GAMANIA DIGITAL ENTERTAINMENT CO., LTD.

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2011 AND 2010

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.

Report of Independent Accountants Translated from Chinese

PWCR11000408

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

We have audited the accompanying consolidated balance sheets of Gamania Digital Entertainment Co., Ltd. and its subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of income, of changes in stockholders' equity and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. As described in Note 2(1), we did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of $1,468,832 thousand and $1,024,071 thousand, constituting 28.44% and 23.80% of the related consolidated totals as of December 31, 2011 and 2010, respectively, and total operating revenues of $1,030,621 thousand and $1,894,963 thousand, constituting 14.23% and 32.37% of the related consolidated totals for the years then ended, respectively. Further, as described in Note 4(8), we did not audit the financial statements of the certain long-term equity investments of Gamania Digital Entertainment Co., Ltd. and its subsidiaries, accounted for under the equity method, for the year ended December 31, 2011. These long-term equity investments amounted to $7 million, representing 0.14% of the consolidated total assets as of December 31, 2011, and the related investment income amounted to $1,427 thousand, representing 0.45% of the consolidated net income before tax for the year then ended. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for these subsidiaries and certain investees' accounted for under the equity method and the information disclosed in Note 11(2) relative to these subsidiaries and investees, is based solely on the reports of the other auditors.

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

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Gamania Digital Entertainment Co., Ltd. and its subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their cash flows for the years then ended, 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

March 19, 2012

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

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

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31,

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS	2011	2010
Current Assets		
Cash and cash equivalents (Note 4(1))	2,025,722	$ 1,258,680
Financial assets at fair value through profit or loss - current (Note 4(2))	9,839	-
Notes receivable – third parties – net (Note 4(3))	29,099	124,409
Accounts receivable – third parties – net (Note 4(4))	1,060,946	1,194,913
Other receivables (Note 4(18))	70,533	29,312
Other financial assets – current (Note 6)	7,815	-
Inventories – net (Note 4(5))	263,476	29,994
Prepaid expenses	104,402	55,671
Deferred income tax assets – current (Note 4(18))	5,184	22,785
Other current assets	30,694	4,309
	3,607,710	2,720,073
Long-term Investments		
Financial assets at fair value through profit or loss – non-current (Note 4(6))	2,850	2,850
Financial assets carried at cost – non-current (Note 4(7))	124,294	114,294
Long-term investments – accounted for under the equity method (Note 4(8))	14,216	6,745
	141,360	123,889
Property, Plant and Equipment – net (Notes 4(9) and 6)		
Cost		
Land	157,556	156,941
Buildings	226,501	212,259
Machinery and equipment	934,286	725,309
Transportation equipment	4,780	934
Office equipment	212,578	174,981
Leasehold improvements	78,169	57,836
Other equipment	22,780	14,998
Total Cost	1,636,650	1,343,258
Less: Accumulated depreciation	(802,978)	(677,418)
Accumulated impairment	(4,213)	(4,262)
Construction in progress and prepayments for equipment	16,450	62,872
	845,909	724,450
Intangible assets		
Trademarks (Note 4(13))	4,306	-
Goodwill (Note 4(13))	85,713	89,603
Deferred pension cost (Note 4(19))	721	1,527
Other intangible assets – net (Notes 4(10)(13))	4,102	7,528
	94,842	98,658
Other Assets		
Refundable deposits	57,672	48,197
Deferred charges – net (Notes 4(11) and 5(2))	343,056	553,075
Deferred income tax assets – non-current (Note 4(18))	34,199	27,986
Other assets – other (Notes 4(12)(19))	39,054	8,803
	473,981	638,061
TOTAL ASSETS	$ 5,163,802	$ 4,305,131

LIABILITIES AND STOCKHOLDERS' EQUITY	2011	2010
Current Liabilities		
Short-term loans (Note 4(14))	$ 92,563	$ 154,982
Notes payable – third parties	30,006	55
Accounts payable – third parties	698,235	237,258
Accounts payable – related party (Note 5(2))	72,099	-
Income tax payable (Note 4(18))	83,892	38,454
Accrued expenses (Note 4(20))	513,047	437,011
Other payables – third parties	179,212	340,796
Unearned revenue collected in advance	391,674	317,381
Current portion of long-term loans (Notes 4(16)(17))	26,869	31,149
Other current liabilities	15,694	10,168
	2,103,291	1,567,254
Long-term Liabilities		
Financial liabilities at fair value through profit or loss – non-current (Note 4(15))	6,653	3,273
Bonds payable (Note 4(16))	21,558	-
Long-term loans (Note 4(17))	8,562	27,560
	36,773	30,833
Other Liabilities		
Accrued pension liabilities (Note 4(19))	9,938	9,270
Guarantee deposits	5,761	6
Deferred income tax liabilities - non-current (Note 4(18))	2,229	1,627
Other liabilities – other	6,845	752
	24,773	11,655
Total Liabilities	2,164,837	1,609,742
Stockholders' Equity		
Common stock		
Common stock (Note 1)	1,567,515	1,657,020
Stock subscriptions received in advance (Note 4(25))	28	6,186
Capital reserve (Note 4(20))		
Paid-in capital in excess of par	831,930	862,382
Additional paid-in capital - treasury stock transactions	24,234	-
Gain on disposal of property, plant and equipment	221	221
Retained earnings		
Legal reserve (Notes 4(21)(22))	140,909	117,649
Retained earnings (Notes 4(18)(22))	219,813	399,094
Other adjustments to stockholders' equity		
Cumulative translation adjustments	29,032	(5,731)
Unrealized net loss	(1,143)	(1,126)
Treasury stock (Note 4(24))	-	(370,182)
	2,812,539	2,665,513
Minority interest	186,426	29,876
Total Stockholders' Equity	2,998,965	2,695,389
Commitments and Contingent Liabilities (Note 7)		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 5,163,802	$ 4,305,131

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 19, 2012.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2011	2010
Operating revenues		
Sales revenue	$ 7,233,360	$ 5,876,710
Sales returns	(12,849)	(102,225)
Sales allowances	(9,555)	(15,045)
Net sales revenue	7,210,956	5,759,440
Service revenue	33,712	94,508
Operating revenues	7,244,668	5,853,948
Operating costs		
Cost of goods sold (Notes 4(5), 4(26) and 5(2))	(4,260,298)	(2,996,701)
Gross profit	2,984,370	2,857,247
Operating expenses (Notes 4(26) and 5(2))		
Selling expenses	(651,691)	(845,036)
General and administrative expenses	(1,355,798)	(1,044,649)
Research and development expenses	(611,034)	(484,941)
Total operating expenses	(2,618,523)	(2,374,626)
Operating income	365,847	482,621
Non-operating income		
Interest income	4,256	2,129
Dividend income	197	-
Gain on disposal of property, plant and equipment	1,414	636
Foreign exchange gain	-	8,799
Rental income	25,173	2,954
Gain on recovery of bad debts	-	3,147
Gain on adjustment of financial assets	858	593
Miscellaneous income (Note 5(2))	31,433	22,390
Total non-operating income	63,331	40,648
Non-operating expenses		
Interest expense	(2,403)	(4,122)
Investment loss accounted for under the equity method (Note 4(8))	(4,155)	(6,415)
Loss on disposal of property, plant and equipment	-	(5,459)
Foreign exchange loss	(9,904)	-
Impairment loss (Note 4(13)	(3,424)	-
Loss on adjustment of financial assets	(3,380)	(423)
Miscellaneous losses	(94,132)	(130,996)
Total non-operating expenses	(117,398)	(147,415)
Income before income tax	311,780	375,854
Income tax expense (Note 4(18))	(126,169)	(142,567)
Income before extraordinary gain	185,611	233,287
Extraordinary gain (Note 10)	9,660	-
Consolidated net income	$ 195,271	$ 233,287
Attributable to:		
Equity holders of the Company	$ 187,010	$ 231,523
Minority interest	8,261	1,764
	$ 195,271	$ 233,287

	2011		2010	
Earnings per share (in dollars) (Note 4(23))	Before income tax	After income tax	Before income tax	After income tax
Basic earnings per share (in dollars)				
Profit attributable to equity holders of the Company	$ 1.96	$ 1.15	$ 2.46	$ 1.52
Extraordinary gain	0.06	0.06	-	-
Minority interest income	0.06	0.06	0.01	0.01
Consolidated net income	$ 2.08	$ 1.27	$ 2.47	$ 1.53
Diluted earnings per share (in dollars)				
Profit attributable to equity holders of the Company	$ 1.92	$ 1.12	$ 2.38	$ 1.48
Extraordinary gain	0.06	0.06	-	-
Minority interest income	0.06	0.06	0.01	0.01
Consolidated net income	$ 2.04	$ 1.24	$ 2.39	$ 1.49

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 19, 2012.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Common Stock		Capital Reserve			Retained Earnings						
	Common Stock	Stock Subscription Received in Advance	Paid-in Capital in Excess of Par	Additional paid-in capital-treasury stock transactions	Capital Surplus from Gain on Disposal of Assets	Legal Reserve	Retained Earnings	Cumulative Translation Adjustments	Unrealized Net Loss	Treasury Stock	Minority Interest	Total
2010												
Balance at January 1, 2010	$ 1,604,951	$ 12,437	$ 789,316	$ -	$ 221	$ 86,730	$ 395,413	$ 35,674	($ 565)	($ 370,182)	$ 30,335	$ 2,584,330
Employee stock options exercised	39,632	6,186	73,066	-	-	-	-	-	-	-	-	118,884
Capital collected in advance transferred to common stock	12,437	(12,437)	-	-	-	-	-	-	-	-	-	-
Distribution of 2009 earnings (Note 1):												
Legal reserve	-	-	-	-	-	30,919	(30,919)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(197,999)	-	-	-	-	(197,999)
Consolidated net income for the year	-	-	-	-	-	-	231,523	-	-	-	1,764	233,287
Cumulative translation adjustments	-	-	-	-	-	-	-	(41,405)	-	-	-	(41,405)
Effect of change in ownership percentage of investee company	-	-	-	-	-	-	1,076	-	-	-	-	1,076
Effect of investee's unrecognized pension cost	-	-	-	-	-	-	-	-	(561)	-	-	(561)
Change in minority interest	-	-	-	-	-	-	-	-	-	-	(2,223)	(2,223)
Balance at December 31, 2010	$ 1,657,020	$ 6,186	$ 862,382	$ -	$ 221	$ 117,649	$ 399,094	($ 5,731)	($ 1,126)	($ 370,182)	$ 29,876	$ 2,695,389
2011												
Balance at January 1, 2011	$ 1,657,020	$ 6,186	$ 862,382	$ -	$ 221	$ 117,649	$ 399,094	($ 5,731)	($ 1,126)	($ 370,182)	$ 29,876	$ 2,695,389
Employee stock options exercised	22,709	28	32,087	-	-	-	-	-	-	-	-	54,824
Capital collected in advance transferred to common stock	6,186	(6,186)	-	-	-	-	-	-	-	-	-	-
Cancelation of treasury stock	(118,400)	-	(62,539)	-	-	-	(153,663)	-	-	334,602	-	-
Transfer of treasury stock	-	-	-	24,234	-	-	-	-	-	35,580	-	59,814
Distribution of 2010 earnings (Note 2):												
Legal reserve	-	-	-	-	-	23,260	(23,260)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(186,035)	-	-	-	-	(186,035)
Consolidated net income for the year	-	-	-	-	-	-	187,010	-	-	-	8,261	195,271
Cumulative translation adjustments	-	-	-	-	-	-	-	34,763	-	-	-	34,763
Effect of change in ownership percentage of investee company	-	-	-	-	-	-	(3,333)	-	-	-	-	(3,333)
Effect of investee's unrecognized pension cost	-	-	-	-	-	-	-	-	(17)	-	-	(17)
Change in minority interest	-	-	-	-	-	-	-	-	-	-	148,289	148,289
Balance at December 31, 2011	$ 1,567,515	$ 28	$ 831,930	$ 24,234	$ 221	$ 140,909	$ 219,813	$ 29,032	($ 1,143)	$ -	$ 186,426	$ 2,998,965

Note 1: The amounts approved by the Company's stockholders for the distribution of 2009 earnings for the directors' and supervisors' remuneration and employees' bonuses are $5,565 and $41,740, respectively, whereas the amounts deducted from the Income tatement for 2009 were $5,679 and $42,596, respectively. The differences of $114 and $856, respectively were adjusted in the income statement for the year ended December 31, 2010.

Note 2: The amounts approved by the Company's stockholders for the distribution of 2010 earnings for the directors' and supervisors' remuneration and employees' bonuses are $5,040 and $38,200, respectively, whereas the amounts deducted from the Income Statement for 2010 were $5,520 and $41,401, respectively. The differences of $480 and $3,201 respectively were adjusted in the income statement for the year ended December 31, 2011.

