

GAMANIA DIGITAL ENTERTAINMENT CO., LTD.

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

March 31, 2006 AND 2005

These English financial statements were translated from the financial statements originally prepared in Chinese.

Report of Independent Accountants

(06) R.F014.06000127

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

We have reviewed the accompanying consolidated balance sheets of Gamania Digital Entertainment Co., Ltd. (the “Company”) and its subsidiaries as of March 31, 2006 and 2005, and the related consolidated statements of income and of cash flows for the three-month periods then ended. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our reviews.

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

As described in Note 1, the consolidated financial statements include unreviewed financial statements of certain consolidated subsidiaries, which statements reflect total assets of \$743,824 thousand and \$807,707 thousand, constituting 22.63% and 22.97% of the related consolidated totals as of March 31, 2006 and 2005, respectively, and total operating revenues of \$259,224 thousand and \$289,298 thousand, constituting 29.17% and 36.85% of the related consolidated totals for the three-month periods then ended. In addition, as explained in Note 4(7), the consolidated financial statements include long-term investments accounted for under the equity method amounting to \$58,513 thousand and \$7,449 thousand as of March 31, 2006 and 2005, respectively, and the related investment loss was \$4,442 thousand and \$5,665 thousand for the three-month periods then ended, respectively. These amounts and the information disclosed in Note 11 were based on their respective financial statements which were not reviewed by independent accountants.

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

As disclosed in Note 3, 4(9) and 4(10), effective in the fourth quarter of 2004, the Company adopted R.O.C. Statement of Financial Accounting Standards No. 35, “Accounting for Assets Impairment”. As a result of the adoption of SFAS No. 35, total consolidated assets and stockholders’ equity decreased by \$321,770 thousand as of March 31, 2005. The adoption had no significant effect on consolidated net income for the three-month period ended March 31, 2005.

As described in Notes 1, 2 and 3, effective January 1, 2005, the Company adopted the newly amended Statement of Financial Accounting Standards No. 7 “Consolidated Financial Statements” which require the consolidation of all majority-owned subsidiaries.

