GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

SEPTEMBER 30, 2018 AND 2017

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

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

PWCR 18000137

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Gamania Digital Entertainment Co., Ltd. and subsidiaries (the "Group") as at September 30, 2018 and 2017, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the related statements of changes in equity and of cash flows for the nine-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Notes 4(3)B and 6(7), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using equity method were not reviewed by independent accountants. Those statements reflect total assets (including investments accounted for under equity method) of $1,991,379 thousand and $1,987,240 thousand, constituting 21% and 27% of the consolidated total assets, and total liabilities of $477,051 thousand and $344,544 thousand, constituting 10% and 8% of the consolidated total liabilities as at September 30, 2018 and 2017, respectively, and total comprehensive (loss) income (including share of (loss) profit of associates and joint ventures accounted for using equity method) of ($13,608) thousand, $19,417 thousand, ($78,832) thousand and $43,441 thousand, constituting (2%), 60%, (6%) and (170%) of the consolidated total comprehensive (loss) income for the three-month and nine-month periods then ended, respectively.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of insignificant consolidated subsidiaries and investments accounted for using equity method been reviewed by independent accountants, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2018 and 2017, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-month periods then ended in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

Emphasis of matter –Adoption of new accounting principle

As described in Note 3(1), the Group changed its revenue recognition method on game cards from gross method to net method since the adoption of IFRS 15, 'Revenue from contracts with customers' effective January 1, 2018.

Lin, Yi-Fan	Pan, Hui-Lin

For and on behalf of PricewaterhouseCoopers, Taiwan

November 8, 2018

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such 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 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.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2018, DECEMBER 31, 2017 AND SEPTEMBER 30, 2017
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of September 30, 2018 and 2017 are reviewed, not audited)

	Assets	Notes	September 30, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%	September 30, 2017 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 2,840,515	30	$ 1,380,030	16	$ 1,424,712	20
1110	Financial assets at fair value through profit or loss - current		-	-	5	-	109	-
1150	Notes receivable, net	6(2)	249	-	238	-	-	-
1170	Accounts receivable, net	6(2)	1,151,589	12	2,209,778	26	1,059,644	14
1180	Accounts receivable - related parties	7	7,304	-	39,978	-	22,826	-
1200	Other receivables	6(3)	315,031	3	63,395	1	50,781	1
1210	Other receivables - related parties	7	37,213	-	3,814	-	9,318	-
1220	Current income tax assets		5,310	-	3,996	-	5,489	-
130X	Inventory	6(4)	90,234	1	71,081	1	47,211	1
1410	Prepayments	6(5)	552,245	6	305,434	3	190,605	2
1470	Other current assets	8	64,539	1	56,256	1	47,109	1
11XX	**Total Current Assets**		5,064,229	53	4,134,005	48	2,857,804	39
	Non-current assets							
1517	Financial assets at fair value through other comprehensive income - non-current	6(6)	475,338	5	-	-	-	-
1523	Available-for-sale financial assets - non-current	12(4)	-	-	534,563	6	591,109	8
1550	Investments accounted for under equity method	6(7)	496,214	5	584,731	7	527,110	7
1600	Property, plant and equipment	6(8) and 8	2,735,790	29	2,794,303	33	2,785,782	39
1780	Intangible assets	6(10)	533,258	6	286,219	3	270,871	4
1840	Deferred income tax assets		122,708	1	144,542	2	160,221	2
1900	Other non-current assets	6(11) and 8	41,113	1	53,175	1	55,944	1
15XX	**Total Non-current Assets**		4,404,421	47	4,397,533	52	4,391,037	61
1XXX	**Total Assets**		$ 9,468,650	100	$ 8,531,538	100	$ 7,248,841	100

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GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2018, DECEMBER 31, 2017 AND SEPTEMBER 30, 2017
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of September 30, 2018 and 2017 are reviewed, not audited)

			September 30, 2018		December 31, 2017		September 30, 2017	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(13)	$ 74,195	1	$ 840,589	10	$ 748,206	10
2130	Current contract liabilities		529,018	6	-	-	-	-
2150	Notes payable		13,234	-	1,746	-	2,067	-
2170	Accounts payable		604,415	6	1,432,940	17	802,037	12
2180	Accounts payable - related parties	7	37,115	-	146,180	1	156,987	2
2200	Other payables	6(14)	1,668,371	17	418,288	5	301,332	4
2220	Other payables - related parties	7	162,403	-	64,326	1	21,564	-
2230	Current income tax liabilities		323,229	3	5,082	-	1,809	-
2300	Other current liabilities	6(15)	228,892	3	1,173,441	14	971,058	14
21XX	**Total Current Liabilities**		3,640,872	38	4,082,592	48	3,005,060	42
	Non-current liabilities							
2540	Long-term borrowings	6(17)	1,060,000	11	1,294,004	15	1,316,650	18
2570	Deferred income tax liabilities		18,512	1	13,077	-	13,484	-
2600	Other non-current liabilities	6(18)	6,201	-	6,052	-	4,715	-
25XX	**Total Non-current Liabilities**		1,084,713	12	1,313,133	15	1,334,849	18
2XXX	**Total Liabilities**		4,725,585	50	5,395,725	63	4,339,909	60
	Equity attributable to owners of parent							
	Share capital							
3110	Share capital - common stock	6(20)	1,754,936	19	1,750,281	21	1,685,372	23
	Capital surplus	6(21)						
3200	Capital surplus		1,165,799	12	1,033,045	12	847,727	12
	Retained earnings	6(22)						
3350	Unappropriated retained earnings (Accumulated deficit)		1,794,787	19	(14,270)	-	(34,697)	-
	Other equity interest	6(23)						
3400	Other equity interest		(192,315)	(2)	205,814	2	252,896	3
3500	Treasury stocks	6(20)	(64,623)	(1)	(186,226)	(2)	(186,226)	(3)
31XX	**Equity attributable to owners of the parent**		4,458,584	47	2,788,644	33	2,565,072	35
36XX	**Non-controlling interest**		284,481	3	347,169	4	343,860	5
3XXX	**Total Equity**		4,743,065	50	3,135,813	37	2,908,932	40
	Significant contingent liabilities and unrecorded contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	**Total Liabilities and Equity**		$ 9,468,650	100	$ 8,531,538	100	$ 7,248,841	100

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

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except earnings per share data)
(REVIEWED, NOT AUDITED)

			Three months ended September 30				Nine months ended September 30			
			2018		2017		2018		2017	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	6(24), 7 and 12(5)	$ 3,273,645	100	$ 1,836,344	100	$ 11,634,895	100	$ 5,767,560	100
5000	**Operating costs**	6(28) and 7	(1,900,013)	(58)	(1,539,913)	(84)	(7,754,576)	(67)	(4,853,915)	(84)
5950	**Gross profit**		1,373,632	42	296,431	16	3,880,319	33	913,645	16
	Operating expenses	6(28) and 7								
6100	Selling expenses		(297,692)	(9)	(116,328)	(7)	(965,792)	(8)	(337,153)	(6)
6200	General and administrative expenses		(432,209)	(13)	(189,206)	(10)	(1,032,683)	(9)	(598,844)	(10)
6300	Research and development expenses		(74,705)	(3)	(54,988)	(3)	(193,905)	(2)	(142,989)	(3)
6450	Expected credit impairment loss		(608)	-	-	-	(2,146)	-	-	-
6000	**Total operating expenses**		(805,214)	(25)	(360,522)	(20)	(2,194,526)	(19)	(1,078,986)	(19)
6900	**Operating income**		568,418	17	(64,091)	(4)	1,685,793	14	(165,341)	(3)
	Non-operating income and expenses									
7010	Other income	6(25) and 7	11,931	-	9,050	1	32,400	-	36,594	1
7020	Other gains and losses	6(26)	83,715	3	(12,252)	(1)	137,806	1	159,709	3
7050	Finance costs	6(27)	(5,524)	-	(11,239)	(1)	(20,717)	-	(35,597)	(1)
7060	Share of loss of associates and joint ventures accounted for under equity method		(16,799)	(1)	(17,331)	(1)	(53,290)	-	(32,975)	(1)
7000	**Total non-operating income and expenses**		73,323	2	(31,772)	(2)	96,199	1	127,731	2
7900	**Profit (loss) before income tax**		641,741	19	(95,863)	(6)	1,781,992	15	(37,610)	(1)
7950	Income tax expense	6(29)	(131,284)	(4)	(3,303)	-	(389,845)	(3)	(16,560)	-
8200	**Profit (loss) for the period**		$ 510,457	15	($ 99,166)	(6)	$ 1,392,147	12	($ 54,170)	(1)

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GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except earnings per share data)
(REVIEWED, NOT AUDITED)

			Three months ended September 30				Nine months ended September 30			
			2018		2017		2018		2017	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Other comprehensive income									
	Components of other comprehensive income that will not be reclassified to profit or loss									
8316	Unrealised gain (loss) on investment in equity instruments at fair value through other comprehensive income		$ 62,084	2	$ -	-	($ 45,045)	-	$ -	-
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**		62,084	2	-	-	(45,045)	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations		(800)	-	(2,630)	-	(3,424)	-	(41,363)	(1)
8362	Unrealised gain on valuation of available-for-sale financial assets		-	-	69,598	4	-	-	121,152	2
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		38	-	9	-	6,731	-	-	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**		(762)	-	66,977	4	3,307	-	79,789	1
8300	**Total other comprehensive income (loss) for the period**		$ 61,322	2	$ 66,977	4	($ 41,738)	-	$ 79,789	1
8500	**Total comprehensive income (loss) for the period**		$ 571,779	17	($ 32,189)	(2)	$ 1,350,409	12	$ 25,619	-
	Profit (loss) attributable to:									
8610	Owners of the parent		$ 528,179	16	($ 80,039)	(5)	$ 1,458,210	13	$ 36	-
8620	Non-controlling interest		(17,722)	(1)	(19,127)	(1)	(66,063)	(1)	(54,206)	(1)
			$ 510,457	15	($ 99,166)	(6)	$ 1,392,147	12	($ 54,170)	(1)
	Comprehensive income (loss) attributable to:									
8710	Owners of the parent		$ 588,667	18	($ 12,641)	(1)	$ 1,426,088	13	$ 81,397	1
8720	Non-controlling interest		(16,888)	(1)	(19,548)	(1)	(75,679)	(1)	(55,778)	(1)
			$ 571,779	17	($ 32,189)	(2)	$ 1,350,409	12	$ 25,619	-
	Earnings (loss) per share (in dollars)									
9750	**Basic earnings (loss) per share**	6(30)	$ 3.11		($ 0.53)		$ 8.59		$ -	
9850	**Diluted earnings (loss) per share**	6(30)	$ 3.09		($ 0.53)		$ 8.43		$ -	

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

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

		Equity attributable to owners of the parent													
			Capital Reserves			Retained Earnings			Other Equity Interest						
	Notes	Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Others	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealised gain or loss on available-for-sale financial assets	Treasury stocks	Total	Non-controlling interest	Total equity
Nine months ended September 30, 2017															
Balance at January 1, 2017		$ 1,575,936	$ 640,461	$ 24,234	$ 32,961	$ 51,971	$ 64,656	($ 307,946)	($ 25,647)	$ -	$ 197,182	($ 185,464)	$ 2,068,344	$ 300,067	$ 2,368,411
Profit (loss) for the period		-	-	-	-	-	-	36	-	-	-	-	36	(54,206)	(54,170)
Other comprehensive (loss) income for the period		-	-	-	-	-	-	-	(39,791)	-	121,152	-	81,361	(1,572)	79,789
Total comprehensive income		-	-	-	-	-	-	36	(39,791)	-	121,152	-	81,397	(55,778)	25,619
Appropriations of 2016 retained earnings															
Capital surplus used to cover accumulated deficit		-	(191,319)	-	-	-	-	191,319	-	-	-	-	-	-	-
Legal reserve offset		-	-	-	-	(51,971)	-	51,971	-	-	-	-	-	-	-
Reversal of special reserve		-	-	-	-	-	(64,656)	64,656	-	-	-	-	-	-	-
Convertible securities conversion		109,436	327,526	-	(14,692)	-	-	-	-	-	-	-	422,270	-	422,270
Purchase of treasury stocks	6(20)	-	-	-	-	-	-	-	-	-	-	(762)	(762)	-	(762)
Changes in equity of associates and joint venturtrs accounted for using equity method		-	-	-	1,429	-	-	(18,080)	-	-	-	-	(16,651)	-	(16,651)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(31)	-	-	-	27,127	-	-	(16,653)	-	-	-	-	10,474	-	10,474
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	-	99,571	99,571
Balance at September 30, 2017		$ 1,685,372	$ 776,668	$ 24,234	$ 46,825	$ -	$ -	($ 34,697)	($ 65,438)	$ -	$ 318,334	($ 186,226)	$ 2,565,072	$ 343,860	$ 2,908,932
Nine months ended September 30, 2018															
Balance at January 1, 2018		$ 1,750,281	$ 971,484	$ 24,234	$ 37,327	$ -	$ -	($ 14,270)	($ 73,262)	$ -	$ 279,076	($ 186,226)	$ 2,788,644	$ 347,169	$ 3,135,813
Effect of retrospective application and retrospective restatement		-	-	-	-	-	-	365,436	-	(86,360)	(279,076)	-	-	-	-
Balance at January 1 after adjustments		1,750,281	971,484	24,234	37,327	-	-	351,166	(73,262)	(86,360)	-	(186,226)	2,788,644	347,169	3,135,813
Profit (loss) for the period		-	-	-	-	-	-	1,458,210	-	-	-	-	1,458,210	(66,063)	1,392,147
Other comprehensive income (loss) for the period		-	-	-	-	-	-	-	12,923	(45,045)	-	-	(32,122)	(9,616)	(41,738)
Total comprehensive income (loss)		-	-	-	-	-	-	1,458,210	12,923	(45,045)	-	-	1,426,088	(75,679)	1,350,409
Appropriations of 2017 retained earnings	6(22)														
Capital surplus used to cover accumulated deficit		-	(14,270)	-	-	-	-	14,270	-	-	-	-	-	-	-
Cash dividends from capital surplus		-	(84,298)	-	-	-	-	-	-	-	-	-	(84,298)	-	(84,298)
Convertible securities conversion		4,655	14,059	-	(625)	-	-	-	-	-	-	-	18,089	-	18,089
Transfer of treasury stocks to employees	6(19)	-	-	197	196,140	-	-	-	-	-	-	121,603	317,940	-	317,940
Changes in equity of associates and joint ventures accounted for using equity method		-	-	-	17,799	-	-	(6,820)	-	-	-	-	10,979	-	10,979
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(31)	-	-	-	3,752	-	-	(22,610)	-	-	-	-	(18,858)	-	(18,858)
Others	6(6)	-	-	-	-	-	-	571	-	(571)	-	-	-	-	-
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	-	12,991	12,991
Balance at September 30, 2018		$ 1,754,936	$ 886,975	$ 24,431	$ 254,393	$ -	$ -	$ 1,794,787	($ 60,339)	($ 131,976)	$ -	($ 64,623)	$ 4,458,584	$ 284,481	$ 4,743,065

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

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		$ 1,781,992	($ 37,610)
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss	12(2)	2,146	-
Reversal of provision for bad debt expense	12(4)	-	(2,203)
Depreciation	6(8)(28)	80,414	80,340
Amortisation	6(10)(28)	92,980	76,205
Loss (gain) on financial assets or liabilities at fair value through profit or loss	6(26)	5	(2,979)
Share-based payments	6(19)	196,140	-
Share of loss of associates accounted for using equity method		53,290	32,975
(Gain) loss on disposal of property, plant and equipment	6(26)	(44,704)	8
Gain on disposal of non-current assets held for sale	6(26)	-	(164,774)
Intangible assets transferred to loss and expenses	6(10)	4,898	16,418
Gain on disposal of available-for-sale financial assets	6(26)	-	(15,923)
Gain on disposal of investments	6(26)	(79,857)	-
Non-financial assets impairment loss	6(26)	-	6,635
Interest income	6(25)	(10,073)	(2,100)
Interest expense	6(27)	20,717	35,597
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		238	182
Accounts receivable		1,012,343	351,357
Accounts receivable - related parties		32,590	13,763
Other receivables		(188,356)	32,963
Other receivables - related parties		(33,403)	(3,607)
Inventories		(19,153)	(10,664)
Prepayments		(238,800)	(16,354)
Other current assets		(6,095)	(4,997)
Other non-current assets		-	(39)
Changes in operating liabilities			
Contract liabilities - current		53,162	-
Notes payable		(306)	2,067
Accounts payable		(799,023)	(363,110)
Accounts payable - related parties		(109,065)	87,722
Other payables		1,107,689	(32,200)
Other payables - related parties		133,038	(5,050)
Other current liabilities		(439,778)	(142,220)
Other non-current liabilities		18	(509)
Cash inflow (outflow) generated from operations		2,603,047	(68,107)
Interest received		10,073	2,100
Interest paid		(20,682)	(28,070)
Income tax paid		(45,747)	3,523
Dividends received		13,469	21,513
Net cash flows from (used in) operating activities		2,560,160	(69,041)

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GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of available-for-sale financial assets		$ -	($ 15,271)
Proceeds from disposal of available-for-sale financial assets	6(33)	-	28,107
Acquisition of investments accounted for using equity method		(28,561)	(82,841)
Acquisition of subsidiaries (deduction of cash received)		(42,131)	-
Acquisition of property, plant and equipment	6(33)	(90,339)	(94,445)
Proceeds from disposal of property, plant and equipment	6(33)	89,383	454
Proceeds from disposal of non-current assets held for sale		-	352,316
Acquisition of intangible assets	6(33)	(67,086)	(86,100)
Proceeds from disposal of intangible assets		8,649	-
(Increase) decrease in other financial assets		(1,957)	142,017
Decrease (increase) in other non-current assets		10,778	(10,000)
Decrease in refundable deposits		2,505	5,923
Net cash flows (used in) from investing activities		(118,759)	240,160
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		-	21,474
Repayment of short-term borrowings		(767,952)	-
Increase in long-term borrowings		-	30,260
Repayment of long-term debt		(248,571)	(337,500)
Purchase of treasury shares		-	(762)
Sale of treasury shares to employees		121,800	-
Increase in subsidiaries capital from non-controlling interest	6(31)	10,000	110,045
Redemption of convertible bonds		(100)	-
Distribution of cash from capital surplus	6(22)	(84,298)	-
Acquisition of comparative interests in subsidiaries	6(31)	(14,500)	-
Net cash flows used in financing activities		(983,621)	(176,483)
Effect of exchange rate changes on cash and cash equivalents		2,705	(42,057)
Net increase (decrease) in cash and cash equivalents		1,460,485	(47,421)
Cash and cash equivalents at beginning of period		1,380,030	1,472,133
Cash and cash equivalents at end of period		$ 2,840,515	$ 1,424,712

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

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017
(Expressed in thousands of New Taiwan Dollars, except as otherwise indicated)
(REVIEWED, NOT AUDITED)

1. HISTORY AND ORGANISATION

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

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were reported to the Board of Directors on November 8, 2018.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments as endorsed by FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective Date by the International Accounting Standards Board
Amendments to IFRS 2, 'Classification and measurement of share-based payment transactions'	January 1, 2018
Amendments to IFRS 4, 'Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts'	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Amendments to IFRS 15, 'Clarifications to IFRS 15 Revenue from contracts with customers'	January 1, 2018
Amendments to IAS 7, 'Disclosure initiative'	January 1, 2017
Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'	January 1, 2017
Amendments to IAS 40, 'Transfers of investment property'	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018

New Standards, Interpretations and Amendments	Effective Date by the International Accounting Standards Board
Annual improvements to IFRSs 2014-2016 cycle-Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle-Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle-Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

A. IFRS 9, 'Financial instruments'

(a) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

(b) The Group has elected not to restate prior period financial statements using the modified retrospective approach under IFRS 9. For details of the significant effect as at January 1, 2018, please refer to Note 12(4)B.