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 19, 2012.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2011	2010
Cash flows from operating activities		
Consolidated net income	$ 195,271	$ 233,287
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Extraordinary gain	(9,660)	-
Reversal of allowance for sales returns	(3,964)	(475)
Provision for doubtful accounts	21,886	15,269
Provision for decline in market value of inventories	432	5,841
Investment loss accounted for under the equity method	4,155	6,415
Loss on adjustment of financial assets	2,522	423
Provision for impairment loss of other intangible assets	3,424	-
Depreciation and amortization	465,511	484,025
(Gain) loss on disposal of property, plant and equipment	(1,414)	5,459
Deferred charges transferred to cost of goods sold and other loss	91,186	116,031
Deferred income tax assets	14,215	58,618
Paid-in capital in excess of par value of bonds payable	(1,077)	-
Treasury stock-based employee compensation expense	40,463	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Financial liabilities at fair value through profit or loss	858	
Notes receivable – third parties	114,958	(11,406)
Accounts receivable – third parties	311,777	(87,255)
Other receivables – third parties	(39,472)	9,915
Inventories	(33,058)	24,749
Prepaid expenses	(38,620)	(22,917)
Other current assets	(16,385)	(1,663)
Increase (decrease) in:		
Notes payable – third parties	1,573	(10,001)
Accounts payable – third parties	393,993	20,528
Accounts payable – related party	72,099	-
Income tax payable	24,243	25,872
Accrued expenses	62,033	50,508
Other payables – third parties	(200,192)	100,218
Unearned revenue collected in advance	67,396	(47,692)
Other current liabilities	5,353	5,122
Accrued pension liabilities	1,405	410
Net cash provided by operating activities	1,550,911	981,281

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GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2011	2010
Cash flows from investing activities		
Acquisition of financial assets carried at cost	($ 10,000)	$ -
Increase in minority interest acquisition price	-	(38,337)
(Increase) decrease in other financial assets – current	(7,815)	2,000
Increase in financial assets at fair value through profit or loss – non-current	-	(2,850)
Increase in long-term investments – subsidiary acquisition price	(7,400)	(2,000)
Acquisition of property, plant and equipment	(261,253)	(266,189)
Increase in deferred charges	(146,594)	(364,761)
Proceeds from disposal of property, plant and equipment and deferred charges	12,042	3,391
Increase in other intangible assets	(3,319)	(7,322)
Increase in other assets – other	(12,910)	(1,436)
Increase in refundable deposits, net	(8,924)	(1,107)
Increase in financial liabilities at fair value through profit or loss – non-current	-	2,850
Net cash used in investing activities	(446,173)	(675,761)
Cash flows from financing activities		
(Decrease) increase in short-term loans	(62,419)	9,429
Proceeds from issuance of bonds payable	22,635	-
(Decrease) increase in long-term loans (including current portion)	(24,760)	8,716
Decrease in guarantee deposits	-	(374)
Increase (decrease) in other liabilities – other	6,093	(299)
Exercise of employee stock options	54,824	118,884
Payment of cash dividends	(186,035)	(197,999)
Treasury stock for employee stock warrants	19,351	-
Changes in minority interest	157,949	(2,223)
Net cash used in financing activities	(12,362)	(63,866)
Effect of exchange rate changes on cash and cash equivalents	1,098	(87,985)
Effect of changes in consolidated entities	(326,432)	-
Net increase in cash and cash equivalents	767,042	153,669
Cash and cash equivalents at beginning of the year	1,258,680	1,105,011
Cash and cash equivalents at end of the year	$ 2,052,722	$ 1,258,680
Supplemental disclosures of cash flow information		
Cash paid during the year for:		
Interest	$ 5,171	$ 5,337
Income tax	$ 68,741	$ 52,588
Cash paid for acquisition of property, plant and equipment		
Property, plant and equipment acquired	$ 288,086	$ 293,419
Payable at end of the year	(64,562)	(37,729)
Payable at beginning of the year	37,729	10,499
Cash paid	$ 261,253	$ 266,189
The fair value of the subsidiaries acquired in the period is as follows:		
Cash and cash equivalents	$ 492,422	$ -
Current assets	451,991	-
Current liabilities	(777,844)	-
Other liabilities	(6,507)	-
Minority interest	(120,062)	-
Cash paid for acquisition of the subsidiaries	$ 40,000	$ -

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

See report of independent accountants dated March 19, 2012.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

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 December 31, 2011, the total authorized capital was $2,500,000, consisting of 250 million shares of common stock (including 12 million shares for employee stock options), at a par value of $10 (NT dollars) per share, and the issued and outstanding capital was $1,567,515. The Company is engaged in software services. As of December 31, 2011, the Company and its consolidated subsidiaries had approximately 1,840 employees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying 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) Principles of consolidation

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. 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. All significant intercompany balances and transactions are eliminated in the consolidation.

(B) Consolidated subsidiaries

Company	Name of company	Main activities	% of shares held as of December 31 2011	2010	Note
Gamania Digital Entertainment Co., Ltd.	Gamania Holdings Ltd.	Holding company	100%	100%	Note 1
Gamania Holdings Ltd.	Gamania International Holdings Ltd.	Investment holdings	100%	100%	Note 2
Gamania International Holdings Ltd.	Gamania Digital Entertainment (Japan) Co., Ltd.	Design and sales of software; sales of hardware	100%	100%	Note 3
Gamania International Holdings Ltd.	Gamania China Holdings Ltd.	Investment holdings	98.70%	98.37%	Note 3
Gamania International Holdings Ltd.	Gamania Western Holdings Ltd.	Investment holdings	100%	100%	Note 3
Gamania International Holdings Ltd.	Gamania Netherlands Holdings Cooperatief U.A	Investment holdings	100%	100%	Note 3
Gamania International Holdings Ltd.	Firedog Studio Company Ltd.	Design and research of software	100%	100%	Note 3
Gamania International Holdings Ltd.	Gash Plus (Hong Kong) Company Ltd.	Software information and supply of electronic services	100%	-	Note 3
Gamania China Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	Design and sales of software	98.70%	98.37%	Note 5
Gamania China Holdings Ltd.	Gamania Sino Holdings Ltd.	Investment holdings	98.70%	98.37%	Note 5
Gamania Netherlands Holdings Cooperatief U.A.	Gamania Digital Entertainment (Europe) B.V.	Design and sales of software	100%	100%	Note 6
Gamania Western Holdings Ltd.	Gamania Digital Entertainment (U.S.) Co., Ltd.	Design and sales of software	100%	100%	Note 7
Gamania Sino Holdings Ltd.	Gamania Digital Entertainment (Beijing) Co., Ltd.	Design and sales of software	98.70%	98.37%	Note 8
Gamania Digital Entertainment Co., Ltd.	Gameastor Digital Entertainment Co., Ltd. (Note 6)	Software services and sales	72.08%	72.08%	Note 1
Gamania Asia Investment Co., Ltd.	Gameastor Digital Entertainment Co., Ltd. (Note 6)	Software services and sales	27.20%	27.20%	-

Company	Name of company	Main activities	% of shares held as of December 31 2011	2010	Note
Gamania Digital Entertainment Co., Ltd.	Gamania Asia Investment Co., Ltd.	Investment holdings	100%	100%	Note 1
Gamania Digital Entertainment Co., Ltd.	Gamania Korea Co., Ltd.	Design and sales of software	100%	100%	Note 1
Gamania Digital Entertainment Co., Ltd.	Fantasy Fish Digital Games Co., Ltd.	Design and research and development of software	99.75%	99.69%	Note 1
Gamania Digital Entertainment Co., Ltd.	Fundation Digital Entertainment Co., Ltd.	Publishing of magazines and periodicals	100%	100%	Note 1
Gamania Digital Entertainment Co., Ltd.	Gamania Digital Entertainment Labuan Holdings, Ltd.	Investment holdings	100%	100%	Note 1
Gamania Digital Entertainment Co., Ltd.	Redgate Games Co., Ltd.	Design and research of software	100%	100%	Note 1
Gamania Digital Entertainment Co., Ltd.	Seedo Games Co., Ltd.	Design and research of software	100%	100%	Note 1
Gamania Digital Entertainment Co.	Playcoo Co.	Design and research and development of software	75.25%	75.25%	Note 1
Gamania Digital Entertainment Co.	Two Tigers Co., Ltd.	Animation production	51%	51%	Note 1
Gamania Digital Entertainment Co.	Gash Plus Company Ltd.	Software information and supply of electronic services	100%	-	Note 1
Gamania International Holdings Ltd.	Tornado Studio Co., Ltd. (Note 7)	Design and research of software	100%	-	Note 3
Gash Plus Co., Ltd.	Jsdway Digital Technology Co., Ltd.	Software information and supply of electronic services	33.33%	-	Note 9
Gamania Holdings Ltd.	Gamania R&D (HK) Holdings Ltd.	Investment holdings	100%	-	Note 2
Jsdway Digital Technology Co., Ltd.	Webo Digital Co., Ltd.	Software services and sales	97.95%	-	Note 4
Jsdway Digital Technology Co., Ltd.	Precious Power Digital Technology Co., Ltd.	Software services and sales	70%	-	Note 4

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 Jsdway Digital Technology Co., Ltd.

Note 5: A majority-owned subsidiary of Gamania China Holdings Ltd.

Note 6: A majority-owned subsidiary of Gamania Netherlands Holding Cooperatief U.A.

Note 7: A majority-owned subsidiary of Gamania Western Holdings Ltd.

Note 8: A majority-owned subsidiary of Gamania Sino Holdings Ltd.

Note 9: Gameastor Digital Entertainment Co., Ltd., formerly Taiwan Index Co., Ltd., has completed its change of registration in September 2010.

Note10: Tornado Studio Co., Ltd., formerly Gama Games Co., Ltd., has completed its change of registration in August 2011.

Note 11:Gash Plus Co., Ltd. holds more than half of the board seats of Jsdway Digital Technology Co., Ltd.

a) In 2011, the information on investee companies, Gamania Korea Co., Ltd., Fundation Digital Entertainment Co., Ltd., Redgate Games Co., Ltd., Seedo Games Co. Ltd., Firedog Studio Company Ltd., Gamania Digital Entertainment (H.K.) Co., Ltd., and Jsdway Digital Technology Co., Ltd., were based on financial statements audited by each investee company's auditors.

b) In 2010, the information on investee companies, Gameastor Digital Entertainment Co., Ltd., Gamania Asia Investment Co., Ltd., Gamania Korea Co., Ltd., Fundation Digital Entertainment Co., Ltd., Redgate Games Co., Ltd., Seedo Games Co., Ltd., Gamania Digital Entertainment (Japan) Co., Ltd. and Gamania Digital Entertainment (H.K.) Co., Ltd., were based on financial statements audited by each investee company's auditors.

c) The financial statements reflect total assets of $1,468,832 and $1,024,071, constituting 28.44% and 23.80% of the related consolidated totals as of December 31, 2011 and 2010, respectively, and total operating revenues of $1,030,621 and $1,894,963, constituting 14.23% and 32.37% of the related consolidated totals for the years then ended, respectively.

(C) Changes in the consolidated subsidiaries:

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

Company	Name of company	Main activities	% of shares held as of December 31 2011	2010	Note
Gamania Digital Entertainment Co., Ltd.	Gash Plus Co., Ltd.	Software information and supply of electronic services	100%	-	Notes 1 and 6
Gamania International Holdings Ltd.	Gash Plus (Hong Kong) Company Ltd.	Software information and supply of electronic services	100%	-	Notes 3 and 6
Gamania International Holdings Ltd.	Tornado Studio Co., Ltd.	Design and research of software	100%	-	Notes 3 and 5

Company	Name of company	Main activities	% of shares held as of December 31 2011	2010	Note
Gash Plus Co., Ltd	Jsdway Digital Technology Co., Ltd.	Software information and supply of electronic services	33.33%	-	Notes 2 and 4
Gamania Holdings Ltd.	Gamania R&D (HK) Holdings Ltd.	Investment holdings	100%	-	Note 2
Jsdway Digital Technology Co., Ltd.	Webo Digital Co., Ltd.	Software services and sales	97.95%	-	Notes 3 and 4
Jsdway Digital Technology Co., Ltd.	Precious Power Digital Technology Co., Ltd.	Software services and sales	70%	-	Notes 3 and 4

Note 1: Majority-owned subsidiary

Note 2: A majority-owned subsidiary of Gamania Holdings Ltd. and Gash Plus Co., Ltd.

Note 3: A majority-owned subsidiary of Gamania International Holdings Ltd. and Jsdway Digital Technology Co., Ltd.

Note 4: The Company was consolidated in the fourth quarter of 2011.

Note 5: The Company was established in the second quarter of 2011.

Note 6: The Company was established in the first quarter of 2011.

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

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

(F) Special operating risks in foreign subsidiaries: None.

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

(H) The subsidiaries hold the Company's stocks and bonds: None.

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

(2) Translation of financial statements of foreign subsidiaries

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

(3) Foreign currency transactions

Transactions arising in foreign currencies are translated into functional currency at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency 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 depositary receipts is based on latest quoted fair prices of the accounting period. The fair value of open-end mutual funds is based on the net asset value at the balance sheet date.

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) Notes and accounts receivable and other receivables

A) Receivables arising from the sale of goods or services to customers are recognized as notes and accounts receivable. Other receivables are those arising from transactions other than sale of goods or services.

B) The Group measures notes and accounts receivable and other receivables based on the aging and collectibility of receivables and past experience of bad debts.

C) The Group assesses whether objective evidence of impairment exists individually for financial assets at the balance sheet date since January 1, 2011. Once the objective evidence of impairment exists, an impairment loss is recognized.

(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. The excess of the initial investment cost over the acquired net asset value of the investee attributable to goodwill is no longer amortized and carries on tests of impairment every year. Retrospective adjustment of the amount of goodwill amortized in previous years is not required.

B) Investment loss on the non-controlled entities over which the Group has the ability to exercise significant influence is recognized to the extent that the amount of long-term investments in such investees is written down to zero. However, if the Group continues to provide endorsements, guarantees or financial support for such investees, the investment loss is recognized continuously in proportion to the Group's equity interest in such investees. In the case of controlled entities, the Group recognizes all losses incurred by such entities that will not be covered by other stockholders. When the operations of such investees become profitable, the Group recognizes the profits until the amount of losses previously recognized by the Group is fully recovered.

C) Exchange differences arising from translation of the financial statements of overseas investee companies accounted for under the equity method are recorded as "cumulative translation adjustments" under stockholders' equity, and recognized in proportion to the percentage of shares held by the Group.

D) 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) <u>Property, plant and equipment</u>

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

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

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

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

(13) Impairment of non-financial assets

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.

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 of impairment loss is recognized for goodwill.

