 7,000 | 7,000 | 700,000 | 70 | 1,073 | ( 3,909) | ( 2,736) | Note 2 |
| 〃 | UniCube Co., Ltd. | Taiwan | Software services and sales | 7,000 | 7,000 | 700,000 | 70 | 6,145 | 2,981 | 2,087 | Note 2 |
| Global Pursuit Co., Ltd. | Global Pursuit North America Co., Ltd. | U.S.A. | IP Commodities authorization | - | 41,558 | - | - | - | ( 6,566) | ( 6,566) | Notes 2, 4 |
| Gash Plus (Taiwan) Company Limited | Jsdway Digital Technology Co., Ltd. | Taiwan | Software information and supply of electronic services | 52,500 | 52,500 | 5,250,000 | 35.04 | 32,806 | ( 754) | ( 250) | Note 2 |
| 〃 | Punch Technologies Co., Ltd. | Taiwan | Software information and supply of electronic services | 10,000 | 10,000 | 1,000,000 | 100 | ( 9,543) | ( 23,387) | ( 23,387) | Note 2 |
| 〃 | Gash Plus (Japan) Co., Ltd. | Japan | Software information and supply of electronic services | 41,874 | 41,874 | 600 | 100 | 34,588 | ( 4,066) | ( 4,066) | Note 2 |

| Company | Name of investee | Location | Main operating activities | Original investment cost 2014.9.30 | Original investment cost 2013.12.31 | Held by the Company Number of shares | Held by the Company Percentage | Held by the Company Book value | Income (loss) incurred by the investee | Investment income (loss) recognised by the Company | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Gash Plus (Taiwan) Company Limited | Gash Plus (Hong Kong) Company Limited | Hong Kong | Software information and supply of electronic services | $ 13,704 | $ 13,704 | 750,000 | 100 | $ 83,278 | $ 71,285 | $ 71,285 | Note 2 |
| 〃 | Gash Plus Korea Co., Ltd. | South Korea | Design and sales of software | 11,662 | 11,662 | 138,268 | 100 | 4,265 | ( 5,781) | ( 5,781) | Note 2 |
| 〃 | Fantasy Fish Digital Games Co., Ltd. | Taiwan | Design and research and development of software | 22,298 | 22,298 | 2,443,000 | 44.08 | 19,381 | ( 2,137) | ( 942) | |
| Punch Technologies Co., Ltd. | Coco Digital Technology (HK) Co., Ltd. | Hong Kong | Software information and supply of electronic services | 764 | 764 | 200,000 | 100 | ( 4,394) | ( 7,408) | ( 7,408) | Note 2 |
| Jsdway Digital Technology Co., Ltd. | Webo Digital Co., Ltd. | Taiwan | Software services and sales | 34,590 | 34,590 | 2775,000 | 100 | 19,974 | ( 2,578) | ( 2,578) | Note 2 |
| 〃 | Precious Power Digital Technology Co., Ltd. | Taiwan | Software services and sales | 7,000 | 7,000 | 700,000 | 70 | 2,265 | ( 216) | ( 151) | Note 2 |
| 〃 | Jsdway (M) Sdn. Bhd. | Malaysia | Supply of electronic services | 585 | 585 | 60,000 | 60 | 328 | - | - | Note 2 |
| Gamania Holdings Ltd. | Gamania International Holdings Ltd. | Cayman Islands | Investment holdings | 2,023,270 | 2,000,656 | 66,476,208 | 100 | 374,403 | ( 82,674) | ( 82,674) | Note 2 |
| 〃 | Gamania R&D (HK) Holdings Limited | Hong Kong | Investment holdings | 48,698 | 48,698 | 1,600,000 | 100 | 20,908 | - | - | Note 2 |
| Gamania International Holdings Ltd. | Gamania Digital Entertainment (Japan) Co., Ltd. | Japan | Software services and sales | 697,009 | 667,344 | 23,000 | 100 | 16,254 | ( 39,602) | ( 39,602) | Note 2 |
| Gamania International Holdings Ltd. | Gamania China Holdings Ltd. | Cayman Islands | Investment holdings | 1,268,692 | 1,268,692 | 42,170,936 | 98.85 | 246,781 | ( 33,852) | ( 33,462) | Note 2 |
| 〃 | Gamania Western Holdings Ltd. | Cayman Islands | Investment holdings | 263,880 | 263,880 | 8,670,000 | 100 | 66,682 | ( 4,477) | ( 4,477) | Note 2 |
| 〃 | Gamania Netherlands Holdings Cooperatief U.A. | Amsterdam | Investment holdings | 179,076 | 179,076 | - | 100 | 26,466 | ( 3,348) | ( 3,348) | Note 2 |