B. IFRS 15, 'Revenue from contracts with customers' and amendments

(a) IFRS 15, 'Revenue from contracts with customers' replaces IAS 11, 'Construction contracts', IAS 18, 'Revenue' and relevant interpretations. According to IFRS 15, revenue is recognised when a customer obtains control of promised goods or services. A customer obtains control of goods or services when a customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Step 1: Identify contracts with customer.

Step 2: Identify separate performance obligations in the contract(s).

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price.

Step 5: Recognise revenue when the performance obligation is satisfied.

Further, IFRS 15 includes a set of comprehensive disclosure requirements that requires an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

(b) The Group has elected not to restate prior period financial statements and recognised the cumulative effect of initial application as retained earnings at January 1, 2018, using the modified retrospective approach under IFRS 15. The significant effects of adopting the modified transition as of January 1, 2018 are summarised below:

i. Under IFRS 15, liabilities in relation to the performance obligations of game services are recognised as contract liabilities, but were previously presented as unearned revenue in the balance sheet (shown as ‘other current liabilities’). As of January 1, 2018, the balance would amount to $475,856.

ii. Under IFRS 15, for each specified good or service, the entity determines whether it is the principal or the agent based on the nature of the promise to the customer. The purpose of selling stored value cards to players is to offer a tool that allows them to purchase game services from the Group or another party. When a player purchases a game from another party for which the Group has no control over the service provided, then the Group merely acts as an intermediary that facilitates the transaction; the game service is entirely provided by another party. After the adoption of IFRS 15, the Group recognises payments received less amounts paid to another party as revenue.

iii. Please refer to Note 12(5) for other disclosures in relation to the first application of IFRS 15.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective Date by the International Accounting Standards Board
Amendments to IFRS 9, ‘Prepayment features with negative compensation’	January 1, 2019
IFRS 16, ‘Leases’	January 1, 2019
Amendments to IAS 19, ‘Plan amendment, curtailment or settlement’	January 1, 2019
Amendments to IAS 28, ‘Long-term interests in associates and joint ventures’	January 1, 2019
IFRIC 23, ‘Uncertainty over income tax treatments’	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment. The quantitative impact will be disclosed when the assessment is complete.

IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

In the first quarter of 2018, the Group reported to the Board of Directors that IFRS 16 has no material impact to the Group.

The Group will adopt the simplified retrospective transitional provisions of IFRS 16 'Leases', and classify the effects on the lease contract of lessee to January 1, 2019 in accordance with IFRS 16.

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

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective Date by the International Accounting Standards Board
Amendment to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below while the others are in line with Note 4 in the consolidated financial statements for the year ended December 31, 2017. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standards 34, "Interim financial reporting" endorsed by the FSC.

(2) Basis of preparation

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

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

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

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

C. In adopting IFRS 9 and IFRS 15 effective January 1, 2018, the Group has elected to apply modified retrospective approach whereby the cumulative impact of the adoption was recognised as retained earnings or other equity as of January 1, 2018 and the financial statements for the year ended December 31, 2017 and the third quarter of 2017 were not restated. The financial statements for the year ended December 31, 2017 and the third quarter of 2017 were prepared in compliance with International Accounting Standard 39 ('IAS 39'), International Accounting Standard 11 ('IAS 11'), International Accounting Standard 18 ('IAS 18') and related financial reporting interpretations. Please refer to Notes 12(4) and (5) for details of significant accounting policies.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

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

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

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

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

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)			
Name of Investor	Name of Subsidiary	Main Business Activities	September 30, 2018	December 31, 2017	September 30, 2017	Description
Gamania Digital Entertainment Co., Ltd.	Gamania Holdings Ltd. (GH)	Holding company	100	100	100	
Gamania Holdings Ltd. (GH)	Gamania International Holdings Ltd. (GIH)	Investment holdings	100	100	100	
Gamania International Holdings Ltd. (GIH)	Gamania China Holdings Ltd.	Investment holdings	98.85	98.85	98.85	
Gamania International Holdings Ltd. (GIH)	Gamania Western Holdings Ltd.	Investment holdings	100	100	100	Note 1, 2
Gamania International Holdings Ltd. (GIH)	Gamania Netherlands Holdings Cooperatief U.A.	Investment holdings	100	100	100	Note 1, 2
Gamania International Holdings Ltd. (GIH)	Joymobee Entertainment Co., Ltd.	Software services	100	100	100	Note 1, 2
Gamania International Holdings Ltd. (GIH)	Achieve Made International Ltd. (AMI)	Investment holdings	50.07	50.07	50.07	Note 1, 2

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2018	Ownership (%) December 31, 2017	Ownership (%) September 30, 2017	Description
Gamania International Holdings Ltd. (GIH)	HaPod Digital Technology Co., Ltd.	Software services and sales	100	100	100	Note 1, 2
Gamania China Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	Software services and sales	100	100	100	Note 1, 2
Gamania China Holdings Ltd.	Gamania Sino Holdings Ltd.	Investment holdings	100	100	100	Note 1, 2
Gamania Netherlands Holdings Cooperatief U.A.	Gamania Digital Entertainment (Europe) B.V.	Software services and sales	100	100	100	Note 1, 2
Gamania Western Holdings Ltd.	Gamania Digital Entertainment (U.S.) Co., Ltd.	Software services and sales	100	100	100	Note 1, 2
Gamania Sino Holdings Ltd.	Gamania Digital Entertainment (Beijing) Co., Ltd.	Design, research and development and sales of software	100	100	100	
Achieve Made International Ltd. (AMI)	Jollywiz Digital Technology Co., Ltd.	Information and supply of electronic services	100	100	100	Note 1, 2
Achieve Made International Ltd. (AMI)	Jollywiz International (HK) Co., Ltd.	Information and supply of electronic services	76.58	76.58	76.58	Note 1, 2
Jollywiz Digital Technology Co., Ltd.	Cyber Look Properties Ltd.	Investment holdings	100	100	100	Note 1, 2
Jollywiz Digital Technology Co., Ltd.	Jollywiz International (HK) Co., Ltd.	Information and supply of electronic services	23.42	23.42	23.42	Note 1, 2
Jollywiz Digital Technology Co., Ltd.	Bjolly Co., Ltd.	Information and supply of electronic services	52.27	100	100	Note 1
Cyber Look Properties Ltd.	Legion Technology (Shanghai) Co., Ltd.	Information and supply of electronic services	100	100	100	Note 1, 2

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2018	December 31, 2017	September 30, 2017	Description
Legion Technology (Shanghai) Co., Ltd.	Jollywiz Digital Business Co., Ltd.	Information and supply of electronic services	100	100	100	Note 1, 2
Gamania Digital Entertainment Co., Ltd.	Gamania Asia Investment Co., Ltd.	Investment company	100	100	100	Note 1, 2
Gamania Digital Entertainment Co., Ltd.	Ciirco Inc.	Software services	99.57	99.25	99	Note 1, 2
Gamania Digital Entertainment Co., Ltd.	Fundation Digital Entertainment Co., Ltd.	Publishing of magazines and periodicals	100	100	100	Note 1, 2
Gamania Digital Entertainment Co., Ltd.	JollyBuy Digital Technology Co., Ltd.	E-commerce operations	100	100	100	Note 1, 2, 3
Gamania Digital Entertainment Co., Ltd.	Two Tigers Co., Ltd.	Animation production	51	51	51	Note 1, 2
Gamania Digital Entertainment Co., Ltd.	Gash Point Co., Ltd.	Software information and supply of electronic services	90	90	90	
Gamania Digital Entertainment Co., Ltd.	Ants' Power Co., Ltd.	Customer service	100	100	100	Note 1, 2
Gamania Digital Entertainment Co., Ltd.	Global Pursuit Co., Ltd.	IP commodities authorization	100	100	100	Note 1, 2
Gamania Digital Entertainment Co., Ltd.	We Backers Co., Ltd.	Crowd funding	91.67	91.67	81.25	Note 1, 2
Gamania Digital Entertainment Co., Ltd.	BeanGo! Co., Ltd.	Software services	100	97.5	97	Note 1, 2

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2018	Ownership (%) December 31, 2017	Ownership (%) September 30, 2017	Description
Gamania Digital Entertainment Co., Ltd.	MadSugr Digital Technology Co., Ltd.	Software services and sales	51	51	51	Note 1, 2
Gamania Digital Entertainment Co., Ltd.	Coture New Media Co., Ltd.	Online media production	92.54	89.81	87.52	Note 1, 2
Gamania Digital Entertainment Co., Ltd.	GAMA PAY Co., Ltd.	Third-Party Payment	48.57	40	40	
Gamania Digital Entertainment Co., Ltd.	Coco Digital Technology Co., Ltd.	Software services and sales	100	100	100	Note 1, 2
Gamania Digital Entertainment Co., Ltd.	NOWnews Network Co., Ltd.	Broadcast and TV shows production	78.69	-	-	Note 1, 4
Gash Point Co., Ltd.	Gash Point (Hong Kong) Company Limited	Software information and supply of electronic services	100	100	100	
Gash Point Co., Ltd.	Gash Point (Japan) Co., Ltd.	Software information and supply of electronic services	100	100	100	Note 1, 2
Gash Point Co., Ltd.	Gash Point Korea Co., Ltd.	Software information and supply of electronic services	100	100	100	Note 1, 2
Gash Point Co., Ltd.	GAMA PAY Co., Ltd.	Third-Party Payment	21.43	25	25	
Gash Point Co., Ltd.	Conetter CoMarketing Co., Ltd.	Software services	84	52	52	Note 1, 2
MadSugr Digital Technologies Co., Ltd.	MadSugr Digital Technology (HK) Co., Ltd.	Software services and sales	100	100	100	Note 1, 2

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2018	Ownership (%) December 31, 2017	Ownership (%) September 30, 2017	Description
Coco Digital Technologies Co., Ltd.	Coco Digital Technology (HK) Co., Ltd.	Software services and sales	100	100	100	Note 1, 2
Ciirco Inc.	Ciirco (HK) Co., Ltd.	Software services	100	100	100	Note 1, 2
Gamania Asia Investment Co., Ltd	The China Post Co., Ltd.	Newspaper and magazine publishing	100	100	-	Note 1, 5
Gamania Asia Investment Co., Ltd.	Bjolly Co., Ltd.	Information and supply of electronic services	2.27	-	-	Note 1, 6

Note 1: The financial statements of the entity as of and for the nine months ended September 30, 2018 were not reviewed by independent auditors as the entity did not meet the definition of significant subsidiary.

Note 2: The financial statements of the entity as of and for the nine months ended September 30, 2017 were not reviewed by independent auditors as the entity did not meet the definition of significant subsidiary.

Note 3: On September 12, 2018, Redgate Games Co., Ltd. was renamed JollyBuy Digital Technology Co., Ltd..

Note 4: On September 27, 2018, the Company acquired 33.55% equity of NOWnews and thus its ownership reached 78.69% after adding the previous 45.14% equity. NOWnews was included in the consolidated financial statements thereafter.

Note 5: On November 13, 2017, the Group acquired a 100% equity interest of China Post, which had been included in the consolidated entities.

Note 6: On August 16, 2018, Gamania Asia acquired 2.27% equity of Bjolly Co., Ltd. in the participation of its capital increase.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of September 30, 2018, December 31, 2017 and September 30, 2017, the non-controlling interest amounted to $284,481, $347,169 and $343,860, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest			
		September 30, 2018		December 31, 2017	
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)
AMI and subsidiaries	Taiwan and China	$ 125,328	49.93%	$ 162,349	49.93%
GAMA PAY Co., Ltd.	Taiwan	109,256	30.00%	124,139	35.00%

		Non-controlling interest	
		September 30, 2017	
Name of subsidiary	Principal place of business	Amount	Ownership (%)
AMI and subsidiaries	Taiwan and China	$ 156,133	49.93%
GAMA PAY Co., Ltd.	Taiwan	133,268	35.00%

(Note) Registered location of AMI is Cayman Islands.

Balance sheets

	AMI and subsidiaries		
	September 30, 2018	December 31, 2017	September 30, 2017
Current assets	$ 504,528	$ 512,819	$ 403,820
Non-current assets	59,125	58,781	66,597
Current liabilities	(305,165)	(246,446)	(157,714)
Non-current liabilities	-	-	-
Total net assets	$ 258,488	$ 325,154	$ 312,703

	GAMA PAY Co., Ltd.		
	September 30, 2018	December 31, 2017	September 30, 2017
Current assets	$ 380,544	$ 356,289	$ 385,978
Non-current assets	18,243	30,153	24,821
Current liabilities	(34,562)	(31,760)	(30,008)
Non-current liabilities	(38)	-	(26)
Total net assets	$ 364,187	$ 354,682	$ 380,765

Statements of comprehensive income

	AMI and subsidiaries	
	Three months ended September 30,	
	2018	2017
Revenue	$ 138,549	$ 151,843
Loss before income tax	(11,846)	(13,560)
Income tax expense	-	-
Loss for the period	(11,846)	(13,560)
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the period	($ 11,846)	($ 13,560)
Comprehensive loss attributable to non-controlling interest	($ 5,915)	($ 6,770)
Dividends paid to non-controlling interest	$ -	$ -

	AMI and subsidiaries	
	Nine months ended September 30,	
	2018	2017
Revenue	$ 462,055	$ 478,231
Loss before income tax	(65,495)	(32,346)
Income tax expense	-	-
Loss for the period	(65,495)	(32,346)
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the period	($ 65,495)	($ 32,346)
Comprehensive loss attributable to non-controlling interest	($ 32,702)	($ 16,150)
Dividends paid to non-controlling interest	$ -	$ -

	GAMA PAY Co., Ltd.	
	Three months ended September 30,	
	2018	2017
Revenue	$ 206	$ 282
Loss before income tax	(24,939)	(26,482)
Income tax expense	-	-
Loss for the period	(24,939)	(26,482)
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the period	($ 24,939)	($ 26,482)
Comprehensive loss attributable to non-controlling interest	($ 8,729)	($ 9,269)
Dividends paid to non-controlling interest	$ -	$ -

	GAMA PAY Co., Ltd.	
	Nine months ended September 30,	
	2018	2017
Revenue	$ 467	$ 1,302
Loss before income tax	(90,496)	(82,508)
Income tax expense	-	-
Loss for the period	(90,496)	(82,508)
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the period	($ 90,496)	($ 82,508)
Comprehensive loss attributable to non-controlling interest	($ 30,570)	($ 28,878)
Dividends paid to non-controlling interest	$ -	$ -

Statements of cash flows

	AMI and subsidiaries	
	Nine months ended September 30,	
	2018	2017
Net cash used in operating activities	($ 84,747)	($ 129,281)
Net cash used in investing activities	(3,757)	(8,162)
Net cash provided by financing activities	20,777	188,709
Effect of exchange rate changes on cash and cash equivalents	(14,728)	(15,256)
(Decrease) increase in cash and cash equivalents	(82,455)	36,010
Cash and cash equivalents, beginning of period	137,671	118,591
Cash and cash equivalents, end of period	$ 55,216	$ 154,601

	GAMA PAY Co., Ltd.	
	Nine months ended September 30,	
	2018	2017
Net cash used in operating activities	($ 121,244)	($ 97,131)
Net cash used in investing activities	(2,576)	(7,860)
Net cash provided by financing activities	-	-
Effect of exchange rate changes on cash and cash equivalents	-	-
Decrease in cash and cash equivalents	(123,820)	(104,991)
Cash and cash equivalents, beginning of period	476,769	476,769
Cash and cash equivalents, end of period	$ 352,949	$ 371,778

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

Effective 2018

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

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

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(5) Financial assets at fair value through other comprehensive income

Effective 2018

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. They are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(6) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(7) Impairment of financial assets

For financial assets measured at fair value through other comprehensive income, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(8) Intangible assets

A. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method. Goodwill is recognised in the amount of acquisition price including direct costs of business combination less the fair value of identifiable net assets acquired. The measurement date of acquisition price must not exceed one year from the acquisition date.

B. Software

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

C. Agency

Agency prepayments for operating online game software are capitalised and amortised based on the period of the contract or deducted based on actual units of play.

