

GAMANIA DIGITAL ENTERTAINMENT CO., LTD.

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

SEPTEMBER 30, 2010 AND 2009

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

PWCR10000125

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, 2010 and 2009, and the related consolidated statements of income and of cash flows for the nine-month periods then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

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

As described in Note 1(2), the consolidated financial statements include unreviewed financial statements of certain consolidated subsidiaries, which statements reflect total assets of \$1,261,343 thousand and \$1,174,485 thousand as of September 30, 2010 and 2009, respectively, and total operating revenues of \$1,068,681 thousand and \$1,091,387 thousand for the nine-month periods then ended, respectively. In addition, as explained in Note 4(7), the consolidated financial statements include long-term investments accounted for under the equity method amounting to \$4,367 thousand and \$2,503 thousand as of September 30, 2010 and 2009, respectively, and the related investment loss was \$5,390 thousand and \$5,723 thousand for the nine-month periods then ended, respectively. These amounts and the information disclosed in Note 11 were based on their respective financial statements which were not reviewed by independent accountants.

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

PricewaterhouseCoopers, Taiwan

October 22, 2010

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

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

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

	2010	2009		2010	2009
ASSETS			LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Assets			Current Liabilities		
Cash and cash equivalents (Note 4(1))	\$ 1,160,759	\$ 977,257	Short-term loans (Note 4(11))	\$ 183,195	\$ 130,000
Notes receivable – third parties – net (Note 4(2))	161,462	127,652	Notes payable – third parties	1,406	9,084
Accounts receivable – third parties – net (Note 4(3))	1,286,083	1,055,550	Accounts payable – third parties	246,062	230,100
Other receivables (Note 4(14))	32,863	12,293	Income tax payable (Note 4(14))	62,547	66,946
Other financial assets – current (Note 6)	-	2,000	Accrued expenses (Note 4(18))	406,792	403,835
Inventories – net (Note 4(4))	40,324	90,701	Other payables (Note 10(1))	296,350	183,765
Prepaid expenses (Note 10(1))	81,139	46,780	Unearned revenue collected in advance	381,004	274,287
Deferred income tax assets – current (Note 4(14))	12,095	5,970	Current portion of long-term loans (Note 4(13))	35,300	22,894
Other current assets	3,348	3,555	Other current liabilities (Note 10(1))	12,661	4,380
	<u>2,778,073</u>	<u>2,321,758</u>		<u>1,625,317</u>	<u>1,325,291</u>
Long-term Investments			Long-term Liabilities		
Financial assets at fair value through profit or loss – non-current (Note 4(5))	2,850	-	Financial liabilities at fair value through profit or loss – non-current (Note 4(12))	2,805	-
Financial assets carried at cost – non-current (Note 4(6))	114,294	114,294	Long-term loans (Note 4(13))	34,822	34,412
Long-term investments – accounted for under the equity method (Note 4(7))	4,367	2,503		<u>37,627</u>	<u>34,412</u>
	<u>121,511</u>	<u>116,797</u>			
Property, Plant and Equipment – net (Notes 4(8) and 6)			Other Liabilities		
Cost			Accrued pension liabilities (Note 4(15))	10,240	7,096
Land	147,751	147,751	Guarantee deposits	6	380
Buildings	185,113	165,499	Other liabilities – other	440	454
Machinery and equipment	691,857	768,484		<u>10,686</u>	<u>7,930</u>
Transportation equipment	1,002	-	Total Liabilities	<u>1,673,630</u>	<u>1,367,633</u>
Office equipment	173,617	90,994			
Leasehold improvements	46,920	38,988	Stockholders' Equity		
Other equipment	13,838	2,558	Common stock		
Total Cost	1,206,098	1,214,274	Common stock (Note 1)	1,656,376	1,589,059
Less: Accumulated depreciation	(647,241)	(671,335)	Stock subscriptions received in advance (Note 4(21))	644	15,892
Accumulated impairment	(4,390)	(4,522)	Capital reserve (Note 4(16))		
Construction in progress and prepayments for equipment	44,402	7,140	Paid-in capital in excess of par	853,598	770,417
	<u>652,869</u>	<u>545,557</u>	Gain on disposal of property, plant and equipment	221	221
Intangible Assets			Retained earnings		
Trademark	-	-	Legal reserve (Notes 4(17) and (18))	117,650	86,730
Goodwill	76,477	49,002	Retained earnings (Notes 4(14) and (18))	335,536	373,260
Deferred pension cost (Note 4(15))	1,292	661	Cumulative translation adjustments	36,265	40,960
Other intangible assets – net (Note 4(9))	159	220	Unrealized net loss	(565)	-
	<u>77,928</u>	<u>49,883</u>	Treasury stock (Note 4(20))	(370,182)	(370,182)
Other Assets				<u>2,629,543</u>	<u>2,506,357</u>
Refundable deposits	53,552	36,231	Minority interest	22,113	30,360
Deferred charges – net (Notes 4(10), 5(2) and 10(1))	607,389	654,523	Total Stockholders' Equity	<u>2,651,656</u>	<u>2,536,717</u>
Deferred income tax assets – non-current (Note 4(14))	25,524	172,675			
Other asset – others (Notes 4(15) and 10(1))	8,440	6,926	Commitments and Contingent Liabilities (Note 7)		
	<u>694,905</u>	<u>870,335</u>			
TOTAL ASSETS	<u>\$ 4,325,286</u>	<u>\$ 3,904,350</u>	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 4,325,286</u>	<u>\$ 3,904,350</u>

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated October 22, 2010.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

	<u>2010</u>	<u>2009</u>
Operating revenues		
Sales revenue	\$ 4,393,554	\$ 4,036,604
Sales returns	(89,140)	(66,768)
Sales allowances	(5,218)	(33,156)
Net sales revenue	4,299,196	3,936,680
Service revenue	71,028	47,787
Total operating revenues	<u>4,370,224</u>	<u>3,984,467</u>
Operating costs		
Cost of goods sold (Notes 4(4), 4(22) and 5(2))	(2,231,050)	(1,951,411)
Gross profit	<u>2,139,174</u>	<u>2,033,056</u>
Operating expenses (Notes 4(22) and 5(2))		
Selling expenses	(633,285)	(737,471)
General and administrative expenses	(762,654)	(618,567)
Research and development expenses	(346,318)	(270,239)
Total operating expenses	<u>(1,742,257)</u>	<u>(1,626,277)</u>
Operating income	<u>396,917</u>	<u>406,779</u>
Non-operating income		
Interest income	1,359	1,191
Gain on adjustment of financial assets (Note 4(12))	549	336
Foreign exchange gain	4,747	2,470
Rental income	1,648	67
Miscellaneous income (Note 5(2))	7,133	7,402
Total non-operating income	<u>15,436</u>	<u>11,466</u>
Non-operating expenses		
Interest expense	(3,829)	(2,021)
Investment loss accounted for under the equity method (Note 4(7))	(5,390)	(5,723)
Other investment loss	-	(2)
Loss on disposal of property, plant and equipment	(5,462)	(961)
Miscellaneous losses	(77,742)	(7,182)
Total non-operating expenses	<u>(92,423)</u>	<u>(15,889)</u>
Income before income tax	319,930	402,356
Income tax expense (Note 4(14))	(150,562)	(101,142)
Consolidated net income	<u>\$ 169,368</u>	<u>\$ 301,214</u>
Attributable to:		
Equity holders of the Company	\$ 169,221	\$ 292,059
Minority interest	147	9,155
	<u>\$ 169,368</u>	<u>\$ 301,214</u>

	<u>2010</u>		<u>2009</u>	
	<u>Before</u>	<u>After</u>	<u>Before</u>	<u>After</u>
	<u>income tax</u>	<u>income tax</u>	<u>income tax</u>	<u>income tax</u>
Basic earnings per share (in dollars) (Note 4(19))				
Profit attributable to equity holders of the Company	\$ 2.10	\$ 1.11	\$ 2.69	\$ 2.00
Minority interest income	-	-	0.06	0.06
Consolidated net income	<u>\$ 2.10</u>	<u>\$ 1.11</u>	<u>\$ 2.75</u>	<u>\$ 2.06</u>
Diluted earnings per share (in dollars) (Note 4(19))				
Profit attributable to equity holders of the Company	\$ 2.04	\$ 1.08	\$ 2.59	\$ 1.92
Minority interest income	-	-	0.06	0.06
Consolidated net income	<u>\$ 2.04</u>	<u>\$ 1.08</u>	<u>\$ 2.65</u>	<u>\$ 1.98</u>

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated October 22, 2010.

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

	<u>2010</u>	<u>2009</u>
<u>Cash flows from operating activities</u>		
Consolidated net income	\$ 169,368	\$ 301,214
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Gain on valuation of financial assets	(45)	-
Provision (reversal of allowance) for sales returns	3,227	(1,169)
Provision for doubtful accounts	14,707	7,771
Provision for decline in market value of inventories	8,171	4,592
Investment loss accounted for under the equity method	5,390	5,723
Loss on disposal of investment	-	2
Depreciation and amortization	351,550	323,646
Loss on disposal of property, plant and equipment	5,462	961
Deferred charges charged to other loss	66,170	4,593
Deferred income tax assets	70,142	28,092
Changes in assets and liabilities:		
(Increase) decrease in:		
Notes receivable – third parties	(48,459)	(57,533)
Accounts receivable – third parties	(181,565)	(123,662)
Other receivables – third parties	6,364	5,177
Inventories	12,089	(74,174)
Prepaid expenses	(46,546)	(16,635)
Other current assets	(702)	(1,128)
Increase (decrease) in:		
Notes payable – third parties	(8,650)	(17,824)
Accounts payable – third parties	29,331	90,693
Accounts payable – related party	-	(35,699)
Income tax payable	49,965	7,169
Accrued expenses	20,289	116,926
Other payables – third parties	135,217	23,016
Unearned revenue collected in advance	15,931	129,073
Other current liabilities	(46,172)	(25,483)
Accrued pension liabilities	1,615	1,112
Net cash provided by operating activities	<u>632,849</u>	<u>696,453</u>
<u>Cash flows from investing activities</u>		
Increase in minority interest acquisition price	(38,337)	-
Decrease in other financial assets – current	2,000	2,000
Increase in financial assets at fair value through profit or loss - non-current	(2,850)	-
Increase in long-term investment – subsidiary acquisition price	(116)	(10,000)
Proceeds from disposal of long-term investment	-	7
Acquisition of property, plant and equipment	(211,221)	(109,377)
Increase in deferred charges	(285,460)	(365,474)
Proceeds from disposal of property, plant, and equipment and deferred charges	188	1,921
Increase in trademark	-	(78)
(Increase) decrease in refundable deposits, net	(6,462)	2,178
Increase in other assets – other	(1,073)	(553)
Decrease in financial liabilities at fair value through profit or loss – non-current	2,850	-
Net cash used in investing activities	<u>(540,481)</u>	<u>(479,376)</u>

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

	<u>2010</u>	<u>2009</u>
<u>Cash flows from financing activities</u>		
Increase in short-term loans	\$ 37,642	\$ 15,000
Increase in long-term loans	20,129	27,423
(Decrease) increase in guarantee deposits	(374)	6
Decrease in other liabilities – other	(13)	(155)
Employee stock options to be exercised	103,913	46,871
Payment of cash dividends	(197,999)	(145,807)
Changes in minority interest	1,919	1,568
Net cash used in financing activities	<u>(34,783)</u>	<u>(55,094)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(1,837)</u>	<u>(6,210)</u>
Net increase in cash and cash equivalents	55,748	155,773
Cash and cash equivalents at beginning of period	<u>1,105,011</u>	<u>821,484</u>
Cash and cash equivalents at end of the period	<u>\$ 1,160,759</u>	<u>\$ 977,257</u>
 <u>Supplemental disclosures of cash flow information</u>		
Cash paid during the period for:		
Interest	<u>\$ 3,664</u>	<u>\$ 2,024</u>
Income tax	<u>\$ 24,029</u>	<u>\$ 65,731</u>
 <u>Cash paid for the acquisition of property, plant and equipment</u>		
Property, plant and equipment acquired	\$ 212,794	\$ 122,927
Payable at end of the period	(12,072)	(15,769)
Payable at beginning of the period	<u>10,499</u>	<u>2,219</u>
Cash paid	<u>\$ 211,221</u>	<u>\$ 109,377</u>

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated October 22, 2010.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2010 AND 2009
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)
(UNAUDITED)

1. HISTORY AND ORGANIZATION

(1) Gamania Digital Entertainment Co., Ltd. (the Company) was incorporated in June 1995 under the provisions of the Company Law of the Republic of China (R.O.C.) as a company limited by shares. As of September 30, 2010, the total authorized capital was \$2,500,000, consisting of 250 million shares of common stock (including 22 million shares of employee stock options), at a par value of \$10 (NT dollars) per share, and the issued and outstanding capital was \$1,656,376. The Company is engaged in software services. As of September 30, 2010, the Company and its consolidated subsidiaries had approximately 1,480 employees.