| Company | Name of investee | Location | Main operating activities | Original investment cost | | Held by the Company | | | Income (loss) incurred by the investee | Investment income (loss) recognised by the Company | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 2014.9.30 | 2013.12.31 | Number of shares | Percentage | Book value | | | |
| Gamania International Holdings Ltd. | Joymobee Entertainment Co., Ltd. | Hong Kong | Design and research and development of software | $ 120,222 | $ 120,222 | 30,701,775 | 100 | $ 8,247 | $ 879 | $ 879 | Note 2 |
| 〃 | Firedog Creative Co., Ltd. | Hong Kong | Design and research and development of software | 9,735 | 9,735 | 992,000 | 40 | 4,807 | ( 6,669) | ( 2,668) | |
| Gamania China Holdings Ltd. | Gamania Sino Holdings Ltd. | Cayman Islands | Investment holdings | 1,202,831 | 1,202,831 | 39,520,000 | 100 | 11,358 | ( 2,290) | ( 2,290) | Note 2 |
| 〃 | Gamania Digital Entertainment (H.K.) Co., Ltd. | Hong Kong | Software services and sales | 91,582 | 91,582 | 35,500,000 | 100 | 199,176 | ( 31,562) | ( 31,562) | Note 2 |
| Gamania Western Holdings Ltd. | Gamania Digital Entertainment (U.S.) Co., Ltd. | U.S.A. | Software services and sales | 262,663 | 262,663 | 1,440 | 100 | 66,517 | ( 4,478) | ( 4,478) | Note 2 |
| Gamania Netherlands Holdings Cooperatief U.A. | Gamania Digital Entertainment (Europe) B.V. | Amsterdam | Software services and sales | 173,736 | 173,736 | 500,000 | 100 | 26,466 | ( 3,348) | ( 3,348) | Note 2 |

Note 1：The investment income (loss) recognised in the period is recognised based on a shareholding ratio approximate to 80.70%, including write-off of realised sidestream intercompany transaction of $797 less unrealised sidestream intercompany transaction of $16,103.

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

Note 3：The investment income (loss) recognised in the period is recognised based on a shareholding ratio approximate to 92.67%.

Note 4：The investment in Global Pursuit North America Co., Ltd. had been disposed on April 15, 2014.

(3) Information on Investment in Mainland China

A) Basic information:

| Investee in Mainland China | Main business activities | Paid-in capital | Investment method | Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2014 | Remitted or received investment amount during the period: Remitted to Mainland China | Remitted or received investment amount during the period: Remitted back to Mainland China | Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2014 | Net income of investee for the nine-month period ended September 30, 2014 | Ownership held by the Company (direct or indirect) | Investment loss recognized by the Company for the nine-month period ended September 30, 2014 | Book value of investment in Mainland China as of September 30, 2014 | Accumulated amount of investment income remitted back to Taiwan as of September 30, 2014 | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Gamania Digital Entertainment (Beijing) Co., Ltd. | Design and sales of software | $1,074,391 | Investment through a holding company (Gamania Sino Holdings Ltd.) registered in a country other than Taiwan and Mainland China | $ 787,379 | $ - | $ - | $ 787,379 | ($2,224) | 98.85% | ($ 2,198) | $ 4,339 | $ - | Notes 1, 2 and 3 |
| MoNoKos Studio Technology Co., Ltd. | Research and development of software | - | Investment through a holding company (Gamania R&D (HK) Holdings Limited) registered in a country other than Taiwan and Mainland China | 45,654 | - | - | 45,654 | - | - | - | - | - | Notes 3 and 4 |

Note 1: The investment loss of the investee company, Gamania Digital Entertainment (Beijing) Co., Ltd., for the nine-month period ended September 30, 2014 was recognised based on the indirect weighted-average ownership percentage of 98.85% and on their financial statements for the corresponding period, which were reviewed.