(9) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

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

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense when it can no longer withdraw an offer of termination benefits or it recognises related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

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

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(10) Income tax

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

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

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

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

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

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

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

H. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

(11) Revenue recognition

A. Sales of goods

(a) The Group is engaged in online games and mobile phone games and sales of peripheral products of the games. Sales are recognised when control of the products has transferred, that is, the customer has control of the product and obtained most residual benefit, and there is no unfulfilled obligation that could affect the customer acceptance of the products.

(b) Revenue is measured at the fair value of the consideration received or receivable taking into account business tax, returns, rebates and discounts for the sale of goods based on the contract price.

(c) The Group recognises the collections of payments for game card purchases or value-added by players as contract liabilities, and amortises those amounts as revenue over the period of the services or the estimated useful period of the virtual items, when they are actually used.

(d) The Group recognised accounts receivable when the control of product has been transferred and has the right to collect price without condition. The accounts receivable has usually a short-term period and does not contain significant financial component. However, for online games and mobile phone games, the Group collects the price in advance upon sale, and recognises the contract liability.

B. Sales of services

(a) The Group recognises customer service revenue and advertisement revenue when the individual obligation is fulfilled at a point in time or fulfilled over time. Service revenue is based on contract price.

(b) The game card sold by the Group is a value-added instrument, while the online game service will be provided to players by third party subsequently. Before the service is transferred to players and the Group does not control the service which shall be provided by the third party, the game card is an intermedium for players to purchase online game service which shall be provided by the third party. The Group recognises revenue at net amount based on the price received less the amount paid to the third party.

5. <u>CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY</u>

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

(1) <u>Critical judgments in applying the Group's accounting policies</u>

Revenue recognition on a net/gross basis

The Group determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for the other party to provide those goods or services (i.e. the Group is an agent) based on the transaction model and its economic substance. The Group is a principal if it controls a promised good or service before it transfers the good or service to a customer. The Group recognises revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Group is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The Group recognises revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

Indicators that the Group controls the good or service before it is provided to a customer include the following:

A. The Group is primarily responsible for the provision of goods or services;

B. The Group assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.

C. The Group has discretion in establishing prices for the goods or services.

(2) Critical accounting estimates and assumptions

A. Revenue recognition

The Group recognises the collections of payments for game card purchases or value-added by players as contract liabilities, and amortises those amounts as revenue over the period of the services or the estimated useful period of the virtual items, when they are actually used. The Group estimates the deferred amount and delivery period based on operating history and other known factors, and audits its rationale periodically.

As of September 30, 2018, the Group recognised deferred contract liability in the amount of $529,018.

B. Impairment assessment of licence fees

The impairment assessment of licence fees depend on the Group's subjective judgement. The recoverable amount is determined based on estimated online game revenue arising from expected game points used by players and projected expenditures.

As of September 30, 2018, the Group recognised licence fees, net of impairment, amounting to $146,464.

C. Financial assets—fair value measurement of unlisted stocks without active market

The fair value of unlisted stocks held by the Group that are not traded in an active market is determined considering those companies' recent fund raising activities and technical development status, fair value assessment of other companies of the same type, market conditions and other economic indicators existing on balance sheet date. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 12(3) for the financial instruments fair value information.

As of September 30, 2018, the carrying amount of unlisted stocks without active market was $468,318 (shown as 'financial assets at fair value through other comprehensive income - non-current').

D. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(12) for the information of goodwill impairment.

As of September 30, 2018, the Group recognised goodwill, net of impairment loss, amounting to $341,237.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	September 30, 2018	December 31, 2017	September 30, 2017
Cash on hand and petty cash	$ 1,487	$ 1,495	$ 1,386
Checking accounts and demand deposits	1,692,019	1,267,434	1,278,935
Cash equivalents - time deposits	1,147,009	111,101	144,391
	$ 2,840,515	$ 1,380,030	$ 1,424,712

A. The Group deals with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

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

(2) Notes and accounts receivable

	September 30, 2018	December 31, 2017	September 30, 2017
Notes receivable	$ 249	$ 238	$ -
Accounts receivable	$ 1,199,203	$ 2,317,217	$ 1,166,293
Less: Allowance for doubtful accounts	(46,443)	(106,902)	(106,112)
Allowance for sales returns and discounts	(1,171)	(537)	(537)
	$ 1,151,589	$ 2,209,778	$ 1,059,644
Overdue receivables (shown as other non-current assets)	99,830	99,830	99,830
Less: Allowance for doubtful accounts	(99,830)	(99,830)	(99,830)
	$ 1,151,589	$ 2,209,778	$ 1,059,644

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	September 30, 2018	December 31, 2017	September 30, 2017
Not past due	$ 1,120,098	$ 2,037,783	$ 927,575
Up to 30 days	18,254	48,155	49,344
31~60 days	4,778	23,045	32,460
61~90 days	761	6,908	2,822
91~120 days	1,844	8,515	2,316
Over 120 days	53,468	192,811	151,776
	$ 1,199,203	$ 2,317,217	$ 1,166,293

The above ageing analysis was based on past due date.

B. As at September 30, 2018, December 31, 2017 and September 30, 2017, the Group has no notes receivable past due.

C. The Group does not hold any collateral. Further, the Group has no notes and accounts receivable pledged to others.

D. As at September 30, 2018, December 31, 2017 and September 30, 2017, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were $249, $238 and $0, and accounts receivable were $1,151,589, $2,209,778 and $1,059,644, respectively.

E. Information relating to credit risk is provided in Note 12(2).

(3) Other accounts receivable

	September 30, 2018	December 31, 2017	September 30, 2017
Other receivables	$ 381,034	$ 66,118	$ 53,504
Less: Allowance for bad debts	(66,003)	(2,723)	(2,723)
	$ 315,031	$ 63,395	$ 50,781

A. The ageing analysis of other receivables that were past due but not impaired is as follows:

	September 30, 2018	December 31, 2017	September 30, 2017
Not past due	$ 225,160	$ 58,220	$ 43,762
Up to 30 days	22,484	210	919
31 to 60 days	13,216	228	127
61 to 90 days	2,733	99	104
91 to 120 days	2,508	48	84
Over 120 days	114,933	7,313	8,508
	$ 381,034	$ 66,118	$ 53,504

The above ageing analysis was based on past due date.

B. The Group does not hold any collateral for other accounts receivable and has not pledged to others any other accounts receivable.

C. As at September 30, 2018, December 31, 2017 and September 30, 2017, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's other receivables were $315,031, $63,395 and $50,781, respectively.

D. Information relating to credit risk is provided in Note 12(2).

(4) Inventories

	September 30, 2018		
	Cost	Allowance for obsolescence and market value decline	Book value
Merchandise inventory	$ 92,400	($ 2,166)	$ 90,234

	December 31, 2017		
	Cost	Allowance for obsolescence and market value decline	Book value
Merchandise inventory	$ 73,404	($ 2,323)	$ 71,081

	September 30, 2017		
	Cost	Allowance for obsolescence and market value decline	Book value
Merchandise inventory	$ 49,560	($ 2,349)	$ 47,211

Expenses and losses incurred on inventories for the period:

	Three months ended September 30,	
	2018	2017
Cost of goods sold	$ 88,743	$ 228,848
Gain on reversal of inventory	(8)	(32)
	$ 88,735	$ 228,816

	Nine months ended September 30,	
	2018	2017
Cost of goods sold	$ 320,232	$ 676,679
(Gain on reversal of) loss on provision for inventory obsolescence and market price decline	(158)	508
	$ 320,074	$ 677,187

Note: The Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold in the amount of $8, $32 and $158 as certain inventory which were previously provided with allowance were sold during the three months ended September 30, 2018 and 2017, and nine months ended September 30, 2018 and 2017, respectively.

(5) Prepayments

	September 30, 2018	December 31, 2017	September 30, 2017
Prepayments to suppliers	$ 348,737	$ 190,554	$ 94,300
Prepaid expenses	100,912	84,180	53,519
Excess business tax paid	89,566	21,392	33,758
Others	13,030	9,308	9,028
	$ 552,245	$ 305,434	$ 190,605

(6) Financial assets at fair value through other comprehensive income

Items	September 30, 2018
Non-current items:	
Equity instruments	
Emerging stocks	$ 20,000
Unlisted stocks	594,031
	614,031
Valuation adjustment	(138,693)
	$ 475,338

A. The Group has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $475,338 as at September 30, 2018.

B. The Group recognised $62,084 and ($45,045) in other comprehensive income for the fair value change of the financial assets for the three months ended September 30, 2018 and nine months ended September 30, 2018, respectively.

C. After participating Aotter Inc.'s capital increase on August 31, 2018, Gamania Asia held 21.48% ownership of the investee and elected one director's seat. Gamania Asia therefore has significant control over the investee and recognised it as investments accounted for using equity method. In the third quarter of 2018, financial assets at fair value through other comprehensive income in the amount of $15,570 were classified as investments accounted for using equity method. Gain on valuation of $571was transferred into retained earnings from equity interest.

D. As at September 30, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was $475,338.

E. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

F. Information relating to credit risk is provided in Note 12(2).

G. Information on December 31, 2017 and September 30, 2017 is provided in Note 12(4).

(7) Investments accounted for under the equity method

A. List of long-term investments

Name of associates and subsidiary	September 30, 2018 Ownership percentage	September 30, 2018 Balance	December 31, 2017 Ownership percentage	December 31, 2017 Balance	September 30, 2017 Ownership percentage	September 30, 2017 Balance
Seedo Games Co., Ltd. (Seedo)	38.26	$ 186,091	38.26	$ 189,274	38.26	$ 186,062
Gungho Gamania Co., Limited (Gungho Gamania)	49.00	67,032	49.00	80,417	49.00	84,254
NOWnews Network Co., Ltd. (NOWnews) (Note 1)	-	-	45.61	94,029	46.31	93,724
Jsdway Digital Technology Co., Ltd. (Jsdway)	35.04	47,812	35.04	48,233	35.04	54,221
Fantasy Fish Digital Games Co., Ltd.	44.08	42,880	44.08	40,379	44.08	36,622
Chuang Meng Shr Ji Co., Ltd.	19.35	15,275	19.35	17,937	19.35	18,204
Petsmao Co., Ltd. (Petsmao)	37.50	-	37.50	-	37.50	407
Ju Shr Da Jiu (Shanghai) International Trading Co., Ltd. (Ju Shr Da Jiu)	30.00	3,505	30.00	3,423	30.00	3,208
Taiwan e-sports Co., Ltd. (Taiwan e-sports)	29.39	24,367	30.94	9,945	30.94	5,739
Pri-One Marketing Co., Ltd.	30.00	2,469	30.00	2,670	30.00	2,705
ACCI Group Limited (ACCI)	30.00	1,403	30.00	1,370	30.00	1,393
UniCube Co., Ltd. (UniCube)	-	-	40.00	764	40.00	771
Machi Pictures Co., Ltd. (Machi Pictures)	33.33	180	33.33	180	33.33	180
4-Way Voice Cultural Co., Ltd.	38.00	921	38.00	1,096	38.00	1,230
Mission Worldwide Group Limited (MWG)	25.00	69,024	27.27	84,537	11.11	28,390
Polysh Co., Ltd.	20.00	10,186	20.00	10,477	20.00	10,000
Firedog Creative Co., Ltd. (Firedog)	40.00	-	40.00	-	40.00	-
Aotter Inc. (Aotter)(Note 2)	21.48	25,069	-	-	-	-
		$ 496,214		$ 584,731		$ 527,110

Note 1: On September 27, 2018, the Company acquired 33.55% equity of NOWnews and thus its ownership reached 78.69% after adding the previous 45.14% equity. NOWnews was then included in the consolidated financial statements.

Note 2: Gamania Asia has significant control over Aotter since it held 21.48% ownership of the investee and elected one director's seat after participating in the capital increase on August 31, 2018.

B. As of and for the nine months ended September 30, 2018 and 2017, the financial statements of the Group's associates accounted for using equity method were not reviewed by independent accountants.

C. Information on the Group's significant associate as of September 30, 2018, December 31, 2017 and September 30, 2017 is shown below:

		Ownership (%)				
Company name	Principal place of business	September 30, 2018	December 31, 2017	September 30, 2017	Nature of relationship	Method of measurement
Seedo	Taiwan	38.26%	38.26%	38.26%	Owns at least 20% of the voting rights	Equity method

D. The summarised financial information of the associate that is material to the Group is shown below:

Balance sheet

	Seedo		
	September 30, 2018	December 31, 2017	September 30, 2017
Current assets	$ 177,753	$ 242,026	$ 162,327
Non-current assets	191,358	198,688	193,143
Current liabilities	(71,044)	(136,044)	(59,037)
Non-current liabilities	(11,512)	(9,797)	(9,954)
Total net assets	$ 286,555	$ 294,873	$ 286,479
Share in associate's net assets	$ 109,635	$ 112,818	$ 109,606
Unrealised loss on downstream transactions	4,699	4,699	4,699
Goodwill	71,757	71,757	71,757
Carrying amount of the associate	$ 186,091	$ 189,274	$ 186,062

Statement of comprehensive income

	Seedo	
	Three months ended September 30,	
	2018	2017
Revenue	$ 99,926	$ 102,989
Profit for the period from continuing operations	4,710	10,310
Loss for the period from discontinued operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive income	$ 4,710	$ 10,310
Dividends received from associates	$ -	$ -

	Seedo	
	Nine months ended September 30,	
	2018	2017
Revenue	$ 366,358	$ 301,703
Profit for the period from continuing operations	28,498	26,421
Loss for the period from discontinued operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive income	$ 28,498	$ 26,421
Dividends received from associates	$ -	$ -

E. As of September 30, 2018, December 31, 2017 and September 30, 2017, the carrying amount of the Group's individually immaterial associates amounted to $310,123, $395,457 and $341,048, respectively. The Group's share of the operating results are summarised below:

	Three months ended September 30,	
	2018	2017
Loss for the period from continuing operations	($ 18,114)	($ 21,276)
Loss for the period from discontinued operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive loss	($ 18,114)	($ 21,276)

	Nine months ended September 30,	
	2018	2017
Loss for the period from continuing operations	($ 61,878)	($ 43,084)
Loss for the period from discontinued operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive loss	($ 61,878)	($ 43,084)

F. There is no price in open market for associates of the Group, therefore, no fair value is applicable.

(8) Property, plant and equipment

	Land	Buildings	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction	Total
At January 1, 2018									
Cost	$ 2,150,050	$ 469,795	$ 485,626	$ 1,275	$ 73,239	$ 40,701	$ 30,448	$ -	$ 3,251,134
Accumulated depreciation	-	(44,523)	(346,108)	(1,213)	(38,336)	(10,028)	(10,241)	-	(450,449)
Accumulated impairment	-	-	(6,382)	-	-	-	-	-	(6,382)
	$ 2,150,050	$ 425,272	$ 133,136	$ 62	$ 34,903	$ 30,673	$ 20,207	$ -	$ 2,794,303
2018									
Opening net book amount as at January 1	$ 2,150,050	$ 425,272	$ 133,136	$ 62	$ 34,903	$ 30,673	$ 20,207	$ -	$ 2,794,303
Additions	-	16,254	29,371	-	5,503	3,692	2,541	-	57,361
Acquired from business combinations	-	-	736	-	3,747	3,995	370	-	8,848
Disposals	(9,443)	(23,426)	(258)	-	(90)	(11,466)	-	-	(44,683)
Reclassifications	-	(29,607)	-	-	-	-	-	29,607	-
Depreciation charge	-	(19,296)	(44,022)	-	(7,524)	(4,181)	(5,391)	-	(80,414)
Net exchange differences	55	136	28	-	(4)	163	(3)	-	375
Closing net book amount as at September 30	$ 2,140,662	$ 369,333	$ 118,991	$ 62	$ 36,535	$ 22,876	$ 17,724	$ 29,607	$ 2,735,790
At September 30, 2018									
Cost	$ 2,140,662	$ 428,277	$ 433,201	$ 1,243	$ 86,644	$ 35,129	$ 33,221	$ 29,607	$ 3,187,984
Accumulated depreciation	-	(58,944)	(307,828)	(1,181)	(50,109)	(12,253)	(15,497)	-	(445,812)
Accumulated impairment	-	-	(6,382)	-	-	-	-	-	(6,382)
	$ 2,140,662	$ 369,333	$ 118,991	$ 62	$ 36,535	$ 22,876	$ 17,724	$ 29,607	$ 2,735,790

	Land	Buildings	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction	Total
At January 1, 2017									
Cost	$ 2,150,835	$ 428,842	$ 489,622	$ 1,354	$ 70,544	$ 42,950	$ 30,049	$ 17,333	$ 3,231,529
Accumulated depreciation	-	(21,071)	(347,223)	(1,291)	(32,891)	(8,553)	(3,838)	-	(414,867)
Accumulated impairment	-	-	(6,382)	-	-	-	-	-	(6,382)
	$ 2,150,835	$ 407,771	$ 136,017	$ 63	$ 37,653	$ 34,397	$ 26,211	$ 17,333	$ 2,810,280
2017									
Opening net book amount as at January 1	$ 2,150,835	$ 407,771	$ 136,017	$ 63	$ 37,653	$ 34,397	$ 26,211	$ 17,333	$ 2,810,280
Additions	-	22,597	26,613	-	4,449	3,155	640	3,070	60,524
Disposals	-	-	(1)	-	(461)	-	-	-	(462)
Reclassifications (Note 2)	-	19,224	-	-	(29)	-	29	(20,403)	(1,179)
Depreciation charge	-	(17,311)	(46,013)	-	(6,919)	(4,447)	(5,138)	-	(79,828)
Net exchange differences	(628)	(1,605)	(417)	(2)	53	(960)	6	-	(3,553)
Closing net book amount as at September 30	$ 2,150,207	$ 430,676	$ 116,199	$ 61	$ 34,746	$ 32,145	$ 21,748	$ -	$ 2,785,782
At September 30, 2017									
Cost	$ 2,150,207	$ 468,846	$ 465,334	$ 1,276	$ 70,913	$ 41,099	$ 30,632	$ -	$ 3,228,307
Accumulated depreciation	-	(38,170)	(342,753)	(1,215)	(36,167)	(8,954)	(8,884)	-	(436,143)
Accumulated impairment	-	-	(6,382)	-	-	-	-	-	(6,382)
	$ 2,150,207	$ 430,676	$ 116,199	$ 61	$ 34,746	$ 32,145	$ 21,748	$ -	$ 2,785,782

Note 1: Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

Note 2: Pertains to non-current assets classified as held for sale reclassified to property, plant and equipment.

