

Gamania Reports Financial Results of 2007

Taipei, Taiwan, R.O.C., March 24, 2008-- Gamania Digital Entertainment Co., Ltd. today announced its **consolidated** annual operating revenue of NT\$3,500,757 thousand, gross margin of NT\$1,705,684 thousand with gross margin rate approximately 48.72%, operating income of NT\$487,666 thousand, net income of NT\$383,785 thousand, and earnings per share (EPS) NT\$2.59 based on audited financial statements and report of year 2007.

Unit: NT\$ Thousand, except EPS	FY 2007	FY 2006	YoY
Operating Revenue	3,500,757	3,679,935	-4.87%
Operating Costs	(1,795,073)	(2,100,029)	-14.52%
Gross Margin	1,705,684	1,579,906	7.96%
Operating Expenses	(1,218,018)	(1,215,888)	0.18%
Operating Income	487,666	364,018	33.97%
Non-operating Income (Expenses)	(15,070)	(51,196)	-70.56%
Profit before Income tax	472,596	312,822	51.08%
Income Tax Benefit (Expense)	(89,671)	89,503	-200.19%
Consolidated Net Income	382,925	402,325	-4.82%
Attributable to:			
Shareholders	383,785	434,711	-11.71%
Minority Interest	(860)	(32,386)	-97.34%
Basic Earnings per Share (NT\$)	2.59	2.99	-13.38%

Source: Audited consolidated financial statements and report of year 2006 & 2007

The 2007 operating revenue was slightly down YoY due to the number of consolidated entities decreased. Since gamania resold partial shares of “NC Taiwan Co., Ltd.(NCT)” and therefore NCT has been excluded from consolidation since early 2007. The 2007 operating revenue actually increased around 7% YoY if excluding the consolidation of NCT’s revenue for both years. The growth of Gamania Taiwan’s revenue was attributed to continuous hit of “Lineage 1” and

“Maple Story”, accompanied with the attraction of “Kart Rider” to users of all ages. Moreover, benefited by the release of new games, the revenue base of “Gamania Hong Kong” and “Gamania Japan” kept expanding. The gross margin rate obviously increased to 48.72% from 42.93%, benefited from the decrease of depreciation from some servers of “Lineage 1”, the revenue increase of “Gamania Hong Kong” and “Gamania Japan”, and the improvement of product mix of “Taiwan Index Co, Ltd”. Even the total R&D expenses increased YoY since the expansion of R&D capability of “Gamania Beijing”, the total operating expenses was similar to that for 2006 under appropriate control on marketing and administration expenses. The total operating profit increased about 33.97% YoY.

The total non-operating expenses decreased 70.56% YoY, mainly due to the realized gain on disposal of the partial shares of “NC Taiwan Co., Ltd(NCT)”,

To effectively reduce the income tax rate, several Gamania’s subsidiaries applied for “capital-reduction to recover accumulated deficit” to further create Income tax benefit for Gamania Taiwan. Since the amount of tax benefit generated for 2006 was larger than that for 2007, therefore the basic earnings per share(EPS) for 2007 slightly decreased by NT\$0.4 compared to EPS for 2006.

Under the abovementioned factors including solid revenue and higher margin rate, in addition to the improving performance of offshore subsidiaries and realized gain on disposal of the partial shares of “NCT”, the pretax income largely increased 51.08% YoY.

Based on current outlook, the management team expects to further improve overall operating performance in 2008 by adopting diversified product strategy to meet more requirements from the broad clients, along with the promising possibility of “Gamania Japan” to turn profitable.

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Taipei, Taiwan, R.O.C., March 24, 2008-- Gamania Digital Entertainment Co., Ltd. today announced its **unconsolidated** annual operating revenue of NT\$2,859,256 thousand, gross margin of NT\$1,375,195 thousand with gross margin rate approximately 48.10%, operating income of NT\$545,969 thousand, net income of NT\$383,785 thousand, and earnings per share (EPS) NT\$2.59 based on audited financial statements and report of year 2007.

Unit: NT\$ Thousand, except EPS	FY 2007	FY 2006	YoY
Operating Revenue	2,859,256	2,687,614	6.39%
Operating Costs	(1,484,061)	(1,449,646)	2.37%
Gross Margin	1,375,195	1,237,968	11.08%
Operating Expenses	(829,226)	(771,845)	7.43%
Operating Income	545,969	466,123	17.13%
Non-operating Income (Expenses)	(85,393)	(129,400)	-34.01%
Profit before Income tax	460,576	336,723	36.78%
Income Tax Benefit (Expense)	(76,791)	97,988	-178.37%
Net Income	383,785	434,711	-11.71%
Basic Earnings per Share (NT\$)	2.59	2.99	-13.38%

Source: Audited unconsolidated financial statements and report of year 2006 & 2007

The 2007 operating revenue was up 6.39% YOY from NT\$2,687,614 thousand in 2006. However, since publishing business has been transferred to and operated by Gamania's subsidiary, the 2007 operating revenue increased around 10.55% compared to the revenue for 2006 deducted by the publishing sales. The growth in revenue was attributed to continuous hit of "Lineage 1" and "Maple Story", accompanied with the attraction of "Kart Rider" to users of all ages. The gross margin rate increased to 48.10% from 46.06% benefited from the decrease of depreciation since some servers of "Lineage 1" already used over their useful life

and shall no longer be accrued depreciation. The ratio of operating expenses divided by operating revenue for 2007 was similar to that ratio for 2006, which was the contributor to boost operating profit to increase 17.13%. In addition, the total operating profit rate increased from 17.34% to 19.09%.

The decrease of non-operating expenses for 2007 mainly came from the change of “investment loss recognized under equity method”. The amount of “investment loss recognized under equity method” decreased 27.17% YoY due to the improved operation of “Gamania Japan” and the downsize of “Gamania Beijing”, along with the resell of the partial shares of “NC Taiwan Co., Ltd. (NCT)” which still operated in deficit. With abovementioned factors including the decrease of “investment loss recognized under equity method” and the realized gain on disposal of the partial shares of “NCT”, the total non-operating expenses decreased 34.01% YoY.

To effectively reduce the income tax rate, several Gamania’s subsidiaries applied for “capital-reduction to recover accumulated deficit” to further create Income tax benefit for Gamania in Taiwan. Since the amount of tax benefit generated for 2006 was larger than that for 2007, therefore the basic earnings per share(EPS) for 2007 slightly decreased by NT\$0.4 compared to EPS for 2006.

Under the abovementioned factors including solid revenue and higher margin rate, in addition to the improving performance of offshore subsidiaries and realized gain on disposal of the partial shares of “NCT”, the pretax income largely increased 36.78% YoY.

Based on current outlook, the management team expects to further improve overall operating performance in 2008 by adopting diversified product strategy to meet more requirements from the broad clients, along with the promising possibility of “Gamania Japan” to turn profitable.