(14) Bonds payable

The difference between the issue price and face value of corporate bonds is accounted for as premium or discount which is required to be amortized over the period from the date of issuance to maturity date using the interest method and is recorded as "interest expense".

(15) 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.

(16) 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.

(17) 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) The 10% additional income tax on undistributed earnings is recorded as income tax expense in the period the stockholders approve a resolution to retain the earnings.

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

(18) 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.

B) Under the defined contribution pension plan, net periodic pension costs are recognized as incurred.

(19) 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.

(20) Revenues, costs and expenses

A) Costs from the development of software for sale are recognized as research expense before establishing technical feasibility.

B) Revenue from prepaid cards for on-line games is deferred and is recognized based on points consumed.

C) Revenue from software and other merchandise is recognized when they are delivered.

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.

(21) Earnings per share

A) The computation of earnings per share is as follows:

Basic earnings per share: net income divided by the weighted-average number of shares outstanding during the year.

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

B) The potential dilutive shares are employee stock options 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.

(22) 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 year. Actual results could differ from those estimates.

(23) Operating segments

The Company discloses the segment information in accordance with the internal management report provided to the chief operating decision-maker. The Company's chief operating decision-maker is the chief executive officer, who distributes resources and assesses performance.

Effective January 1, 2011, in accordance with the Statement of Financial Accounting Standards No. 41, "Operating Segments", the Company discloses the segment information in the consolidated financial reports and not in the stand-alone financial statements.

3. CHANGES IN ACCOUNTING PRINCIPLES

(1) Notes and accounts receivable, other receivables

Effective January 1, 2011, the Company and its domestic subsidiaries adopted the amended Statement of Financial Accounting Standards No. 34, “Financial Instruments: Recognition and Measurement”. Under the amended standard, if there is any objective evidence that the notes and accounts receivable, other receivables and other rights of credit are impaired, an impairment loss (or provision for doubtful accounts) is recognized immediately. The adoption of this regulation had no significant effect on the consolidated financial statements as of and for the year ended December 31, 2011.

(2) Operating segments

Effective January 1, 2011, the Company and its domestic subsidiaries adopted the newly issued Statement of Financial Accounting Standards No. 41, “Operating Segments” to replace Statement of Financial Accounting Standards No. 20, “Segment Reporting”. The Company has re-prepared the segment information as of and for the year ended December 31, 2010 in accordance with the standard. The adoption of this regulation had no effect on the consolidated net income and earnings per share for the years ended December 31, 2011 and 2010.

4. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2011	December 31, 2010
Cash on hand	$ 1,079	$ 931
Cash in banks	1,540,733	854,522
Time deposits	483,910	403,227
	$ 2,025,722	$ 1,258,680

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

Items	December 31, 2011	December 31, 2010
Current items:		
Financial assets held for trading		
Listed (TSE and OTC) stocks	$ 8,934	$ -
Corporate bonds	3,000	-
Adjustment of financial assets held for trading	(2,095)	-
	$ 9,839	$ -

(3) Notes receivable - net

	December 31, 2011	December 31, 2010
Notes receivable	$ 29,115	$ 124,425
Less: Allowance for doubtful accounts	(16)	(16)
	$ 29,099	$ 124,409

(4) Accounts receivable - net

	December 31, 2011	December 31, 2010
Accounts receivable	$ 1,174,739	$ 1,291,468
Less: Allowance for doubtful accounts	(113,256)	(92,054)
Allowance for sales returns	(537)	(4,501)
	$ 1,060,946	$ 1,194,913

(5) Inventories - net

	December 31, 2011	December 31, 2010
Inventories	$ 267,041	$ 36,662
Less: Allowance for obsolescence and market value decline	(3,565)	(6,668)
	$ 263,476	$ 29,994

Related loss recognized for the year:

	For the years ended December 31, 2011	For the years ended December 31, 2010
Provision for decline in market value of inventories	$ 432	$ 5,841
Loss (gain) on physical count of inventories	$ 57	($ 4)

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

Items	December 31, 2011	December 31, 2010
Designated as at financial assets at fair value through profit or loss:		
Callable preferred stock	$ 2,850	$ 2,850
Adjustment of designated as at fair value through profit or loss	-	-
	$ 2,850	$ 2,850

For business operation purposes, the Company's domestic subsidiary, Gamania Asia Investment Co., invested 285 thousand shares at a par value of $10 (NT dollars) per share in the amount of $2,850. Such investment is not entitled to a voting right, profit distribution right and the right to claim for remaining property. According to the investment contract, both parties agreed that during the thirty days from the repurchase base day, which is at the expiration of three years of settlement date 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, "Financial Instruments: Recognition and Measurement", the subsidiary is accounted for as Financial assets at fair value through profit or loss.

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

Items	December 31, 2011	December 31, 2010
Unlisted stocks		
Nice Finance Co., Ltd.	$ 91,453	$ 91,453
NC Taiwan Co., Ltd.	22,841	22,841
Compass Systems Corp.	10,000	-
	$ 124,294	$ 114,294

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

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

A) List of long-term investment

Name of investee	December 31, 2011 Original cost	Ownership percentage	Balance	Investment income (loss) for the year ended December 31, 2011
Accounted for under the equity method:				
Jsdway Digital Technology Co., Ltd.	$ 40,000	33.33%	$ -	$ 1,610
Encore Digital Technology Co., Ltd.	1,750	35.00%	637	(63)

Name of investee	December 31, 2011 Original cost	Ownership percentage	Balance	Investment loss for the year ended December 31, 2011
Tang Chao Digital Technology Co., Ltd.	1,000	28.57%	-	(80)
Niu Niu Technology Co., Ltd.	1,050	30.00%	363	(40)
Taiwan e-sports Co., Ltd	39,400	39.40%	7,216	(5,582)
Prepayment for long-term investment			8,216	($ 4,155)
Moqizone Holdings Corporation			6,000	
			$ 14,216	

Name of investee	December 31, 2010 Original cost	Ownership percentage	Balance	Investment loss for the year ended December 31, 2010
Accounted for under the equity method:				
Taiwan e-sports Co., Ltd.	$ 32,000	37.65%	$ 6,745	($ 6,415)

The Company's subsidiary, Gash Plus Company Ltd. ("Gash Plus"), acquired 33.33% of voting shares of Jsdway Digital Technology Co., Ltd. ("Jsdway Digital") on November 15, 2011 and accounted for Jsdway Digital under the equity method. On December 3, 2011, Gash Plus obtained more than half of the seats of directors of Jsdway Digital during the reelection of directors and gained control over it; therefore, effective December 3, 2011, Jsdway Digital was included in the consolidated financial statements of the Company and its subsidiaries. The investment income of Jsdway Digital from November 15, 2011 through December 3, 2011 was accounted for under the equity method.

B) Long-term investment accounted for under the equity method in Taiwan e-sports Co., Ltd. was based on the investee's financial statements as of and for the years ended December 31, 2011 and 2010 which were not audited by independent accountants since its net loss had no significant effect to the Group.

C) The investment income (loss) of Encore Digital Technology Co., Ltd., Tang Chao Digital Technology Co., Ltd. and Niu Niu Technology Co., Ltd., the investees of the Company's indirect subsidiary, Jsdway Digital Technology Co., Ltd., accounted for under the equity method, for the year ended December 31, 2011, was based on their financial statements for the corresponding period, which were audited by the engaged auditors of Jsdway Digital Technology Co., Ltd. The investment loss recognized for these investees for the year ended December 31, 2011 was $183. As of December 31, 2011, long-term investments in these investees amounted to $1,000.

D) The investment income of the Company's indirect subsidiary, Jsdway Digital Technology Co., Ltd., accounted for under the equity method from November 15, 2011 through December 3, 2011 (from the share acquisition date through the consolidated date), was based on its financial statements for the corresponding period, which were audited by other auditors. The investment income recognized for the investee for the year ended December 31, 2011 was $1,610.

(9) Property, plant and equipment

	December 31, 2011	December 31, 2010
Cost		
Land	$ 157,556	$ 156,941
Buildings	226,501	212,259
Machinery and equipment	934,286	725,309
Transportation equipment	4,780	934
Office equipment	212,578	174,981
Leasehold improvements	78,169	57,836
Other equipment	22,780	14,998
	1,636,650	1,343,258
Accumulated depreciation		
Buildings	(48,390)	(40,093)
Machinery and equipment	(590,203)	(467,886)
Transportation equipment	(1,194)	(238)
Office equipment	(123,565)	(121,823)
Leasehold improvements	(31,653)	(40,466)
Other equipment	(7,973)	(6,912)
	(802,978)	(677,418)
Add: Construction in progress and prepayments for equipment	16,450	62,872
Less: Accumulated impairment	(4,213)	(4,262)
Book value	$ 845,909	$ 724,450

(10) Other intangible assets

	December 31, 2011	December 31, 2010
Franchises for sales of on-line games	$ 4,158	$ 5,515
Comic copyright	1,713	1,873
Prepayments for franchise	446	140
	6,317	7,528
Less: Accumulated impairment	(2,215)	-
	$ 4,102	$ 7,528

(11) Deferred charges

	December 31, 2011	December 31, 2010
Royalties payments	$ 129,204	$ 306,516
Unamortized expense	213,852	246,559
	$ 343,056	$ 553,075

The Company reclassified deferred expenses that would not produce future economic benefits to cost of goods sold and other losses amounting to $91,186 and $116,031 for the years ended December 31, 2011 and 2010, respectively.

(12) Other assets-other

	December 31, 2011	December 31, 2010
Overdue accounts receivable	$ 74,676	$ 57,429
Less: Allowance for doubtful accounts	(57,387)	(57,429)
Prepayment for pensions	9,066	8,589
Others	12,699	214
	$ 39,054	$ 8,803

The Company's indirect subsidiary, Jsdway Digital Technology Co., Ltd., did not fully provide its overdue accounts receivable with allowance as of December 31, 2011 since based on its assessment, such receivables were collectible.

(13) Non-financial asset impairment

A) An impairment loss of $3,424 was recognized for the year ended December 31, 2011. Details are set forth below:

	2011 Amount included in statement of income	2011 Amount included in stockholders' equity
Impairment loss-trademarks	$ 377	$ -
Impairment loss-goodwill	832	-
Impairment loss-other intangible assets	2,215	-
Total	$ 3,424	$ -

B) The book value of the investments in the Company's indirect subsidiary, Firedog Studio Company Ltd., was impaired and the Company recognized impairment loss on such investments amounting to $3,424 for the year ended December 31, 2011. The Company used the net fair value of such investments as recoverable amount. The net fair value was based on the best estimate of information available on balance sheet date.

(14) Short-term loans

	December 31, 2011	December 31, 2010
Short-term bank loans	$ 92,563	$ 154,982
Annual interest rate	1.40%~9.18%	1.48%~5.62%
Credit lines	$ 2,284,376	$ 488,721

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

Items	December 31, 2011	December 31, 2010
Designated as at financial liabilities at fair value through profit or loss:		
Callable preferred stock liability	$ 2,850	$ 2,850
Adjustment of designated as at fair value through profit or loss	3,803	423
	$ 6,653	$ 3,273

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, "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".

(16) Bonds payable

	December 31, 2011	December 31, 2010
Bonds payable	$ 19,525	$ -
Add: Premium of bonds payable	5,938	-
	25,463	-
Less: Current portion	(3,905)	-
	$ 21,558	$ -

The Company's subsidiary, Gamania Digital Entertainment (Japan) Co., Ltd., issued unsecured corporate bonds in the amount of $19,525, as approved by the local competent authorities. The major terms of the corporate bonds are as follows:

Issue Date	Term	Total credit lines	Coupon rate	Repayment terms
2011.10.31	Five years	$ 19,525 (JPY 50,000)	0.63%	From the issuance date of the bonds, the company annually returns 20% of the capital to the bondholders and the interset is paid annually based on the coupon rate.