(9) Investment property

	Land		Buildings		Total	
At January 1, 2017						
Cost	$	111,855	$	102,425	$	214,280
Accumulated depreciation and impairment		-	(	26,223)	(	26,223)
	$	111,855	$	76,202	$	188,057
2017						
Opening net book amount as at January 1	$	111,855	$	76,202	$	188,057
Depreciation charge		-	(	512)	(	512)
Transferred to non-current assets classified as held for sale	(	111,855)	(	75,690)	(	187,545)
Closing net book amount as at September 30	$	-	$	-	$	-
At September 30, 2017						
Cost	$	-	$	-	$	-
Accumulated depreciation and impairment		-		-		-
	$	-	$	-	$	-

As of September 30, 2018 and December 31, 2017, the Group has no investment property.

(10) Intangible assets

	Licence fees	Software	Other intangible asset	Goodwill	Total
At January 1, 2018					
Cost	$ 394,532	$ 55,108	$ 79,173	$ 46,570	$ 575,383
Accumulated amortisation	(149,133)	(40,942)	(54,267)	-	(244,342)
Accumulated impairment	(17,321)	-	-	(27,501)	(44,822)
	$ 228,078	$ 14,166	$ 24,906	$ 19,069	$ 286,219
2018					
Opening net book amount as at January 1	$ 228,078	$ 14,166	$ 24,906	$ 19,069	$ 286,219
Additions	-	26,927	2,393	-	29,320
Additions-acquired through business combinations	-	-	1,468	321,697	323,165
Amortisation charge	(73,051)	(16,686)	(3,243)	-	(92,980)
Disposals during the period	(8,649)	-	-	-	(8,649)
Transferred to expenses and losses	-	-	(4,898)	-	(4,898)
Net exchange differences	86	51	473	471	1,081
Closing net book amount as at September 30	$ 146,464	$ 24,458	$ 21,099	$ 341,237	$ 533,258
At September 30, 2018					
Cost	$ 345,148	$ 63,170	$ 76,539	$ 369,445	$ 854,302
Accumulated amortisation	(181,363)	(38,712)	(55,440)	-	(275,515)
Accumulated impairment	(17,321)	-	-	(28,208)	(45,529)
	$ 146,464	$ 24,458	$ 21,099	$ 341,237	$ 533,258

	Licence fees	Software	Other intangible asset	Goodwill	Total
At January 1, 2017					
Cost	$ 384,888	$ 52,024	$ 80,422	$ 49,667	$ 567,001
Accumulated amortisation	(157,494)	(36,970)	(41,257)	-	(235,721)
Accumulated impairment	(18,803)	-	(83)	(29,802)	(48,688)
	$ 208,591	$ 15,054	$ 39,082	$ 19,865	$ 282,592
2017					
Opening net book amount as at January 1	$ 208,591	$ 15,054	$ 39,082	$ 19,865	$ 282,592
Additions	64,206	18,270	1,634	-	84,110
Amortisation charge	(52,640)	(15,986)	(7,579)	-	(76,205)
Transfer to other expenses and losses	(8,775)	(300)	(7,343)	-	(16,418)
Net exchange differences	99	5	(2,086)	(1,226)	(3,208)
Closing net book amount as at September 30	$ 211,481	$ 17,043	$ 23,708	$ 18,639	$ 270,871
At September 30, 2017					
Cost	$ 378,061	$ 53,447	$ 77,942	$ 46,602	$ 556,052
Accumulated amortisation	(166,580)	(36,404)	(54,234)	-	(257,218)
Accumulated impairment	-	-	-	(27,963)	(27,963)
	$ 211,481	$ 17,043	$ 23,708	$ 18,639	$ 270,871

A. The details of amortisation are as follows:

	Three months ended September 30, 2018	Three months ended September 30, 2017
Operating costs	$ 22,042	$ 2,167
Selling expenses	5,170	1,814
General and administrative expenses	4,150	2,057
Research and development expenses	323	1,095
	$ 31,685	$ 7,133

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Operating costs	$ 76,797	$ 62,860
Selling expenses	8,807	5,354
General and administrative expenses	6,470	6,282
Research and development expenses	906	1,709
	$ 92,980	$ 76,205

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

	September 30, 2018	December 31, 2017	September 30, 2017
Goodwill:			
Nownews	$ 321,697	$ -	$ -
AMI	18,802	18,331	18,639
GCH	27,277	26,593	27,040
Sino	931	908	923
The China Post Co., Ltd.	738	738	-
	369,445	46,570	46,602
Less: Accumulated impairment	(28,208)	(27,501)	(27,963)
	$ 341,237	$ 19,069	$ 18,639

Goodwill is recognised in the amount of acquisition price including direct costs of business combination less the fair value of identifiable net assets acquired. The measurement date of acquisition price must not exceed one year from the acquisition date. The Group acquired NOWnews in September 2018 and the measurement for allocating the acquisition price will be completed within one year.

When the fair value of goodwill is higher than book value, the Group does not recognise impairment loss on goodwill.

(11) Other non-current assets

	September 30, 2018	December 31, 2017	September 30, 2017
Overdue accounts receivable	$ 99,830	$ 99,830	$ 99,830
Less: Allowance for doubtful accounts	(99,830)	(99,830)	(99,830)
Refundable deposits	24,173	25,456	29,700
Prepayments for investments	-	-	10,000
Other non-current financial assets (Note)	16,868	27,646	14,790
Others	72	73	1,454
	$ 41,113	$ 53,175	$ 55,944

Note: Information about the other non-current financial assets that were pledged to others as collateral is provided in Note 8.

(12) Impairment of non-financial assets

A. The Group recognised impairment loss of $0, $6,635, $0 and $6,635 for the three months ended September 30, 2018 and 2017, and nine months ended September 30, 2018 and 2017, respectively.

	Three months ended September 30, 2017	
	Recognised in profit or loss	Recognised in other comprehensive income
Impairment loss－Investments accounted for using equity method	$ 6,635	$ -

	Nine months ended September 30, 2017	
	Recognised in profit or loss	Recognised in other comprehensive income
Impairment loss－Investments accounted for using equity method	$ 6,635	$ -

B. For the nine months ended September 30, 2017, the Company recognised impairment loss on the investments and goodwill for the associate accounted for using equity method, Petsmao. Impairment loss was recognised given that the recoverable amount of expected future cash flows estimated by the best available information on the balance sheet date is less than the book value.

(13) Short-term borrowings

	September 30, 2018	December 31, 2017	September 30, 2017
Bank borrowings			
Secured borrowings	$ 74,195	$ 60,589	$ 68,206
Unsecured borrowings	-	780,000	680,000
	$ 74,195	$ 840,589	$ 748,206
Credit lines	$ 1,256,850	$ 1,296,345	$ 2,011,763
Interest rate range	1.10%~6.10%	1.08%~6.10%	1.10%~6.10%

(14) Other payables

	September 30, 2018	December 31, 2017	September 30, 2017
Store-value received on behalf of others	$ 720,120	$ -	$ -
Payable on corporate tax and withholding tax	181,803	51,100	30,638
Commission payable	81,346	-	-
Salary payable and annual bonus	136,560	129,538	129,622
Employees' compensation	223,358	10,373	6,011
Payable on equipment and intangible assets	45,183	44,948	58,329
Directors' and supervisors' remuneration payable	42,647	-	-
Cash dividends payable	14,550	-	-
Payable on investment	101,859	-	-
Others	120,945	182,329	76,732
	$ 1,668,371	$ 418,288	$ 301,332

(15) Other current liabilities

	September 30, 2018	December 31, 2017	September 30, 2017
Unearned revenue collected in advance	$ -	$ 900,972	$ 504,812
Bonds payable, current portion or exercise of put options	-	18,154	268,866
Long-term borrowings, current portion	190,525	203,333	163,332
Receipts under custody	4,920	4,510	14,521
Tax receipts under custody	4,565	6,740	6,653
Other current liabilities-Others	28,882	39,732	12,874
	$ 228,892	$ 1,173,441	$ 971,058

(16) Bonds payable

	September 30, 2018	December 31, 2017	September 30, 2017
Bonds payable	$ -	$ 18,300	$ 272,100
Less: Discount on bonds payable	-	(146)	(3,234)
	-	18,154	268,866
Less: Current portion or exersise of put options	-	(18,154)	(268,866)
	$ -	$ -	$ -

A. The Company issued the first domestic secured convertible bonds as approved by the Financial Supervisory Commission, Securities and Futures Bureau, No. 1040024074 on July 2, 2015.

The terms are as follows:

(a) Total issuance: 700,000

(b) Coupon rate: 0%

(c) Issuance duration: 3 years (July 15, 2015 to July 15, 2018)

(d) Conversion period: The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date (August 16, 2015) after one month of the bonds issue to the maturity date (July 15, 2018), except (1) the stop transfer period as specified in the terms of the bonds or the laws/regulations. (2) the book closure date of the issuance of bonus shares, and of cash dividends, the period between the date that is 15 business days before the book closure date of a capital increase to the ex-right date, the period between the date that is 15 business days before the date of merger and demerger to the effective date, the period between the record date of a capital reduction and the prior day before the commencement of stock trading after stocks are repurchased.

(e) Conversion price and adjustment: The conversion price was $41.5 (in dollars) per share at issuance. After the issuance, except securities with conversion rights or warrants convertible to ordinary shares, the applicable conversion price was subject to adjustments set out in the indenture.

(f) Redemption

i. The Company may inform creditors within 30 trading days after the issuance and repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following event occurs: the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after one month of the bonds issue to 40 days before the maturity date (August 16, 2015 to June 5, 2018).

ii. The Company may inform creditors any time after the balance sheet date to repurchase all the bonds outstanding in cash at the bonds’ face value or repurchase all the bonds at the current conversion price within 1 month after the notice after the following events occur: the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date (August 16, 2015 to June 5, 2018).

(g) Put options:

The bondholders have the right to require the Company to redeem any bonds in cash at 101% of the bonds’ face value on the date after two years from the issue date (July 15, 2017).

(h) Rights and obligations after conversion:

The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

(i) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished. As of September 30, 2018, all bonds were redeemed and the retirement registration was completed. During the third quarter of 2018, the bonds totalling $100 (face value) were repurchased by the Company from the Taipei Exchange.

(j) As at September 30, 2018, the bonds with par value of $699,900 have been converted into 17,900 thousand shares.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to $10 were separated from the liability component and were recognised in ‘capital surplus - stock warrants’ in accordance with IAS 32. The call options and put options embedded in bonds payable were separated from their host contracts and were recognised in ‘financial assets or liabilities at fair value through profit or loss’ in net amount in accordance with IAS 39 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation is 1.57%.

(17) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	September 30, 2018
Long-term bank borrowings				
Secured borrowings	Borrowing period is March 20, 2015 ~ March 20, 2025; interest is payable monthly for the first three years; starting from the fourth year, principal and interest are payable quarterly	1.4%~1.7%	Land and Buildings and structures	$ 1,220,000
Secured borrowings	Borrowing period is October 3, 2017 ~ June 11, 2019; interest is payable monthly and principal is payable at maturity	3.4708%	Bank deposit	30,525
				1,250,525
Less: Current portion				(190,525)
				$ 1,060,000

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2017
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is June 23, 2016 ~ June 23, 2019; interest is payable monthly for the first year; starting from the second year, principal and interest are payable quarterly	1.43%	None	$ 75,000
Secured borrowings	Borrowing period is March 20, 2015 ~ March 20, 2025; interest is payable monthly for the first three years; starting from the fourth year, principal and interest are payable quarterly	1.40%	Land and Buildings and structures	1,300,000
Secured borrowings	Borrowing period is June 12, 2017 ~ June 11, 2019; interest is payable monthly and principal is payable at maturity	2.3781%	Bank deposit	68,448
Unsecured borrowings	Borrowing period is July 25, 2016 ~ July 25, 2019; principal and interest are payable monthly	1.31%	None	31,667
Unsecured borrowings	Borrowing period is August 11, 2016 ~ August 11, 2019; principal and interest are payable monthly	1.31%	None	22,222
				1,497,337
Less: Current portion				(203,333)
				$ 1,294,004

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	September 30, 2017
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is June 23, 2016 ~ June 23, 2019; interest is payable monthly for the first year; starting from the second year, principal and interest are payable quarterly	1.43%	None	$ 87,500
Secured borrowings	Borrowing period is March 20, 2015 ~ March 20, 2025; interest is payable monthly for the first three years; starting from the fourth year, principal and interest are payable quarterly	1.40%	Land and Buildings and structures	1,300,000
Secured borrowings	Borrowing period is June 12, 2017 ~ June 11, 2019; interest is payable monthly and principal is payable at maturity	2.3781%	Bank deposit	30,260
Unsecured borrowings	Borrowing period is July 25, 2016 ~ July 25, 2019; principal and interest are payable monthly	1.31%	None	36,667
Unsecured borrowings	Borrowing period is August 11, 2016 ~ August 11, 2019; principal and interest are payable monthly	1.31%	None	25,555
				1,479,982
Less: Current portion				(163,332)
				$ 1,316,650

(18) Pensions

A. Defined benefit plan

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is in sufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

(b) The pension costs under the defined benefit pension plan of the Company for the three months ended September 30, 2018 and 2017, and nine months ended September 30, 2018 and 2017 were $164, $146, $492 and $436, respectively.

(c) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2019 amount to $1,349.

B. Defined contribution plan

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

(b) The Company's mainland subsidiaries, Gamania Digital Entertainment (Beijing) Co., Ltd., Legion Technology (Shanghai) Co., Ltd. and Jollywiz Digital Business Co., Ltd., have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on a certain percentage of employees' monthly salaries and wages. The contribution percentage for the nine months ended September 30, 2018 and 2017 were both 20%~22%. Other than the monthly contributions, the Group has no further obligations.

(c) Gamania Digital Entertainment (H.K.) Co., Ltd., Gash Point (Hong Kong) Company Limited, Gash Point (Japan) Co., Ltd., Gash Point Korea Co., Ltd., Joymobee Entertainment Co., Ltd., Hapod Digital Technology Co., Ltd., Jollywiz International (HK) Co., Ltd., Madsugr Digital Technology (HK) Co., Ltd. and CoCo Digital Technology (HK) Co., Ltd. provide pension reserves annually for their employees in accordance with the local regulations.

(d) The pension costs under the defined contribution pension plan of the Group for the three months ended September 30, 2018 and 2017, and nine months ended September 30, 2018 and 2017 were $7,914, $7,309, $22,628 and $21,661, respectively.

(19) Share-based payment

A. For the years ended December 31, 2018, the Company's share-based payment arrangements was as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Treasury stock transferred to employees	2018.08.09	4,200,000	NA	Vested immediately

B. The fair value of treasury stock transferred to employees on August 9, 2018 is measured using the Black-Scholes pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Exercise price (In dollars)	Expected price volatility (Note)	Expected option life	Risk-free interest rate	Fair value per unit (In dollars)
Treasury stock transferred to employees	2018.08.09	$ 29	42.65%	0.067 year	0.59%	$ 46.71

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

C. Expenses incurred on share-based payment transactions are shown below:

	Years ended December 31,	
	2018	2017
Equity-settled	$ 196,140	$ -

(20) Common stock

A. As of September 30, 2018, the Company's authorised capital was $2,500,000, consisting of 250 million shares of ordinary stock (including 12 million shares reserved for employee stock options), and the paid-in capital was $1,754,936 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares (in thousands) outstanding are as follows:

	2018	2017
At January 1	168,597	151,188
Conversion of convertible bonds	465	10,943
Treasury stock transferred to employees	4,200	-
Purchase of treasury shares	-	(26)
At September 30	173,262	162,105

B. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

		September 30, 2018	
Name of company holding the shares	Reason for reacquisition	Number of shares (shares in thousands)	Carrying amount
The Company	To be reissued to employees	2,232	$ 64,623

		December 31, 2017	
Name of company holding the shares	Reason for reacquisition	Number of shares (shares in thousands)	Carrying amount
The Company	To be reissued to employees	6,432	$ 186,226

		September 30, 2017	
Name of company holding the shares	Reason for reacquisition	Number of shares (shares in thousands)	Carrying amount
The Company	To be reissued to employees	6,432	$ 186,226

(b) Pursuant to the R.O.C. Securities and Exchange Law, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired.

(21) Capital surplus

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

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

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

(b) Donations.

(22) Unappropriated retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses, then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance, and appropriate or reverse for special reserve as required by the operating needs of the Company or regulations when necessary. The remainder, if any, to be retained or to be appropriated shall be proposed by the Board of Directors and to be resolved by the stockholders at the stockholders' meeting.

B. The Company's dividend policy adopts conservatism principle, with consideration of the Company's profit, financial structure and future development plans, at least 10% of the Company's distributable earnings as of the end of the period shall be appropriated as cash dividends.

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

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

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

E. On June 8, 2017, the shareholders during their meeting resolved to offset the deficit of $307,946 with legal reserve of $51,971, capital surplus of $191,319, and the reversal of special reserve of $64,656 for the year ended December 31, 2016.

F. On June 13, 2018, the shareholders during their meeting resolved to offset 2017 deficit by using capital surplus in the amount of $14,270, and distribute cash dividends from capital surplus amounting to $84,298 at $0.5 (in dollars) per share.

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

H. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(28).