(2) Consolidated subsidiaries

A) Name of company	Relationship	Main activities	% of shares held as of September 30,	
			2010	2009
Gamania Holdings Ltd.	Note 1	Investment holding company	100%	100%
Gamania International Holdings Ltd.	Note 2	Investment holdings	100%	100%
Gamania Digital Entertainment (Japan) Co., Ltd.	Note 3	Design and sales of software; sales of hardware	100%	100%
Gamania China Holdings Ltd.	Note 3	Investment holdings	98.15%	94.25%
Gamania Western Holdings Ltd.	Note 3	Investment holdings	100%	-
Gamania Netherlands Holdings Cooperatief U.A.	Note 3	Investment holdings	100%	-
Gamania Digital Entertainment (H.K.) Co., Ltd.	Note 4	Design and sales of software	98.15%	94.25%
Gamania Sino Holdings Co., Ltd.	Note 4	Investment holdings	98.15%	94.25%
Gamania Digital Entertainment (Europe) B.V.	Note 4	Software services and sales	100%	-
Gamania Digital Entertainment (U.S.) Co., Ltd.	Note 4	Software services and sales	100%	-
Gamania Digital Entertainment (Beijing) Co., Ltd.	Note 5	Design and sales of software	98.15%	94.25%
Gameastor Digital Entertainment Co., Ltd. (Note 6)	Note 1	Software services	99.28%	99.28%

<u>Name of company</u>	<u>Relationship</u>	<u>Main activities</u>	<u>% of shares held as of September 30,</u>	
			<u>2010</u>	<u>2009</u>
Gamania Asia Investments Co., Ltd.	Note 1	Investment holdings	100%	100%
Gamania Korea Co., Ltd.	Note 1	Design and sales of software	100%	100%
Fantasy Fish Game Co., Ltd.	Note 1	Design and research of software	99.58%	99.38%
Fundation Digital Entertainment Co., Ltd.	Note 1	Publishing of magazines and periodicals	100%	100%
Gamania Digital Entertainment Labuan Holdings, Ltd.	Note 1	Investment holdings	100%	100%
Redgate Games Co., Ltd.	Note 1	Design and research of software	100%	100%
Seedo Games Co., Ltd.	Note 1	Design and research of software	100%	100%
Playcoo Co.	Note 1	Design and research of software	75.25%	75.25%

Note 1: Majority-owned subsidiary

Note 2: A majority-owned subsidiary of Gamania Holdings Ltd.

Note 3: A majority-owned subsidiary of Gamania International Holdings Ltd.

Note 4: A majority-owned subsidiary of Gamania China Holdings Ltd.

Note 5: A majority-owned subsidiary of Gamania Sino Holdings Co., Ltd.

Note 6: Gameastor Digital Entertainment Co., Ltd., formerly Taiwan Index Co., Ltd., has completed its change of registration in September 2010.

B) The consolidated financial statements include unreviewed financial statements of certain consolidated subsidiaries as of September 30, 2010 and 2009. The statements reflect total assets of \$1,261,343 and \$1,174,485 as of September 30, 2010 and 2009, respectively, and total operating revenues of \$1,068,681 and \$1,091,387 for the nine-month periods then ended, respectively.

(3) Changes in the consolidated subsidiaries:

A) Majority-owned subsidiaries that were newly included in the consolidated financial statements:

<u>Name of company</u>	<u>Relationship</u>	<u>Main activities</u>	<u>% of shares held as of September 30</u>		<u>Note</u>
			<u>2010</u>	<u>2009</u>	
Gamania Western Holdings Ltd.	Note 1	Investment holdings	100 %	-	Note 3
Gamania Digital Entertainment (U.S.) Co., Ltd	Note 2	Software services and sales	100 %	-	Note 3

<u>Name of company</u>	<u>Relationship</u>	<u>Main activities</u>	<u>% of shares held as of September 30</u>		<u>Note</u>
			<u>2010</u>	<u>2009</u>	
Gamania Netherlands Holdings Cooperatief U.A.	Note 1	Investment holdings	100%	-	Note 4
Gamania Digital Entertainment (Europe) B.V.	Note 2	Software services and sales	100%	-	Note 4

Note 1: A majority-owned subsidiary of Gamania International Holdings Ltd.

Note 2: A majority-owned subsidiary of Gamania Western Holdings Ltd.

Note 3: The company was established in the fourth quarter of 2009.

Note 4: The company was established in the third quarter of 2010.

B) Majority-owned subsidiary that was deconsolidated from the consolidated financial statements:

<u>Name of company</u>	<u>Relationship</u>	<u>Main activities</u>	<u>% of shares held as of September 30</u>		<u>Note</u>
			<u>2010</u>	<u>2009</u>	
InnoJelly Corporation	Note 1	Investment holdings	-	-	Note 2

Note 1: A majority-owned subsidiary of Gamania Holdings Ltd.

Note 2: The Company had been liquidated in April 2009.

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

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

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

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

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

(9) The Company's and its subsidiaries' earnings distributions are restricted by enactment or contract: None.

(10) The subsidiaries hold the company's stocks and bonds: None.

(11) Convertible bonds and new stocks are issued by the subsidiaries: None.

(12) Other consequential items to the consolidated financial statements: None.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

the Group are summarized below:

(1) Principles of consolidation

- A) All majority-owned subsidiaries or controlled entities, which meet the criteria of the amended Statement of Financial Accounting Standards No. 7 “Consolidated Financial Statements”, are included in the consolidated financial statements. Effective January 1, 2008, the Company prepares quarterly consolidated financial statements.
- B) The results of operations of a subsidiary are included in the consolidated financial statements from the date of acquisition. Under the amended SFAS No. 7, the results of operations of such subsidiary is excluded from the consolidated statements of income effective the date on which the Company loses control over the subsidiary. For the initial year of adoption of SFAS No. 7, restatement of prior year’s financial statements is not required.
- C) All significant intercompany balances and transactions are eliminated in the consolidation.

(2) Translation of financial statements of foreign subsidiaries

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

(3) Foreign currency transactions

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

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

- A) Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - a) Assets arising from operating activities that are expected to be realized or consumed, or are intended to be sold within the normal operating cycle;
 - b) Assets held mainly for trading purposes;

- c) Assets that are expected to be realized within 12 months from the balance sheet date; and
 - d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged and used to pay off liabilities more than 12 months after the balance sheet date.
- B) Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- a) Liabilities arising from operating activities that are expected to be paid within the normal operating cycle;
 - b) Liabilities arising mainly from trading activities;
 - c) Liabilities that are to be paid within 12 months from the balance sheet date; and
 - d) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date.
- (5) Financial assets at fair value through profit or loss
- A) Financial assets at fair value through profit or loss are recognized as of the trade date at fair value for equity stocks. Financial assets at fair value through profit or loss are recognized as of the settlement date at fair value for bonds and beneficiary certificates.
 - B) These financial instruments are subsequently remeasured and stated at fair value, and the gain or loss is recognized in profit or loss. The fair value of listed stocks, closed-end mutual funds and depository receipts is based on latest quoted fair prices of the accounting period. The fair value of open-end mutual funds is based on the net asset value at the balance sheet date.
 - C) Financial instruments that meet one of the following criteria are designated as financial assets or financial liabilities at fair value through profit or loss:
 - a) The instrument is a hybrid instrument.
 - b) The instrument is designated as a financial asset or liability at fair value through profit or loss in order to eliminate or substantially reduce the inconsistency in accounting measurement or recognition.
 - c) The instrument is managed in accordance with the Company's documented risk management and investment strategies, and its performance is evaluated on a fair value basis.
- (6) Financial assets carried at cost
- A) Investments in unlisted equity instruments are recognized initially at its fair value plus transaction costs that are directly attributable to the acquisition of the

financial asset.

- B) If there is any objective evidence that the financial asset is impaired, the impairment loss is recognized in profit or loss. Such impairment loss cannot be reversed.

(7) Allowance for doubtful accounts

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

(8) Inventories

The Group uses the perpetual inventory system and the original cost is the cost to obtain the assets. Cost is determined using the weighted-average method. The ending balance of inventory is valued at the lower of cost or net realizable value based on specific identification. The net realizable value is determined based on the estimated selling price of an inventory item less the estimated costs of completion.

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

- A) Long-term equity investments in which the Group holds more than 20% of the investee company's voting shares or has the ability to exercise significant influence on the investee's operational decisions are accounted for under the equity method.
- B) The capital reserve and long-term investment amounts are adjusted by the variance between the investment cost and net assets of the investee due to the disproportionate acquisition or decrease of shares in connection with the capital increase or decrease by the investee company. If the balance of capital reserve from long-term investment is not sufficient, then retained earnings is debited.

(10) Property, plant and equipment

- A) Depreciation is provided on the straight-line method using the estimated useful lives of the assets plus one year as salvage value. The subsidiaries' property, plant and equipment are depreciated on a straight-line basis according to the estimated useful lives of the assets less the estimated salvage value, except for leasehold improvements, which is based on the contract period of the asset. The estimated useful lives are 3 to 55 years for buildings and 2 to 5 years for the other property, plant and equipment.
- B) When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts and the resulting gain or loss is included in current non-operating income (expense).