(17) Long-term loans

Bank	Total Credit Lines	Period/Terms of Repayment	December 31, 2011	December 31, 2010
Sumitomo Mitsui Banking Corporation	JPY 90,000 (Note)	09.24.2008 ~ 09.23.2011 equal quarterly installments	$ -	$ 7,737
Sumitomo Mitsui Banking Corporation	JPY 100,000 (Note)	08.31.2009 ~ 08.31.2012 equal quarterly installments	9,739	20,883
Sumitomo Mitsui Banking Corporation	JPY 100,000 (Note)	09.01.2010 ~ 08.30.2013 equal quarterly installments	20,305	30,089
Yuanta Bank	$ 933	12.30.2010 ~ 12.29.2013 monthly installments	933	-
Yuanta Bank	$ 549	01.14.2011 ~ 01.13.2013 monthly installments	549	-
			31,526	58,709
Less: Current portion			(22,964)	(31,149)
			$ 8,562	$ 27,560

Note: In thousands of yen

(18) Income tax payable

A) Income tax payable and income tax expense for the years ended December 31, 2011 and 2010 are reconciled as follows:

	For the years ended December 31, 2011	For the years ended December 31, 2010
Current year income tax expense	$ 123,839	$ 130,188
Effect in deferred income tax assets resulting from change in tax rate	-	4,352
Additional 10% corporate income tax on undistributed earnings	2,330	8,027
	126,169	142,567
Add (Less): Net change in deferred income tax assets	(11,990)	(58,618)
Prepaid income tax	(44,557)	(16,683)
Under provision of prior year's income tax	(5,760)	(27,468)
Effect of changes in consolidated entities	19,310	-
Withholding tax by the foreign government	-	(124)
Effect of exchange rate	524	(1,285)
	$ 83,696	$ 38,389
Income tax payable	$ 83,892	$ 38,454
Income tax refundable (recognized as "other receivables")	(196)	(65)
	$ 83,696	$ 38,389

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

	December 31, 2011	December 31, 2010
Deferred income tax assets - current	$ 5,409	$ 36,844
Deferred income tax assets - non-current	382,944	315,185
Deferred income tax liability - non-current	(2,229)	(1,627)
	386,124	350,402
Less: Valuation allowance – current	(225)	(14,059)
Valuation allowance – non-current	(348,745)	(287,199)
	$ 37,154	$ 49,144

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

	December 31,			
	2011		2010	
	Amount	Tax effect	Amount	Tax effect
Current items-assets:				
Excess provision for allowance for bad debts over the upper limit	$ 11,861	$ 2,016	$ -	$ -
Allowance for decline in market value and inventory obsolescence	3,127	532	5,096	867
Allowance for sales returns	1,184	201	7,194	1,224
Loss carryforwards	7,607	1,293	72,703	12,360
Others	229	39	4,990	848
Investment tax credits		1,328		21,545
		5,409		36,844
Less: Valuation allowance		(225)		(14,059)
		$ 5,184		$ 22,785
Non-current items-assets:				
Investment loss on financial assets carried at cost – non-current	$ 9,851	$ 1,675	$ 9,851	$ 1,675
Loss on foreign investments	304,071	51,692	163,460	27,788
Reserve for foreign investments	(6,188)	(1,052)	(10,832)	(1,842)
Loss carryforwards	1,442,932	283,034	1,088,019	208,136
Others	2,010	342	12,418	2,112
Investment tax credits		47,253		77,316
		382,944		315,185
Less: Valuation allowance		(348,745)		(287,199)
		$ 34,199		$ 27,986

	December 31,			
	2011		2010	
	Amount	Tax effect	Amount	Tax effect
Non-current items-liability:				
Depreciation allowances in excess of related depreciation	($ 13,508)	($ 2,229)	($ 9,862)	($ 1,627)

D) As of December 31, 2011 and 2010, the balance of shareholders account of deductible tax was as follows:

	December 31,	
	2011	2010
a. Balance of shareholders account of deductible tax	$ 33,454	$ 14,895

	2011 (Estimate)	2010 (Actual)
b. Creditable tax ratio	24.61%	9.96%

E) Undistributed retained earnings:

	December 31,	
	2011	2010
On or after January 1, 1998		
a. Earnings not yet subjected to 10% income tax	$ 187,010	$ 231,523
b. Earnings subjected to 10% income tax	32,803	167,571
	$ 219,813	$ 399,094

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

a) As of December 31, 2011, the Company′s income tax returns through 2008 have been assessed and approved by the Tax Authority.

b) The Tax Authority imposed additional tax amounting to $23,481 on the Company's 2002 income tax return after the re-examination. The Company filed administrative appeal in January, 2011. The judgment of the administrative appeal was rendered in October, 2011 that the original administrative disciplinary actions for the tax-exempt income, expenditures on research and development and creditable tax remained, except for the original decision of the re-examination to the loss on disposal of assets that was cancelled and another decision to be made by the original sanctioning authority after re-investigation. In December, 2011, the Company had filed administrative litigation for the part of R&D personnel salaries among the expenditures on research and development in the judgment of the administrative appeal. As of March 19, 2012, the litigation proceedings were on-going.

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 filed a petition in November 2010. In June 2011, the Tax Authority lowered the additional tax after the re-examination.

G) As of December 31, 2011, according to the "Statute for Upgrading Industries," the Company's domestic subsidiaries had investment tax credits in the amount of $48,581 to offset against taxable income for the next three years. The details are as follows:

Deductible item	Total credits	Unused balance	Year of expiration
Research and development expenditures	$ 48,400	$ 48,400	2012~2013
Machinery and equipment	126	126	2012~2013
Employees' training	55	55	2012~2013
	$ 48,581	$ 48,581	

H) As of December 31, 2011, in accordance with the "Income Tax Law", the Company's domestic subsidiaries had loss carryforwards in the amount of $284,327 to offset against taxable income for the next three to ten years. The details are as follows:

Deductible item	Amount reported	Total credits	Unused balance	Year of expiration
Loss carryforwards	$ 1,450,539	$ 284,327	$ 284,327	2013~2021

(19) Accrued pension liability

A) The Company and its domestic subsidiaries have a non-contributory and funded defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees before the implementation of the Labor Pension Act on July 1, 2005. Under the defined benefit plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter with a maximum of 45 units. Retirement benefits are based on the number of units accrued and the average monthly salaries and wages of the last six months prior to retirement. The Company 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 $49,124 and $46,452 as of December 31, 2011 and 2010, respectively. For the years ended December 31, 2011 and 2010, net pension costs recognized by the Company and its domestic subsidiaries under the defined benefit plan amounted to $2,847 and $2,143, respectively. The fund balances are not reflected in the consolidated financial statements. The accumulated contributions exceeded the net pension costs in the amount of $9,066 and $8,589 as of December 31, 2011 and 2010, respectively, which was accounted for in other assets – other.

B) Gamania Digital Entertainment (Japan) Co., Ltd., Gamania Korea Co., Ltd., Gamania Digital Entertainment (H.K.) Co., Ltd. and Firedog Studio Company Ltd. provide pension reserves annually for their employees in accordance with the local regulations. The net pension costs were $4,765 and $3,653 for the years ended December 31, 2011 and 2010, respectively.

C) Gamania Digital Entertainment (Beijing) Co., Ltd. provides an old-age pension and insurance monthly based on 20%~22% of the employees' salaries and wages in accordance with the local regulations. The net pension and insurance costs were $8,593 and $5,740 for the years ended December 31, 2011 and 2010, respectively.

D) Effective July 1, 2005, in accordance with the Labor Pension Act, 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 and 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 amounted to $39,708 and $34,436 for the years ended December 31, 2011 and 2010, 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 Netherlands Holdings Cooperatief U.A., Gamania Digital Entertainment (U.S.) Co., Ltd., Gamania Digital Entertainment (Europe) B.V., Gash Plus (Hong Kong) Company Ltd., Tornado Studio Co., Ltd. and Gamania R&D (HK) Holdings Ltd. do not have an employee retirement plan.

F) The related assumptions used to calculate the periodic pension cost were as follows:

	2011	2010
Discount rate	1.75%~1.90%	1.75%~2.00%
Expected return rate on plan assets	1.75%~1.90%	1.75%~2.00%
Average ratio of salary increase	2.50%~3.50%	2.50%~3.50%

i. The reconciliation of the funded status to accrued pension liability is summarized as follows:

	December 31, 2011	December 31, 2010
Vested benefit obligation	($ 5,348)	($ 4,438)
Non-vested benefit obligation	(27,733)	(33,258)
Accumulated benefit obligation	(33,081)	(37,696)
Additional benefits based on future salary increases	(27,492)	(31,503)
Projected benefit obligation	(60,573)	(69,199)
Fair value of plan assets	49,124	46,452
Funded status	(11,449)	(22,747)
Unrecognized transition obligation	1,423	2,221
Unrecognized net loss	18,679	26,537
Additional pension liability	(2,239)	(3,025)
Accrued pension liability	$ 6,414	$ 2,986
Vested benefit obligation	$ 6,377	$ 5,364
Accrued pension liability	($ 6,658)	($ 5,603)
Prepaid pension (recognized as other assets - other)	9,066	8,589
	$ 2,408	$ 2,986
Accrued pension liability – new policy	$ 3,280	$ 3,667

ii. The components of net pension cost were as follows:

	2011	2010
Service cost	$ 894	$ 744
Interest cost	1,125	1,216
Expected return on plan assets	(800)	(949)
Amortization of unrecognized transition obligation	96	137
Amortization of unrecognized net loss	1,532	995
Net pension cost	$ 2,847	$ 2,143

(20) Capital reserve

A) 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.

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

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

b) Donations.

(21) Legal reserve

Pursuant to the R.O.C. Company Law, except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

(22) Retained earnings

A) As stipulated in the Company's Articles of Incorporation, the current earnings, if any, shall be distributed in the following order:

a. Paying all taxes and duties.

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

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

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

e. Interest on capital.

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

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

B) 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 appropriations of 2010 and 2009 earnings had been approved at the stockholders' meeting on June 17, 2011 and June 9, 2010, respectively. Details are summarized below:

	2010 Earnings		2009 Earnings	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	$ 23,260		$ 30,919	
Cash dividends	186,035	$ 1.20	197,999	$ 1.30
Employees' cash bonuses	Note 1		Note 2	
Directors' and supervisors' remuneration	〃		〃	

Note 1: The amounts approved during the stockholders' meeting for employees' bonus and directors' and supervisors' remuneration are $38,200 and $5,040, respectively.

Note 2: The amounts approved during the stockholders' meeting for employees' bonus and directors' and supervisors' remuneration are $41,740 and $5,565, respectively.

(a)The amounts approved during the stockholders' meeting for the distribution of 2010 earnings for cash dividends was the same with the amount approved by the Company's Board of Directors on April 22, 2011. As employee stock options were converted to common stock, the number of shares outstanding changed during the year. Accordingly, the appropriation of dividend per share had been adjusted to $1.19896483 during the board of directors' meeting on July 7, 2011.

(b)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.

D) The appropriation for 2011 earnings has not been resolved at the board of directors' meeting as of the report date.

E) The estimated amounts of employees' bonuses are $27,532 and $41,401, and the estimated amounts for directors' and supervisors' remuneration are $3,671 and $5,520 for the years ended December 31, 2011 and 2010, respectively. The above amounts constitute 10%~15% and 2%, respectively, of the net income after taking into account the legal reserve, and are recognized as operating cost and expense. If the actual distribution amounts are different from the estimated amounts, the difference will be adjusted in the income statement of the following year.

F) The distribution of the employees' bonus and directors' and supervisors' remuneration in 2010, as mentioned in C) above, was different from the employees' bonus of $41,401 and directors' and supervisors' remuneration of $5,520 recognized in the 2010 financial statements. The differences of $3,201 and $480, respectively, had been adjusted in the income statement for the year ended December 31, 2011. The distribution of the employees' bonus and the 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 differences of $856 and $114, respectively, had been adjusted in the income statement for the year ended December 31, 2010.

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

(23) Earnings per share

	For the year ended December 31, 2011				
	Amount		Weighted average number of outstanding common shares	Earnings per share (in dollars)	
	Before income tax	After income tax	(In thousands of shares)	Before income tax	After income tax
Basic earnings per share					
Net income	$ 303,519	$ 177,350	154,953	$ 1.96	$ 1.15
Dilutive effect:					
Stock options	-	-	1,942		
Employees' bonuses	-	-	962		
Diluted earnings per share:					
Net income	$ 303,519	$ 177,350	157,857	$ 1.92	$ 1.12
Basic earnings per share for extraordinary gain	$ 9,660	$ 9,660	154,953	$ 0.06	$ 0.06
Diluted earnings per share for extraordinary gain	$ 9,660	$ 9,660	157,857	$ 0.06	$ 0.06

	For the year ended December 31, 2010				
	Amount		Weighted average number of outstanding common shares	Earnings per share (in dollars)	
	Before income tax	After income tax	(In thousands of shares)	Before income tax	After income tax
Basic earnings per share:					
Net income	$ 374,090	$ 231,523	152,333	$ 2.46	$ 1.52
Dilutive effect:					
Stock options	-	-	3,658		
Employees' bonuses	-	-	908		
Diluted earnings per share:					
Net income	$ 374,090	$ 231,523	156,899	$ 2.38	$ 1.48

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.

(24) Treasury stock

Changes in the treasury stock for the years ended December 31, 2011 and 2010 are set forth below (in thousands of shares):

A)

	For the year ended December 31, 2011			
Purpose	Beginning	Additions	Disposals	Ending
Employee stock options	13,099	-	(13,099)	-

	For the year ended December 31, 2010			
Purpose	Beginning	Additions	Disposals	Ending
Employee stock options	13,099	-	-	13,099

B) The maximum and ending balances of treasury stock for the years ended December 31, 2011 and 2010 are as follows:

December 31, 2011		December 31, 2010	
Maximum balance	Ending balance	Maximum balance	Ending balance
$ 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, while treasury stocks for all other purposes shall be reissued within three years from the month of acquisition.

F) After the approval of the board of directors during its meeting on April 22, 2011, the treasury stocks which were not reissued within three years from the month of acquisition have been retired totaling 11,840 thousand shares. The retirement resulted in the decrease in capital of $118,400. The rate of capital reduction was 7.04%, and the effective date was April 23, 2011. After the approval of the board of directors during its meeting on July 7, 2011, the treasury stocks were transferred to employees at a price of $15.37 per share. The total amount paid by the employees was $19,351 and compensation cost was $40,463. The effective date was July 7, 2011.

G) The fair value was estimated using "The Black-Scholes model" as follows:

Transaction type	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected vesting period (year)	Expected dividend (in dollars)	Risk-free Interest rate	Fair value (in dollars)
Treasury stock transferred to employees	July 7, 2011	$ 48.70	$ 15.37	31.29%	0.057	$ 1.20	0.87%	$ 32.14

(25) 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 12,000,000 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 December 31, 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 units and weighted average exercise price of the stock options for the years ended December 31, 2011 and 2010 are as follows:

	For the years ended December 31,			
	2011		2010	
Stock Options	Units (in thousands)	Weighted-average exercise price (in dollars) (Note 1)	Units (in thousands)	Weighted-average exercise price (in dollars) (Note 1)
Beginning balance	7,249	$ 24.20	12,663	$ 25.33
Number of options granted	-	-	-	-
Adjustment due to issuance of stock dividends	-	-	-	-
Exercised (Notes 2 and 3)	(2,273)	-	(4,572)	-
Cancelled	(72)	-	(842)	-
Ending balance	4,904	23.60	7,249	24.20
Exercisable at the end of the year	4,904		7,249	
Authorized but unissued at the end of the year	-		-	

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

Note 2: As of December 31, 2011, 3 thousand shares had not been registered and were accounted for under stock subscriptions received in advance.