(23) Other equity items

	2018		
	Translation differences	Unrealised valuation gain or loss	Total
Balance after retrospective adoption at January 1	($ 73,262)	($ 86,360)	($ 159,622)
Revaluation - group	-	(45,045)	(45,045)
Revaluation transferred to retained earnings - group	-	(571)	(571)
Currency translation differences:			
- Group	6,192	-	6,192
- Associates	6,731	-	6,731
At September 30	($ 60,339)	($ 131,976)	($ 192,315)

	2017		
	Translation differences	Unrealised gain or loss on available-for-sale financial assets	Total
At January 1	($ 25,647)	$ 197,182	$ 171,535
Revaluation - group	-	137,075	137,075
Revaluation transfer - group	-	(15,923)	(15,923)
Currency translation differences:			
- Group	(39,781)	-	(39,781)
- Associates	(10)	-	(10)
At September 30	($ 65,438)	$ 318,334	$ 252,896

(24) Operating revenue

	Three months ended September 30, 2018
Revenue from contracts with customers	$ 3,273,645

	Nine months ended September 30, 2018
Revenue from contracts with customers	$ 11,634,895

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major segments:

Three months ended September 30, 2018	Gamania Digital Entertainment Co., Ltd.	Gash Point and Gash Point (Hong Kong) Co., Ltd.	Others	Total
Revenue from external customer	$ 2,896,137	$ 80,512	$ 296,996	$ 3,273,645
Timing of revenue recognition				
At a point in time	$ 2,775,479	$ 80,512	$ 296,996	$ 3,152,987
Over time	120,658	-	-	120,658
	$ 2,896,137	$ 80,512	$ 296,996	$ 3,273,645

Nine months ended September 30, 2018	Gamania Digital Entertainment Co., Ltd.	Gash Point and Gash Point (Hong Kong) Co., Ltd.	Others	Total
Revenue from external customer	$ 10,189,468	$ 310,213	$ 1,135,214	$ 11,634,895
Timing of revenue recognition				
At a point in time	$ 9,906,925	$ 310,213	$ 1,135,214	$ 11,352,352
Over time	282,543	-	-	282,543
	$ 10,189,468	$ 310,213	$ 1,135,214	$ 11,634,895

B. Contract liabilities

(a) The Group's contract liabilities related with contract revenue are mainly deferred revenue from points stored but unused or consumed in the online game or mobile game, and are amortised as revenue over the period of the services or the estimated useful period of the virtual items, when they are actually used.

(b) Revenue recognised that was included in the contract liability balance at the beginning of the period

	Three months ended September 30, 2018
Revenue recognised that was included in the contract liability balance at the beginning of the period	
Revenue from games	$ -

	Nine months ended September 30, 2018
Revenue recognised that was included in the contract liability balance at the beginning of the period	
Revenue from games	$ 475,856

C. Related disclosures on operating revenue for the three months ended September 30, 2017, and nine months ended September 30, 2017 are provided in Note 12(5) B.

(25) Other income

	Three months ended September 30,	
	2018	2017
Interest income from bank deposits	$ 3,410	$ 339
Rental revenue	3,202	4,620
Other income	5,319	4,091
	$ 11,931	$ 9,050

	Nine months ended September 30,	
	2018	2017
Interest income from bank deposits	$ 10,073	$ 2,100
Rental revenue	9,589	14,406
Other income	12,738	20,088
	$ 32,400	$ 36,594

(26) Other gains and losses

	Three months ended September 30,	
	2018	2017
Gain (loss) on disposal of property, plant and equipment	$ 495	($ 18)
Loss on disposal of available-for-sale financial assets	-	(868)
Gain on disposal of investment	80,475	-
Net currency exchange gain (loss)	6,145	(571)
Net gain on financial assets and liabilities at fair value through profit or loss	-	109
Impairment loss on non-financial assets	-	(6,635)
Others	(3,400)	(4,269)
	$ 83,715	($ 12,252)

	Nine months ended September 30,	
	2018	2017
Gain (loss) on disposal of property, plant and equipment	$ 44,704	($ 8)
Gain on disposal of non-current assets classified as held for sale	-	164,774
Gain on disposal of available-for-sale financial assets	-	15,923
Gain on disposal of investment	79,857	-
Net currency exchange gain	22,819	12,699
Net (loss) gain on financial assets and liabilities at fair value through profit or loss	(5)	2,979
Impairment loss on non-financial assets	-	(6,635)
Others	(9,569)	(30,023)
	$ 137,806	$ 159,709

(27) Finance costs

	Three months ended September 30,	
	2018	2017
Interest expense:		
Bank borrowings	$ 5,524	$ 9,055
Bonds payable	-	2,184
	$ 5,524	$ 11,239

	Nine months ended September 30,	
	2018	2017
Interest expense:		
Bank borrowings	$ 20,682	$ 28,070
Bonds payable	35	7,524
Others	-	3
	$ 20,717	$ 35,597

(28) Employee benefits, depreciation and amortisation expense

	Three months ended September 30,	
	2018	2017
Employee benefit expense		
Wages and salaries	$ 445,880	$ 153,473
Labor and health insurance fees	10,196	12,653
Pension costs	8,078	7,455
Other personnel expenses	13,073	6,690
	$ 477,227	$ 180,271
Depreciation on property, plant and equipment (including investment property)	$ 26,188	$ 26,361
Amortisation expense	$ 31,685	$ 7,133

	Nine months ended September 30,	
	2018	2017
Employee benefit expense		
Wages and salaries	$ 936,864	$ 508,135
Labor and health insurance fees	41,138	44,236
Pension costs	23,120	22,097
Other personnel expenses	38,539	21,074
	$ 1,039,661	$ 595,542
Depreciation on property, plant and equipment (including investment property)	$ 80,414	$ 80,340
Amortisation expense	$ 92,980	$ 76,205

A. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 10%~15% for employees' compensation and shall not be higher than 2% for directors' and supervisors' remuneration.

B. For the three months ended September 30, 2018 and 2017, and nine months ended September 30, 2018 and 2017, employees' compensation was accrued (reversed) at $75,863, ($8,131), $210,512 and $0, respectively; directors' remuneration was accrued (reversed) at $15,172, ($1,626), $41,102 and $0, respectively. The aforementioned amounts were recognised in salary expenses. The Group has no profit for the year ended December 31, 2017 and accordingly did not appropriate compensation and remuneration to directors and supervisors.

For the nine months ended September 30, 2018, the employees' compensation and directors' remuneration were estimated and accrued based on the Company's Articles of Incorporation of distributable profit of current year as of the end of reporting period.

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

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended September 30,	
	2018	2017
Current tax:		
Current tax on profit for the period	$ 133,988	($ 12,764)
Prior year income tax (over) underestimation	(1,157)	122
Total current tax	132,831	(12,642)
Deferred tax:		
Origination and reversal of temporary differences	(1,547)	15,945
Impact of change in tax rate	-	-
Income tax expense	$ 131,284	$ 3,303

	Nine months ended September 30,	
	2018	2017
Current tax:		
Current tax on profit for the period	$ 339,638	$ 11,370
Prior year income tax under (over) estimation	22,938	(617)
Total current tax	362,576	10,753
Deferred tax:		
Origination and reversal of temporary differences	47,796	5,807
Impact of change in tax rate	(20,527)	-
Income tax expense	$ 389,845	$ 16,560

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

	Latest Year Assessed by Tax Authority
Jollywiz	2015
The Company, Gash Point, Ants' Power, Global Pursuit, Gamania Asia, Ciirco, Coco, Fundation, Redgate, Two Tigers, Coture New Media, Madsugr, Conetter CoMarketing, GAMA PAY, Webackers, BeanGo, Seedo and NOWnews	2016

(30) Earnings (loss) per share

	Three months ended September 30, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 528,179	169,758	$ 3.11
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 528,179	-	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	-	105	
Employees' bonus	-	1,093	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 528,179	170,956	$ 3.09

	Three months ended September 30, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Losses per share (in dollars)
Basic losses per share			
Loss attributable to ordinary shareholders of the parent (Note)	($ 80,039)	151,270	($ 0.53)

(Note) For the three months ended September 30, 2017, the Company incurred net loss. Only basic loss per share is disclosed because the inclusion of the potential common shares would have an anti-dilutive effect.

	Nine months ended September 30, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,458,210	169,758	$ 8.59
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,458,210	-	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	-	105	
Employees' bonus	-	3,045	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,458,210	172,908	$ 8.43

	Nine months ended September 30, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 36	151,270	$ -
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 36	-	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	(Note)	(Note)	
Employees' bonus	-	10	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 36	151,280	$ -

(Note) If anti-dilutive effect will arise when adopting treasury stock method, anti-dilutives shares are not included in the computation.

(31) Transactions with non-controlling interest

A. Acquisition of additional equity interest in a subsidiary

On May 28, 2018, and September 19, 2018, the Group acquired an additional 32% and 1.5% shares of the subsidiaries, Conettor and BeanGo!, for a cash consideration of $13,000 and $1,500, respectively. For the third quarter of 2018, the movement in equity resulted in the changes in equity attributable to owners of parent as follows:

	Gash Point and its subsidiaries (Conetter CoMarketing)
	Nine months ended September 30, 2018
Carrying amount of non-controlling interest acquired	$ 15,548
Consideration paid to non-controlling interest	(13,000)
Capital surplus - changes in parent's ownership interest in subsidiaries	$ 2,548

	BeanGo!
	Nine months ended September 30, 2018
Carrying amount of non-controlling interest acquired	($ 375)
Consideration paid to non-controlling interest	(1,500)
Decrease in unappropriated retained earnings	($ 1,875)

B. The Group did not subscribe to the capital increase raised by a subsidiary proportionally to its interest in the subsidiary.

(a) The subsidiaries, AMI and its subsidiaries, Bean Go! Co., Ltd., Ciirco Inc., Coture New Media Co., Ltd. and GAMA PAY Co., Ltd. increased capital by issuing new shares for the nine months ended September 30, 2018. However, the Group did not acquire new shares proportionately to the interest ownership, thus, the share ownership (decreased) increased by (45.46%), 1%, 0.32% and 2.73% and 5%, respectively. The impact of this transaction attributed to owners of parent is as follows:

	BeanGo!	Ciirco
	Nine months ended September 30, 2018	
Cash	$ -	$ -
Increase in carrying amount of non-controlling interest	(415)	(272)
Decrease in unappropriated retained earnings	($ 415)	($ 272)

	Coture New Media	GAMA PAY Co., Ltd.
	Nine months ended September 30, 2018	
Cash	$ -	$ -
Increase in carrying amount of non-controlling interest	(3,238)	(16,810)
Decrease in unappropriated retained earnings	($ 3,238)	($ 16,810)

	AMI and its subsidiaries
	Nine months ended September 30, 2018
Cash	$ 10,000
Increase in carrying amount of non-controlling interest	(8,796)
Capital surplus - changes in parent's ownership interest in subsidiaries	$ 1,204

(b) The subsidiaries, AMI and its subsidiaries, Bean Co! Co., Ltd., We Backers Co., Ltd., Ciirco Inc. and Coture New Media Co., Ltd., increased capital by issuing new shares for the nine months ended September 30, 2017. However, the Group did not acquire new shares proportionately to the interest ownership, thus, the share ownership (decreased) increased by (2.69%), 4.5%, 8.52%, 1.91% and 15.95%, respectively. The impact of this transaction attributed to owners of parent is as follows:

	AMI and its subsidiaries	BeanGo!
	Nine months ended September 30, 2017	
Cash	$ 110,045	$ -
Increase in carrying amount of non-controlling interest	(82,917)	(1,314)
Capital surplus－changes in parent's ownership interest in subsidiaries	$ 27,128	($ 1,314)

	Webackers	Ciirco
	Nine months ended September 30, 2017	
Cash	$ -	$ -
Increase in carrying amount of non-controlling interest	(2,171)	(582)
Capital surplus－changes in parent's ownership interest in subsidiaries	($ 2,171)	($ 582)

	Coture New Media
	Nine months ended September 30, 2017
Cash	$ -
Increase in carrying amount of non-controlling interest	(12,587)
Capital surplus－changes in parent's ownership interest in subsidiaries	($ 12,587)

(32) Business combinations

A. On September 28, 2018, the Group obtained control over NOWnews after acquiring 33.55% of its equity with a consideration of $150,226. NOWnews is a Taiwanese online news media engaged in the services of news coverage and digital videos. The Group expects mutual visitors flow and complementary effects in both networks through its network influence and social media convergence. As of September 30, 2018, the outstanding consideration for business combination amounted to $101,859 (shown as 'other payables').

B. The following table summarises the consideration paid for NOWnews and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the fair value of the non-controlling interest at the acquisition date:

		September 30, 2018
Purchase consideration		
Cash paid	$	48,367
Payables on investments (shown as 'other payables')		101,859
		150,226
Fair value of equity interest in NOWnews Network Co., Ltd. held before the business combination		171,798
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets		88
		322,112
Fair value of the identifiable assets acquired and liabilities assumed		
Cash and cash equivalents		6,236
Notes receivable, net		249
Accounts receivable, net		20,390
Prepayments		8,011
Other current assets		231
Property, plant and equipment		8,848
Intangible assets		1,468
Other non-current assets		1,221
Notes payable	(	11,794)
Accounts payable	(	6,516)
Other payables	(	25,750)
Other current liabilities	(	2,048)
Other non-current liabilities	(	131)
Total identifiable net assets		415
Goodwill	$	321,697

C. The tentative fair value of identifiable intangible assets acquired and equity of NOWnews previously held by the Company is $0 and $171,798, respectively. The valuation will be retrospectively adjusted when the valuation report is available.

D. For the 45.14% equity of NOWnews previously held by the Group prior to business combination, the Group recognised gain on fair value remeasurement in the amount of $85,475 (shown as 'other gains and losses').

E. The operating revenue included in the consolidated statement of comprehensive income since September 27, 2018, contributed by NOWnews was $0. NOWnews did not contribute profit before income tax over the same period. Had NOWnews been consolidated from January 1, 2018, the consolidated statement of comprehensive income would show operating revenue of $11,730,932 and profit before income tax of $1,745,541.

(33) Supplemental cash flow information

A. Investing activities with partial cash payments

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Proceeds from disposal of available-for-sale financial assets	$ -	$ 25,968
Add: Opening balance of other receivables-related parties	-	2,139
Cash received during the period	$ -	$ 28,107

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Acquisition of property, plant and equipment	$ 57,361	$ 60,524
Add: Opening balance of payable on equipment	5,743	51,196
Add: Opening balance of other payables-related parties	34,214	4,900
Less: Ending balance of payable on equipment	(6,933)	(20,079)
Less: Ending balance of other payables-related parties	(46)	(2,096)
Cash paid during the period	$ 90,339	$ 94,445

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Purchase of intangible assets	$ 29,320	$ 84,110
Add: Opening balance of payables	36,018	40,240
Add: Opening balance of other payables	39,205	-
Add: Opening balance of other payables-related parties	793	-
Less: Ending balance of other payables	(38,250)	(38,250)
Cash paid during the period	$ 67,086	$ 86,100

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Proceeds from disposal of property, plant and equipment	$ 89,387	$ 454
Less: Ending balance of other receivables-related parties	(4)	-
Cash received during the period	$ 89,383	$ 454

B. Investing activities with no cash flow effects

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Declared but not yet distributed	$ 13,095	$ -
Non-controlling interests declared but not yet distributed	1,455	-
	$ 14,550	$ -

(34) Changes in liabilities from financing activities

In accordance with amendments to IAS 7, 'Disclosure initiative', movement for the third quarter of 2018 are as follows:

	Short-term borrowings	Long-term borrowings	Bonds payable	Liabilities from financing gross
January 1, 2018	$ 840,589	$ 1,497,337	$ 18,154	$ 2,356,080
Changes in cash flow from financing activities	(767,952)	(248,571)	-	(1,016,523)
Impact of changes in foreign exchange rate	1,558	1,759	-	3,317
Changes in other non-cash items				
Amortisation on convertible bonds	-	-	-	-
Conversion of convertible bonds	-	-	(18,154)	(18,154)
September 30, 2018	$ 74,195	$ 1,250,525	$ -	$ 1,324,720

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

As the Company's shares are widely held, the Company has no ultimate parent company and ultimate controlling party.

(2) Names of related parties and relationship with the Company

Names of related parties	Relationship with the Company
Pri-One Marketing Co., Ltd.	Associate
Fantasy Fish Digital Games Co., Ltd. (Fantasy Fish)	〃
GungHo Gamania Co., Limited (GungHo Gomania)	〃
Jsdway Digital Technology Co., Ltd. (Jsdway)	〃
UniCube Co., Ltd. (UniCube)	〃
Seedo Games Co., Ltd. (Seedo)	〃
Chuang Meng Shr Ji Co., Ltd. (Chuang Meng Shr Ji)	〃
Firedog Create Company Ltd. (Firedog Creative)	〃
Digicentred (HK) Company Limited	〃
Aotter Inc.	〃
Taiwan e-sports Co., Ltd. (Taiwan e-sports)	〃
Fantasy Fish Digital Games (HK) Co., Ltd.	〃
Gamania Cheer Up Foundation	Other related party
Wanin International Co., Ltd. (Wanin)	〃

(3) Significant transactions and balances with related parties

A. Operating revenue

	Three months ended September 30,	
	2018	2017
Sales of goods:		
Associates	$ 6,829	$ 109,419
Sales of services:		
Associates	$ 9,191	$ 6,553
Wanin	18,312	-
	$ 27,503	$ 6,553

	Nine months ended September 30,	
	2018	2017
Sales of goods:		
Associates	$ 7,126	$ 186,212
Sales of services:		
Associates	$ 25,473	$ 19,664
Wanin	54,082	-
	$ 79,555	$ 19,664

Sales of goods are on-line games revenue generated from prepaid cards sold by associates, and are in accordance with mutual agreements. The online games revenue has no similar transactions to compare with, and the payment term is the same with non-related parties.

Sales of services are service revenue arising from a certain percentage of value-add service provided to related parties, customer services and production of advertisements that are in accordance with mutual agreements.