Note 2: Paid-in capital of Company, Gamania Digital Entertainment (Beijing) Co., Ltd. was USD 35,300 thousand or NTD 1,074,391 thousand based on 30.436 exchange rate.

Note 3: Accumulated investment amount of remittance for Gamania Digital Entertainment (Beijing) Co., Ltd. and MoNoKos Studio Technology Co., Ltd. from Taiwan to Mainland China as of January 1, 2014 and September 30, 2014 were USD 25,870 thousand or NTD 787,379 thousand and USD 1,500 thousand or NTD 45,654 thousand, based on 30.436 spot exchange rate at September 30, 2014, respectively.

Note 4: MoNokos Studio Technology Co., Ltd. completed liquidation proceedings on September 22, 2013.

| Company | Accumulated amount of investment in Mainland China as of September 30, 2014 | Related investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) | Upper limit of investment in Mainland China |
|---|---|---|---|
| The Company (Note) | $ 833,033 | $ 1,277,186 | $ 1,399,726 |

Note: The total investment amount approved by the Investment Commission, MOEA, was USD$41,963 thousand or NTD$1,277,186 based on 30.436 spot exchange rate at September 30, 2014.

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

14. OPERATING SEGMENT INFORMATION

(1) General information

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

(2) Assessment of segment information

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

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

The segment information on reportable segments provided to the chief operating decision-maker for the nine-month periods ended September 30, 2014 and 2013 are as follows:

| For the nine-month period ended September 30, 2014 | Gamania Digital Entertainment Co., Ltd. | Gash Plus (Taiwan) Company Limited | Jsdway Digital Technology Co., Ltd. | Gash Plus (Hong Kong) Company Limited | Others | Total | |
|---|---|---|---|---|---|---|---|
| Revenue from external customers | $ 1,840,229 | $ 2,664,163 | $ 354,077 | $ 1,624,441 | $ 341,557 | $ 6,824,467 | |
| Inter-segment revenue | 40,605 | 1,818,834 | 803,646 | 541,022 | 357,021 | 3,555,128 | Note 1 |
| Segment profit (loss) | 85,068 | ( 16,339) | ( 754) | ( 16,339) | 28,815 | 80,451 | |
| Segment profit (loss) includes: | | | | | | | |
| Depreciation and amortisation | ( 163,421) | ( 12,799) | ( 7,491) | ( 35) | ( 80,957) | ( 264,703) | |
| Income tax expense | 7,017 | ( 4,440) | ( 819) | ( 14,040) | ( 8,031) | ( 20,313) | |
| Investment income (loss) accounted for using the equity method | ( 129,238) | 36,859 | ( 1,786) | - | 86,993 | ( 7,172) | Note 2 |

| For the nine-month period ended September 30, 2013 | Gamania Digital Entertainment Co., Ltd. | Gash Plus (Taiwan) Company Limited | Jsdway Digital Technology Co., Ltd. | Gash Plus (Hong Kong) Company Limited | Others | Total | |
|---|---|---|---|---|---|---|---|
| Revenue from external customers | $ 2,297,994 | $ 1,929,321 | $ 515,849 | $ 142,094 | $ 1,312,358 | $ 6,197,616 | |
| Inter-segment revenue | 31,116 | 2,340,309 | 1,061,585 | - | 755,117 | 4,188,127 | Note 1 |
| Segment profit (loss) | 137,205 | 5,215 | 5,237 | ( 403) | ( 24,052) | 123,202 | |
| Segment profit (loss) includes: | | | | | | | |
| Depreciation and amortisation | ( 177,788) | ( 9,180) | ( 6,918) | ( 14,355) | ( 54,117) | ( 262,358) | |
| Income tax expense | ( 24,738) | 1,001 | ( 1,704) | 645 | ( 23,759) | ( 48,555) | |
| Investment income (loss) accounted for using the equity method | ( 179,725) | 2,628 | ( 2,423) | - | 158,908 | ( 20,612) | Note 2 |

Note 1: The transaction had been eliminated in the consolidated financial statements.
Note 2: The inter-segment investment income or loss had been eliminated.

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

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