Note 3: As of December 31, 2010, 619 thousand shares had not been registered and were accounted for under stock subscriptions received in advance.

C) As of December 31, 2011 and 2010, the details of outstanding stock options are as follows:

	For the year ended December 31, 2011				
	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)
$ 23.60	4,904	1.92	$ 23.60	4,904	$ 23.60

	For the year ended December 31, 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	7,249	2.92	$ 24.20	7,249	$ 24.20

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

(a) Model: The Black-Scholes model

(b) Assumptions:

	For the year ended December 31, 2010
	Black-Scholes model assumptions
Dividend yield	0%
Volatility (Note 1)	43.58%
Risk-free interest rate	2.65%
Expected life of the options	4.3 years
Exercise price (Note 2)	$ 23.60 (in dollars)
Amortization period	2～3 years

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

Note 2: Exercise price of the stock options mentioned above considered the effect of earnings distribution and was readjusted to $23.60.

(c) Result of evaluation:

		For the year ended December 31, 2010	
		Black-Scholes model assumptions	
Weighted average fair value of options granted to employees	$	10.95	(in dollars)
Compensation cost under "fair value method"	$	14,476	

There is no compensation cose for the year ended December 31, 2010 under the fair value method.

(26) Personnel, depreciation and amortization expenses

	For the year ended December 31, 2011		
	Operating costs	Operating expenses	Total
Personnel expenses			
Salaries	$ 121,646	$ 1,115,910	$ 1,237,556
Labor and health insurances	12,014	90,064	102,078
Pension	4,069	51,844	55,913
Others	2,518	73,051	75,569
	$ 140,247	$ 1,330,869	$ 1,471,116
Depreciation	$ 89,745	$ 88,456	$ 178,201
Amortization	$ 230,682	$ 56,628	$ 287,310

	For the year ended December 31, 2010		
	Operating costs	Operating expenses	Total
Personnel expenses			
Salaries	$ 85,608	$ 954,974	$ 1,040,582
Labor and health insurances	8,153	72,813	80,966
Pension	2,918	43,054	45,972
Others	2,066	65,443	67,509
	$ 98,745	$ 1,136,284	$ 1,235,029
Depreciation	$ 66,039	$ 64,198	$ 130,237
Amortization	$ 286,502	$ 67,286	$ 353,788

5. RELATED PARTY TRANSACTIONS

(1) Names and relationship of related parties

Names of related parties	Relationship with the Company
Nexon Corporation (Nexon)	Note
Taiwan e-sports 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 since March 2011. As Nexon has the ability to exercise significant influence on the Company's operational decisions and thus considered as the Company's related party, the relevant transaction information between the Company and Nexon are disclosed from then on.

(2) Significant transactions and balances with related parties

A) License fees

	For the years ended December 31,			
	2011		2010	
	Amount	% of license fees	Amount	% of license fees
Nexon	$ 847,906	38	$ -	-

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

B) Advertising expenses

	For the years ended December 31,			
	2011		2010	
	Amount	% of advertising expenses	Amount	% of advertising expenses
Taiwan e-sports	$ -	-	$ 4,000	-

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

C) Donation

	For the years ended December 31,			
	2011		2010	
	Amount	% of donation	Amount	% of donation
Gamania Cheer Up Foundation	$ 11,000	67	$ 4,000	31

D) Membership fee and annual fee

	For the years ended December 31,			
	2011		2010	
	Amount	% of membership fee and annual fee	Amount	% of membership fee and annual fee
Taiwan e-sports	$ -	-	$ 2,500	45

The above represents payment for membership and annual fee in joining the occupational e-sports game league.

E) Other revenues

	For the years ended December 31,			
	2011		2010	
	Amount	% of net other revenues	Amount	% of net other revenues
Taiwan e-sports	$ 620	2	$ -	-

The above represents other income from the related party for participating in electronic games held.

F) Deferred charges

	December 31,			
	2011		2010	
	Amount	% of net deferred charges	Amount	% of net deferred charges
Nexon	$ 49,946	15	$ -	-

G) Accounts payable

	December 31,			
	2011		2010	
	Amount	% of net accounts payable	Amount	% of net accounts payable
Nexon	$ 72,099	9	$ -	-

H) Remuneration information of directors, supervisors, managers and assistant managers

	For the years ended December 31,	
	2011	2010
Salary (Note 1)	$ 14,756	$ 15,024
Bonus (Note 2)	-	-
Professional expense (Note 3)	500	280
Directors' and supervisors' remuneration (Note 4)	3,671	5,520
Employees' bonuses (Note 4)	7,036	13,158
	$ 25,963	$ 33,982

Note 1: Including wages, duty allowance and retirement pension.

Note 2: Including financial incentives and performance bonus.

Note 3: Including travel expenses, special expenses, allowances and allowance for dormitories and cars.

Note 4: The Company's estimated directors' and supervisors' remuneration and employees' bonus for the year.

For more information, please refer to the Company's annual report.

6. DETAILS OF PLEDGED OR RESTRICTED ASSETS

	December 31,		
Assets	2011	2010	Purpose
Time deposits (shown in other financial assets – current)	$ 7,815	$ -	Short-term loans guarantee
Land	90,254	90,254	Short-term and Long-term loans / Credit lines
Buildings	70,519	73,837	〃
Transportation equipment	2,041	-	Long-term loans guarantee
	$ 170,629	$ 164,091	

7. COMMITMENTS AND CONTINGENT LIABILITIES

In addition to Note 4(17), others are as follows:

A) As of December 31, 2011, the total future rental payments for the next 3 years under non-cancelable operating lease agreements for the lease of the Group's office building, transportation equipment and networking device was $213,342.

B) The Company contracted the use of cable lines, T1 and T3, with rental charges based on utilization. In addition, the Company contracted with several on-line game vendors and will pay royalty based on actual usage.

8. MAJOR CATASTROPHE

None.

9. SUBSEQUENT EVENTS

None.

10. OTHERS

(1) Financial statement presentation

Certain accounts in the 2010 consolidated financial statements were reclassified to conform with the 2011 consolidated financial statements presentation.

(2) Fair values of the financial instruments

	December 31, 2011			December 31, 2010		
		Fair value			Fair value	
	Book value	Quotations in an active market	Estimated value	Book value	Quotations in an active market	Estimated value
Financial instruments						
Non-derivative financial instruments						
Assets						
Financial assets with fair values equal to book values	$3,193,919	(Note A)	$3,193,919	$2,591,446	(Note A)	$2,591,446
Financial assets at fair value through profit or loss	12,689	-	12,689	2,850	-	2,850
Financial assets carried at cost	124,294	-	-	114,294	-	-
Refundable deposits	57,672	-	57,672	48,197	-	48,197
Liabilities						
Financial liabilities with fair values equal to book values	$1,627,725	(Note A)	$1,627,725	$1,211,419	(Note A)	$1,211,419
Financial liabilities at fair value through profit or loss	6,653	-	6,653	3,273	-	3,273
Corporate bonds payable	21,558	-	21,501	-	-	-
Long-term loans	8,562	-	8,380	27,560	-	26,886
Guarantee deposits	5,761	-	5,761	6	-	6

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, notes and accounts receivable, other receivables (excluding income tax refundable), other financial asset-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 through profit or loss are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the market for 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 Group 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:

	December 31,	
	2011	2010
Guarantee for loans of subsidiaries	$ 451,554	$ 446,410

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 controlling power. No collaterals have been requested from these subsidiaries as the Company is able to monitor its credit standing. Should these subsidiaries default, the losses that would be incurred by the Company approximate the amount of the guarantee provided by the Company.

F) As of December 31, 2011 and 2010, the fair values of the financial instruments with interest rate risk were $491,725 and $403,227, 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 valued at fair value method and Financial assets values at cost－non-current

(A) Market risk

The fair values of financial assets at fair value through profit or loss the Group holds would be changed by the fluctuations of market prices. However, the Company has set stop-loss amounts for those assets; therefore, no material market risk is expected.

The Group's trading of financial assets has no market price, so the Group expects no significant market risk.

(B) Credit risk

The Group buys and sells the financial assets at fair value through profit or loss through TWSE, OTC and financial institutions. The counterparties of those transactions have good credit history; they are not expected to default on the transactions. Therefore, the probability of credit risk occurrence is remote.

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

(C) Liquidity risk

The financial assets at fair value through profit or loss the Group invests in all have active market; therefore, they are expected to be sold easily in the market at a price approximating to the fair value.

There is no active market for financial assets carried at cost 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 loans, bonds payable and long-term loans (including current portion of long-term loans)

(A) Market risk

As interest rates for most of the loans and issuance of bond for working capital are both floating and 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

Fixed and floating interests for loans are adopted by the Group. There will be no cash flow interest risk for loans with fixed interest, but for loans with floating interest, effective interest will vary with fluctuations in market interest and it will change future cash flows.

D) Some transactions of the Company involve non-functional currency, resulting in foreign currency denominated assets and liabilities which are affected by exchange rate fluctuations. The Company's significant foreign currency denominated assets and liabilities as of December 31, 2011 and 2010 are summarized below:

	December 31, 2011			December 31, 2010		
	Foreign Currency Amount		Exchange Rate	Foreign Currency Amount		Exchange Rate
Financial Assets						
USD:TWD	USD	2,234,881	30.2900	USD	3,105,287	29.1366
HKD: TWD	HKD	230,907	3.8985	HKD	4,805,420	3.7480
JPY: TWD	JPY	1,196,713	0.3905	JPY	1,333,813	0.3582
RMB: TWD	RMB	1,934,796	4.8125	RMB	2,148,773	4.4405
Financial Liabilities						
USD:TWD	USD	6,572,572	30.2900	USD	5,494,367	29.1366
HKD: TWD	HKD	247,511	3.8985	HKD	270,939	3.7480

Note: Foreign currency amount is expressed in dollars.

(5) For the years ended December 31, 2011 and 2010, the Group donated cash amounting to $16,351 and $12,864, respectively, to political parties, charities, and educational institutions that are accredited by the government, without significant appointed considerations.

(6) A) The Company's subsidiary, Gash Plus Company Ltd. ("Gash Plus"), owned 33.33% of shares of Jsdway Digital Technoogy Co., Ltd. ("Jsdway Digital"). On December 3, 2011, Gash Plus obtained more than half of the seats of directors of Jsdway Digital in the amount of $40,000. This transaction was accounted for using the purchase method.

B) Jsdway Digital is primarily engaged in the information software services.

C) In accordance with Paragraph 26, ROC SFAS 25, "Business Combinations – Purchase Method" that requires public companies to provide pro forma information as to their operating performance, effective December 3, 2011, the income (loss) of Jsdway Digital is included in the consolidated statement of income of the Company and its subsidiaries. The pro forma information is prepared assuming that Gash Plus recognizes investment income of Jsdway Digital based on its 33.33% share ownership and prepares consolidated statement of income effective from February 11, 2011. The pro forma information is as follows:

GAMANIA DIGITAL ENTERTAINMENT CO., LTD.
PRO FORMA CONSOLIDATED STATEMENTS OF INCOME
FEBRUARY 11, 2011 (INCEPTION DATE OF GASH PLUS
COMPANY LTD.) TO DECEMBER 31, 2011
(UNAUDITED)

	February 11, 2011 (Inception Date of Gash Plus Company Ltd.) to December 31, 2011
Operating revenue	
Net sales revenue	$ 6,300,909
Service revenue	33,712
Operating revenues	6,334,621
Operating costs	
Cost of goods sold	(3,277,602)
Gross profit	3,057,019
Operating expenses	(2,653,667)
Operating income	403,352
Non-operating income	64,057
Non-operating expenses	(121,282)
Income before income tax	346,127
Income tax expense	(132,584)
Consolidated net income	$ 213,543
Attributable to:	
Equity holders of the Company	$ 149,410
Minority interest	64,133
	$ 213,543

	Before tax	After tax
Basic earnings per share		
Profit attributable to equity holders of the company	$ 1.82	$ 0.96
Minority interest income	0.41	0.41
Consolidated net income	$ 2.23	$ 1.37
Diluted earnings per share		
Profit attributable to equity holders of the company	$ 1.79	$ 0.95
Minority interest income	0.41	0.41
Consolidated net income	$ 2.20	$ 1.36

(7) As described in Note 10(6), the income (loss) of Jsdway Digital Technology Co., Ltd.

is included in the consolidated statement of income of Gash Plus Co., Ltd. and its subsidiaries effective from December 3, 2011. Gash Plus owned 33.33% of voting shares of Jsdway Digital Technology Co., Ltd. and accounted for Jsdway Digital Technology Co., Ltd. under the equity method effective from November 15, 2011 when it acquired the share ownership. In accordance with ROC SFAS 25, "Business Combinations – Purchase Method", the excess of acquired identifiable net asset fair value of the investment over the initial investment cost is allocated proportionately and applied as a reduction to the book values of identifiable non-current assets of Jsdway Digital Technology Co., Ltd.; the remaining amount of such excess of $9,660 after this allocation is credited to extraordinary gains.

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

The Company or investee companies		Parties being guaranteed		Limit of guarantee for each party (Note 4)	Maximum outstanding guarantee amount for the year ended December 31, 2011	Outstanding guarantee amount at December 31, 2011	Amount of guarantee with collateral placed	Ratio of accumulated guarantee amount to net value of the Company	Maximum amount available for guarantee (Notes 3 and 4)
Number (Note 1)	Name	Name	Relationship with the Company (Note 2)						
0	The Company	Gash Plus Company Ltd.	2	$ 470,255	$ 180,000	$ 180,000	None	6.40%	$ 1,567,515
0	The Company	Gameastor Digital Entertainment Co., Ltd.	2	$ 470,255	$ 330,000	$ 160,000	None	5.69%	$ 1,567,515
0	The Company	Gamania Digital Entertainment (Japan) Co., Ltd.	3	$ 470,255	$ 66,000	$ 36,000	None	1.28%	$ 1,567,515
0	The Company	Gamania Digital Entertainment (Beijing) Co., Ltd.	3	$ 470,255	$ 75,554	$ 75,554	None	2.69%	$ 1,567,515

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: The calculation method of maximum amount available for guarantee, the maximum outstanding guarantee amount and the recognized contingent loss, if any, should be stated in the financial statements.