April 21, 2006

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

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2006	2005		2006	2005
ASSETS			LIABILITIES AND STOCKHOLDERS' EQUITY		
<u>Current Assets</u>			<u>Current Liabilities</u>		
Cash and cash equivalents (Note 4 (1))	\$ 576,143	\$ 284,831	Short-term loans (Note 4 (11))	\$ 84,897	\$ 65,000
Financial assets at fair value through profit or loss - current (Note 4 (2))	280,943	868,700	Notes payable	119,968	109,911
Financial assets carried at cost - current (Note 4 (3))	9,851	-	Accounts payable	121,668	35,759
Notes receivable - third parties - net (Note 4 (4))	59,129	55,048	Accounts payable - related party (Note 5(2))	6,607	75,407
Accounts receivable - third parties - net (Note 4 (5))	964,628	791,024	Income tax payable (Note 4 (19))	31,288	35,191
Other receivables	4,204	10,378	Accrued expenses	129,041	103,365
Other receivables - related parties (Note 5 (2))	8,089	16,187	Other payables - related party (Note 5(2))	17,485	-
Other financial assets - current (Note 6)	30,000	-	Other payables	39,271	20,335
Inventories - net (Note 4 (6))	22,625	18,102	Unearned revenue collected in advance	253,985	190,696
Prepaid expenses	58,819	57,775	Current portion of long-term liabilities (Notes 4 (12) and 4 (13))	54,384	78,102
Deferred income tax assets - current (Note 4 (19))	39,318	48,264	Other current liabilities	31,387	12,665
Other current assets - other	11,042	13,217		889,981	726,431
	<u>2,064,791</u>	<u>2,163,526</u>	<u>Long-term Liabilities</u>		
<u>Long-term Investments</u>			Long-term loans (Note 4 (12))	287,692	343,962
Financial assets carried at cost - non-current (Note 4 (3))	102,699	26,846	Capital lease obligation - non-current (Note 4 (13))	126	1,045
Long-term investments - accounted for under the equity method (Note 4 (7))	58,513	7,449		287,818	345,007
	<u>161,212</u>	<u>34,295</u>	<u>Other Liabilities</u>		
<u>Other financial assets - non-current</u> (Note 6)	<u>-</u>	<u>6,891</u>	Accrued pension liabilities (Note 4 (14))	6,263	5,087
<u>Property, Plant and Equipment - net</u> (Notes 4 (8) and 6)			Guarantee deposits	1,922	1,917
Cost			Other liabilities - other	64	2,437
Land	147,751	147,751		8,249	9,441
Buildings	155,976	145,828	Total Liabilities	1,186,048	1,080,879
Machinery and equipment	918,634	737,328	<u>Stockholders' Equity</u>		
Transportation equipment	1,700	3,295	Common stock (Notes 1 and 4 (15))	1,468,787	1,529,177
Office equipment	107,807	140,752	Capital reserve (Note 4 (16))		
Leasehold assets	1,532	-	Paid-in capital in excess of par	1,003,484	1,339,117
Leasehold improvements	70,054	209,126	Treasury stock (Note 4 (21))	-	20,145
Other equipment	15,377	10,872	Gain on disposal of property, plant and equipment	221	221
Total Cost	<u>1,418,831</u>	<u>1,394,952</u>	Retained earnings		
Less: Accumulated depreciation	(631,915)	(543,393)	Legal reserve	-	103,066
Construction in progress and prepayments for equipment	80	-	Accumulated deficit (Notes 4 (18) and 4 (19))	(402,743)	(370,711)
	<u>786,996</u>	<u>851,559</u>	Cumulative translation adjustments	24,658	18,613
<u>Intangible assets</u>			Treasury stock (Note 4 (21))	(94,275)	(302,140)
Trademark	324	-		2,000,132	2,337,488
Goodwill	2,881	70,108	Minority interest	100,580	97,999
Deferred pension cost	549	643	Total Stockholders' Equity	2,100,712	2,435,487
Other intangible assets - net (Note 4 (9))	975	-	Commitments and Contingent Liabilities (Note 7)		
	<u>4,729</u>	<u>70,751</u>			
<u>Other Assets</u>			TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 3,286,760	\$ 3,516,366
Refundable deposits	42,628	34,023			
Deferred charges - net (Note 4 (10))	160,824	235,074			
Deferred income tax assets - non-current (Note 4 (19))	65,580	119,614			
Other asset - other	-	633			
	<u>269,032</u>	<u>389,344</u>			
TOTAL ASSETS	\$ 3,286,760	\$ 3,516,366			

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated April 21, 2006.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE-MONTH PERIODS ENDED MARCH 31,

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>2006</u>	<u>2005</u>
Operating revenues		
Sales revenue	\$ 910,563	\$ 821,878
Sales returns	(15,850)	(26,287)
Sales allowances	(10,649)	(11,115)
Net sales revenue	884,064	784,476
Service revenue	4,611	511
Total operating revenues	<u>888,675</u>	<u>784,987</u>
Operating costs		
Cost of goods sold (Notes 4 (23) and 5)	(491,216)	(429,534)
Gross profit	<u>397,459</u>	<u>355,453</u>
Operating expenses (Notes 4 (23) and 10)		
Selling expenses	(109,157)	(59,170)
General and administrative expenses	(172,877)	(186,781)
Research and development expenses	(28,336)	(27,160)
Total operating expenses	<u>(310,370)</u>	<u>(273,111)</u>
Operating income	<u>87,089</u>	<u>82,342</u>
Non-operating income		
Interest income	632	309
Gain on adjustment of financial asset	943	-
Gain on sale of investments	821	383
Foreign exchange gain	925	303
Rental income	54	1,392
Gain from price recovery of inventories	2,749	-
Miscellaneous income	907	1,241
Total non-operating income	<u>7,031</u>	<u>3,628</u>
Non-operating expenses		
Interest expense	(2,795)	(2,211)
Investment loss accounted for under the equity method (Note 4 (7))	(4,442)	(5,665)
Loss on disposal of property, plant and equipment	(6,779)	-
Loss on decline in market value of obsolete inventories	-	(2,099)
Miscellaneous losses	(1,947)	(1,844)
Total non-operating expenses	<u>(15,963)</u>	<u>(11,819)</u>
Income before income tax	78,157	74,151
Income tax expense (Note 4 (19))	(36,430)	(32,000)
Consolidated net income	<u>\$ 41,727</u>	<u>\$ 42,151</u>
Attributable to:		
Equity holders of the Company	\$ 56,717	\$ 27,482
Minority interest	(14,990)	14,669
	<u>\$ 41,727</u>	<u>\$ 42,151</u>