- C) Major renewals or betterments are capitalized and depreciated accordingly. Maintenance and repairs are expensed as incurred.
- (11) Deferred charges
- A) Costs of software and copyrights are capitalized and amortized under the straight-line basis over the estimated useful lives.
- B) Royalty payments for operating online game software are capitalized and amortized based on the period of the contract or deducted based on actual units of play.
- (12) Other intangible assets
- Franchises for game development are recorded at acquisition cost and amortized using the straight-line method over the estimated service life. Franchises could be deducted from franchises payable amounting to 2% based on sales revenues.
- (13) Impairment of non-financial assets
- A) Impairment loss is recognized when the recoverable amount of an asset is less than the book value due to changes in environment or occurrences of some events. Recoverable amount is the higher of net fair value or value in use of an asset. Net fair value is the selling price of an asset in an arm's-length transaction between knowledgeable and willing parties, less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset.
- B) If there is an indication that an asset has recovered its value of the impairment loss recognized in the prior period, a gain is recognized to the extent of the impairment loss recognized. No recovery in impairment loss is recognized for goodwill.
- (14) Share-based payment – employee compensation plan
- A) The employee stock options granted from January 1, 2004 through December 31, 2007 are accounted for in accordance with EITF 92-070, EITF 92-071 and EITF 92-072 “Accounting for Employee Stock Options” as prescribed by the Accounting Research and Development Foundation, R.O.C., dated March 17, 2003. Under the share-based employee compensation plan, compensation cost is recognized using the intrinsic value method and pro forma disclosures of net income and earnings per share are prepared in accordance with the R.O.C. SFAS No. 39, “Accounting for Share-based Payment“.
- B) For the grant date of the share-based payment agreements set on or after January 1, 2008, the Company shall measure the services received during the vesting period by reference to the fair value of the equity instruments granted and account for those amounts as payroll expenses during that period.

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

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

(16) Deferred income tax assets and income tax

A) Income tax of the Company and its domestic subsidiaries are provided based on accounting income after adjusting for permanent differences. The provision for income tax includes deferred income tax resulting from items reported in different periods for tax and financial reporting purposes. Deferred income tax assets or liabilities are further classified into current and non-current items based on the classifications of the related assets or liabilities or on the expected reversal date of the temporary differences and are presented on the financial statements at net amount. Valuation allowance on deferred income tax assets is recognized to the extent that it is more likely than not that the tax benefits will not be realized.

B) Tax credits resulting from equipment purchases, technology acquisitions, research and development expenditures, training expenses and long-term equity investments, etc. of the Company and its domestic subsidiaries are recognized as current income tax benefit when incurred.

C) Over or under provision of prior years' income tax liabilities is included in the current year's income tax expense.

D) The Company's overseas subsidiaries' income taxes are subject to their local regulations.

- E) In accordance with the Taiwan imputation tax system, any undistributed current earnings of a company derived on or after January 1, 1998 is subject to an additional 10% corporate income tax if the earnings are not distributed before a specific time. This 10% additional corporate income tax is recorded as income tax expense in the period the stockholders approve a resolution to retain the earnings.
- F) In accordance with the “Income Basic Tax Act”, effective January 1, 2006, when income tax is lower than the basic tax, income tax due shall be equal to the basic tax.
- G) When a change in the tax laws is enacted, the deferred tax liability or asset is recomputed accordingly in the period of change. The difference between the new amount and the original amount, that is, the effect of changes in the deferred tax liability or asset, is reported as an adjustment to current income tax expense (benefit).

(17) Retirement plan

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

(18) Treasury stock

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

(19) Revenues, costs and expenses

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

(20) Earnings per share

- A) The computation of earnings per share is as follows:
 - Basic earnings per share: net income divided by the weighted-average number of shares outstanding during the period.
 - Diluted earnings per share: the computation is the same as basic earnings per share, except that the potential dilutive shares are assumed to have been converted to common stock at the beginning of the period and net income is adjusted by the amount associated with the conversion.
- B) The potential dilutive shares are employee stock options and estimated shares of employees' bonuses when distributing stock. The Company adopted the "treasury stock method" in computing the dilutive effect of the employee stock options and the employees' bonuses.

(21) Use of estimates

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

3. CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2009, the Company and its domestic subsidiaries adopted the amended Statement of Financial Accounting Standards No. 10, "Inventory". The adoption of this regulation had no significant effect on the consolidated financial statements as of and for the nine-month period ended September 30, 2009.

4. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30,</u>	
	<u>2010</u>	<u>2009</u>
Cash on hand	\$ 19,152	\$ 779
Cash in banks	719,697	833,830
Time deposits	421,910	142,648
	<u>\$ 1,160,759</u>	<u>\$ 977,257</u>

(2) Notes receivable – net

	<u>September 30,</u>	
	<u>2010</u>	<u>2009</u>
Notes receivable	\$ 161,478	\$ 127,668
Less: Allowance for doubtful accounts	(16)	(16)
	<u>\$ 161,462</u>	<u>\$ 127,652</u>

(3) Accounts receivable – net

	<u>September 30,</u>	
	<u>2010</u>	<u>2009</u>
Accounts receivable	\$ 1,385,778	\$ 1,138,318
Less: Allowance for doubtful accounts	(91,492)	(76,473)
Allowance for sales returns	(8,203)	(6,295)
	<u>\$ 1,286,083</u>	<u>\$ 1,055,550</u>

(4) Inventories – net

	<u>September 30,</u>	
	<u>2010</u>	<u>2009</u>
Inventories	\$ 47,717	\$ 106,208
Less: Allowance for obsolescence and market value decline	(7,393)	(15,507)
	<u>\$ 40,324</u>	<u>\$ 90,701</u>

Related loss recognized for the period:

For the nine-month periods ended September 30,

	<u>2010</u>	<u>2009</u>
Provision for decline in market value of inventories	\$ 8,171	\$ 4,592
Gain on physical count of inventories	<u>\$ 3</u>	<u>\$ -</u>

(5) Financial assets at fair value through profit or loss – non-current

<u>Items</u>	<u>September 30,</u>	
	<u>2010</u>	<u>2009</u>
Designated as at financial assets at fair value through profit or loss:		
Callable preferred stock	\$ 2,850	\$ -
Adjustment of designated as at fair value through profit or loss	-	-
	<u>\$ 2,850</u>	<u>\$ -</u>

For business operation purposes, the Company's domestic subsidiary, Gamania Asia Investment Co., Ltd., 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 settling date 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 have to repurchase based on the issue price. In accordance with the contents of the preferred stock contract and Statement of Financial Accounting Standards No. 34, "Accounting for Financial Instruments: Recognition and Measurement", the subsidiary is accounted for as Financial assets at fair value through profit or loss.

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

<u>Items</u>	<u>September 30,</u>	
	<u>2010</u>	<u>2009</u>
Unlisted stocks		
Nice Finance Co., Ltd.	\$ 91,453	\$ 91,453
NC Taiwan Co., Ltd.	22,841	22,841
	<u>\$ 114,294</u>	<u>\$ 114,294</u>

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

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

A) List of long-term investments

<u>Name of investee</u>	<u>September 30, 2010</u>			<u>Investment loss for the nine-month period ended September 30, 2010</u>
	<u>Original cost</u>	<u>Ownership percentage</u>	<u>Balance</u>	
Taiwan e-sports Co., Ltd.	\$ 30,000	40.00%	\$ 4,251	(\$ 5,390)
EYOU Digital (Shanghai) Co., Ltd.	116	20.00%	116	-
	<u>\$ 30,116</u>		<u>\$ 4,367</u>	<u>(\$ 5,390)</u>

<u>Name of investee</u>	<u>September 30, 2009</u>			<u>Investment loss for the nine-month period ended September 30, 2009</u>
	<u>Original cost</u>	<u>Ownership percentage</u>	<u>Balance</u>	
Taiwan e-sports Co., Ltd.	<u>\$ 20,000</u>	36.36%	<u>\$ 2,503</u>	<u>(\$ 5,723)</u>

B) Long-term investment accounted for under the equity method of Taiwan e-sports Co., Ltd. and EYOU Digital (Shanghai) Co., Ltd. were based on the investee's financial statements as of and for the nine-month periods ended September 30, 2010 and 2009 which were not reviewed by independent accountants.

(8) Property, plant, and equipment

	<u>September 30,</u>	
	<u>2010</u>	<u>2009</u>
<u>Cost</u>		
Land	\$ 147,751	\$ 147,751
Buildings	185,113	165,499
Machinery and equipment	691,857	768,484
Transportation equipment	1,002	-
Office equipment	173,617	90,994
Leasehold improvements	46,920	38,988
Other equipment	13,838	2,558
	<u>1,260,098</u>	<u>1,214,274</u>
<u>Accumulated depreciation</u>		
Buildings	(38,145)	(25,108)
Machinery and equipment	(443,150)	(563,833)
Transportation equipment	(206)	-
Office equipment	(123,123)	(51,841)
Leasehold improvements	(36,338)	(28,904)
Other equipment	(6,279)	(1,649)
	<u>(647,241)</u>	<u>(671,335)</u>
Construction in progress and prepayments for equipment	44,402	7,140
Less: Accumulated impairment	(4,390)	(4,522)
	<u>\$ 652,869</u>	<u>\$ 545,557</u>

(9) Other intangible assets

	<u>September 30,</u>	
	<u>2010</u>	<u>2009</u>
Prepayments for franchises	\$ 159	\$ 38,518
Less: Accumulated impairment	-	(38,298)
	<u>\$ 159</u>	<u>\$ 220</u>

(10) Deferred charges

	<u>September 30,</u>	
	<u>2010</u>	<u>2009</u>
Royalty payments	\$ 488,932	\$ 758,316
Unamortized expense	118,457	201,757
	607,389	960,073
Less: Accumulated impairment	-	(305,550)
	<u>\$ 607,389</u>	<u>\$ 654,523</u>

(11) Short-term loans

	<u>September 30,</u>	
	<u>2010</u>	<u>2009</u>
Short-term bank loans	<u>\$ 183,195</u>	<u>\$ 130,000</u>
Annual interest rates	<u>1.475%~5.103%</u>	<u>1.025%~1.830%</u>
Credit lines	<u>\$ 2,082,339</u>	<u>\$ 1,210,000</u>

(12) Financial liabilities at fair value through profit or loss– non-current

<u>Items</u>	<u>September 30,</u>	
	<u>2010</u>	<u>2009</u>
Designated as at financial liabilities at fair value through profit or loss:		
Callable preferred stock liability	\$ 2,850	\$ -
Adjustment of designated as at fair value through profit or loss	(45)	-
	<u>\$ 2,805</u>	<u>\$ -</u>

For business operation purposes, the Company's domestic subsidiary, Gameastor Digital Entertainment Co., Ltd. (formerly Taiwan Index Co., Ltd.), issued 285 thousand shares of preferred stock at a par value of \$10 (NT dollars) per share in the amount of \$2,850 which was approved by the Board of Directors on March 30, 2010. At the expiration of three years from issuance date, if the fair value of the preferred stock is higher than the appointed base price, Gameastor Digital Entertainment Co., Ltd. can request for the redemption of the stock based on the fair value, otherwise it will have to redeem the stock based on the appointed base price. In accordance with the preferred stock contract and Statement of Financial Accounting Standards No. 34, "Accounting for Financial Instruments: Recognition and Measurement", Gameastor Digital Entertainment Co., Ltd. accounted for the preferred stock in "Financial liabilities at fair value through profit or loss".

(13) Long-term loans

<u>Bank</u>	<u>Total</u>	<u>Period/Terms</u>	<u>September 30,</u>	
	<u>Credit Lines</u>	<u>of Repayment</u>	<u>2010</u>	<u>2009</u>
Sumitomo Mitsui Banking Corporation	JPY 90,000 (Note)	09.24.2008~09.23.2011, equal quarterly installments	\$ 10,901	\$ 21,400
Sumitomo Mitsui Banking Corporation	JPY 100,000 (Note)	08.31.2009 ~ 08.31.2012, equal quarterly installments	24,877	35,906
Sumitomo Mitsui Banking Corporation	JPY 60,000 (Note)	09.01.2010 ~ 08.30.2013, equal quarterly installments	<u>34,344</u>	<u>-</u>
			70,122	57,306
Less: Current portion			(35,300)	(22,894)
			<u>\$ 34,822</u>	<u>\$ 34,412</u>

Note: In thousands of yen.