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 December 31, 2011:

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	December 31, 2011				
					Number of shares	Book value	Percentage	Market value (Note 2)	Note
The Company	Common Stock	Gamania Holdings Ltd.	Subsidiary	Long-term investment	33,985	$ 833,253	100%	$ 833,253	Note 3
〃	〃	Gamania Korea Co., Ltd.	〃	〃	397	22,828	100%	22,828	〃
〃	〃	Fantasy Fish Digital Games Co., Ltd.	〃	〃	4,458	15,292	99.75%	13,401	〃
〃	〃	Gameastor Digital Entertainment Co., Ltd.	〃	〃	3,863	88,597	72.08%	89,290	〃
〃	〃	Gamania Asia Investment Co., Ltd.	〃	〃	13,945	151,284	100%	151,284	〃
〃	〃	Gamania Digital Entertainment Labuan Holdings, Ltd.	〃	〃	50	884	100%	884	〃
〃	〃	Fundation Digital Entertainment Co., Ltd.	〃	〃	5,308	13,304	100%	13,304	〃
〃	〃	Playcoo Co.	〃	〃	13,996	112,441	72.25%	66,313	〃
〃	〃	Redgate Games Co., Ltd.	〃	〃	14,200	15,489	100%	15,489	〃
〃	〃	Seedo Games Co., Ltd.	〃	〃	12,200	17,900	100%	17,900	〃
〃	〃	Two Tigers Co., Ltd.	〃	〃	627	5,870	51%	5,870	〃
〃	〃	Gash Plus Company Ltd.	〃	〃	5,000	73,500	100%	73,500	〃
〃	〃	Taiwan e-sports Co., Ltd.	Investee company accounted for under the equity method	〃	3,940	7,216	39.40%	7,216	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 year ended December 31, 2011 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	Relationship	Beginning balance (Note 1) Number of shares	Beginning balance (Note 1) Amount	Addition Number of shares	Addition Amount	Disposal Number of shares	Disposal Amount	Disposal Cost	Disposal gain	Ending balance (Note 1) Number of shares	Ending balance (Note 1) Amount
The Company	Union Money Market Fund	Financial asset held for trading-bond funds	Initial investment at inception	None	-	$ -	10,182	$ 129,000	10,182	$ 129,071	$ 129,000	$ 71	-	$ -
〃	Jih Sun Bond Fund	〃	〃	〃	-	-	13,022	185,000	13,022	185,093	185,000	93	-	-
〃	Mega Diamond Money Market Fund	〃	〃	〃	-	-	13,562	163,000	13,562	163,261	163,000	261	-	-
〃	Pcafunds Money Market Fund	〃	〃	〃	-	-	10,716	140,000	10,716	140,101	140,000	101	-	-
〃	Taishin Money Market Fund	〃	〃	〃	-	-	8,476	110,000	8,476	110,103	110,000	103	-	-
〃	Yuanta Money Market Fund	〃	〃	〃	-	-	7,552	110,000	7,552	110,112	110,000	112	-	-
〃	Gamania Holdings Ltd.	Long-term investment— accounted for under the equity method	〃 (Note 1, Note 2)	subsidiary	22,650	657,580	11,335	175,673	-	-	-	-	33,985	833,253 (Note 3)

Note 1: Original investment cost.

Note 2: The Company invested $337,390 and recognized investment loss, cumulative translation adjustments and effect of change in ownership percentage of investee company in the amount of ($161,717). The net increase amount was $175,673.

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

E) Acquired real estate in excess of $100,000 or 20% of capital: None.

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

G) Sales to or purchases from related parties in excess of $100,000 or 20% of capital:

Purchaser /Seller	Name of transaction parties	Relationship	Transaction terms				Description of and reasons for difference in transaction terms compared to non-related party transactions		Accounts or notes receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit terms	Unit price	Credit period	Balance	Percentage of total accounts or notes receivable (payable)	
Gamania Digital Entertainment Co., Ltd.	Gash Plus Co., Ltd.	Subsidiary	Sales	$ 2,171,972	53%	Note 1	Note 1	Note 1	$ 707,181	88%	Note 2

Note 1: The above represents sales based on merchandise, competitive market and trading situation. The price and collection terms are similar to third parties.

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

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

Name of creditor	Transaction parties	Relationship	Balance of receivables from related parties (in thousands)	Turnover rate	Overdue receivables		Subsequent collections (in thousands)	Allowance for doubtful accounts provided
					Amount	Action adopted for overdue accounts		
Gamania Digital Entertainment Co., Ltd.	Gash Plus Co., Ltd.	Subsidiary	$ 892,484 (Note 2)	2.43	$ -	-	$ 256,148 (Note 1)	$ -

Note 1: The subsequent collections represent collections from the balance sheet date to March 19, 2012.

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

I) Information on derivative transaction: None.

(2) Information of investee companies

A) Information of investee companies:

The information on Taiwan e-sports Co., Ltd., Gamania Digital Entertainment Labuan Holdings, Ltd., Two Tigers Co., Ltd. and Gamania Holdings Ltd., indirectly held subsidiaries of Gash Plus (Hong Kong) Company Ltd. and Tornado Studio Co., Ltd. was based on unaudited financial statements because of their small scale. The information on Gamania Korea Co., Ltd., Redgate Games Co. Ltd., Fundation Digital Entertainment Co., Ltd. and Seedo Games Co. Ltd., and indirectly held subsidiaries of Firedog Studio Company Ltd., Jsdway Digital Technology Co., Ltd. and Gamania Digital Entertainment (H.K.) Co., Ltd. was based on financial statements audited by each investee company's auditors. The others were audited by the Company's auditors.

Unit: Thousands of New Taiwan Dollars / Thousands of Shares

Company	Name of investee	Location	Main operating activities	Original investment cost		Held by the Company			Income (loss) incurred by the investee	Investment income (loss) recognized by the Company	Note
				2011.12.31	2010.12.31	Number of shares	Percentage	Book value			
The Company	Gamania Holdings Ltd.	Cayman Islands	Investment holdings	$ 1,867,421	$ 1,530,031	33,985	100%	$ 833,253	($ 195,155)	($ 195,155)	Note 4
〃	Gamania Korea Co., Ltd.	Seoul, Korea	Design and sales of software	291,303	249,615	397	100%	22,828	(29,755)	(29,755)	〃
〃	Fantasy Fish Digital Games Co., Ltd.	Taiwan	Design and research and development of software	330,000	310,000	4,458	99.75%	15,292	(31,262)	(31,177)	Notes 1, 4
〃	Gameastor Digital Entertainment Co., Ltd.	Taiwan	Software services and sales	211,433	211,433	3,863	72.08%	88,597	56,142	40,197 (Note 2)	Notes 2, 4
〃	Gamania Asia Investment Co., Ltd.	Taiwan	Investment holdings	190,000	190,000	13,945	100%	151,284	15,488	15,488	Note 4
〃	Gamania Digital Entertainment Labuan Holdings, Ltd.	Malaysia	Investment holdings	1,546	329	50	100%	884	(168)	(168)	〃
〃	Fundation Digital Entertainment Co., Ltd.	Taiwan	Sales and publishing of magazines and periodicals	170,000	120,000	5,308	100%	13,304	(39,778)	(39,778)	〃
〃	Playcoo Co.	Taiwan	Design and research and development of software	152,554	152,554	13,996	75.25%	112,441	14,257	6,533	Notes 3, 4
〃	Redgate Games Co. Ltd.	Taiwan	Design and research and development of software	162,000	82,000	14,200	100%	15,489	(63,471)	(63,471)	Note 4

Note 1: The weighted-average ownership percentage is 99.73%.
Note 2:.Including write-off of unrealized sales margin of $270.
Note 3: Including amortization of subsidiary's patent amounting to ($4,195) and recognized pension cost ($17).
Note 4:The transaction 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
				2011.12.31	2010.12.31	Number of shares	Percentage	Book value			
The Company	Seedo Games Co. Ltd.	Taiwan	Design and research and development of software	$ 142,000	$ 82,000	12,200	100%	$ 17,900	($ 43,922)	($ 43,922)	Note 2
〃	Two Tigers Co. Ltd.	Taiwan	Animation production	6,269	6,269	627	51%	5,870	(735)	(375)	〃
〃	Gash Plus Co., Ltd.	Taiwan	Supply of software services and electronic information	50,000	-	5,000	100%	73,500	23,500	23,500	〃
〃	Taiwan e-sports Co., Ltd.	Taiwan	Supply of software services and electronic information	39,400	32,000	3,940	39.40%	7,216	(14,602)	(5,582)	Notes 1, 2
Gamania Asia Investment Co., Ltd.	Gameastor Digital Entertainment Co., Ltd.	Taiwan	Design and sales of software	80,625	80,625	1,458	27.20%	33,694	56,142	15,271	Note 2
Gash Plus Co., Ltd.	Jsdway Digital Technology Co., Ltd.	Taiwan	Supply of software services and electronic information	40,000	-	4,000	33.33%	54,016	103,690	4,356	〃
Jsdway Digital Technology Co., Ltd.	Webo Digital Co., Ltd.	Taiwan	Software services and sales	19,590	-	1,959	97.95%	12,517	(5,364)	(502)	〃
Jsdway Digital Technology Co., Ltd.	Encore Digital Technology Co., Ltd.	Taiwan	Software services and sales	1,750	-	175	35.00%	957	(2,267)	(63)	
Jsdway Digital Technology Co., Ltd.	TangDesign Digi-Tech. Co., Ltd.	Taiwan	Software services and sales	10,000	-	100	28.57%	-	(2,271)	(80)	
Jsdway Digital Technology Co., Ltd.	Niu Niu Technology Co., Ltd.	Taiwan	Software services and sales	1,050	-	105	30.00%	545	(612)	(40)	

Note 1:The weighted-average ownership percentage is 38.23%.
Note 2:The transaction 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
				2011.12.31	2010.12.31	Number of shares	Percentage	Book value			
Jsdway Digital Technology Co., Ltd.	Precious Power Digital Technoloy Co., Ltd.	Taiwan	Software services and sales	$ 7,000	$ -	700	70.00%	$ 5,334	($ 2,380)	($ 132)	Note 2
Gamania Holdings Ltd.	Gamania International Holdings Ltd.	Cayman Islands	Investment holdings	USD 56,974 thousand	USD 46,040 thousand	56,495	100%	27,265	(USD 6,619 thousand)	(USD 6,619 thousand)	〃
Gamania Holdings Ltd.	Gamania R&D (HK) Holidays Limited	Hong Kong	Investment holdings	USD 100 thousand	-	-	100%	USD 100 thousand	-	-	〃
Gamania International Holdings Ltd.	Gamania Digital Entertainment (Japan) Co., Ltd.	Japan	Design and sales of software; sales of hardware	USD 15,340 thousand	USD 14,298 thousand	20	100%	USD 8,634 thousand	USD 399 thousand	USD 399 thousand	〃
Gamania International Holdings Ltd.	Gamania China Holdings Ltd.	Cayman Islands	Investment holdings	USD 36,884 thousand	USD 29,384 thousand	36,884	98.70%	USD 11,160 thousand	(USD 1,625 thousand)	(USD 1,601 thousand) (Note 1)	Notes 1,2
Gamania International Holdings Ltd.	Gamania Western Holdings Ltd.	Cayman Islands	Investment holdings	USD 7,150 thousand	USD 4,850 thousand	7,150	100%	USD 3,009 thousand	(USD 1,955 thousand)	(USD 1,955 thousand)	Note 2
Gamania International Holdings Ltd.	Gamania Netherlands Holdings Cooperatief U.A.	Amsterdam	Investment holdings	EUR 3,000 thousand	EUR 500 thousand	3,000	100%	EUR 1,509 thousand	(EUR 1,403 thousand)	(EUR 1,403 thousand)	〃
Gamania International Holdings Ltd.	Firedog Studio Company Ltd.	Hong Kong	Design and research and development of software	HKD 26,000 thousand	HKD 10,455 thousand	26,000	100%	HKD 11,722 thousand	(HKD 10,257 thousand)	(HKD 10,257 thousand)	〃
Gamania International Holdings Ltd.	Gash Plus (Hong Kong) Company Ltd.	Hong Kong	Supply of software and electronic services	USD 97 thousand	-	97	100%	USD 118 thousand	USD 21 Thousand	USD 21 thousand	〃
Gamania China Holdings Ltd.	Tornado Studio Co., Ltd.	Seoul, Korea	Supply of software and electronic services	USD 300 thousand	-	300	100%	USD 81 thousand	(USD 206 thousand)	(USD 206 thousand)	〃

Note 1:The weighted-average ownership percentage is 98.50%.
Note 2: The investment has been eliminated in the consolidated financial statements.