	<u>2006</u>		<u>2005</u>	
	<u>Before income tax</u>	<u>After income tax</u>	<u>Before income tax</u>	<u>After income tax</u>
Basic earnings per share (in dollars) (Note 4 (20))				
Profit attributable to equity holders of the Company	\$ 0.63	\$ 0.39	\$ 0.40	\$ 0.19
Minority interest (loss) income	(0.10)	(0.10)	0.10	0.10
Consolidated net income	<u>\$ 0.53</u>	<u>\$ 0.29</u>	<u>\$ 0.50</u>	<u>\$ 0.29</u>
Pro forma information of retroactive adoption of new accounting principle on long-term investments:				
Profit attributable to equity holders of the Company	<u>\$ 93,147</u>	<u>\$ 56,717</u>	<u>\$ 64,049</u>	<u>\$ 32,049</u>
Basic earnings per share (in dollars)				
Equity holders of the Company	\$ 0.63	\$ 0.39	\$ 0.43	\$ 0.22
Minority interest (loss) income	(0.10)	(0.10)	0.10	0.10
Consolidated net income	<u>\$ 0.53</u>	<u>\$ 0.29</u>	<u>\$ 0.53</u>	<u>\$ 0.32</u>

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

See report of independent accountants dated April 21, 2006.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31,

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2006	2005
<u>Cash flows from operating activities</u>		
Consolidated net income	\$ 41,727	\$ 42,151
Adjustments to reconcile consolidated net income to net cash provided by (used in) operating activities:		
Gain on sale of investments	(821)	(383)
Gain on adjustment of financial asset	(943)	-
(Reversal of) provision for bad debts and sales returns	(11,149)	12,842
(Recovery of) provision for decline in market value and inventories written-off	(5,797)	2,099
Investment loss accounted for under the equity method	4,442	5,665
Depreciation and amortization	79,124	110,931
Amortization of trademark	11	-
Loss on disposal of property, plant and equipment and other intangible assets	6,779	(6)
Amortization of other intangible assets	121	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Notes receivable - third parties	25,750	15,600
Accounts receivable - third parties	(130,661)	(91,475)
Other receivables - third parties	642	(4,299)
Other receivables - related parties	(7,569)	(3,383)
Inventories	(892)	(6,706)
Prepaid expenses	(28,861)	(24,948)
Deferred income tax assets	24,311	7,884
Other current assets - other	(4,729)	(10,678)
Notes payable	14,296	54,677
Accounts payable - third parties	42,514	(23,537)
Accounts payable - related party	(39,871)	(4,905)
Income tax payable	10,648	16,606
Accrued expenses	(75,791)	(48,405)
Other payables - third parties	(13,077)	(1,731)
Other payables - related party	17,485	-
Unearned revenue collected in advance	74,902	(36,157)
Other current liabilities	3,867	(11,423)
Accrued pension liabilities	(1,367)	1,092
Net cash provided by (used in) operating activities	25,091	(1,511)