B. Operating costs

	Three months ended September 30, 2018	Three months ended September 30, 2017
Costs of point service:		
Associates	$ -	$ 29,759
Wanin	-	169,685
Costs of customer service hotline:		
Associates	24,463	20,372
Mobile service costs:		
Associates	9,167	1,272
Programs cost:		
Associates	-	778
Advertising costs:		
Associates	243	-
	$ 33,873	$ 221,866

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Costs of point service:		
Associates	$ -	$ 60,708
Wanin	-	226,262
Costs of customer service hotline:		
Associates	77,516	61,272
Mobile service costs:		
Associates	24,746	4,701
Programs cost:		
Associates	727	1,900
Advertising costs:		
Associates	408	188
	$ 103,397	$ 355,031

Costs of point service are service cost for splitting revenue from stored values, costs of customer service hotline are costs for hotline, mobile service costs are service cost for splitting revenue from mobile service and network usage cost of mobile games and programs costs are generated from internet programs and TV programs. All are determined in accordance with mutual agreement. Advertisement costs are the costs incurred for advertising and determined based on mutual agreement.

C. Operating expense (shown in selling expenses and general and administrative expenses)

	2018	2017
Other related party		
Gamania Cheer Up Foundation	$ 10,600	$ 2,990
Wanin	336	-
Associates	12,109	10,201
	$ 23,045	$ 13,191

	Six months ended September 30,	
	2018	2017
Other related party		
Gamania Cheer Up Foundation	$ 43,100	$ 8,990
Wanin	471	-
Associates	26,277	25,927
	$ 69,848	$ 34,917

The above includes donation to other related party and expenses paid to associates and other related party for the Company's advertisements and game development. Except for donation, expenses were based on mutual agreements.

D. Rental revenue (shown in other income)

	Three months ended September 30,	
	2018	2017
Associates		
Seedo	$ 2,851	$ 3,841

	Nine months ended September 30,	
	2018	2017
Associates		
Seedo	$ 8,568	$ 9,653

Rental revenue arose from leasing offices and computer facilities and data transmission circuit devices to associates. The rental is based on mutual agreement, and is collected monthly based on the agreement. The offices' contract period is from January 1, 2017 to December 31, 2018, and the contract period for computer facilities and data transmission circuit devices is from October 1, 2017 to December 31, 2018.

E. Receivables

	September 30, 2018	December 31, 2017	September 30, 2017
Accounts receivable:			
Associates	$ 7,304	$ 39,936	$ 22,826
Wanin	-	42	-
	$ 7,304	$ 39,978	$ 22,826
Other receivables:			
Associates	$ 37,213	$ 3,814	$ 9,318

Accounts receivable are mainly from sales of goods and customer services. Accounts receivable are not pledged as collateral, do not bear interest and have no provision.

Other receivables arise mainly from rent receivable, payments on behalf of others, sale of services and proceeds from disposal of equipment.

F. Payables

	September 30, 2018	December 31, 2017	September 30, 2017
Accounts payable:			
Associates	$ 37,115	$ 29,411	$ 46,238
Wanin	-	116,769	110,749
	$ 37,115	$ 146,180	$ 156,987
Other payables:			
Associates	$ 32,378	$ 64,326	$ 21,564
Wanin	130,025	-	-
	$ 162,403	$ 64,326	$ 21,564

Accounts payable are payables for mobile service costs, service cost for splitting revenue from stored values and the dedicated line cost of on-line games and are due 60 days after the purchase. The payables do not bear interest.

Other payables are payables for service cost for splitting revenue from stored values, mobile games development, advertisement, donation and purchase of property, plant and equipment.

G. Property transactions

(a) Acquisition of property, plant and equipment

	Three months ended September 30,	
	2018	2017
Associates		
Seedo	$ 206	$ 1,960

	Nine months ended September 30,	
	2018	2017
Associates		
Seedo	$ 17,720	$ 5,090

As of September 30, 2018 and 2017, the unpaid amount was $46 and $2,096, respectively.

(b) Disposal of property, plant and equipment

	Three months ended September 30,			
	2018		2017	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
Associates				
Seedo	$ -	$ -	$ -	$ -

	Nine months ended September 30,			
	2018		2017	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
Associates				
Seedo	$ 332	$ 61	$ -	$ -

As of September 30, 2018, the proceeds from disposal of property, plant and equipment that have not yet been received amounted to $4.

(c) Acquisition of intangible assets

	Three months ended September 30,	
	2018	2017
Associates		
Seedo	$ -	$ 1,364

	Nine months ended September 30,	
	2018	2017
Associates		
Seedo	$ 429	$ 3,761

As of September 30, 2018 and 2017, the unpaid amount was both $0.

(4) Key management compensation

	Three months ended September 30, 2018	Three months ended September 30, 2017
Short-term employee benefits	$ 58,234	($ 1,322)
Post-employment benefits	81	27
Share-based payments	104,288	-
	$ 162,603	($ 1,295)

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Short-term employee benefits	$ 162,682	$ 8,397
Post-employment benefits	243	81
Share-based payments	104,288	-
	$ 267,213	$ 8,478

8. PLEDGED ASSETS

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

	Book value			
Pledged assets	September 30, 2018	December 31, 2017	September 30, 2017	Pledge purpose
Demand deposits (shown in "other current asset")	$ -	$ 30,000	$ -	Performance bond of on-line game card's standard contracts
Demand deposits (shown in "other current asset")	45,143	-	-	Guarantee for short-term borrowing (including current portion) facility
Demand deposits (shown in "other non-current asset")	16,868	7,111	5,712	Trusted electronic payment accounts
Time deposits (shown in "other current assets")	18,000	35,100	35,100	Credit card merchant guarantee
Time deposits (shown in "other non-current asset")	-	20,535	9,078	Guarantee for long-term borrowing facility
Property, plant and equipment				
Land	2,140,662	2,140,662	2,140,662	Short-term and long-term loans / Credit lines
Buildings	236,378	240,111	241,355	Short-term and long-term loans / Credit lines
	$ 2,457,051	$ 2,473,519	$ 2,431,907	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. The Group leases warehouse, offices and network equipment under non-cancellable operating lease agreements. The Group recognised rental expenses of $9,844, $10,130, $28,679 and $27,775 for these leases in profit or loss for the three months ended September 30, 2018 and 2017, and nine months ended September 30, 2018 and 2017, respectively. The future aggregate minimum lease payments are as follows:

	September 30, 2018		December 31, 2017		September 30, 2017	
Not later than one year	$	32,681	$	18,968	$	10,161
Later than one year but not later than five years		85,432		108,183		52,480
	$	118,113	$	127,151	$	62,641

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

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) On October 4, 2018, aiming to enhance the investment and management efficiency in indirect investees, the Company acquired 6,864 thousand outstanding shares of Digicentre Co., Ltd., equivalent to 66.96% of ownership, as resolved by the Board of Directors on September 28, 2018.

(2) On November 8, 2018, the Board of Directors approved the following significant events:

A. The subsidiary, Digicentre Co., Ltd., plans to establish a subsidiary in Singapore in order to actively engage in southeast Asian information security market. The estimated capital of US$1 million will be input whenever the future operation needs it.

B. The subsidiary, Gamania Asia Investment Co., Ltd., plans to subscribe to Gokube Co., Ltd.'s capital increase in the amount of $3,000. The Company's shareholding ratio will be 3.3% after the capital increase is completed.

C. The Company plans to increase its investment in the subsidiary, Gamania Asia Investment Co., Ltd., in the amount of $3,000, in order to meet Gamania Asia Investment Co., Ltd.'s capital requirment. The Company's shareholding ratio will remain 100% after the capitail increase is completed.

D. With respect to the proposal to repurchase treasury stock and transfer to employees aiming to motivate the employees and increase their engagement, the Company expects to repurchase 14 million shares at the price between \$50 and \$90 (in dollars) per share during the period from November 9, 2018, to January 8, 2019.

12. OTHERS

(1) Capital risk management

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

(2) Financial instruments

A. Financial instruments by category

	September 30, 2018	December 31, 2017	September 30, 2017
Financial assets			
Financial assets at fair value through profit or loss			
Financial assets designated as at fair value through profit or loss on initial recognition	$ -	$ 5	$ 109
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	$ 475,338	$ -	$ -
Available-for-sale financial assets	$ -	$ 534,563	$ -
Financial assets at amortised cost			
Cash and cash equivalents	2,840,515	1,380,030	1,424,712
Notes receivable	249	238	-
Accounts receivable (including related parties)	1,158,893	2,249,756	1,082,470
Other receivables (including related parties)	352,244	67,209	60,099
Guarantee deposits paid	24,173	25,456	29,700
Other financial assets	16,868	92,746	14,790
	$ 4,392,942	$ 3,815,435	$ 2,611,771

	September 30, 2018	December 31, 2017	September 30, 2017
Financial liabilities			
Financial liabilities at amortised cost			
Short-term borrowings	$ 74,195	$ 840,589	$ 748,206
Notes payable	13,234	1,746	2,067
Accounts payable (including related parties)	641,530	1,579,120	959,024
Other accounts payable (including related parties)	1,830,774	482,614	322,896
Corporate bonds payable (including current portion)	-	18,154	268,866
Long-term borrowings (including current portion)	1,250,525	1,497,337	1,737,223
Guarantee deposits received	-	-	-
	$ 3,810,258	$ 4,419,560	$ 4,038,282

B. Financial risk management policies

The Group's activities expose it to a variety of financial risks, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's risk management program considers the effect of economic environment, competition and market value risk. The Group attains to the best risk position, holds appropriate liquidity position and centers on management of all the market risks. To reach the objective of risk management, the Group's hedged activities are focused on the market value risk and the cash flow risk.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

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

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

	September 30, 2018		
(Foreign currency: Functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
USD:NTD	$ 21,989	30.5250	$ 671,214
HKD:NTD	4,746	3.9010	18,514
HKD:USD (Note)	69,943	0.1278	272,854
NTD:USD	5,572	0.0328	5,572
USD:HKD (Note)	3,999	7.8249	122,069
Non-monetary items			
USD:NTD	22,486	30.5250	686,370
KRW:NTD	455,822	0.0277	12,626
JPY:NTD	99,472	0.2692	26,778
USD:HKD (Note)	108	7.8249	3,310
HKD:USD (Note)	31,719	0.1278	123,738
EUR:USD (Note)	724	1.1624	25,696
RMB:USD (Note)	695	0.1453	3,083
Financial liabilities			
Monetary items			
USD:NTD	14,654	30.5250	447,313
HKD:USD (Note)	8,622	0.1278	33,635

Note: Since the functional currency of consolidated entity was not NTD, it should be considered when disclosed.

(Foreign currency: Functional currency)	December 31, 2017 Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
USD:NTD	$ 26,531	29.7600	$ 789,563
HKD:NTD	2,041	3.8070	7,770
HKD:USD (Note)	72,804	0.1279	277,114
NTD:USD	46,119	0.0336	46,119
USD:HKD (Note)	2,483	7.8182	73,904
Non-monetary items			
USD:NTD	22,755	29.7600	677,191
KRW:NTD	372,304	0.0028	1,042
JPY:NTD	97,580	0.2642	25,781
USD:HKD (Note)	113	7.8182	3,363
HKD:USD (Note)	26,870	0.1279	102,274
EUR:USD (Note)	820	1.1925	29,154
RMB:USD (Note)	1,043	0.1534	4,762
Financial liabilities			
Monetary items			
USD:NTD	17,387	29.7600	517,437
HKD:USD (Note)	8,084	0.1279	30,770

Note: Since the functional currency of consolidated entity was not NTD, it should be considered when disclosed.

(Foreign currency: Functional currency)	September 30, 2017		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
USD:NTD	$ 2,959	30.2600	$ 89,539
HKD:NTD	9,115	3.8730	35,302
HKD:USD (Note)	72,804	0.1280	281,990
NTD:USD	46,119	0.3300	46,119
USD:HKD (Note)	2,483	7.8131	75,136
Non-monetary items			
USD:NTD	23,593	30.2600	713,924
KRW:NTD	349,803	0.0266	9,305
JPY:NTD	96,847	0.2691	26,062
USD:HKD (Note)	110	7.8131	3,329
HKD:USD (Note)	40,016	0.1280	154,993
EUR:USD (Note)	850	1.1815	30,389
RMB:USD (Note)	1,230	0.1504	5,598
Financial liabilities			
Monetary items			
USD:NTD	898	30.2600	27,173
HKD:USD (Note)	8,084	0.1280	31,312

Note: Since the functional currency of consolidated entity was not NTD, it should be considered when disclosed.

iv. The total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended September 30, 2018 and 2017, and nine months ended September 30, 2018 and 2017, amounted to ($4,348), $17,947, $7,055 and ($841), respectively.

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

(Foreign currency: Functional currency)	Nine months ended September 30, 2018		
	Sensitivity analysis		
	Extent of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 6,712	$ -
HKD:NTD	1%	185	-
HKD:USD (Note)	1%	2,729	-
NTD:USD	1%	-	-
USD:HKD (Note)	1%	1,221	-
Financial liabilities			
Monetary items			
USD:NTD	1%	4,473	-
HKD:USD (Note)	1%	336	-

Note: Since the functional currency of consolidated entity was not NTD, it should be considered when disclosed.

(Foreign currency: Functional currency)	Nine months ended September 30, 2017		
	Sensitivity analysis		
	Extent of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 895	$ -
HKD:NTD	1%	353	-
HKD:USD (Note)	1%	2,820	-
NTD:USD	1%	461	-
USD:HKD (Note)	1%	751	-
Financial liabilities			
Monetary items			
USD:NTD	1%	272	-
HKD:USD (Note)	1%	313	-

Note: Since the functional currency of consolidated entity was not NTD, it should be considered when disclosed.

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held available-for-sale financial assets and financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. However, the Group has set stop-loss amounts for those assets; therefore, no material market risk is expected. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant for the nine months ended September 30, 2018 and 2017, other components of equity would have increased/decreased by $4,753 and $5,912, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

Cash flow and fair value interest rate risk

i. The Group's interest rate risk arises from borrowings issued at variable rates and expose the Group to cash flow interest rate risk. The interest rate for short-term borrowings of the Group are mainly floating rate and for long-term borrowings are fixed rate and variables. During the nine months ended September 30, 2018 and 2017, the Group's borrowings at variable rate were denominated in NTD and RMB.

ii. At September 30, 2018 and 2017, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the nine months ended September 30, 2018 and 2017 would have been $137 and $156 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

Effective 2018

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through profit or loss and at fair value through other comprehensive income.

ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on accounting and administrator segment ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk mainly arose from cash and cash equivalent and receivables generated from operating activity. Only banks and financial institutions with optimal credit ratings are accepted.

iii. The Group adopts assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition. When the payment is past due 30 days based on the contract terms, there is a significant increase in credit risk on financial assets since initial recognition.

iv. The Group adopts the assumption under IFRS 9, that is, the default occurs when the Group expects that payments cannot be collected and reclassified as overdue receivables.

v. The Group classifies customer's accounts receivable and contract assets in accordance with product types. The Group applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.

vi. The Group uses the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable, and other accounts receivable. On September 30, 2018, the provision matrix is as follows:

	September 30, 2018		
	Expected loss rate	Total book value	Loss allowance
Not past due	0%~0.99%	$ 1,345,258	$ 739
Up to 30 days	1.38%~3.78%	40,738	511
31 to 60 days	0%~19.64%	17,994	838
61 to 90 days	4.77%~20.2%	3,494	556
91 to 120 days	21.73%~83.74%	4,352	1,050
Over 120 days	53.47%~100%	168,401	108,752
		$ 1,580,237	$ 112,446

Note: The above does not include overdue receivables amounting to $99,830. All the overdue receivables had been provided with loss allowance.

vii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable (including overdue receivables) and other accounts receivable are as follows:

	2018					
		Accounts receivable		Other receivables		Total
At January 1_IAS 39	$	206,732	$	2,723	$	209,455
Adjustments under new standards		-		-		-
At January 1_IFRS 9		206,732		2,723		209,455
Provision for impairment		2,146		-		2,146
Effect of increase in consolidated entities		516		-		516
Allowance for doubtful accounts receivable reclassified to other accounts receivable	(	63,280)		63,280		-
Effect of exchange rate changes		159		-		159
At September 30	$	146,273	$	66,003	$	212,276

viii. Credit risk information of 2017 is provided in Note 12(4).

(c) Liquidity risk

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

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

Non-derivative financial liabilities:

September 30, 2018		Less than 1 year		Between 1 and 3 years		Over 3 years
Short-term borrowings	$	74,195	$	-	$	-
Notes payable		13,234		-		-
Accounts payable		604,415		-		-
Accounts payable-related parties		37,115		-		-
Other payables		1,668,371		-		-
Other payables-related parties		162,403		-		-
Long-term borrowings (including current portion)		190,525		320,000		740,000

December 31, 2017	Less than 1 year	Between 1 and 3 years	Over 3 years
Short-term borrowings	$ 840,589	$ -	$ -
Notes payable	1,746	-	-
Accounts payable	1,432,940	-	-
Accounts payable-related parties	146,180	-	-
Other payables	418,288	-	-
Other payables-related parties	64,326	-	-
Long-term borrowings (including current portion)	227,524	465,902	892,130
Bonds payable	18,483	-	-

September 30, 2017	Less than 1 year	Between 1 and 3 years	Over 3 years
Short-term borrowings	$ 748,206	$ -	$ -
Accounts payable	802,037	-	-
Accounts payable-related parties	156,987	-	-
Other payables	301,332	-	-
Other payables-related parties	21,564	-	-
Long-term borrowings (including current portion)	183,711	447,877	935,280
Bonds payable	274,821	-	-

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and open-end fund is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in listed stocks of private placement is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

September 30, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Non-current financial assets measured at fair value through other comprehensive income				
Equity securities	$ 7,020	$ -	$ 468,318	$ 475,338

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Current financial assets at fair value through profit or loss				
Embedded derivatives	$ -	$ -	$ 5	$ 5
Available-for-sale financial assets				
Equity securities	9,910	-	524,653	534,563
	$ 9,910	$ -	$ 524,658	$ 534,568

September 30, 2017	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Current financial liabilities at fair value through profit or loss - current				
Embedded derivatives	$ -	$ -	$ 109	$ 109
Available-for-sale financial assets				
Equity securities	11,940	-	579,169	591,109
	$ 11,940	$ -	$ 579,278	$ 591,218

C. The methods and assumptions the Group used to measure fair value are as follows:

(a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares and emerging shares
Market quoted price	Closing price

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques method can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

(c) For highly complex financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions. The effect of unobservable inputs to the valuation of financial instruments is provided in Notes 12(3) I and J.