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
				2011.12.31	2010.12.31	Number of shares	Percentage	Book value			
Gamania China Holdings Ltd.	Gamania Sino Holdings Ltd.	Cayman Islands	Investment holdings	USD 34,720 thousand	USD 26,920 thousand	34,720	100%	USD 2,597 thousand	(USD 7,959 thousand)	(USD 7,959 thousand)	Note 1
Gamania China Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	Hong Kong	Design and research and development of software	USD 3,009 thousand	USD 3,009 thousand	35,500	100%	USD 7,427 thousand	USD 6,905 thousand	USD 6,905 thousand	〃
Gamania Sino Holdings Ltd.	Gamania Digital Entertainment (Beijing) Co., Ltd.	China	Design and sales of software	USD 30,500 thousand	USD 23,000 thousand	-	100%	USD 2,267 thousand	(USD 7,784 thousand)	(USD 7,784 thousand)	〃
Gamania Western Holdings Ltd.	Gamania Digital Entertainment (U.S.) Co., Ltd.	USA	Supply of software and electronic services	USD 7,130 thousand	USD 4,830 thousand	1	100%	USD 3,012 Thousand	(USD 1,952 thousand)	(USD 1,952 thousand)	〃
Gamania Netherlands Holdings Cooperatief U.A.	Gamania Digital Entertainment (Europe) B.V.	Amsterdam	Supply of software and electronic services	EUR 3,000 thousand	EUR 500 thousand	3,000	100%	EUR 1,509 thousand	(EUR 1,403 thousand)	(EUR 1,403 thousand)	〃

Note 1: 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 December 31, 2011:

Unit: Thousands of New Taiwan Dollars / Thousands of shares

Issuer	Type of marketable securities (Note 1)	Relationship with the security holders	General ledger account	December 31, 2011 Number of shares (Note 3)	Book value	Percentage	Market value (Note 2)	Note
Gamania Holdings Ltd.	Gamania International Holdings Ltd.- Stock	Subsidiary	Long-term investments – accounted for under the equity method	56,495	USD 27,265 thousand	100%	USD 27,265 thousand	Note 5
Gamania Holdings Ltd.	Gamania R&D (HK) Holidings Limited - Stock	〃	〃	-	USD 100 thousand	100%	USD 100 thousand	Note 5
Gamania International Holdings Ltd.	Gamania Digital Entertainment (Japan) Co., Ltd. - Stock	〃	〃	20	USD 8,634 thousand	100%	USD 8,634 thousand	Note 5
Gamania International Holdings Ltd.	Gamania China Holdings Ltd. - Stock	〃	〃	36,884	USD 11,160 thousand	98.70%	USD 11,160 thousand	Note 5
Gamania International Holdings Ltd.	GamaniaWestern Holdings Ltd. - Stock	〃	〃	7,150	USD 3,009 thousand	100%	USD 3,009 thousand	Note 5
Gamania International Holdings Ltd.	Gamania Netherlands Holdings Cooperatief U.A. - Stock	〃	〃	3,000	EUR 1,509 thousand	100%	EUR 1,509 thousand	Note 5
Gamania International Holdings Ltd.	Firedog Studio Company Ltd. - Stock	〃	〃	26,000	HKD 11,722 thousand	100%	HKD 11,722 thousand	Note 5
Gamania International Holdings Ltd.	Gash Plus (Hong Kong) Company Ltd. - Stock	〃	〃	97	USD 118 thousand	100%	USD 118 thousand	Note 5
Gamania International Holdings Ltd.	Tornado Studio Co., Ltd- Stock	〃	〃	300	USD 81 thousand	100%	USD 81 thousand	Note 5
Gamania China Holdings Ltd.	Gamania Sino Holdings Ltd. - Stock	〃	〃	34,720	USD 2,597 Thousand	100%	USD 2,597 thousand	Note 5
Gamania China Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd - Stock	〃	〃	35,500	USD 7,427 thousand	100%	USD 7,427 thousand	Note 5
Gamania Sino Holdings Ltd.	Gamania Digital Entertainment (Beijing) Co., Ltd.- Stock			N/A	USD 2,267 thousand	100%	USD 2,267 thousand	Note 5
Gamania Western Holdings Ltd.	Gamania Digital Entertainment (U.S.) Co., Ltd. - Stock	〃	〃	1	USD 3,012 thousand	100%	USD 3,012 thousand	Note 5
Gamania Netherlands Holdings Cooperatief U.A.	Gamania Digital Entertainment (Europe) B.V. - Stock	〃	〃	3,000	EUR 1,509 thousand	100%	EUR 1,509 thousand	Note 5

Unit: Thousands of New Taiwan Dollars / Thousands of shares

Issuer	Type of marketable securities (Note 1)	Relationship with the security holders	General ledger account	December 31, 2011 Number of shares (Note 3)	Book value	Percentage	Market value (Note 2)	Note
Gash Plus Co., Ltd.	Jsdway Digital Technology Co., Ltd. - Stock	Subsidiary	Long-term investments – accounted for under the equity method	4,000	$ 54,016	33.33%	$ 54,016	Note 5
Gamania Asia Investment Co., Ltd.	Gameastor Digital Entertainment Co., Ltd. - Stock	Investee company accounted for under the equity method	〃	1,458	33,694	27.20%	33,694	Note 5
Gamania Asia Investment Co., Ltd.	Nice Finance Co., Ltd. - Stock	None	Financial assets carried at cost	9,383	91,453	14.60%	91,453	
Gamania Asia Investment Co., Ltd.	Comtass Systems Co., Ltd. - Stock	〃	〃	1,000	10,000	3.33%	10,000	
Gamania Asia Investment Co., Ltd.	Iwan Interactive Entertainment Co., Ltd. - Stock	〃	Financial assets at fair value through profit or loss	285	1,000	14.96%	2,850	
Jsdway Digital Technology Co.	Webo Digital Co., Ltd. - Stock	Investee company accounted for under the equity method	Long-term investments – accounted for under the equity method	1,959	8,345	97.95%	8,345	Note 5
Jsdway Digital Technology Co.Ltd.	Encore Digital Technology Co., Ltd.- Stock	〃	〃	175	637	35.00%	637	
Jsdway Digital Technology Co.Ltd.	TangDesign Digi-Tech. Co., Ltd. - Stock	〃	〃	100	-	28.57%	-	
Jsdway Digital Technology Co.Ltd.	Niu Niu Technology Co., Ltd- Stock	〃	〃	105	363	30.00%	363	
Jsdway Digital Technology Co.Ltd.	Precious Power Digital Technoloy Co., Ltd.- Stock	〃	〃	700	3,556	70.00%	3,556	Note 5
Jsdway Digital Technology Co.Ltd.	Moqizone Holding Corporation- Stock	Prepaid long-term equity investments	Prepaid long-term equity investments	-	6,000	-	6,000	
Jsdway Digital Technology Co.Ltd.	Lung Yen Life Service Corporation- Stock	None	Financial assets at fair value through profit or loss	51	4,534	Note 4	4,534	
Jsdway Digital Technology Co.Ltd.	Chainqui Construction Development Co., Ltd. - Stock	〃	〃	140	2,450	Note 4	2,450	
Jsdway Digital Technology Co.Ltd.	Capital ASEAN-Mutual Fund	〃	〃	100	872	Note 4	872	

Unit: Thousands of New Taiwan Dollars / Thousands of shares

Issuer	Type of marketable securities (Note 1)	Relationship with the security holders	General ledger account	December 31, 2011				
				Number of shares (Note 3)	Book value	Percentage	Market value (Note 2)	Note
Jsdway Digital Technology Co.Ltd.	Prudential Financial Asia Bond-Bond	None	Financial assets at fair value through profit or loss	200	$ 1,983	Note 4	$ 1,983	

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

Note 2:

a) 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.

b) 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: Less than 1%

Note 5: The transaction has been eliminated in the consolidated financial statements.

E) Marketable securities acquired or sold during the year ended December 31, 2011 in excess of $100,000 or 20% of capital: None.

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

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

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

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

J) Information on derivative transactions: None.

(3) DISCLOSURE OF INFORMATION ON INVESTMENT IN MAINLAND CHINA

A) Information on Mainland China investments is disclosed as follows in accordance with (2002) Tai-Cai-Zheng (6) Letter No. 103366 of Securities and Futures Commission, Ministry of Finance:

Name of investee in Mainland China	Main activities	Capital (Note 4)	Investment method	Accumulated investment from Taiwan as of January 1, 2011 (Note 5)	Remitted or received investment amount during the year		Accumulated investment from Taiwan as of December 31, 2011 (Note 6)	Direct and indirect percentage of ownership	Investment loss recognized during the year (Note 3)	Balance of investment at December 31, 2011 (Note 7)	Accumulated investment income received as of December 31, 2011
					Remitted	Received					
Gamania Digital Entertainment (Beijing) Co., Ltd.	Design and sales of software	1,072,596	(Note 2)	$ 632,152	$ -	$ -	$ 632,152	98.70%	($ 225,956)	67,759	$ -

B) Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA:

Company	Accumulated amount of investment in Mainland China as of December 31, 2011	Related investment amount approved by FIA (Note 1)	Upper limit of investment in Mainland China
Gamania Digital Entertainment (Beijing) Co., Ltd.	$ 632,152	$971,097	$ 1,799,379

Note 1: Related total investment amount approved by FIA is USD 32,060 or NTD971,097 thousand based on 30.29 exchange rate.

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

Note 3: The investment loss of the investee for 2011 was recognized based on the indirect weighted-average ownership percentage of 98.50% and on its financial statements for the corresponding period, which were audited by independent auditors.

Note 4: Paid-in capital was RMB $222,877 thousand.

Note 5: Accumulated investment amount of remittance from Taiwan to Mainland China as of January 1, 2011 was USD 20,870 thousand.

Note 6: Accumulated investment amount of remittance from Taiwan to Mainland China as of December 31, 2011 was USD 20,870 thousand.

Note 7: Book value of investments in Mainland China as of December 31, 2011 was USD 2,237 thousand.

C) All related transactions between the holding company or its subsidiary in Mainland China and the Company have been disclosed in Note 5.

D) The transaction has been eliminated in the consolidated financial statements.

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

For the year ended December 31, 2011

				Transaction terms			
Number (Note 1)	Name of counterparty	Name of transaction parties	Relationship (Note 2)	Subject	Amount (Note 5)	Transaction terms	Percentage of total combined revenue or total assets (Note 3)
0	Gamania Digital Entertainment Co., Ltd.	Gameastor Digital Entertainment Co., Ltd.	1	Advertising expense	$ 54,530	Note 4	1%
0	〃	Gameastor Digital Entertainment Co., Ltd.	1	Other receivables	12,143	Note 4	-%
0	〃	Gameastor Digital Entertainment Co., Ltd.	1	Other payables	133,834	Note 4	3%
0	〃	Gash Plus Co., Ltd.	1	Accounts receivable	707,181	Note 4	14%
0	〃	Gash Plus Co., Ltd.	1	Other receivables	185,303	Note 4	4%
0	〃	Gash Plus Co., Ltd.	1	Sales revenue	2,171,972	Note 4	30%
0	〃	Jsdway Digital Technology Co., Ltd.	1	Accounts payable	47,979	Note 4	1%
0	〃	Gash plus (H.K.) Comapny Ltd.	1	Other payables	11,564	Note 4	-%
0	〃	Playcoo Co.	1	License cost	13,951		-%
1	Gameastor Digital Entertainment Co., Ltd.	Gash Plus Co., Ltd.	3	Accounts receivable	38,141	Note 4	1%
1	〃	Playcoo Co.	3	License cost	10,463	Note 4	-%
1	〃	Gamania Digital Entertainment Labuan Holdings, Ltd.	3	License cost	16,458	Note 4	-%
1	〃	Gamania Digital Entertainment Labuan Holdings, Ltd.	3	Royalties payments	12,974	Note 4	-%
1	〃	Gash Plus Co., Ltd.	3	Sales revenue	474,333	Note 4	7%
2	Gash Plus Co., Ltd.	Jsdway Digital Technology Co., Ltd.	3	Accounts receivable	576,099	Note 4	11%
2	〃	Gamania Digital Entertainment (H.K.) Co., Ltd.	3	Other receivables	22,147	Note 4	-%
2	〃	Jsdway Digital Technology Co., Ltd.	3	Sales revenue	196,817	Note 4	3%
3	Playcoo Co.	Gamania Digital Entertainment Labuan Holdings, Ltd.	3	License revenue	80,079	Note 4	1%
3	Playcoo Co.	Gamania Digital Entertainment Labuan Holdings, Ltd.	3	Accounts receivable	13,507	Note 4	-%

Number (Note 1)	Name of counterparty	Name of transaction parties	Relationship (Note 2)	Transaction terms: Subject	Amount (Note 5)	Transaction terms	Percentage of total combined revenue or total assets (Note 3)
4	Gamania Digital Entertainment (Japan) Co., Ltd.	Gamania Digital Entertainment Labuan Holding, Ltd.	3	License cost	$ 80,077	Note 4	1%
5	Gamania Digital Entertainment (H.K.) Co., Ltd.	Gash Plus (Hong Kong) Company Ltd.	3	Other receivables	72,525	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 $10,000 for the transaction amount.

For the year ended December 31, 2010

Number (Note 1)	Name of counterparty	Name of transaction parties	Relationship (Note 2)	Transaction terms: Subject	Amount	Transaction terms	Percentage of total combined revenue or total assets (Note 3)
0	Gamania Digital Entertainment Co., Ltd.	Fundation Digital Entertainment Co., Ltd.	1	Purchases	$ 11,863	Note 4	-%
0	〃	Gameastor Digital Entertainment Co., Ltd	1	Advertising expense	42,105	Note 4	1%
0	〃	Gamania Digital Entertainment (Europe) B.V.	1	Other receivables	31,989	Note 4	1%
0	〃	Gamania Digital Entertainment (H.K.) Co., Ltd.	1	Other receivables	11,917	Note 4	-%
0	〃	Gameastor Digital Entertainment Co., Ltd.	2	Other payables	66,868	Note 4	2%
1	Gameastor Digital Entertainment Co., Ltd.	Gamania Digital Entertainment Labuan Holding, Ltd.	3	License cost	38,274	Note 4	1%
1	〃	Gamania Digital Entertainment Labuan Holding, Ltd.	3	Deferred charges	28,120	Note 4	1%
2	Playcoo Co.	Gamania Digital Entertainment Labuan Holding, Ltd.	3	License revenue	84,356	Note 4	1%
2	Playcoo Co.	Gamania Digital Entertainment Labuan Holding, Ltd.	3	Accounts receivable	19,113	Note 4	-%
3	Gamania Digital Entertainment (Japan) Co., Ltd.	Gamania Digital Entertainment Labuan Holding, Ltd.	3	License cost	96,215	Note 4	2%

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 $10,000 for the transaction amount.