(14) Income tax

A) Income tax payable and income tax expense for the nine-month periods ended September 30, 2010 and 2009 are reconciled as follows:

	For the nine-month periods ended September 30,	
	2010	2009
Current year income tax expense	\$ 138,183	\$ 90,354
Effect of changes in the deferred tax asset resulting from the change in tax rate	4,352	2,404
Additional 10% corporate income tax on undistributed earnings	<u>8,027</u>	<u>8,384</u>
	150,562	101,142
Add (Less): Net change in deferred income tax assets	(70,142)	(28,092)
Prepaid income tax	(99)	(15,017)
Over provision of prior year's income tax	(23,120)	2,537
Income tax payable of prior year	7,505	6,853
Withholding tax by the foreign government	(1,687)	-
Effect of exchange rate	(523)	(554)
Income tax payable	<u>\$ 62,496</u>	<u>\$ 66,869</u>
Income tax refundable (shown as part of other receivables)	(\$ 51)	(\$ 77)
Income tax payable	<u>62,547</u>	<u>66,946</u>
	<u>\$ 62,496</u>	<u>\$ 66,869</u>

B) Deferred income tax assets are as follows:

	September 30,	
	2010	2009
Deferred income tax assets – current	\$ 12,932	\$ 19,496
Deferred income tax assets – non-current	<u>237,320</u>	<u>336,243</u>
	250,252	355,739
Less: Valuation allowance – current	(837)	(13,526)
Valuation allowance – non-current	(211,796)	(163,568)
	<u>\$ 37,619</u>	<u>\$ 178,645</u>

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

	September 30,			
	2010		2009	
	<u>Amount</u>	<u>Tax effect</u>	<u>Amount</u>	<u>Tax effect</u>
Current items:				
Allowance for decline in market value and inventory obsolescence	\$ 7,189	\$ 1,222	\$ 15,157	\$ 3,031
Allowance for sales returns	8,203	1,394	6,295	1,259
Loss carryforwards	-	-	60,908	12,182
Investment tax credits		<u>10,316</u>		<u>3,024</u>
		12,932		19,496
Less: Valuation allowance		(<u>837</u>)		(<u>13,526</u>)
		<u>\$ 12,095</u>		<u>\$ 5,970</u>
Non-current items:				
Investment loss on financial assets carried at cost – non-current	\$ 9,851	\$ 1,675	\$ 9,851	\$ 1,970
Loss carryforwards	686,873	116,768	586,370	117,274
Loss on foreign investments	180,043	30,607	58,809	11,762
Reserve for foreign investments	(31,529)	(5,360)	(63,953)	(12,790)
Reduction in capital of subsidiaries to cover accumulated deficit	-	-	672,643	168,160
Depreciation allowance in excess of related depreciation	(15,359)	(2,534)	(18,058)	(2,980)
Retirement fund expense but not deposited with Bank of Taiwan	38	6	287	57
Investment tax credits		<u>96,158</u>		<u>52,790</u>
		237,320		336,243
Less: Valuation allowance		(<u>211,796</u>)		(<u>163,568</u>)
		<u>\$ 25,524</u>		<u>\$ 172,675</u>

D) As of September 30, 2010 and 2009, the balance of shareholders account of deductible tax was as follows:

	September 30,	
	<u>2010</u>	<u>2009</u>
a. Balance of shareholders account of deductible tax	<u>\$ 33,387</u>	<u>\$ 16,983</u>
b. Creditable tax ratio	<u>2009 (Actual)</u> <u>6.49%</u>	<u>2008 (Actual)</u> <u>19.71%</u>

E) Undistributed retained earnings:

	<u>September 30,</u>	
	<u>2010</u>	<u>2009</u>
On or after January 1, 1998		
a. Earnings not subjected to 10% income tax	\$ 169,221	\$ 292,059
b. Earnings subjected to 10% income tax	<u>166,315</u>	<u>81,201</u>
	<u>\$ 335,536</u>	<u>\$ 373,260</u>

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

- (a) As of September 30, 2010, the Company's income tax returns through 2006 have been assessed and approved by the Tax Authority.
- (b) The Tax Authority imposed additional tax amounting to \$37,370 on the Company's 2002 income tax return after the re-examination. The Company filed a petition in August 2010 which is still pending as of the report date .
- (c) The Tax Authority imposed additional tax amounting to \$3,958 on the Company's 2003 income tax return after the re-examination. The Company is going to file a petition.

G) As of September 30, 2010, in accordance with "Income Tax Law" and the "Statute for Upgrading Industries", the Company and its domestic subsidiaries had investment tax credits in the amount of \$106,474 to offset against taxable income for the next three years. The details are as follows:

<u>Deductible items</u>	<u>Total credits</u>	<u>Unused balance</u>	<u>Year of expiration</u>
Research and development expenditures	\$ 135,404	\$ 101,969	2010~2013
Machinery and equipment	3,287	3,287	2011~2013
Employees' training	<u>2,117</u>	<u>1,218</u>	2012~2013
	<u>\$ 140,808</u>	<u>\$ 106,474</u>	

H) As of September 30, 2010, in accordance with the "Income Tax Law", the Company's domestic subsidiaries had loss carryforwards in the amount of \$116,768 to offset against taxable income for the next four to ten years. The details are as follows:

<u>Deductible item</u>	<u>Amount reported</u>	<u>Total credits</u>	<u>Unused balance</u>	<u>Year of expiration</u>
Loss carryforwards	<u>\$ 686,873</u>	<u>\$ 116,768</u>	<u>\$ 116,768</u>	2013~2019

(15) Accrued pension liability

- A) The Company has a non-contributory and funded defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees before the implementation of the Labor Pension Act on July 1, 2005. Under the defined benefit plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter up to a maximum of 45 units. Retirement benefits are based on the number of units accrued and the average monthly salaries and wages of the last six months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan under the name of the independent retirement fund committee. The balance of the retirement fund deposited with Bank of Taiwan was \$45,602 and \$41,349 as of September 30, 2010 and 2009, respectively. For the nine-month periods ended September 30, 2010 and 2009, net pension costs recognized by the Company and its domestic subsidiaries under the defined benefit plan amounted to \$1,543 and \$3,379, respectively.
- B) Gamania Digital Entertainment (Japan) Co., Ltd., Gamania Korea Co., Ltd. and Gamania Digital Entertainment (H.K.) Co., Ltd. provide pension reserves annually for their employees in accordance with the local regulations. The net pension costs were \$2,520 and \$2,249 for the nine-month periods ended September 30, 2010 and 2009, respectively.
- C) Gamania Digital Entertainment (Beijing) Co., Ltd. provides an old-age pension and insurance monthly based on 22% of the employees' salaries and wages in accordance with the local regulations. The net pension and insurance cost was \$4,146 and \$1,827 for the nine-month periods ended September 30, 2010 and 2009, respectively.
- D) Effective July 1, 2005, the Company and its domestic subsidiaries, adopted a defined contribution pension plan (the "New Plan"). Under the New Plan, employees have the option to choose the New Plan. The Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts deposited with the Bureau of Labor Insurance. Benefits accrued under the New Plan are portable when the employees leave the company. The net pension costs recognized by the Company and its domestic subsidiaries under the defined contribution plan for the nine-month periods ended September 30, 2010 and 2009 amounted to \$25,104 and \$22,048, respectively.
- E) Gamania Holdings Ltd., Gamania Asia Investment Co., Ltd., Gamania Digital Entertainment Labuan Holdings, Ltd., Gamania International Holdings Ltd.,

Gamania China Holdings Ltd., Gamania Sino Holdings Ltd., Gamania Western Holdings Ltd., Gamania Digital Entertainment (U.S.) Co., Ltd., Gamania Digital Entertainment Cooperatief U.A and Gamania Digital Entertainment (Europe) B.V. do not have an employee retirement plan.

(16) Capital reserve

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

(17) Legal reserve

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

(18) Retained earnings

- A) As stipulated in the Company's Articles of Incorporation, the current earnings, if any, shall be distributed in the following order:
- a. Pay for taxes and duties.
 - b. Covering prior years' accumulated deficit, if any.
 - c. After deducting items a and b, 10% of the remaining amount is appropriated as legal reserve.
 - d. In addition to the amount appropriated for legal reserve, the Company may appropriate an amount equal to the negative items in the stockholders' equity from retained earnings as special reserve.
 - e. Interest on capital.
 - f. After deducting items a to e, 10% ~ 15% of the remaining earnings is appropriated as employees' bonuses and up to 2% as remuneration to directors and supervisors.
 - g. The remaining amount is to be distributed to stockholders in accordance with the resolution adopted at the stockholders' meeting.
- B) The Taiwan imputation tax system requires that any undistributed current earnings of a company derived on or after January 1, 1998 be subject to an additional corporate income tax if the earnings are not distributed in the

following year's shareholders' meeting. This 10% additional tax on undistributed earnings paid by the company may be used as tax credit by shareholders, including foreign shareholders, against the withholding tax on dividends. In addition, the domestic shareholder can claim a proportionate share in the company's corporate income tax as tax credit against its individual income tax liability effective 1998.

- C) The appropriation of 2009 and 2008 earnings had been approved at the stockholders' meeting on June 9, 2010 and June 10, 2009, respectively. Details are summarized below:

	2009 earnings		2008 earnings	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	\$ 30,919		\$ 25,516	
Cash dividends	197,999	\$ 1.30	145,807	\$ 1.00
Employee cash bonuses	Note 1		Note 2	
Directors' and supervisors' remuneration	Note 1		Note 2	

Note 1: The amounts approved during the stockholders' meeting for employees' bonus and directors' and supervisors' remuneration are \$41,740 and \$5,565, respectively.

Note 2: The amounts approved during the stockholders' meeting for employees' bonus and directors' and supervisors' remuneration are \$23,500 and \$4,600, respectively.

- (a) The amount approved during the stockholders' meeting for the distribution of 2009 earnings for cash dividends was the same with the amount approved by the Company's Board of Directors on March 17, 2010.
- (b) The dividends appropriation for 2008 as stated above was not in agreement with the amount proposed by the Board of Directors on March 23, 2009. The difference mainly resulted from the change in the number of the Company's outstanding shares for the employee stock options that were converted into common shares. As a result, additional dividends of \$123 were resolved to be distributed during the stockholders' meeting in 2009.
- D) The estimated amounts of employees' bonuses are \$32,626 and \$25,032, and the estimated amounts of supervisors' remuneration are \$4,350 and \$5,006 for the nine-month periods ended September 30, 2010 and 2009, respectively. The amounts above, constituting 10%~15% and 2%, respectively, of net income after taking into account the legal reserve, are recognized as cost of goods sold and operating expenses for the nine-month periods ended September 30, 2010 and 2009.

The calculation of shares of stock bonus distributed is based on the closing price of the Company's common stock at the previous day of the following

year's stockholders' meeting after taking into account the effects of ex-rights and ex-dividends. If the actual distribution amounts are different from the estimated amounts, the difference will be adjusted in the income statement of the following year.

- E) The distribution of employees' bonus and directors' and supervisors' remuneration in 2009, as mentioned in C) above, was different from the employees' bonus of \$42,596 and directors' and supervisors' remuneration of \$5,679 recognized in the 2009 financial statements. The difference of \$856 and \$114, respectively, had been adjusted in the income statement for the nine-month period ended September 30, 2010. The distribution of the employees' bonus and the directors' and supervisors' remuneration in 2008, as mentioned in C) above, was different from the employees' bonus of \$21,990 and directors' and supervisors' remuneration of \$4,398 recognized in the 2008 financial statements. The difference of (\$1,510) and (\$202), respectively, had been adjusted in the income statement for the nine-month period ended September 30, 2009.
- F) For current status of the resolution, please visit the Taiwan Stock Exchange website.

