

Quarterly Industry Update

As of September 30, 2013

Industry: Game Software



Industry Summary

Cogent Valuation identified publicly traded companies, IPOs, and recent M&A transactions within the Game Software industry, which provides a basis for market and transaction pricing that can be used by your firm in estimating market sentiment and its impact on your firm's value. Since September 30, 2012, the median 52-week share price return of the Game Software industry has decreased by -5.6%. In the last quarter, the median price-to-earnings multiple increased from 11.2x to 15.7x.

Comparable Public Company Key Statistics

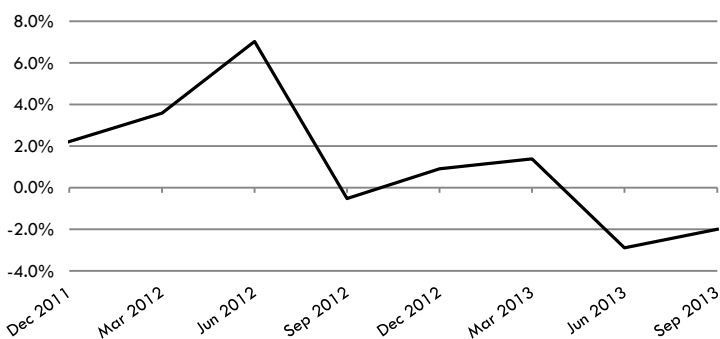
Median 52-Week Return	-5.6%	Median EV/Revenue Multiple	1.9x	Median Price/Earnings Multiple	15.7x
Median 3-Year CAGR Return	4.8%	Median EV/EBITDA Multiple	13.5x	Median EV/Gross CF Multiple	16.5x

Comparable Public Company Market Price Returns (As of September 30, 2013)

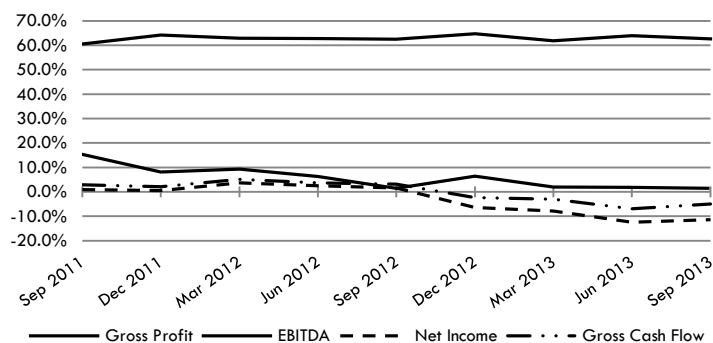
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2012	2011	2010	2009	2008
Kongzhong Corp.	139.0%	101.5%	94.9%	80.3%	28.7%	28.6%	32.4%	-41.6%	-42.8%	269.9%	-45.0%
Electronic Arts Inc.	76.0%	11.1%	101.3%	11.8%	15.8%	-7.1%	-29.5%	25.8%	-7.7%	10.7%	-72.5%
Renren Inc.	-2.3%	12.7%	-16.4%	-18.7%	N/A	N/A	-2.8%	N/A	N/A	N/A	N/A
Glu Mobile, Inc.	22.0%	25.8%	-40.1%	14.8%	25.4%	7.4%	-27.4%	51.7%	80.0%	130.0%	-90.4%
Gravity Co., Ltd	-15.5%	-4.0%	-14.9%	-6.3%	-9.2%	0.6%	-8.3%	-15.2%	4.9%	226.0%	-83.9%
Majesco Entertainment Co.	-48.1%	-3.5%	-56.3%	-47.6%	-5.9%	-8.6%	-56.6%	216.9%	-33.1%	88.6%	-54.8%
Zynga, Inc.	55.6%	32.1%	29.5%	N/A	N/A	N/A	-74.9%	N/A	N/A	N/A	N/A
Activision Blizzard, Inc.	57.1%	17.0%	47.9%	18.4%	15.5%	1.6%	-13.8%	-1.0%	12.0%	28.6%	N/A
Shanda Games Limited	28.6%	-1.0%	3.7%	-0.8%	-10.0%	N/A	-22.3%	-39.2%	-36.9%	N/A	N/A
The9 Limited	-21.0%	-37.5%	-50.7%	-19.9%	-23.4%	-32.6%	-58.6%	2.3%	-3.6%	-45.8%	-37.5%
Median of Industry Public Companies	25.3%	11.9%	-5.6%	-0.8%	4.8%	0.6%	-24.8%	0.7%	-5.7%	88.6%	-63.7%

(Multiple year periods are calculated as the average annual return.)