12. OPERATING SEGMENT INFORMATION

(1) General information

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

(2) Assessment of segment information

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

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

The segment information on reportable segments provided to the chief operating decision-maker for the years ended December 31, 2011 and 2010 are as follows:

For the year ended December 31, 2011	Gamania Digital Entertainment Co., Ltd.	Gameastor Digital Entertainment Co., Ltd.	Gash Plus Co., Ltd.	Others	Total	
Revenue from external customers	$1,891,068	$ 290,807	$3,362,173	$ 1,700,620	$ 7,244,668	
Inter-segment revenue	2,183,111	525,974	198,392	214,150	3,121,627	
Segment profit (loss)	187,010	56,142	23,500	(71,381)	195,271	
Depreciation and amortization	(280,731)	(99,457)	(1,863)	(83,460)	(465,511)	
Income tax expense	(75,878)	(5,475)	(3,835)	(40,981)	(126,169)	
Investment income (loss) accounted for under the equity method	(323,665)	-	(183)	319,693	(4,155)	Note
Segment assets	-	-	-	-	-	

For the year ended December 31, 2010	Gamania Digital Entertainment Co., Ltd.	Gameastor Digital Entertainment Co., Ltd.	Gash Plus Co., Ltd.	Others	Total	
Revenue from external customers	$ 4,200,020	$ 519,181	$ -	$ 1,134,747	$ 5,853,948	
Inter-segment revenue	6,331	42,769	-	237,407	286,507	
Segment profit (loss)	231,523	13,613	-	(11,849)	233,287	
Depreciation and amortization	(312,921)	(78,314)	-	(92,790)	(484,025)	
Income tax expense	(107,094)	(6,484)	-	(28,989)	(142,567)	
Investment income (loss) accounted for under the equity method	(314,094)	-	-	307,679	(6,415)	Note
Segment assets	-	-	-	-	-	

Note: The inter-segment investment income or loss has been eliminated.

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

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

(5) Revenue information by category

The revenue from external customers mainly come from sales of online game credits， Breakdown of the revenue from all sources is as follows:

	For the year ended December 31, 2011	For the year ended December 31, 2010
Revenue from sales of online game credits		
Gash Plus Co., Ltd.	$ 2,918,290	$ -
Revenue from consumed online game credtis		
Gamania Digital Entertainment Co., Ltd.	1,744,994	4,022,462
Gameastor Digital Entertainment Co., Ltd	67,006	496,852
Others	2,514,378	1,334,634
Total	$ 7,244,668	$ 5,853,948

(6)Revenue information by geographic area

	For the year ended December 31, 2011		For the year ended December 31, 2010	
	Revenue	Non-current Assets	Revenue	Non-current Assets
Taiwan	$ 5,541,794	$ 975,410	$ 4,729,962	$ 1,105,693
Asia	1,696,453	298,906	1,123,986	246,145
Others	6,421	97,151	-	72,756
Total	$ 7,244,668	$ 1,371,467	$ 5,853,948	$ 1,424,594

(7) Information on major customers

The customers accounting for more than 10% of the Company's consolidated total sales revenues for the years ended December 31, 2011 and 2010 are set forth below:

	For the year ended December 31, 2011		For the year ended December 31, 2010	
	Revenue	Segment	Revenue	Segment
Customer				
A	$ 3,102,214	Gamania and Gash Plus	$ 753,671	Gamania
B	-	-	2,253,533	Gamania
C	-	-	1,226,522	Gamania

Note：Players can still choose to play online games developed by other companies although they have bought the online game cards issued by the Company. This type of sales revenue is reclassified under "collections and payments transfer" account. Since the Company is unable to determine the actual sales to a certain customer, the Company discloses instead the ratio of sales to a certain customer to the Company's consolidated total sales for the year.

13. DISCLOSURES RELATING TO THE ADOPTION OF IFRSS

Pursuant to the regulations of the Financial Supervisory Commission, Executive Yuan, R.O.C., effective January 1, 2013, a public company whose stock is listed on the Taiwan Stock Exchange Corporation or traded in the GreTai Securities Market should prepare financial statements in accordance with the International Financial Reporting Standards, International Accounting Standards, and Interpretations/bulletins (collectively referred herein as the IFRSs) developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as recognized by the Financial Supervisory Commission, Executive Yuan, R.O.C.

The Company discloses the following information in advance prior to the adoption of IFRSs under the requirements of Jin-Guan-Zheng-Shen-Zi Order No. 0990004943 of the Financial Supervisory Commission, dated February 2, 2010:

A) Major contents and status of execution of the Company's plan for IFRSs adoption:

The Company has formed an IFRSs group, headed by the Company's general manager, which is responsible for setting up a plan relative to the Company's transition to IFRSs. The major contents and status of execution of this plan are outlined below:

Working Items for IFRSs Adoption	Status of Execution
Formation of an IFRSs group	Completed
Setting up a plan relative to the Company's transition to IFRSs	Completed
Identification of the differences between current accounting policies and IFRSs	Completed
Identification of consolidated entities under the IFRSs framework	Completed
Evaluation of the impact of each exemption and option on the Company under IFRS 1 – First-time Adoption of International Financial Reporting Standards	Completed
Evaluation of needed information system adjustments	Completed
Evaluation of needed internal control adjustments	Completed
Establish IFRSs accounting policies	Completed

Working Items for IFRSs Adoption	Status of Execution
Selection of exemptions and options available under IFRS 1 – First-time Adoption of International Financial Reporting Standards	Completed
Preparation of statement of financial position on the date of transition to IFRSs	In process
Preparation of IFRSs comparative financial information for 2012	In process
Completion of relevant internal control (including financial reporting process and relevant information system) adjustments	In process

B) Material differences that may arise between current accounting policies used in the preparation of financial statements and IFRSs and “Rules Governing the Preparation of Financial Statements by Securities Issuers” that will be used in the preparation of financial statements in the future:

The Company uses the IFRSs already recognized currently by the Financial Supervisory Commission and the “Rules Governing the Preparation of Financial Statements by Securities Issuers” that will be applied in 2013 as the basis for evaluation of material differences in accounting policies as mentioned above. However, the Company’s current evaluation results may be different from the actual differences that may arise when new issuances of or amendments to IFRSs and relevant interpretations that are subsequently recognized by the Financial Supervisory Commission or amendments to the “Rules Governing the Preparation of Financial Statements by Securities Issuers” come in the future.

Material differences identified by the Company that may arise between current accounting policies used in the preparation of financial statements and IFRSs and “Rules Governing the Preparation of Financial Statements by Securities Issuers” that will be used in the preparation of financial statements in the future are set forth below:

1. Revenue Recognition

   The Company is engaged in the sale of on-line game stored-value cards and provision of on-line game services. According to the current accounting standards in R.O.C., the Company recognizes the revenue when the consumers purchase the online game credits, and use the credits to exchange for service for playing the online games and the virtual treasures and then the consumed credits are deducted from the players' accounts. Moreover, according to the IAS 18, “Revenue Recognition”, the revenue should be recognized in accordance to the following regulation.

1. When the players use the online game credits to exchange for service, the revenue is recognized when the service is provided.
2. If the players use the online game credits to purhcase the virtual products offered by the company, then the revenue is recognized within the period while the virtual products last.

2. Financial assets: equity instruments

In accordance with the amended “Rules Governing the Preparation of Financial Statements by Securities Issuers”, dated July 7, 2011, unlisted stocks and emerging stocks held by the Company should be measured at cost and recognized in “Financial assets carried at cost”. However, in accordance with IAS 39, “Financial Instruments: Recognition and Measurement”, investments in equity instruments without an active market but with reliable fair value measurement (i.e. the variability of the estimation interval of reasonable fair values of such equity instruments is insignificant, or the probability for these estimates can be made reliably) should be measured at fair value.

3. Pensions

a. The discount rate used to calculate pensions shall be determined with reference to the factors specified in R.O.C. SFAS 18, paragraph 23. However, IAS 19, “Employee Benefits”, requires an entity to determine the rate used to discount employee benefits with reference to market yields on high quality corporate bonds that match the currency at the end day of the reporting period and duration of its pension plan; when there is no deep market in corporate bonds, an entity is required to use market yields on government bonds (at the end day of the reporting period) instead.

b. In accordance with current accounting standards in R.O.C., the unrecognized transitional net benefit obligation should be amortized on a straight-line basis over the average remaining service period of employees still in service and expected to receive benefits. However, as this the Group’s first-time adoption of IFRSs, the transition of IAS 19, “Employee Benefits” do not apply to the Group. The unrecognized transitional net benefit obligation should be zero.

c. In accordance with current accounting standards in R.O.C., the excess of the accumulated benefit obligation over the fair value of the pension plan (fund) assets at the balance sheet date is the minimum amount of pension liability that is required to be recognized on the balance sheet ("minimum pension liability"). However, IAS 19, "Employee Benefits", has no regulation regarding the minimum pension liability.

d. In accordance with current accounting standards in R.O.C., actuarial pension gain or loss of the Company is recognized in net pension cost of current period using the 'corridor' method. However, IAS 19, "Employee Benefits", requires that actuarial pension gain or loss should be recognized immediately in other comprehensive income.

4. Employee benefits

The current accounting standards in R.O.C. do not specify the rules on the cost recognition for accumulated unused compensated absences. The Company recognizes such costs as expenses upon actual payment. However, IAS 19, "Employee Benefits", requires that the costs of accumulated unused compensated absences should be accrued as expenses at the end of the reporting period.

5. Income taxes

a. In accordance with current accounting standards in R.O.C., a deferred tax asset or liability should, according to the classification of its related asset or liability, be classified as current or noncurrent. However, a deferred tax asset or liability that is not related to an asset or liability for financial reporting, should be classified as current or noncurrent according to the expected time period to realize or settle a deferred tax asset or liability. However, under IAS 1, "Presentation of Financial Statements", an entity should not classify a deferred tax asset or liability as current.

b. In accordance with current accounting standards in R.O.C., when evidence shows that part or whole of the deferred tax asset with 50% probability or above will not be realized, an entity should reduce the amount of deferred tax asset by adjusting the valuation allowance account. In accordance with IAS 12, "Income Taxes", a deferred tax asset should be recognized if, and only if, it is considered highly probable that it will be realized.

6. Business combinations

a. Although no rules concerning the recognition of costs related to the acquisition in a business combination are specified in current accounting standards in R.O.C., in practice, certain acquisition-related costs are usually viewed as part of the acquisition cost of the acquiring corporation. However, in accordance with IFRS 3, “Business Combinations”, all acquisition-related costs must be expensed by the acquiring corporation when such costs are incurred and services are received.

b. The measurement date for the equity stock issued in a business combination is the announcement date of the combination agreement in accordance with current accounting standards in R.O.C. and is the acquisition date in accordance with IFRS 3, “Business Combinations”.

c. In accordance with current accounting standards in R.O.C., when the fair value of identifiable net assets acquired exceeds the acquisition cost, the difference should be assigned to non-current assets acquired proportionate to their respective fair values. If the book values of those non-current assets are reduced to zero, the remaining excess should be recorded as extraordinary gains. However, in accordance with IFRS 3, “Business Combinations”, the difference should be directly recognized in profit or loss.

d. In accordance with current accounting standards in R.O.C., the minority interest on the consolidated financial statements should be measured based on the book value of the acquired corporation. In accordance with IFRS 3, “Business Combinations”, the non-controlling interest in the acquired corporation should be measured at fair value (or at the non-controlling interest’s proportionate share of the acquired corporation’s identifiable net assets).

e. In accordance with current accounting standards in R.O.C., where the distribution of additional consideration may be contingent on maintaining or achieving specified future earnings level for the acquired corporation and it is reasonably certain that the event is likely to occur and the amount can be reasonably estimated, such contingent consideration should be included in the acquisition cost; where additional consideration may be contingent on the market price of a particular security issued as a result of a business combination, then the acquiring corporation should record the current fair value of the additional securities issued and simultaneously reduce the book value of the securities issued at acquisition date. In accordance with IFRS 3, “Business Combinations”, the acquiring corporation should recognize the contingent consideration at fair value at acquisition date as part of the consideration transferred to acquire a business. The acquiring corporation should classify the obligation to pay contingent consideration as a liability or as equity, and shall classify as an asset the right to the return of previously transferred consideration when certain criteria are met.

7. Share-based payment

   a. The share-based payment arrangements of the Company include employee stock options, treasury stock transferred to employees, cash capital increase reserved for employee preemption and employees' bonus.

      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", of the R.O.C. Accounting Research and Development Foundation, dated March 17, 2003. Compensation cost of such employee stock options is recognized as an expense using the intrinsic value method. Compensation cost of treasury stock transferred to employees and cash capital increase reserved for employee preemption incurred before December 31, 2007 was not recognized as an expense by the Company. Employees' bonus distributed before January 1, 2007 was accounted for as earnings distribution, and was not recognized as an expense by the Company.

   b. However, according to IFRS 2, "Share-based Payment", the cost of the share-based payment arrangements stated above should be expensed at the fair value of the equity instruments over the vesting period.

Some of the above differences may not have a material effect on the Company in transition to IFRSs due to the exemption rules in IFRS 1, "First-time Adoption of International Financial Reporting Standards", adopted by the Company.