(19) Earnings per share

	For the nine-month period ended September 30, 2010				
	Amount		Weighted average number of outstanding common shares (In thousands of shares)	Earnings per share (in dollars)	
	Before income tax	After income tax		Before income tax	After income tax
Basic earnings per share:					
Net income	\$ 319,783	\$ 169,221	152,199	\$ <u>2.10</u>	\$ <u>1.11</u>
Dilutive effect:					
Employees' bonus	-	-	758		
Stock options	-	-	4,095		
Diluted earnings per share:					
Net income	\$ <u>319,783</u>	\$ <u>169,221</u>	<u>157,052</u>	\$ <u>2.04</u>	\$ <u>1.08</u>

For the nine-month period ended September 30, 2009					
	Amount		Weighted average number of outstanding common shares (In thousands of shares)	Earnings per share (In dollars)	
	Before income tax	After income tax		Before income tax	After income tax
Basic earnings per share:					
Net income	\$ 393,201	\$ 292,059	146,160	<u>\$ 2.69</u>	<u>\$ 2.00</u>
Dilutive effect:					
Employees' bonus	-	-	439		
Stock options	-	-	<u>5,497</u>		
Diluted earnings per share:					
Net income	<u>\$ 393,201</u>	<u>\$ 292,059</u>	<u>152,096</u>	<u>\$ 2.59</u>	<u>\$ 1.92</u>

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

(20) Treasury stock

Changes in the treasury stock for the nine-month periods ended September 30, 2010 and 2009 are set forth below (in thousands of shares):

A) Purpose	For the nine-month period ended September 30, 2010			
	Beginning	Additions	Disposals	Ending
Employee stock options	<u>13,099</u>	-	-	<u>13,099</u>
	For the nine-month period ended September 30, 2009			
Purpose	Beginning	Additions	Disposals	Ending
Employee stock options	<u>13,099</u>	-	-	<u>13,099</u>

B) The maximum and ending balances of treasury stock for the nine-month periods ended September 30, 2010 and 2009 are as follows:

September 30, 2010		September 30, 2009	
Maximum balance	Ending balance	Maximum balance	Ending balance
\$ 370,182	\$ 370,182	\$ 370,182	\$ 370,182

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

(21) Employee stock option plan

- A) On December 25, 2003 and November 14, 2007, the board of directors approved the employee stock option plans which provide for the issuance of 10,000,000 units and 12,000,000 units of options, respectively, that can be converted to one share of common stock per unit. When the contributed capital changes as a result of the issuance of new shares of common stock, the option price will be adjusted based on a predetermined formula. The Company has issued the employee stock options on February 10, 2004 and December 17, 2007. The stock option has an exercise period of six years. Employees will be able to exercise these options after two years in accordance with the procedures of the employee stock option plan.
- B) The board of directors approved the employee stock option plan which provides for the issuance of 5,000,000 units of options on December 24, 2008. The plan has been reported to the Financial Supervisory Commission (the Administration) on December 31, 2008 and became effective since January 12, 2009. The Company expects to issue all or part of the stock options depending on actual demand during the year. As of January 12, 2010, no unit of employee stock options has been issued by the Company. Accordingly, these stock options had been considered invalid.

C) The units and weighted average exercise price of the stock options for the nine-month periods ended September 30, 2010 and 2009 were as follows:

Stock Options	For the nine-month periods ended September 30,			
	2010		2009	
	Units (in thousands)	Weighted-average exercise price (in dollars) (Note)	Units (in thousands)	Weighted-average exercise price (in dollars) (Note)
Beginning balance	12,663	\$ 25.33	16,297	\$ 26.16
Number of options granted	-	-	-	-
Adjustment due to issuance of stock options	-	-	-	-
Exercised	(3,963)	-	(1,712)	-
Cancelled	(837)	-	(647)	-
Ending balance	<u>7,863</u>	24.20	<u>13,938</u>	25.32
Exercisable at the end of the period	<u>2,779</u>		<u>2,873</u>	
Authorized but unissued at the end of the period	<u>-</u>		<u>5,000</u>	

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

D) As of September 30, 2010 and 2009, the details of outstanding stock options are as follows:

For the nine-month period ended September 30, 2010					
Outstanding stock options			Exercisable stock options		
Exercise price (in dollars)	Units (in thousands)	Weighted-average remaining life (year)	Weighted-average exercise price (in dollars)	Units (in thousands)	Weighted-average exercise price (in dollars)
\$ 24.20	7,863	3.167	\$ 24.20	2,779	\$ 24.20
For the nine-month period ended September 30, 2009					
Outstanding stock options			Exercisable stock options		
Exercise price (in dollars)	Units (in thousands)	Weighted-average remaining life (year)	Weighted-average exercise price (in dollars)	Units (in thousands)	Weighted-average exercise price (in dollars)
\$ 27.30	2,873	0.333	\$ 27.30	2,873	\$ 27.30
\$ 24.80	11,065	4.167	\$ 24.80	-	\$ -

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

(a) Model: The Black-Scholes model

(b) Assumptions:

<u>Black-Scholes model assumptions</u>	<u>2007 Stock Options</u>	<u>2004 Stock Options</u>
Dividend yield	0%	0%
Volatility (Note 1)	43.58%	62.02%
Risk-free interest rate	2.65%	1.95%
Expected life of the options	4.3 years	6 years
Exercise price (Note 2)	\$ 24.2 (in dollars)	\$ 27.3 (in dollars)
Amortization period	2~3 years	2~3 years

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

Note 2: Exercise price of the stock options mentioned above considered the effect of earnings distribution and was readjusted to \$24.2 and \$27.3, respectively.

(c) Result of evaluation:

	<u>For the nine-month period ended September 30, 2010</u>	
	<u>2007 stock options</u>	<u>2004 stock options</u>
Weighted average fair value of options granted to employees	\$ 10.95 (in dollars)	\$ 17.4656 (in dollars)
Compensation cost under "fair value method"	\$ 10,639	\$ -

	<u>For the nine-month period ended September 30, 2009</u>	
	<u>2007 stock options</u>	<u>2004 stock options</u>
Weighted average fair value of options granted to employees	\$ 10.95 (in dollars)	\$ 17.4656 (in dollars)
Compensation cost under "fair value method"	\$ 35,106	\$ -

(d) Pro forma information:

		<u>For the nine-month period ended September 30, 2010</u>	<u>For the nine-month period ended September 30, 2009</u>
Net income	Net income	\$ 169,221	\$ 292,059
	Pro forma net income	158,582	256,953
Basic earnings per share (EPS)	EPS	1.11 (in dollars)	2.00 (in dollars)
	Pro forma EPS	1.04 (in dollars)	1.76 (in dollars)
Diluted earnings per share	EPS	1.08 (in dollars)	1.92 (in dollars)
	Pro forma EPS	1.01 (in dollars)	1.69 (in dollars)

(22) Personnel, depreciation and amortization expenses

	<u>For the nine-month period ended September 30, 2010</u>		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Personnel expenses			
Salaries	\$ 61,583	\$ 718,777	\$ 780,360
Labor and health insurances	4,755	53,993	58,748
Pension	1,476	31,837	33,313
Others	1,705	43,194	44,899
	<u>\$ 69,519</u>	<u>\$ 847,801</u>	<u>\$ 917,320</u>
Depreciation	<u>\$ 46,857</u>	<u>\$ 45,474</u>	<u>\$ 92,331</u>
Amortization	<u>\$ 210,645</u>	<u>\$ 48,574</u>	<u>\$ 259,219</u>

	<u>For the nine-month period ended September 30, 2009</u>		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Personnel expenses			
Salaries	\$ 74,157	\$ 589,690	\$ 663,847
Labor and health insurances	3,957	46,846	50,803
Pension	912	28,591	29,503
Others	976	37,570	38,546
	<u>\$ 80,002</u>	<u>\$ 702,697</u>	<u>\$ 782,699</u>
Depreciation	<u>\$ 50,385</u>	<u>\$ 63,359</u>	<u>\$ 113,744</u>
Amortization	<u>\$ 146,668</u>	<u>\$ 63,234</u>	<u>\$ 209,902</u>

5. RELATED PARTY TRANSACTIONS

(1) Names and relationship of related parties

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Nexon Corporation (Nexon)	Note
Taiwan e-sports Co., Ltd.	Investee company accounted for under the equity method
EYOU Digital (Shanghai) Co., Ltd.	Investee company accounted for under the equity method
Gamania Cheer Up Foundation	Same chairman

Note: Nexon held more than 20% of the Company's voting shares which were accounted for under the equity method from December 2008 to June 23, 2009. Thereafter, Nexon disposed some of the Company's shares, which resulted to the decrease in Nexon's equity interest in the Company to below 20%. As Nexon had no ability to exercise significant influence on the Company's operational decisions and thus no longer considered as the Company's related party, the relevant transaction information between the Company and Nexon are disclosed until June 23, 2009.

(2) Significant transactions with related parties

A) License fees

	<u>For the nine-month periods ended September 30,</u>			
	<u>2010</u>		<u>2009</u>	
	<u>Amount</u>	<u>% of license fee</u>	<u>Amount</u>	<u>% of license fee</u>
Nexon	<u>\$ -</u>	<u>-</u>	<u>\$ 436,792</u>	<u>31</u>

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

B) Advertising expense

	<u>For the nine-month periods ended September 30,</u>			
	<u>2010</u>		<u>2009</u>	
	<u>Amount</u>	<u>% of advertising expense</u>	<u>Amount</u>	<u>% of advertising expense</u>
Taiwan e-sports	<u>\$ 4,000</u>	<u>-</u>	<u>\$ 1,000</u>	<u>-</u>

Advertising expenses are paid to the related party for providing advertisements.
The terms and prices of advertising were negotiated based on different factors.

C) Donation

	<u>For the nine-month periods ended September 30,</u>			
	<u>2010</u>		<u>2009</u>	
	<u>Amount</u>	<u>% of donation</u>	<u>Amount</u>	<u>% of donation</u>
Gamania Cheer Up Foundation	<u>\$ 3,000</u>	<u>42</u>	<u>\$ 4,000</u>	<u>21</u>

D) Membership fee and annual fee

	<u>For the nine-month periods ended September 30,</u>			
	<u>2010</u>		<u>2009</u>	
	<u>Amount</u>	<u>% of membership fee and annual fee</u>	<u>Amount</u>	<u>% of membership fee and annual fee</u>
Taiwan e-sports	<u>\$ 2,500</u>	<u>35</u>	<u>\$ -</u>	<u>-</u>

The above represents payment for membership and annual fee to join occupational e-sports game league.

E) Other revenues

	For the nine-month periods ended September 30,			
	2010		2009	
	Amount	% of other revenues	Amount	% of other revenues
Taiwan e-sports	\$ -	-	\$ 549	7

F) Deferred charges

	September 30,			
	2010		2009	
	Amount	% of deferred charges	Amount	% of deferred charges
EYOU Digital (Shanghai)	\$ 27,133	4	\$ -	-

The above represents payment for outsourced manufacturing game.