(d) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group’s financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group’s management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. For the nine months ended September 30, 2018 and 2017, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the nine months ended September 30, 2018 and 2017:

	Equity securities	
	2018	2017
At January 1	$ 524,653	$ 428,388
Gains and losses recognised in profit or loss (Note)	-	(794)
Gains and losses recognised in other comprehensive income	(50,439)	139,066
Acquired during the period	-	15,271
Trasnfers into investments accounted for using equity method	(7,286)	-
Effects of foreign exchange	1,390	(2,762)
At September 30	$ 468,318	$ 579,169

	Embedded derivatives	
	2018	2017
At January 1	$ 5	($ 2,870)
Gains and losses recognised in profit or loss (Note)	(5)	2,979
At September 30	$ -	$ 109

Note: Shown as other gains and losses.

F. For the nine months ended September 30, 2018 and 2017, there was no transfer into or out from Level 3.

G. Treasury department segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at September 30, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to value
Non-derivative equity instruments					
Unlisted shares	$ 468,318	Market comparable companies	Price to book ratio multiple	2.03~3.45 (2.52)	The higher the multiple, the higher the fair value
			Enterprise value to operating income ratio multiple	26.26~34.53 (33.75)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	25% (25%)	The higher the discount for lack of marketability, the lower the fair value

	Fair value at December 31, 2017	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments					
Unlisted shares	$ 524,653	Market comparable companies	Price to book ratio multiple	1.96~3.7 (1.96)	The higher the multiple, the higher the fair value
			Enterprise value to operating income ratio multiple	16.23~37.75 (37.75)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	25% (25%)	The higher the discount for lack of marketability, the lower the fair value
			Capital value to operating income ratio multiple	1.75 (1.75)	The higher the multiple, the higher the fair value
Embedded derivatives instruments					
Redemption and put options of convertible bonds	5	The Binomial-Tree approach to convertible bonds	Volatility	51.22% (51.22%)	The higher the volatility, the higher the fair value

	Fair value at September 30, 2017	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments					
Unlisted shares	$ 579,169	Market comparable companies	Price to book ratio multiple	1.9~3.45 (3.24)	The higher the multiple, the higher the fair value
			Enterprise value to operating income ratio multiple	30.45~40.35 (40.35)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	22%~25% (24.78%)	The higher the discount for lack of marketability, the lower the fair value
Embedded derivatives instruments					
Redemption and put options of convertible bonds	109	The Binomial-Tree approach to convertible bonds	Volatility	39.97% (39.97%)	The higher the multiple, the higher the fair value

I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets categorised within Level 3 if the inputs used to valuation models have changed:

	Input	Change	September 30, 2018 Recognised in profit or loss Favourable change	September 30, 2018 Recognised in profit or loss Unfavourable change	September 30, 2018 Recognised in other comprehensive income Favourable change	September 30, 2018 Recognised in other comprehensive income Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	$ -	$ -	$ 358	($ 358)
	Enterprise value to operating income ratio multiple	±1%	-	-	3,501	(3,501)
	Discount for lack of marketability	±1%	-	-	4,129	(4,129)

	Input	Change	December 31, 2017 Recognised in profit or loss Favourable change	December 31, 2017 Recognised in profit or loss Unfavourable change	December 31, 2017 Recognised in other comprehensive income Favourable change	December 31, 2017 Recognised in other comprehensive income Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	$ -	$ -	$ 600	($ 600)
	Enterprise value to operating income ratio multiple	±1%	-	-	3,781	(3,781)
	Discount for lack of marketability	±1%	-	-	4,650	(4,650)
	Capital value to operating income ratio multiple	±1%	-	-	269	(269)
Financial liabilities						
Equity	Volatility	±1%	10	(10)	-	-

			September 30, 2017			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Enterprise value to operating income ratio multiple	±1%	$ -	$ -	$ 189	($ 189)
	Price to book ratio multiple	±1%	-	-	4,470	(4,470)
	Discount for lack of marketability	±1%	-	-	5,092	(5,092)
Embedded derivatives	Volatility	±1%	-	(10)	-	-

(4) <u>Effects on initial application of IFRS 9 and information on application of IAS 39 in 2017</u>

A. Summary of significant accounting policies adopted in 2017 and the third quarter of 2017:

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

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

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

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

(b) Available-for-sale financial assets

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

ii. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.

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

(c) Receivables

Accounts receivable are receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(d) Impairment of financial assets

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

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

(i) Significant financial difficulty of the issuer or debtor;

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

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

(iv) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

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

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

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

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

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

(i) Financial assets at amortised cost

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

(ii) Available-for-sale financial assets

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

B. The reconciliations of carrying amount of financial assets transfered from December 31, 2017, IAS 39, to January 1, 2018, IFRS 9, were as follows:

Under IAS 39, because the equity instruments, which were classified as available-for-sale financial assets, amounting to $534,563, were not held for the purpose of trading, they were reclassified as "financial assets at fair value through profit or loss, and accordingly, the Group increased retained earnings and decreased other equity interest in the amounts of $365,436 and $365,436 on initial application of IFRS 9, respectively.

C. The significant accounts as of December 31, 2017, September 30, 2017 and in the third quarter of 2017, are as follows:

(a) Available-for-sale financial assets

Items	December 31, 2017	September 30, 2017
Non-current items:		
Listed stocks	$ 368,320	$ 368,320
Unlisted shares	260,711	270,711
	629,031	639,031
Valuation adjustment	270,968	311,136
Accumulated impairment	(365,436)	(359,058)
	$ 534,563	$ 591,109

i. The Group recognised $68,730 and $137,075 in other comprehensive income for fair value change and reclassified ($868) and $15,923 from equity to profit or loss for the three months ended September 30, 2017, and nine months ended September 30, 2017, respectively.

ii. The trading process of private common shares of XPEC Entertainment Inc. held by the Company were changed by Taipei Exchange and were suspended and ceased being traded in the Taiwan Stock Exchange on October 19, 2017, which caused the fair value of investment in XPEC Entertainment Inc. to fall below its investment cost. Accordingly, the Company recognised impairment loss in the amount of $16,379 for the fourth quarter of 2017.

iii. The Group has no available-for-sale financial assets pledged to others as of December 31, 2017 and September 30, 2017.

(b) Current financial liabilities at fair value through profit or loss

Items	December 31, 2017	September 30, 2017
Assets		
Embedded derivative instruments		
(Put and call options of convertible bonds)	$ -	($ 2,590)
Valuation adjustment to financial assets	-	2,699
	$ -	$ 109

The Group recognised net profit amounting to $109 and $2,979 on financial assets at fair value through profit or loss for the three months ended September 30, 2017, and nine months ended September 30, 2017, respectively.

D. Credit risk information as of December 31, 2017, September 30, 2017 and the third quarter of 2017 are as follows:

(a) Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on accounting and administrator segment ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk mainly arose from cash and cash equivalent and receivables generated from operating activity. Only banks and financial institutions with optimal credit ratings are accepted.

(b) As of December 31, 2017 and for the third quarter of 2017, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

(c) For accounts receivable (including related parties) that are neither past due nor impaired, the Group has screened out credit quality of tradable counterparties, thus, counterparties are all with credit ranking above certain level and the Group expects the credit risk is remote. The balance is as follows:

	December 31, 2017	September 30, 2017
Not past due	$ 2,077,761	$ 950,398

(d) The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2017	September 30, 2017
Up to 30 days	$ 48,155	$ 49,344
31 to 60 days	23,045	32,460
61 to 90 days	6,908	2,822
91 to 180 days	8,515	2,316
Over 180 days	192,811	151,779
	$ 279,434	$ 238,721

The above ageing analysis was based on past due date.

(e) Movement analysis of financial assets that were impaired is as follows:

i. As of December 31, 2017 and September 30, 2017, the Group's accounts receivable and overdue receivables that were impaired amounted to $99,830 and $99,830, respectively.

ii. Movements in the provision for impairment of accounts receivable are as follows:

	2017		
	Individual provision	Group provision	Total
At January 1	$ 102,539	$ 106,018	$ 208,557
Provision for impairment	-	506	506
Reversal of impairmenmt	(2,709)	-	(2,709)
Effect of exchange rate changes	-	(413)	(413)
At September 30	$ 99,830	$ 106,111	$ 205,941

(5) Effects of initial application of IFRS 15 and information on application of IAS 11 and IAS 18 in 2017

A. The significant accounting policies applied on revenue recognition for the third quarter of 2017 are set out below.

(a) Sales of goods

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

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

(b) Sales of services

The commissions received from the sale of on-line game stored-value cards on behalf of others were recognised as service revenue in the service period based on a certain percentage of sales as agreed by both parties.

B. The revenue recognised by using above accounting policies for the third quarter of 2017 are as follows:

	Three months ended September 30, 2017	Nine months ended September 30, 2017
Revenue from game/sales revenue	$ 1,773,072	$ 5,577,193
Service revenue	29,952	91,766
Other operating revenue	33,320	98,601
	$ 1,836,344	$ 5,767,560

C. The effects and description of current balance sheet and comprehensive income statement if the Group continues adopting above accounting policies are as follows:

		September 30, 2018		
Balance sheet items	Remark	Balance by using IFRS 15	Balance by using previous accounting policies	Effects from changes in accounting policy
Accounts receivable, net	(2)	$ 1,151,589	$ 1,385,340	($ 233,751)
Accounts receivable due from related parties, net	(2)	7,304	28,986	(21,682)
Other receivables	(2)	315,031	81,280	233,751
Other receivables due from related parties	(2)	37,213	15,531	21,682
Contract liabilities-current	(1)	(529,018)	-	(529,018)
Accounts payable	(2)	(604,415)	(1,182,934)	578,519
Accounts payable to related parties	(2)	(37,115)	(37,243)	128
Other payables	(2)	(1,668,371)	(867,049)	(801,322)
Other payables-related parties	(2)	(162,403)	(32,250)	(130,153)
Other current liabilities	(1) (2)	(228,892)	(1,110,738)	881,846

Statement of comprehensive income	Remark	Nine months ended September 30, 2018		
		Balance by using IFRS 15	Balance by using previous accounting policies	Effects from changes in accounting policy
Operating revenue	(2)	$ 11,634,895	$ 13,721,452	($ 2,086,557)
Operating costs	(2)	(7,754,576)	(9,841,133)	2,086,557

Explanation:

(a) In the previous reporting date, the Group recognises revenue over the period of the service or the estimated delivery period of the virtual items when the virtual currency is used for the purchases of service or virtual items, respectively. Under IFRS 15, unamortised deferred revenue is recognised as contract liability.

(b) Under IFRS 15, a company is identified as a principal or an agent based on the commitment of specific product or service. The Group does not control the game service provided by third party when the game card is sold, and the game card is an intermedium for players to purchase online game service to be provided by the third party. After the adoption of IFRS 15, the Group recognises revenue at net amount based on the price received less the amount paid to the third party, and relatively adjusted the classification of assets and liabilities. Further, the Group reclassified value-added proceeds and commission expenses from accounts receivable and accounts payable to other receivables and other payables.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Please refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

14. OPERATING SEGMENT INFORMATION

(1) General information

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

(2) Assessment of segment information

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

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

The segment information on reportable segments provided to the chief operating decision-maker for the six months ended September 30, 2018 and 2017 is as follows:

Nine months ended September 30, 2018

	Gamania Digital Entertainment Co., Ltd.	Gash Point Co., Ltd. and Gash Point (Hong Kong)	Others	Total	
Revenue from external customers	$ 10,189,468	$ 310,213	$ 1,135,214	$ 11,634,895	
Inter-segment revenue	125,862	349,149	67,893	542,904	(Note 1)
Segment operating profit (loss)	1,837,079	44,958	(196,244)	1,685,793	
Segment profit (loss), net of tax	1,458,210	42,270	(108,333)	1,392,147	
Segment profit (loss) includes:					
Depreciation and amortisation	(146,044)	(5,346)	(22,004)	(173,394)	
Income tax expense	(360,026)	(13,653)	(16,166)	(389,845)	
Investment (loss) income accounted for using the equity method	(150,095)	5,754	91,051	(53,290)	(Note 2)

Nine months ended September 30, 2017

	Gamania Digital Entertainment Co., Ltd.	Gash Point Co., Ltd. and Gash Point (Hong Kong)	Others	Total	
Revenue from external customers	$ 1,218,701	$ 3,656,010	$ 892,849	$ 5,767,560	
Inter-segment revenue	24,787	1,356,942	47,375	1,429,104	(Note 1)
Segment operating profit (loss)	(16,938)	31,661	(180,064)	(165,341)	
Segment profit (loss), net of tax	36	39,787	(93,993)	(54,170)	
Segment profit (loss) includes:					
Depreciation and amortisation	(116,653)	(8,677)	(31,215)	(156,545)	
Income tax expense	(1,996)	(11,222)	(3,342)	(16,560)	
Investment (loss) income accounted for using the equity method	(143,409)	3,362	107,072	(32,975)	(Note 2)

Note 1: The transaction had been eliminated in the consolidated financial statements.

Note 2: The inter-segment investment income or loss had been eliminated.

(4) Reconciliation information of segment profit (loss)

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

Gamania Digital Entertainment Co., Ltd. and subsidiaries
Provision of endorsements and guarantees to others
Nine months ended September 30, 2018

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2018	Outstanding endorsement/ guarantee amount at September 30, 2018	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 4)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 4)	Provision of endorsements/ guarantees to the party in Mainland China (Note 4)	Footnote
0	The Company	Gamania International	3	$ 526,481	$ 153,655	$ 152,755	$ 30,551	$ -	3.43	$ 1,754,936	Y	N	N	
0	The Company	Coture New Media Co., Ltd.	2	526,481	30,000	-	-	-	-	1,754,936	Y	N	N	
0	The Company	Jollywiz Digital Technology Co., Ltd.	3	526,481	30,000	30,000	15,000	-	0.67	1,754,936	Y	N	N	
0	The Company	Jollywiz Digital Business Co., Ltd.	3	526,481	23,210	-	-	-	-	1,754,936	Y	N	Y	
1	Jollywiz Digital Technology Co., Ltd.	Jollywiz Digital Business Co., Ltd.	3	526,481	60,887	57,715	44,396	-	1.29	1,754,936	Y	N	Y	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:
(1) The Company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

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

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

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

Gamania Digital Entertainment Co., Ltd. and subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
September 30, 2018

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Type of marketable securities (Note 1)	Relationship with the security holders	General ledger account	As of September 30, 2018 Number of shares (in thousands)	Book value	Percentage	Market value (Note 2)	Footnote
The Company	XPEC Entertainment Inc. - Stock	None	Financial assets at fair value through other comprehensive income - non-curent	4,907	$ 26,941	2.67	$ 26,941	
The Company	NC Taiwan Co., Ltd. - Stock	None	Financial assets at fair value through other comprehensive income - non-curent	2,100	317,142	15.00	317,142	
The Company	Gamemag Interactive Inc. - Stock	None	Financial assets at fair value through other comprehensive income - non-curent	460	-	4.00	-	
The Company	Hagame Co., Ltd. - Stock	None	Financial assets at fair value through other comprehensive income - non-curent	880	12,450	15.22	12,450	
The Company	Microprogram Co., Ltd. - Stock	None	Financial assets at fair value through other comprehensive income - non-curent	1,739	32,944	5.42	32,944	
The Company	Life Plus Co., Ltd. - Stock	None	Financial assets at fair value through other comprehensive income - non-curent	3,000	23,375	9.09	23,375	
Gamania Asia Investment Co., Ltd.	One Production Film Co., Ltd. - Stock	None	Financial assets at fair value through other comprehensive income - non-curent	1,000	7,020	3.57	7,020	
Gamania International Holdings Ltd.	Ikala Global Online Corp. - Stock	None	Financial assets at fair value through other comprehensive income - non-curent	27,831	25,486	5.76	25,486	
Gamania International Holdings Ltd.	Vantage Metro Limited - Stock	None	Financial assets at fair value through other comprehensive income - non-curent	192	29,980	2.59	29,980	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9, 'Financial instruments'.
Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Gamania Digital Entertainment Co., Ltd. and Subsidiaries
Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more
Nine months ended September 30, 2018

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Difference in transaction terms compared to non-related party transactions		Notes/accounts receivable		
Purchaser/seller	Name of transaction parties	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit period	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
The Company	Gash Point Co., Ltd.	Subsidiary	Sales	$ 139,281	23.46%	Note	Note	Note 1	$ 15,613	2.11%	Note 2

Note 1: The above represents sales based on merchandise, competitive market and trading situation. There is no similar transaction to compare with.
Note 2: Comprises the sale of point service revenue, sales of services and other operating revenue.

Gamania Digital Entertainment Co., Ltd. and subsidiaries

Receivables from related parties in excess of $100 million or 20% of capital

September 30, 2018

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Name of creditor	Transaction parties	Relationship	Balance as of September 30, 2018	Turnover rate	Overdue receivables: Amount	Overdue receivables: Action adopted for overdue accounts	Amount collected subsequent to the balance sheet date （Note 1）	Allowance for doubtful accounts	Footnote
The Company	Gash Point Co., Ltd.	Subsidiary	$ 1,296,218	0.06	$ -	-	$ 151,389	$ -	

Note 1: The subsequent collections represent collections from the balance sheet date to November 8, 2018.