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GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE THREE-MONTH PERIODS ENDED MARCH 31,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>2006</u>	<u>2005</u>
<u>Cash flows from investing activities</u>		
Increase in financial assets held for trading - bond funds	(\$ 755,000)	(\$ 1,245,700)
Proceeds from disposal of financial assets held for trading - bond funds	475,821	377,383
Proceeds from disposal of property, plant and equipment	2,759	3,283
Acquisition of property, plant and equipment	(51,310)	(37,195)
Increase in deferred charges	(12,567)	(35,622)
Decrease in other financial assets – non-current	2,327	4,745
Decrease (increase) in other assets - other	1,067	(633)
(Increase) decrease in refundable deposits, net	(4,543)	3,358
Net cash used in investing activities	<u>(341,446)</u>	<u>(930,381)</u>
<u>Cash flows from financing activities</u>		
Increase in short-term loans	521	20,126
(Decrease) increase in long-term loans	(942)	145,714
Increase in other liabilities - other	-	2,437
Increase in guarantee deposits	584	1,210
Decrease in capital lease obligation – non-current	(2,050)	(4,986)
Purchase of treasury stock	(94,275)	-
Changes in minority interest	1,136	4,263
Net cash (used in) provided by financing activities	<u>(95,026)</u>	<u>168,764</u>
Effect of exchange rate changes in cash and cash equivalents	2,476	(21,642)
Effect of changes in consolidated subsidiaries	-	138,929
Net decrease in cash and cash equivalents	(408,905)	(642,819)
Cash and cash equivalents at beginning of period	985,048	927,650
Cash and cash equivalents at end of period	<u>\$ 576,143</u>	<u>\$ 284,831</u>
<u>Supplemental disclosures of cash flow information</u>		
Cash paid during the period for:		
Interest	<u>\$ 3,426</u>	<u>\$ 2,382</u>
Income taxes	<u>\$ 1,221</u>	<u>\$ 3</u>
<u>Cash paid for the acquisition of property, plant and equipment:</u>		
Property, plant and equipment acquired	\$ 46,480	\$ 21,755
Less: Payable-ending	(15,295)	(2,584)
Add: Payable-beginning	20,125	18,024
Cash paid	<u>\$ 51,310</u>	<u>\$ 37,195</u>

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

See report of independent accountants dated April 21, 2006.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2006 AND 2005
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

(1) Gamania Digital Entertainment Co., Ltd. (the Company) was incorporated in June 1995 under the provisions of the Company Law of the Republic of China (R.O.C.) as a company limited by shares. As of March 31, 2006, the total authorized capital was \$2,500,000, consisting of 250 million shares of common stock (including 15 million shares of employee stock options), at a par value of \$10 (NT dollars) per share, and issued and outstanding capital was \$1,468,787. The Company is engaged in software services, TV programming and magazine publications. As of March 31, 2006, the Company and its consolidated subsidiaries had 1,044 employees.

(2) Consolidated subsidiaries

<u>Name of company</u>	<u>Relationship</u>	<u>Main activities</u>	<u>% of shares held as of March 31, 2006</u>
Gamania Holdings Ltd.	Note A	Investment holding company	100%
NC Taiwan Co., Ltd.	Note A	Design and sale of software	51.00%
Taiwan Index Co., Ltd.	Note A	Software service	96.60%
Gamania Asia Investments Co., Ltd.	Note A	Investment	100%
Gamania Korea Co., Ltd.	Note A	Design and sale of software	100%
Alibangbang Games Co., Ltd.	Note A	Design and research of software	95.56%
Gamania Digital Entertainment Labuan Holdings, Ltd.	Note A	Investment holding company	100%
Gamania International Holdings, Ltd.	Note B	Investment holding company	100%
Gamania Digital Entertainment (Japan) Co., Ltd.	Note C	Design and sale of software and hardware	100%
Gamania China Holdings Ltd.	Note C	Investment holding company	92.81%
Gamania Digital Entertainment (H.K.) Co., Ltd.	Note D	Design and sale of software	92.81%
G. A. Co., Limited	Note D	Design and sale of software	92.81%
Gamania Digital Entertainment Sino Holdings Co., Ltd.	Note D	General investment	92.81%
Gamania Digital Entertainment (Beijing) Co., Ltd.	Note E	Design and sale of software	92.81%

Note A: Majority-owned subsidiary

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

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

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

Note E: A majority-owned subsidiary of Gamania Digital Entertainment Sino Holdings
Co., Ltd.