6. DETAILS OF PLEDGED OR RESTRICTED ASSETS

Assets	September 30,		Purpose
	2010	2009	
Cash in bank (shown in other financial assets - current)	\$ -	\$ 2,000	Short-term loans / Credit lines
Land	90,254	147,751	Long-term and short-term loans / Credit lines
Buildings	74,721	135,341	"
	<u>\$ 164,975</u>	<u>\$ 285,092</u>	

7. COMMITMENTS AND CONTINGENT LIABILITIES

In addition to Note 4(14), others are as follows:

- A) As of September 30, 2010, the total future rental payments for the next 3 years under non-cancelable operating lease agreements for the lease of the Company's office building, transportation equipment and networking device was \$200,654.
- B) The subsidiary signed a contract for the development of a website and the total future contract payment as of September 30, 2010 was \$700.
- C) The Company contracted the use of cable lines, T1 and T3, with rental charges based on utilization. In addition, the Company contracted with several on-line game vendors and will pay royalty based on actual usage.
- D) For the period from January 1, 2010 to December 31, 2010, First Commercial Bank provided guarantee for merchandise transactions on behalf of the Company to Wisdom Distribution Service Corporation. The Company guarantees that if the amount of sales to Wisdom Distribution Service Corporation is lower than the

amount of sales returns, the Company shall pay the guarantee of \$4,000 to First Commercial Bank and Wisdom Distribution Service Corporation would get implicative guarantee from First Commercial Bank.

8. MAJOR CATASTROPHE

None.

9. SUBSEQUENT EVENTS

None.

10. OTHERS

(1) Financial statement presentation

Certain accounts in the September 30, 2009 consolidated financial statements were reclassified to conform with the September 30, 2010 consolidated financial statement presentation.

(2) The fair values of the financial instruments

	September 30, 2010			September 30, 2009		
	Book value	Fair value		Book value	Fair value	
		Quotations in an active market	Estimated value		Quotations in an active market	Estimated value
<u>Financial instruments</u>						
Non-derivative financial instruments						
Assets						
Financial assets with fair values equal to book values	\$2,627,533	(Note A)	\$2,627,533	\$2,167,694	(Note A)	\$2,167,694
Financial assets carried at cost	114,294		-	114,294		-
Refundable deposits	53,552		53,552	36,231		36,231
Liabilities						
Financial liabilities with fair values equal to book values	\$1,181,766	(Note A)	\$1,181,766	\$ 984,058	(Note A)	\$ 984,058
Long-term loans	34,822		26,194	34,412		32,252
Guarantee deposits	6		6	380		380

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

- A) For short-term instruments, the book value is approximate to the fair value because of their short-term maturities. This applies to cash and cash equivalents, notes and accounts receivable, other receivables (excluding income tax refundable), other financial assets-current, short-term loans, notes and accounts payable, accrued expenses, other payables, current portion of long-term liabilities and other current liabilities.
- B) Designated as financial assets at fair value though profit or loss are regarded as quoted in an active market if quoted price are readily and regularly available from an exchange,

dealer, broker, industry group, pricing service or regulatory agency, and those price represent actual and regularly occurring market transactions on an arm's length basis. If the market for financial instruments is not active, an entity establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing.

- C) The fair value of long-term loans is based on the present value of expected cash flow amounts. The discount rate was another instrument which the Company could acquire similar terms at about 1.775%~ 2.225%.
- D) The fair values of refundable deposits and guarantee deposits are the book value since the amounts are insignificant.
- E) Off-balance sheet financial instruments with credit risk:

	September 30,	
	2010	2009
Guarantee for loans of subsidiaries	\$ 398,080	\$ 136,000

According to the Company's credit policy, guarantees can be provided for the loans borrowed by the subsidiaries in which the Company directly or indirectly holds more than 50% voting rights and over which the Company can exercise control power. No collaterals have been requested from these subsidiaries as the Company is able to monitor its credit standing. These subsidiaries should default, the losses that would be incurred by the Company approximate the amount of the guarantee provided by the Company.

- F) As of September 30, 2010 and 2009, the fair values of the financial instruments with interest rate risk are \$421,910 and \$144,648, respectively.

(3) Procedure of financial risk control and hedge

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

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

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

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

(4) Information of financial risk

A) Financial instruments of equity: Financial assets carried at cost – non-current

(A) Market risk

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

(B) Credit risk

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

(C) Liquidity risk

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

(D) Cash flow interest rate risk

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

B) Receivables: Notes and accounts receivable and other receivables

(A) Market risk

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

(B) Credit risk

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

(C) Liquidity risk

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

(D) Cash flow interest rate risk

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

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

(A) Market risk

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

(B) Credit risk

None.

(C) Liquidity risk

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

(D) Cash flow interest risk

As fixed interest for loans is adopted by the Group, thus there will be no cash flow interest risk.

- (5) For the nine-month periods ended September 30, 2010 and 2009, the Group donated cash amounting to \$7,170 and \$19,331, respectively, to charities, and educational institutions that are accredited by the government, without significant appointed considerations.

11. DISCLOSURE INFORMATION

(1) Related information of significant transactions

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

B) Guarantee for any other company or person:

Unit: Thousands of New Taiwan Dollars

Company or investee companies		Parties being guaranteed		Limit of guarantee for each party (Note 4)	Maximum outstanding guarantee amount for the nine-month period ended September 30, 2010	Outstanding guarantee amount at September 30, 2010	Amount of guarantee with collateral placed	Ratio of accumulated guarantee amount to net value of the Company	Maximum amount available for guarantee (Note 3)
Number (Note 1)	Name	Name	Relationship with the Company (Note 2)						
0	The Company	Gameastor Digital Entertainment Co., Ltd.	2	\$ 496,913 (30% of the Company's capital)	\$ 300,000	\$ 300,000	None	11.41%	\$1,656,376
0	The Company	Gamania Digital Entertainment (Japan) Co., Ltd.	3	\$ 496,913 (30% of the Company's capital)	\$ 66,000	\$ 66,000	None	2.51%	\$1,656,376
0	The Company	Gamania Digital Entertainment (Beijing) Co., Ltd.	3	\$ 496,913 (30% of the Company's capital)	\$ 63,788	\$ 32,080	None	1.22%	\$1,656,376

Note 1: Number 0 represents the Company.

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

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

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

Note 4: 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.

C) Marketable securities held at September 30, 2010:

Unit: Thousands of New Taiwan Dollars / Thousands of Shares

Company	Type of marketable securities (Note 1)	Name of marketable securities	Relationship of the issuers with the security holders	General ledger account	September 30, 2010				
					Number of shares	Book value	Percentage	Market value (Note 2)	Note
The Company	Common Stock	Gamania Holdings Ltd.	Subsidiary	Long-term investment	17,900	\$ 575,440	100%	\$ 575,440	Note 3
"	"	Gamania Korea Co., Ltd.	"	"	981	19,053	100%	19,053	"
"	"	Fantasy Fish Digital Games Co., Ltd.	"	"	18,423	19,603	99.58%	17,712	"
"	"	Gameastor Digital Entertainment Co., Ltd.	"	"	3,863	53,040	72.08%	55,678	"
"	"	Gamania Asia Investment Co., Ltd.	"	"	13,945	138,364	100%	138,364	"
"	"	Gamania Digital Entertainment Labuan Holdings, Ltd.	"	"	10	37	100%	37	"
"	"	Fundation Digital Entertainment Co., Ltd.	"	"	3,448	12,764	100%	12,764	"
"	"	Playcoo Co.	"	"	13,996	104,846	75.25%	50,329	"
"	"	Redgate Games Co., Ltd.	"	"	7,000	3,292	100%	3,292	"
"	"	Seedo Games Co., Ltd.	"	"	7,000	2,669	100%	2,669	"
"	"	Taiwan e-sports Co., Ltd.	Investee company accounted for under the equity method	"	3,000	4,251	40%	4,251	None
"	"	NC Taiwan Co., Ltd.	Investee company accounted for under financial assets carried at cost	Financial assets carried at cost - non-current	2,100	22,841	15%	22,841	"

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

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

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

D) Marketable securities acquired or sold during the nine-month period ended September 30, 2010 in excess of \$100,000 or 20% of capital :

Unit: Thousands of New Taiwan Dollars / Thousands of Shares

Investor	Type and name of marketable securities	General ledger account	Name and relationship of counterparty	Beginning balance (Note 1)		Addition		Disposal			Disposal gain	Ending balance (Note 1)	
				Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Cost		Number of shares	Amount
The Company	Bond Fund	Financial asset held for trading-bond funds	Initial investment at inception/None	-	\$ -	6,343	\$ 130,000	6,343	\$ 130,108	\$ 130,000	\$ 108	-	\$ -
"	Jih Sun Bond	"	"	-	-	4,957	100,000	4,957	100,066	100,000	66	-	-
"	Taishin Lucky Fund	"	"	-	-	7,523	110,000	7,523	110,051	110,000	51	-	-
"	Gamania Holdings Ltd.	Long-term investments accounted for under the equity method	"	9,928	397,915 (Note 2)	7,972	177,525 (Note 3)	-	-	-	-	17,900	575,440 (Note 4)

Note 1: Original investment cost.

Note 2: Including prepayment of \$4,880 for long-term investment.

Note 3: The Company invested \$250,856 and recognized investment loss, cumulative translation adjustments and effect of change in ownership percentage of investee company in the amount of \$73,331. The net increase amount was \$177,525.

Note 4: The investment has been eliminated in the consolidated financial statements.

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

(2) Information of investee companies

A) Information of investee companies:

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

Unit: Thousands of New Taiwan Dollars / Thousands of Shares

Company	Name of investee	Location	Main operating activities	Original investment cost		Held by the Company			Income (loss) incurred by the investee	Investment income (loss) recognized by the Company	Note
				2010.9.30	2009.12.31	Number of shares	Percentage	Book value			
The Company	Gamania Holdings Ltd.	P.O. Box 30592 SMB, Cayman, Cayman Islands, British West Indies	Investment holdings	\$1,382,156	\$1,131,301 (Note 1)	17,900	100%	\$ 575,440	(\$ 70,628)	(\$ 70,628)	Subsidiary (Note 4)
"	Gamania Korea Co., Ltd.	3F, NO.75-6 Soodang B/D, Samsung-Dong Kang Nam-Gu, Seoul Korea	Design and sales of software	249,615	224,672	981	100%	19,053	(19,042)	(19,042)	"
"	Fantasy Fish Digital Games Co., Ltd.	18F, No. 736 Chang-Cheng Rd., Chung-Ho City, Taipei County, Taiwan	Design and research and development of software	290,000	240,000	18,423	99.58%	19,603	(43,260)	(43,040) (Note 2)	"
"	Gameastor Digital Entertainment Co., Ltd.	"	Software services and sales	211,433	211,433	3,863	72.08%	53,040	23,124	15,473 (Note 3)	"
"	Gamania Asia Investment Co., Ltd.	"	Investment holdings	190,000	190,000	13,945	100%	138,364	6,329	6,329	"
"	Gamania Digital Entertainment Labuan Holdings, Ltd.	Level 15(A), Main Office Tower, Financial Park Labuan, 87000 Labuan, Jalan Merdeka, 87000 Labuan, FT, Malaysia	Investment holdings	329	329	10	100%	37	(71)	(71)	"

Note 1: Including prepayment of \$4,880 for long-term investment.

Note 2: The weighted-average ownership percentage is 99.49%.

Note 3: Including realized sales margin of \$2,145 and write-off of unrealized sales margin of \$3,340.

Note 4: The investment has been eliminated in the consolidated financial statements.