Median Quarterly Revenue Growth of All Game Software Companies



Median Gross Profit, EBITDA, Net Income and Gross Cash Flow Margins



Median Public Company Multiples of the Game Software Industry

Date:	9/30/2011	12/31/2011	3/31/2012	6/30/2012	9/30/2012	12/31/2012	3/31/2013	6/30/2013	9/30/2013
EV/Revenues Multiple	1.5x	1.8x	1.6x	1.8x	1.1x	1.0x	1.2x	1.3x	1.9x
EV/EBITDA Multiple	5.6x	6.1x	4.6x	8.0x	8.2x	6.7x	7.0x	6.1x	13.5x
Price/Earnings Multiple	6.9x	12.9x	13.7x	9.5x	10.4x	9.3x	9.8x	11.2x	15.7x
EV/Gross Cash Flows Multiple	4.8x	8.0x	10.4x	11.3x	5.1x	4.0x	6.6x	6.3x	16.5x

This industry research is provided at no charge to Cogent Valuation's clients. Research or detailed information not covered in this report can be obtained for a fee. Contact Steven Kam at 415-392-0888 for additional information or questions in connection with this research report.

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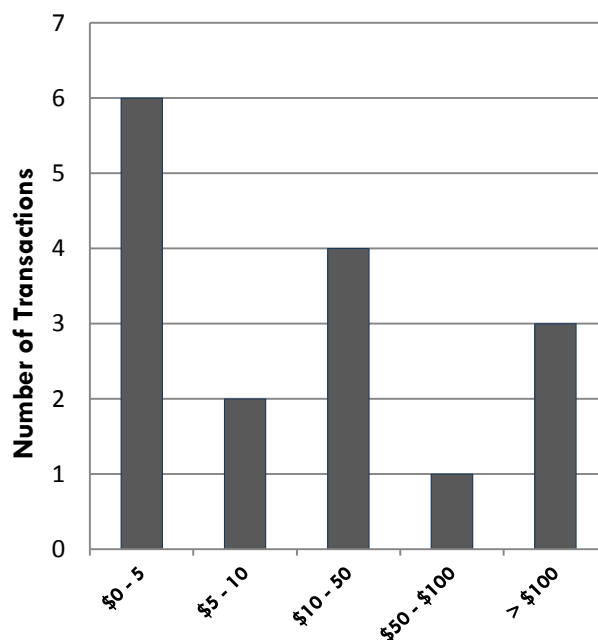
Industry Initial Public Offerings (dollars in millions, except share prices)

Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
12/15/2011	Zynga, Inc.	\$10.00	100.0	\$1,000.0	\$1,511.7	\$0.0	\$1,024.6	\$190.4	\$73.7	N/A
5/4/2011	Renren Inc.	\$14.00	53.1	\$743.4	\$444.0	\$0.0	\$83.1	\$11.1	(\$54.7)	\$47.0
9/24/2009	Shanda Games Limited	\$12.50	83.5	\$1,043.8	\$418.1	\$0.0	\$590.7	\$244.2	\$179.1	\$246.9
3/21/2007	Glu Mobile, Inc.	\$11.50	7.3	\$84.0	\$81.8	\$11.6	\$46.2	(\$6.3)	(\$12.3)	(\$6.3)
7/8/2004	Kongzhong Corp.	\$10.00	10.0	\$100.0	\$6.6	\$0.0	\$7.8	\$2.7	\$2.4	\$2.8
3/3/2004	MNC Media Investment Ltd	\$14.00	6.1	\$86.0	\$9.7	\$0.0	\$15.5	\$3.7	\$3.6	N/A
Median of All IPOs		nm	nm	\$421.7	\$250.0	\$0.0	\$64.6	\$7.4	\$3.0	\$24.9

Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought
9/30/2013	Expert Global Investments	Sansheng	\$17.8	100%
5/2/2013	Digital Angel Corporation	MGT Capital Investments	\$0.3	100%
2/6/2013	ProTec Games	SHFL entertainment	\$0.3	100%
12/13/2012	Comviva Technologies	Tech Mahindra	\$48.2	51%
10/30/2012	Pokelabo	Gree	\$173.8	100%
10/2/2012	Viewdle	Motorola Mobility Holdings	\$45.0	100%
9/30/2012	TheMobileGamer Pte	SoftBank Corp.	\$2.9	71%
7/20/2012	Playyoo	Probability	\$4.8	100%
6/4/2012	actsmartware	Bitzio	\$2.1	100%
5/30/2012	Funzio	GREE International	\$210.0	100%
5/22/2012	NINJ	Tranzistor Systems	\$3.0	100%
10/31/2011	Liveware	Marvelous Entertainment	\$7.2	100%
9/1/2011	Surna Media	Surna	\$10.0	100%
6/7/2011	Scoreloop	Research In Motion	\$71.0	100%
4/21/2011	OpenFeint	GREE International	\$104.0	100%
Median of All Transaction Targets			\$10.0	100%

Size of Merger and Acquisition Transactions (dollars in millions)



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