Gamania Digital Entertainment Co., Ltd. and subsidiaries

Significant inter-company transactions during the reporting period

Nine months ended September 30, 2018

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of total operating revenues or total assets (Note 3)
0	The Company	Gamania Digital Entertainment (H.K.) Co., Ltd	1	Accounts receivable	$ 18,865	Note 5	0.20
0	The Company	Gamania Digital Entertainment (H.K.) Co., Ltd	1	Other payables	24,303	Note 5	0.26
0	The Company	Gamania Digital Entertainment (H.K.) Co., Ltd	1	Revenue from royalties	71,679	Note 4	0.62
0	The Company	Gash Point Co., Ltd.	1	Accounts receivable	1,279,723	Note 5	13.52
0	The Company	Gash Point Co., Ltd.	1	Other receivables	16,495	Note 5	0.17
0	The Company	Gash Point Co., Ltd.	1	Accounts payable	15,613	Note 5	0.16
0	The Company	Gash Point Co., Ltd.	1	Sales	23,204	Note 4	0.20
0	The Company	Gamania Digital Entertainment (Europe)	1	Other payables	11,636	Note 5	0.12
0	The Company	Conetter CoMarketing Co., Ltd.	1	Advertisement expenses	119,578	Note 4, 5	1.03
0	The Company	Conetter CoMarketing Co., Ltd.	1	Other payables	59,211	Note 5	0.63
0	The Company	Ants' Power Co., Ltd.	1	Other payables	24,122	Note 5	0.25
0	The Company	Ants' Power Co., Ltd.	1	Administrative expenses	77,026	Note 5	0.66
1	Gash Point Co., Ltd.	Gash Point (Hong Kong) Company Limited	3	Other receivables	41,097	Note 5	0.43
1	Gash Point Co., Ltd.	The Company	2	Administrative expenses	17,082	Note 5	0.15
1	Gash Point Co., Ltd.	The Company	2	Service revenue	139,281	Note 5	1.20
2	Ants' Power Co., Ltd.	The Company	2	Service revenue	78,722	Note 4	0.68
2	Ants' Power Co., Ltd.	The Company	2	Administrative expenses	12,664	Note 5	0.11
4	Gamania Digital Entertainment (H.K.) Co., Ltd.	Gash Point (Hong Kong) Company Limited	3	Accounts receivable	15,407	Note 5	0.16

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is '0'.
(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

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

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

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

Gamania Digital Entertainment Co., Ltd. and subsidiaries
Information on investee companies (not including investees in Mainland China)
Nine months ended September 30, 2018

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

				Original investment cost (Note 2)		Shares held as at September 30, 2018					
Company	Name of investee	Location	Main business activities	Balance as at September 30, 2018	Balance as at December 31, 2017	Number of shares	Percentage	Book value	Income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote
The Company	Gamania Holdings Ltd.	Cayman Islands	Investment holdings	$ 2,446,013	$ 2,446,013	46,278,315	100.00	$ 550,812	($ 35,753)	($ 35,753)	
The Company	Gamania Asia Investment Co., Ltd.	Taiwan	Investment holdings	226,549	206,549	17,600,000	100.00	176,338	(6,763)	(6,763)	
The Company	Fundation Digital Entertainment Co., Ltd.	Taiwan	Publishing of magazines and periodicals	220,000	220,000	316,522	100.00	(264)	(220)	(220)	
The Company	JollyBuy Digital Technology Co., Ltd	Taiwan	E-commerce operations	377,000	297,000	8,300,000	100.00	82,191	(20)	(20)	Note 1
The Company	Seedo Games Co. Ltd.	Taiwan	Software services	136,000	136,000	9,152,000	38.26	186,091	22,778	8,715	
The Company	Two Tigers Co. Ltd.	Taiwan	Animation production	6,269	6,269	626,892	51.00	6,340	(163)	(83)	
The Company	Gash Point Co., Ltd.	Taiwan	Software information and supply of electronic services	169,000	169,000	13,500,000	90.00	210,885	29,184	26,265	
The Company	Global Pursuit Co., Ltd.	Taiwan	IP Commodities authorization	40,000	40,000	50,000	100.00	247	(47)	(47)	
The Company	Machi Pictures Co., Ltd.	Taiwan	Movie making and publishing	20,000	20,000	2,000,000	33.33	180	-	-	
The Company	Ants' Power Co., Ltd.	Taiwan	Customer services	10,000	10,000	1,000,000	100.00	42,816	25,773	25,773	
The Company	Chuang Meng Shr Ji Co., Ltd.	Taiwan	Venture Capital Industry	30,000	30,000	3,000,000	19.35	15,275	(13,751)	(2,661)	

Company	Name of investee	Location	Main business activities	Original investment cost (Note 2): Balance as at September 30, 2018	Original investment cost (Note 2): Balance as at December 31, 2017	Shares held as at September 30, 2018: Number of shares	Shares held as at September 30, 2018: Percentage	Shares held as at September 30, 2018: Book value	Income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote
The Company	WeBackers Co., Ltd.	Taiwan	Crowd funding	$ 44,040	$ 44,040	2,475,000	91.67	$ 1,259	($ 10,096)	($ 9,255)	
The Company	Coture New Media Co., Ltd.	Taiwan	Producing TV programs and gerneral advertising	193,500	153,500	13,800,000	92.54	19,451	(23,029)	(20,982)	
The Company	MadSugr Digital Technology Co., Ltd.	Taiwan	Software information and supply of electronic services	45,900	45,900	4,590,000	51.00	3,556	(523)	(267)	
The Company	Gama Pay Co., Ltd.	Taiwan	Third party payment	340,000	240,000	34,000,000	48.57	176,885	(90,496)	(38,072)	
The Company	Punch Technologies Co., Ltd.	Taiwan	Software services and sales	10,033	10,033	921,700	100.00	9,994	(172)	(172)	
The Company	NOWnews Network Co., Ltd.	Taiwan	Producing TV programs and general advertising	306,367	143,141	13,529,231	78.69	262,574	(36,581)	(17,083)	
The Company	Petmao Co., Ltd.	Taiwan	Sales of petfood and other goods	18,750	18,750	18,750	37.50	-	-	-	
The Company	BeanGo! Co., Ltd.	Taiwan	Communication software	100,000	58,500	10,000,000	100.00	(4,158)	(42,991)	(42,230)	
The Company	Ciirco Inc.	Taiwan	Sales and research and development of software services	139,400	79,400	13,940,000	99.57	33,998	(37,268)	(37,107)	
The Company	4-Way Voice Cultural Co., Ltd.	Taiwan	Newspaper and magazine publishing	1,900	1,900	190,000	38.00	921	(468)	(178)	
Punch Technologies Co., Ltd.	Coco Digital Technology (HK) Co., Ltd.	Hong Kong	Software services and sales	24,884	24,884	6,400,000	100.00	3,932	-	-	
Ciirco Inc.	Ciirco (HK) Co., Ltd.	Hong Kong	Software services and sales	38,156	7,631	1,250,000	100.00	8,227	(17,392)	(17,392)	
Gamania Asia Investment Co., Ltd.	Pri-One Commercial Production Co., Ltd.	Taiwan	Sales and research and development of software	1,500	1,500	150,000	30.00	2,469	898	269	
Gamania Asia Investment Co., Ltd.	UniCube Co., Ltd.	Taiwan	Sales and research and development of software	-	4,000	-	-	-	(366)	(146)	

				Original investment cost (Note 2)		Shares held as at September 30, 2018					
Company	Name of investee	Location	Main business activities	Balance as at September 30, 2018	Balance as at December 31, 2017	Number of shares	Percentage	Book value	Income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote
Gamania Asia Investment Co., Ltd.	Fantasy Fish Digital Games Co., Ltd.	Taiwan	Sales and research and development of software	$ 22,211	$ 22,211	3,889,935	44.08	$ 42,880	$ 8,169	$ 3,601	
Gamania Asia Investment Co., Ltd.	Jsdway Digital Technology Co., Ltd.	Taiwan	Software information and supply of electronic services	55,125	55,125	5,250,000	35.04	47,812	(1,202)	(421)	
Gamania Asia Investment Co., Ltd.	Taiwan e-sports Co., Ltd.	Taiwan	E-sports	34,810	16,249	3,557,525	29.39	24,367	(27,584)	(8,419)	
Gamania Asia Investment Co., Ltd.	China Post	Taiwan	Newspaper and magazine publishing	1	1	5,500,000	100.00	(359)	(180)	(180)	
Gamania Asia Investment Co., Ltd.	Bjolly Digital Co., Ltd.	Taiwan	E-commerce operations	5,000	-	45,455	2.27	4,977	(15,971)	(23)	
Gamania Asia Investment Co., Ltd.	Aotter Inc.	Taiwan	Research and development of internet-related technology	25,000	15,000	170,473	21.48	25,069	(2,336)	(502)	
Madsugr Digital Technology Co., Ltd.	Madsugr Digital Technology (HK) Co., Ltd.	Hong Kong	Software information and supply of electronic services	12,872	12,872	3,300,969	100.00	3,171	(302)	(302)	
Gash Point Co., Ltd.	Gash Point (Japan) Co., Ltd.	Japan	Software information and supply of electronic services	37,688	37,688	600	100.00	26,778	516	516	
Gash Point Co., Ltd.	Gash Point (Hong Kong) Company Limited	Hong Kong	Software information and supply of electronic services	13,704	13,704	750,000	100.00	120,228	13,086	13,086	
Gash Point Co., Ltd.	Gash Point Korea Co., Ltd.	South Korea	Design and sales of software	11,662	11,662	138,268	100.00	12,626	2,305	2,305	
Gash Point Co., Ltd.	Conetter CoMarketing Co., Ltd.	Taiwan	Software information and supply of electronic services	29,250	16,250	2,625,000	84.00	48,789	17,201	11,701	

Company	Name of investee	Location	Main business activities	Original investment cost (Note 2): Balance as at September 30, 2018	Original investment cost (Note 2): Balance as at December 31, 2017	Shares held as at September 30, 2018: Number of shares	Shares held as at September 30, 2018: Percentage	Shares held as at September 30, 2018: Book value	Income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote
Gash Point Co., Ltd.	Gama Pay Co., Ltd.	Taiwan	Third party payment	$ 150,000	$ 150,000	15,000,000	21.43	$ 78,045	($ 90,496)	($ 21,855)	
Gamania Holdings Ltd.	Gamania International Holdings Ltd.	Cayman Islands	Investment holdings	2,460,673	2,460,673	77,281,128	100.00	549,940	(35,688)	(35,688)	
Gamania International Holdings Ltd.	Gamania China Holdings Ltd.	Cayman Islands	Investment holdings	1,018,167	1,056,851	40,416,628	98.85	125,664	15,494	15,316	
Gamania International Holdings Ltd.	Gamania Western Holdings Ltd.	Cayman Islands	Investment holdings	264,652	264,652	8,670,000	100.00	94,187	34,775	34,775	
Gamania International Holdings Ltd.	Gamania Netherlands Holdings Cooperatief U.A.	Amsterdam	Investment holdings	159,660	159,660	-	100.00	25,714	(3,392)	(3,392)	
Gamania International Holdings Ltd.	Joymobee Entertainment Co., Ltd.	Hong Kong	Design and research and development of software	120,574	120,574	30,701,775	100.00	11,966	1,307	1,307	
Gamania International Holdings Ltd.	Firedog Creative Co., Ltd.	Hong Kong	Design and research and development of software	9,674	9,674	992,000	40.00	-	-	-	
Gamania International Holdings Ltd.	Achieve Made International Ltd. (BVI)	BVI	Investment holdings	190,860	190,860	7,003,408	50.07	123,477	(65,101)	(33,912)	
Gamania International Holdings Ltd.	ACCI Group Limited	Hong Kong	Sales of agricultural products	1,463	1,463	375,000	30.00	1,403	-	-	
Gamania International Holdings Ltd.	HaPod Digital Technology Co., Ltd.	Hong Kong	Software services and sales	58,608	45,788	1,920,000	100.00	11,790	(6,740)	(6,740)	
Gamania International Holdings Ltd.	GungHo Gamania Co., Limited	Hong Kong	Operations of mobile games	112,179	112,179	147	49.00	67,032	(30,926)	(15,154)	
Gamania International Holdings Ltd.	Mission Worldwide Group Ltd.	BVI	Investment holdings	91,575	91,575	23,625,768	25.00	69,024	(54,604)	(20,901)	
Achieve Made International Ltd. (BVI)	Jollywiz Digital Technology Co., Ltd.	Taiwan	E-commerce operations	505,000	445,078	24,528,035	100.00	208,639	(39,988)	(64,793)	

				Original investment cost (Note 2)		Shares held as at September 30, 2018					
Company	Name of investee	Location	Main business activities	Balance as at September 30, 2018	Balance as at December 31, 2017	Number of shares	Percentage	Book value	Income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote
Achieve Made International Ltd. (BVI)	Jollywiz International (HK) Co., Ltd.	Hong Kong	E-commerce operations	$ 33,324	$ 33,324	8,500,000	76.58	-$ 11,714	($ 25,582)	($ 19,591)	
Jollywiz Digital Technology Co., Ltd.	Bjolly Digital Co., Ltd.	Taiwan	E-commerce operations	25,000	25,000	1,045,455	52.27	10,604	(15,971)	(15,971)	
Jollywiz Digital Technology Co., Ltd.	Cyber Look Properties Ltd.	BVI	Investment holdings	149,573	149,573	4,900,000	100.00	68,037	(12,538)	(12,538)	
Jollywiz Digital Technology Co., Ltd.	Jollywiz International (HK) Co., Ltd.	Hong Kong	E-commerce operations	10,143	10,143	2,600,000	23.42	(3,582)	(25,582)	(5,991)	
Jollywiz Digital Technology Co., Ltd.	Polysh Co., Ltd	Taiwan	E-commerce operations	10,000	10,000	125,000	20.00	10,186	(1,414)	(283)	
Gamania Western Holdings Ltd.	Gamania Digital Entertainment (U.S.) Co., Ltd.	U.S.A.	Software services and sales	263,431	263,431	1,440	100.00	94,701	34,820	34,820	
Gamania Netherlands Holdings Cooperatief U.A.	Gamania Digital Entertainment (Europe) B.V.	Netherlands	Software services and sales	159,660	159,660	500,000	100.00	25,714	(3,392)	(3,392)	
Gamania China Holdings Ltd.	Gamania Sino Holdings Ltd.	Cayman Islands	Investment holdings	1,206,348	1,206,348	39,520,000	100.00	6,135	(1,673)	(1,673)	
Gamania China Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	Hong Kong	Software services and sales	91,860	91,860	25,500,000	100.00	110,387	17,244	17,244	

Note 1: On September 12, 2018, Redgate Games Co., Ltd was renamed JollyBuy Digital Technology Co., Ltd.
Note 2 : Initial investment amount is translated to NTD at the spot rate at the period end.

Gamania Digital Entertainment Co., Ltd. and subsidiaries
Information on investments in Mainland China
Nine months ended September 30, 2018

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2018	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2018		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2018	Net income of investee for the nine months ended September 30, 2018	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2018	Book value of investments in Mainland China as of September 30, 2018	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2018	Footnote (Note 1)
					Remitted to Mainland China	Remitted back to Taiwan							
Gamania Digital Entertainment (Beijing) Co., Ltd.	Design and sales of software	$ 1,077,533	Investment through a holding company registered in a country other than Taiwan and Mainland China	$ 789,682	$ -	$ -	$ 789,682	($ 1,593)	98.85	($ 1,575)	$ 3,058	$ -	Note 2
MoNoKos Studio Technology Co., Ltd.	Research and development of software	-	Investment through a holding company registered in a country other than Taiwan and Mainland China	45,788	-	-	45,788	-	-	-	-	-	Note 3
Legion Technology (Shanghai) Co., Ltd.	E-commerce operations	120,574	Investment through a holding company registered in a country other than Taiwan and Mainland China	120,574	-	-	120,574	(11,577)	50.07	(5,797)	42,885	-	Note 4

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2018	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2018		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2018	Net income of investee for the nine months ended September 30, 2018	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2018	Book value of investments in Mainland China as of September 30, 2018	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2018	Footnote (Note 1)
					Remitted to Mainland China	Remitted back to Taiwan							
Jollywiz Digital Business Co., Ltd.	E-commerce operations	$ 22,180	Investment through a holding company registered in a country other than Taiwan and Mainland China	$ -	$ -	$ -	$ -	($ 9,422)	50.07	($ 4,718)	$ 13,968	$ -	Note 4
Ju Shr Da Jiu (Shanghai) International Trading Co., Ltd.	Sales of agricultural products	15,263	Investment through a holding company registered in a country other than Taiwan and Mainland China	-	-	-	-	(903)	38.66	-	3,505	-	Note 4

Note 1: The accumulated remittance as of January 1, 2018, remitted or collected this period, accumulated as of September 30, 2018 was translated into New Taiwan Dollars at the average exchange rate of NTD30.5250 to US$1 and RMB4.5896 to US$1 at the balance sheet date.

Note 2: The investment loss of the investee company, Gamania Digital Entertainment (Beijing) Co., Ltd., for the nine months ended September 30, 2018 was recognised based on the indirect weighted-average ownership percentage of 98.85% and on their financial statements for the corresponding period, which were audited.

Note 3: MoNokos Studio Technology Co., Ltd. completed liquidation proceedings on September 22, 2013. However, the investment amount has not yet been remitted back to Taiwan as of September 30, 2018.

Note 4: Investment profits or losses are recognized based on unaudited financial statements

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2018	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
The Company (Note	$ 835,469	$ 1,280,921	$ 2,845,839
Jollywiz Digital Technology Co., Ltd. (Notes 1 and 2)	120,574	120,574	133,143

Note 1: The total investment amount approved by the Investment Commission, MOEA, was USD41,963 thousand or NTD1,280,921 based on 30.5250 spot exchange rate at September 30, 2018.

Note 2: Ceiling of $133,143 is calculated based on Jollywiz Digital Technology Co., Ltd.'s net assets as of September 30, 2018. The ceiling on investments was $126,693 when applying for approval for investments. Investment amount was translated based on 30.5250 spot exchange rate at September 30, 2018.