Unit: Thousands of New Taiwan Dollars / Thousands of Shares

Company	Name of investee	Location	Main operating activities	Original investment cost		Held by the Company			Income (loss) incurred by the investee	Investment income (loss) recognized by the Company	Note
				2010.9.30	2009.12.31	Number of shares	Percentage	Book value			
The Company	Fundation Digital Entertainment Co., Ltd.	18F, No. 736 Chang-Cheng Rd., Chung-Ho City, Taipei County, Taiwan	Sales and publishing of magazines and periodicals	\$ 120,000	\$ 90,000	3,448	100%	\$ 12,764	(\$ 21,716)	(\$ 21,716)	Subsidiary (Note 3)
"	Playcoo Co.	"	Design and research and development of software	152,554	152,554	13,996	75.25%	104,846	988	(11,840) (Note 1)	"
"	Redgate Games Co., Ltd.	"	Design and research and development of software	70,000	50,000	7,000	100%	3,292	(37,400)	(37,400)	"
"	Seedo Games Co., Ltd.	"	Design and research and development of software	70,000	50,000	7,000	100%	2,669	(36,981)	(36,981)	"
"	Taiwan e-sports Co., Ltd.	9F, No.176 Chung Hsiao East Rd. Section 4, Taipei City, Taiwan	Supply of software services and electronic information	30,000	30,000	3,000	40%	4,251	(11,931)	(5,390) (Note 2)	Investee company accounted for under the equity method
Gamania Asia Investment Co., Ltd.	Gameastor Digital Entertainment Co., Ltd.	18F, No. 736 Chang-Cheng Rd., Chung-Ho City, Taipei County, Taiwan	Design and sales of software	80,625	80,625	1,485	27.20%	21,011	23,124	6,290	Investee company accounted for under the equity method (Note 3)

Note 1: Including amortization of subsidiary's patent amounting to (\$12,584).

Note 2: The weighted-average ownership percentage is 45.18%.

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

Unit: Thousands of New Taiwan Dollars / Thousands of Shares

Company	Name of investee	Location	Main operating activities	Original investment cost		Held by the Company			Income (loss) incurred by the investee	Investment income (loss) recognized by the Company	Note
				2010.9.30	2009.12.31	Number of shares	Percentage	Book value			
Gamania Holdings Ltd.	Gameastor International Holdings Ltd.	P.O. Box 30592 SMB, Cayside, 2nd Floor, Harbour Drive, Grand Cayman, Cayman Islands, British West Indies	Investment holdings	USD 41,290 thousand	USD 33,468 Thousand (Note 1)	41,290	100%	USD 18,575 thousand	(USD 2,138 thousand)	(USD 2,138 thousand)	Subsidiary (Note 4)
Gamania International Holdings Ltd.	Gamania Digital Entertainment (Japan) Co., Ltd.	Sumitomo Ooimachi Bldg. (South) 3F, 1-20-10 Town, Ooi, Shinagawa-Ku, Tokyo, Japan 140-0014	Design and sales of software; sales of hardware	USD 14,298 thousand	USD 14,298 thousand	3	100%	USD 5,190 thousand	(USD 483 thousand)	(USD 483 thousand)	"
Gamania International Holdings Ltd.	Gamania China Holdings Ltd.	P.O. Box 30592 SMB, Cayside, 2nd Floor, Harbour Drive, Grand Cayman, Cayman Islands, British West Indies	Investment holdings	USD 27,284 thousand (Note2)	USD 21,094 thousand	25,794	98.15%	USD 10,444 Thousand (Note 2)	(USD 57 thousand)	(USD 55 thousand) (Note 3)	"
Gamania International Holdings Ltd.	Gamania Western Holdings Ltd.	P.O. Box 2804, Scotia, Centre, 4th, George Town, Grand Cayma KY1-1112, Cayman Islands	Investment holdings	USD 3,950 thousand	USD 150 thousand (Note 1)	3,950	100%	USD 2,241 thousand	(USD 1,594 thousand)	(USD 1,594 thousand)	"
Gamania International Holdings Ltd.	Gamania Netherlands Holdings Cooperatief U.A.	Prof J H Barincklaan 5,1183AT Amstelveen.	Investment holdings	EUR 500 thousand	-	500	100%	EUR 500 thousand	-	-	"

Note 1: Including prepayment of USD 150 thousand for long-term investment.

Note 2: Including prepayment of USD 1,090 thousand for long-term investment.

Note 3: The weighted-average ownership percentage is 96.77%.

Note 4: The investment has been eliminated in the consolidated financial statements.

Unit: Thousands of New Taiwan Dollars / Thousands of Shares

Company	Name of investee	Location	Main operating activities	Original investment cost		Held by the Company			Income (loss) incurred by the investee	Investment income (loss) recognized by the Company	Note
				2010.9.30	2009.12.31	Number of shares	Percentage	Book value			
Gamania China Holdings Ltd.	Gamania Sino Holdings Ltd.	Fourth Floor, One Capital Place P.O. Box 874GT, Grand Cayman, Cayman Islands, British West Indies	Investment holdings	USD 24,420 thousand	USD 19,720 thousand	24,420	100%	USD 1,538 thousand	(USD 3,011 thousand)	(USD 3,011 thousand)	Subsidiary (Note 2)
Gamania China Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	Flat 504-507, 5F, Conic Investment Building, 13 Hok Yuen Street, Hung Hom, Kowloon, Hong Kong	Software services and sales	USD 3,009 thousand	USD 3,009 thousand	35,500	100%	USD 6,497 thousand	USD 3,057 thousand	USD 3,057 thousand	"
Gamania Sino Holdings Ltd.	Gamania Digital Entertainment (Beijing) Co., Ltd.	Rm. 811, 8F, Building A, GEM Techcenter, No. 9, 3rd street of Shangdi, Beijing 100085 China	Design and sales of software	USD 20,500 thousand	USD 15,800 thousand	N/A	100%	USD 1,307 thousand	(USD 2,906 thousand)	(USD 2,906 thousand)	"
Gamania Western Holdings Ltd.	Gamania Digital Entertainment (U.S.) Co., Ltd.	Suite 806, 1220 N. Market Street, Wilmington, DE 19801, County of New Castle	Software services and sales	USD 3,930 thousand	USD 130 thousand (Note 1)	1	100%	USD 2,237 thousand	(USD 1,587 thousand)	(USD 1,587 thousand)	"
Gamania Netherlands Holdings Cooperatief U.A.	Gamania Digital Entertainment (Europe) B.V.	Naritaweg 165 Telestone 8, 1043BW Amsterdam	Software services and sales	EUR 500 thousand	-	500	100%	EUR 500 thousand	-	-	"

Note 1: Including prepayment of USD 130 thousand for long-term investment.

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

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

C) Guarantee information: None.

D) Marketable securities held at September 30, 2010:

Issuer	Type of marketable securities (Note 1)	Name of marketable securities	Relationship with the security holders	General ledger account	September 30, 2010				
					Number of shares (Note 3)	Book value	Percentage	Market value (Note 2)	Note
Gamania Holdings Ltd.	Common Stock	Gamania International Holdings Ltd.	Subsidiary	Long-term investments – accounted for under the equity method	41,290	USD 18,575 thousand	100%	USD 18,575 thousand	Note 4
Gamania International Holdings Ltd.	"	Gamania Digital Entertainment (Japan) Co., Ltd.	"	"	3	USD 5,190 thousand	100%	USD 5,190 thousand	"
Gamania International Holdings Ltd.	"	Gamania China Holdings Ltd.	"	"	25,794	USD 9,354 thousand	98.51%	USD 8,474 thousand	"
Gamania International Holdings Ltd.	"	Gamania China Holdings Ltd.	"	Prepayment for long-term investment	-	USD 1,090 thousand	-	USD 1,090 thousand	"
Gamania International Holdings Ltd.	"	Gamania Western Holdings Ltd.	"	Long-term investments-accounted for under the equity method	3,950	USD 2,241 thousand	100%	USD 2,241 thousand	"
Gamania International Holdings Ltd.	"	Gamania Netherlands Holdings Cooperatief U.A.	"	"	500	EUR 500 thousand	100%	EUR 500 thousand	"
Gamania China Holdings Ltd.	"	Gamania Digital Entertainment (H.K.) Co., Ltd.	"	"	35,500	USD 6,497 thousand	100%	USD 6,497 thousand	"
Gamania China Holdings Ltd.	"	Gamania Sino Holdings Ltd.	"	"	24,420	USD 1,538 thousand	100%	USD 1,507 thousand	"
Gamania Sino Holdings Ltd.	"	Gamania Digital Entertainment (Beijing) Co., Ltd.	"	"	N/A	USD 1,307 thousand	100%	USD 1,307 thousand	"
Gamania Western Holdings Ltd.	"	Gamania Digital Entertainment (U.S.) Co., Ltd.	"	"	1	USD 2,237 thousand	100%	USD 2,237 thousand	"

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

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

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

Note 3: Unit: In thousand shares.

Note 4: The investment has been eliminated in the consolidated financial statements.

Issuer	Type of marketable securities (Note 1)	Name of marketable securities	Relationship with the security holders	General ledger account	September 30, 2010				
					Number of shares (Note 3)	Book value	Percentage	Market value (Note 2)	Note
Gamania Netherlands Holdings Cooperatief U.A	Common Stock	Gamania Digital Entertainment (Europe) B.V.	Subsidiary	Long-term investments – accounted for under the equity method	500	EUR 500 thousand	100%	EUR 500 thousand	Note 4
Gamania Asia Investment Co., Ltd.	"	Gameastor Digital Entertainment Co., Ltd.	Investee company accounted for under equity method	"	1,458	21,011	27.20%	21,011	"
Gamania Digital Entertainment (Beijing) Co., Ltd	"	EYOU Digital (Shanghai) Co., Ltd.	"	"	N/A	RMB 25 thousand	20%	RMB 25 thousand	None
Gamania Asia Investment Co., Ltd..	"	Nice Finance Co., Ltd.	None	Financial assets carried at cost	9,383	91,453	14.60%	91,453	"

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

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

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

Note 3: Unit: In thousand shares

Note 4: The investment has been eliminated in the consolidated financial statements.

E) Marketable securities acquired or sold during the nine-month period ended September 30, 2010 in excess of \$100,000 or 20% of capital:

Unit: Thousands of New Taiwan Dollars / Thousands of Shares

Investor	Type and name of marketable securities	General ledger account	Name and relationship of counterparty	Beginning balance		Addition		Disposal				Ending balance	
				Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Cost	Gain	Number of shares	Amount
Gamania Holdings Ltd.	Common stock/ Gamania International Holdings Ltd.	Long-term investments – accounted for under the equity method	Gamania International Holdings Ltd./ Long-term investments – accounted for under the equity method	33,318	USD12,447 thousand (Note 1)	7,972	USD 6,128 thousand (Note 2)	-	-	-	-	41,290	USD 18,575 thousand (Note 7)
Gamania International Holdings Ltd.	Common stock/ Gamania China Holdings Ltd.	"	Gamania China Holdings Ltd./ Long-term investments – accounted for under the equity method	21,094	USD 7,272 thousand	4,700	USD 3,172 thousand (Notes 3 and 4)	-	-	-	-	25,794	USD 10,444 thousand (Notes 3 and 7)
Gamania China Holdings Ltd.	Common stock/ Gamania Sino Holdings Ltd.	"	Gamania Sino Holdings Ltd./ Long-term investments – accounted for under the equity method	19,720	(USD 168 thousand)	4,700	USD 1,706 thousand (Notes 5)	-	-	-	-	24,420	USD 1,538 thousand (Notes 7)
Gamania Sino Holdings Ltd.	Common stock/ Gamania Digital Entertainment (Beijing) Co., Ltd.	"	Gamania Digital Entertainment (Beijing) Co., Ltd./ Long-term investments – accounted for under the equity method	N/A	(USD 504 thousand)	N/A	USD 1,811 thousand (Notes 6)	-	-	-	-	N/A	USD 1,307 thousand (Notes 3 and 7)

Note 1: Including prepayment of USD150 thousand for long-term investment.