- (3) Changes in the consolidated subsidiaries: None.
- (4) Majority-owned subsidiaries not consolidated: None.
- (5) Difference in accounting period among the Company and the subsidiaries: None.
- (6) Difference in the accounting policies adopted among the Company and the subsidiaries: None.
- (7) Special operation risk of foreign subsidiaries: None.
- (8) Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: None.
- (9) The Company's and its subsidiaries' earnings distribution are restricted by enactment or contract: None.
- (10) The amortization method and terms of the difference between the acquisition cost and the net equity of the subsidiary: None.
- (11) Other consequential items or the properly exposition to the consolidated financial statements: None.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements are prepared in conformity with the “Guidelines Governing the Preparation of Financial Reports by Securities Issuers” and generally accepted accounting principles in the Republic of China. The significant accounting policies of the Company are summarized below:

(1) Principles of consolidation

- (A) Effective January 1, 2005, all majority-owned subsidiaries or controlled entities, which meet the criteria of the amended Statement of Financial Accounting Standards No. 7 “Consolidated Financial Statements”, are included in the consolidated financial statements, although the Company owns less than 50% of the voting rights of the investee companies directly or indirectly. All significant intercompany balances and transactions are eliminated in the consolidation.

(B) The results of operations of a subsidiary is included in the consolidated financial statements from the date of acquisition. Effective January 1, 2005, under the amended SFAS No. 7, the results of operations of such subsidiary is excluded from the consolidated statements of income effective the date on which the Company loses control over the subsidiary. For the initial year of adoption of SFAS No. 7, restatement of prior year's financial statements is not required.

(2) Translation of financial statements of foreign subsidiaries

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

(3) Foreign currency transactions

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

(4) Cash equivalents

Cash equivalents are short-term, highly-liquid investments that are readily convertible to known amounts of cash and with maturity dates that do not present significant risk of change in value because of changes in interest rates.

The Company's consolidated statements of cash flows is based on cash and cash equivalents.

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

A) Financial assets at fair value through profit or loss for equity stocks are recognized as of the trade date at fair value. Financial assets at fair value through profit or loss for bonds, beneficial certificates and derivative instruments are recognized as of the settlement date at fair value.

B) These financial instruments are subsequently remeasured and stated at fair value, and the gain or loss is recognized in profit or loss. The fair value of listed stocks,

closed-end mutual funds and depositary receipts is based on latest quoted fair prices of the accounting period. The fair value of open-end mutual funds is based on the net asset value at the balance sheet date.

C) The accounting policies before December 31, 2005 are described in Note 3.

(6) Financial assets carried at cost

A) Investments in unlisted equity instruments is recognized initially at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

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

C) The accounting policies before December 31, 2005 are described in Note 3.

(7) Allowance for doubtful accounts

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

(8) Inventories

The Company uses the perpetual inventory system wherein the original cost is the cost to obtain the assets. Inventories are stated at the lower of cost or market value based on the aggregate value method. Market value is determined using the net realizable value. Cost is determined using the weighted-average method. Allowance for loss is provided on obsolete inventories, when necessary.

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

A) Long-term equity investments in which the Company holds more than 20% of the investee company's voting shares or has the ability to exercise significant influence on the investee's operational decisions are accounted for under the equity method. The excess of the initial investment cost over the acquired net asset value of the investee attributable to goodwill is no longer amortized effective January 1, 2006. Retrospective adjustment of the amount of goodwill amortized in previous years is not required. Goodwill is subject to tests of impairment on an annual basis.