Note 2: Gamania Holdings Ltd. invested USD7,822 thousand and recognized investment loss, cumulative translation adjustments and effect of change in ownership percentage of investee company .The net increase amount was USD6,128 thousand.

Note 3: Including prepayment of USD1,090 thousand for long-term investment.

Note 4: Gamania International Holdings Ltd. invested USD6,190 thousand (including prepayment of USD1,090 thousand for long-term investment) and recognized investment income, cumulative translation adjustments, and effect of change in ownership percentage of investee company and received the dividend. The net increase amount was USD3,172 thousand.

Note 5: Gamania China Holdings Ltd. invested USD4,700 thousand and recognized investment loss and cumulative translation adjustments. The net increase amount was USD1,706 thousand.

Note 6: Gamania Sino Holdings Ltd. invested USD4,700 thousand and recognized investment loss and cumulative translation adjustments. The net increase amount was USD1,811 thousand.

Note 7: The investment has been eliminated in the consolidated financial statements.

F) Acquisition of real estate in excess of \$100,000 or 20% of capital: None.

G) Disposal of real estate in excess of \$100,000 or 20% of capital: None.

H) Sales to or purchases from related parties in excess of \$100,000 or 20% of capital: None.

I) Receivable from related parties in excess of \$100,000 or 20% or capital: None.

J) Information on derivative transactions: None.

(3) DISCLOSURE OF INFORMATION ON INVESTMENT IN MAINLAND CHINA

A)

Name of investee in Mainland China	Main activities	Capital	Investment method	Accumulated investment as of January 1, 2010	Remitted or received investment amount during the period		Accumulated investment as of September 30, 2010	Direct and indirect percentage of ownership	Investment loss recognized during the period (Note 3)	Balance of investment at September 30, 2010	Accumulated investment income received as of September 30, 2010
					Remitted	Received					
Gamania Digital Entertainment (Beijing) Co., Ltd.	Design and sales of software	(RMB 158,288 thousand)	(Note 2)	(USD 13,670 thousand)	(USD 3,900 thousand)	\$ -	(USD 17,570 thousand)	98.15%	(USD 2,812 thousand)	USD 1,283 thousand	\$ -
		\$738,580		\$426,982	\$121,817	\$548,799	(\$89,844)		\$40,075		

Accumulated amount of investment in Mainland China as of September 30, 2010	Related investment amount approved by FIA	Upper limit of investment in Mainland China
\$ 548,799 (USD 17,570 thousand)	\$ 817,732 (Note 1)	\$ 1,590,994

Note 1: Related total investment amount approved by FIA is USD 26,180,000 or NTD 817,732 thousand based on 31.2350 exchange rate.

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

Note 3: Investment loss recognized in the period is calculated based on 96.77% of indirect ownership using the financial statements of the investee, which were unreviewed.

B) The Company has no significant transactions with the holding company or its subsidiaries in Mainland China and related transactions have been disclosed in Note (5).

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

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

For the nine-month period ended September 30, 2010

Number (Note 1)	Name of counterparty	Name of transaction parties	Relationship (Note 2)	Transaction terms			Percentage of total combined revenue or total assets (Note 3)
				Subject	Amount	Transaction terms	
0	Gamania Digital Entertainment Co., Ltd.	Fundation Digital Entertainment Co., Ltd.	1	Purchases	\$ 10,515	Note 4	-%
0	"	Gameastor Digital Entertainment Co., Ltd.	1	Purchases	7,078	Note 4	-%
0	"	Gameastor Digital Entertainment Co., Ltd.	1	Rent revenue	7,116	Note 4	-%
0	"	Gameastor Digital Entertainment Co., Ltd.	1	Advertising expense	34,487	Note 4	1%
0	"	Gamania Digital Entertainment (H.K.) Co., Ltd.	1	Other receivables	10,308	Note 4	-%
0	"	Gameastor Digital Entertainment Co., Ltd.	1	Other receivables	5,030	Note 4	-%
0	"	Gamania Digital Entertainment (Beijing) Co., Ltd.	1	Other receivables	5,586	Note 4	-%
0	"	Gameastor Holdings Ltd.	1	Other receivables	5,003	Note 4	-%
0	"	Gamania Digital Entertainment (Europe) B.V.	1	Other receivables	22,765	Note 4	1%
0	"	Gameastor Digital Entertainment Co., Ltd.	1	Other payables	85,902	Note 4	2%
0	"	Gameastor Digital Entertainment Co., Ltd.	1	Accrued expenses	7,066	Note 4	-%
1	Playcoo Co. Ltd	Gamania Digital Entertainment Labuan Holdings, Ltd.	3	License revenue	56,092	Note 4	1%
1	"	Gamania Digital Entertainment Labuan Holdings, Ltd.	3	Accounts receivable	12,296	Note 4	-%
2	Gameastor Digital Entertainment Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Sales revenue	7,078	Note 4	-%
2	"	Gamania Digital Entertainment Co., Ltd.	2	Advertising revenue	34,487	Note 4	1%
2	"	Gamania Digital Entertainment Co., Ltd.	2	Operating costs	7,116	Note 4	-%
2	"	Gamania Digital Entertainment Co., Ltd.	2	Accounts receivable	92,968	Note 4	2%
3	Fundation Digital Entertainment Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Sales revenue	10,515	Note 4	-%
4	Gamania Digital Entertainment (H.K.) Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	10,308	Note 4	-%
5	Gamania Digital Entertainment (Beijing) Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	5,586	Note 4	-%

For the nine-month period ended September 30, 2010 (Continued)

Number (Note 1)	Name of counterparty	Name of transaction parties	Relationship (Note 2)	Transaction terms			Percentage of total combined revenue or total assets (Note 3)
				Subject	Amount	Transaction terms	
6	Gamania Holdings Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	\$ 5,003	Note 4	-%
7	Gamania Digital Entertainment (Europe) B.V.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	22,765	Note 4	1%
8	Gamania Digital Entertainment Labuan Holdings, Ltd.	Gamania Digital Entertainment (Japan) Co., Ltd.	3	License revenue	62,977	Note 4	1%
8	Gamania Digital Entertainment Labuan Holdings, Ltd.	Playcoo Co.	3	License costs	56,092	Note 4	1%
8	Gamania Digital Entertainment Labuan Holdings, Ltd.	Playcoo Co.	3	Accounts payable	12,296	Note 4	-%
8	Gamania Digital Entertainment Labuan Holdings, Ltd.	Gamania Digital Entertainment (Japan) Co., Ltd.	3	Accounts receivable	7,020	Note 4	-%
8	Gamania Digital Entertainment Labuan Holdings, Ltd.	Gameastor Digital Entertainment Co., Ltd.	3	License revenue	26,498	Note 4	1%
8	Gamania Digital Entertainment Labuan Holdings, Ltd.	Gameastor Digital Entertainment Co., Ltd.	3	Unearned revenue collected in advance	26,440	Note 4	1%
9	Gamania Digital Entertainment (Japan) Co., Ltd.	Gamania Digital Entertainment Labuan Holdings, Ltd.	3	License costs	62,977	Note 4	1%
9	Gamania Digital Entertainment (Japan) Co., Ltd.	Gamania Digital Entertainment Labuan Holdings, Ltd.	3	Accounts payable	7,020	Note 4	-%
10	Gameastor Digital Entertainment Co., Ltd.	Gamania Digital Entertainment Labuan Holdings, Ltd.	3	License costs	26,498	Note 4	1%
10	Gameastor Digital Entertainment Co., Ltd.	Gamania Digital Entertainment Labuan Holdings, Ltd.	3	Agency	26,440	Note 4	1%

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

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

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

1. The Company to the consolidated subsidiary.
2. The consolidated subsidiary to the Company.
3. The consolidated subsidiary to another consolidated subsidiary.

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

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

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

For the nine-month period ended September 30, 2009

Number (Note 1)	Name of counterparty	Name of transaction parties	Relationship (Note 2)	Transaction terms			Percentage of total combined revenue or total assets (Note 3)
				Subject	Amount	Transaction terms	
0	Gamania Digital Entertainment Co., Ltd.	Playcoo Co.	1	License costs	\$ 13,742	Note 4	-%
0	"	Taiwan Index Co., Ltd.	1	Purchases	67,413	Note 4	2%
0	"	Taiwan Index Co., Ltd.	1	Rent revenue	6,132	Note 4	-%
0	"	Taiwan Index Co., Ltd.	1	Advertising expense	19,343	Note 4	-%
0	"	Gamania Digital Entertainment (H.K.) Co., Ltd.	1	Other receivables	15,478	Note 4	-%
0	"	Taiwan Index Co., Ltd.	1	Other receivables	9,718	Note 4	-%
0	"	Gamania Digital Entertainment (Beijing) Co., Ltd.	1	Other receivables	5,605	Note 4	-%
0	"	Taiwan Index Co., Ltd.	1	Other payables	41,748	Note 4	1%
1	Playcoo Co.	Gamania Digital Entertainment Co., Ltd.	2	License revenue	13,742	Note 4	-%
1	"	Gamania Digital Entertainment (Japan) Co., Ltd.	3	License revenue	64,516	Note 4	2%
1	"	Gamania Digital Entertainment Labuan Holdings, Ltd.	3	Accounts receivable	13,466	Note 4	-%
2	Taiwan Index Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Sales revenue	67,413	Note 4	2%
2	"	Gamania Digital Entertainment Co., Ltd.	2	Advertising revenue	19,343	Note 4	-%
2	"	Gamania Digital Entertainment Co., Ltd.	2	Operating costs	5,856	Note 4	-%
2	"	Gamania Digital Entertainment Co., Ltd.	2	Rent expense	276	Note 4	-%
2	"	Gamania Digital Entertainment Co., Ltd.	2	Accounts receivable	41,748	Note 4	1%
2	"	Gamania Digital Entertainment Co., Ltd.	2	Accounts payable	9,718	Note 4	-%
3	Gamania Digital Entertainment (H.K.) Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	15,478	Note 4	-%
4	Gamania Digital Entertainment (Beijing) Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	5,605	Note 4	-%
5	Gamania Digital Entertainment (Japan) Co., Ltd.	Playcoo Co.	3	License costs	64,516	Note 4	2%

For the nine-month period ended September 30, 2009 (Continued)

Number (Note 1)	Name of counterparty	Name of transaction parties	Relationship (Note 2)	Transaction terms			Percentage of total combined revenue or total assets (Note 3)
				Subject	Amount	Transaction terms	
5	Gamania Digital Entertainment (Japan) Co., Ltd.	Gamania Digital Entertainment Labuan Holdings, Ltd.	3	Accounts payable	\$ 7,256	Note 4	-%
6	Gamania Digital Entertainment Labuan Holdings, Ltd.	Gamania Digital Entertainment (Japan) Co., Ltd.	3	Accounts receivable	7,256	Note 4	-%
6	"	Playcoo Co.	3	Accounts payable	13,466	Note 4	-%

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

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

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

1. The Company to the consolidated subsidiary.
2. The consolidated subsidiary to the Company.
3. The consolidated subsidiary to another consolidated subsidiary.

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

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

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

12. SEGMENT INFORMATION

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