B) Long-term investments in foreign investee companies accounted for under the equity method and denominated in foreign currency are translated into New

Taiwan dollars at the exchange rate prevailing at the balance sheet date. The unrealized exchange loss resulting from translation is deferred in the cumulative translation adjustment account in the stockholders' equity.

- C) The capital reserve and long-term investment amounts are adjusted by the variance between the investment cost and net assets of the investee due to the disproportionate acquisition or decrease of shares in connection with the capital increase or decrease by the investee company. If the balance of capital reserve from long-term investment is not sufficient, then retained earnings are debited.
- D) The accounting policy on impairment of long-term investments accounted for under the equity method is described in Note 2(13).

(10) Property, plant and equipment

- A) Depreciation is provided on the straight-line method using the estimated useful lives of the assets plus one year as salvage value. The subsidiaries' property, plant and equipment are depreciated on a straight-line basis according to the estimated useful lives of the assets less the estimated salvage value. The estimated useful lives are 55 years for buildings, 15 years for leasehold improvements and 3 to 8 years for the other fixed assets.
- B) When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts and the resulting gain or loss is included in current non-operating income (expense).
- C) Major renewals or betterments are capitalized and depreciated accordingly. Maintenance and repairs are expensed as incurred.
- D) Rents paid for capital leases are capitalized and liabilities on lease obligations are recognized accordingly.
- E) The accounting policy on impairment of fixed assets is described in Note 2(13).

(11) Deferred charges

- A) Costs of software and copyrights are capitalized and amortized under the straight-line basis over the estimated useful lives.
- B) Royalty payments for operating online game software is capitalized and amortized based on actual units of play.
- C) The accounting policy on impairment of deferred charges is described in Note 2(13).

(12) Other intangible assets

- A) Franchises for game development are recorded at acquisition cost and amortized using the straight-line method over the estimated service life. Franchises could be deducted from franchises payable amounting to 2 % based on sales revenues.
- B) The accounting policy on impairment of other intangible assets is described in Note 2(13).

(13) Impairment of non-financial assets

- A) Impairment loss is recognized when the recoverable amount is below the book value due to changes of environment or occurrences of some events. Recoverable amount is the higher of net fair value or value in use of an asset. Net fair value refers to the selling price of an asset in an arm's-length transaction between knowledgeable and willing parties, less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset.
- B) If there is an indication that an asset has recovered its value of the impairment loss recognized in the prior period, a gain is recognized to the extent of the impairment loss recognized. No recovery in impairment loss is recognized for goodwill.

(14) Employee stock option plan

The Company adopted Regulation No. 72 "Accounting for Employee Stock Option Plan" issued by the Accounting Research and Development Foundation in Taiwan on March 17, 2003 for grant date of employee stock option or amended date of employee stock option plan, effective on January 1, 2004. The cost of employee stock option plan is determined using the "intrinsic value method". In addition, the Company discloses the pro forma net income and earnings per share as if the "fair-value-based method" has been adopted.

(15) Deferred income tax assets and income tax

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

- B) Tax credits resulting from equipment purchases, technology acquisitions, research and development expenditures, training expenses and long-term equity investments, etc. of the Company and its domestic subsidiaries are recognized as current income tax benefit when incurred.
- C) Over or under provision of prior years' income tax liabilities is included in the current year's income tax expense.
- D) According to the Taiwan imputation tax system, any undistributed current earnings of a company derived on or after January 1, 1998 is subject to an additional 10% corporate income tax if the earnings are not distributed before a specific time. This 10% additional corporate income tax is recorded as income tax expense in the period the stockholders approve a resolution to retain the earnings.
- E) According to "Income Basic Tax Act", effective January 1, 2006, income tax is accounted for based on the income tax law or other regulations when income tax is above or equal basic tax. When income tax is lower than the basic tax, the difference between income tax and basic tax should be recognized based on income tax law or other regulations. The difference cannot be deducted from investment credits based on other regulations.

(16) Retirement plan

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

(17) Treasury Stock

- A) Treasury stocks acquired are stated at cost using the weighted-average method and reported as a deduction from stockholders' equity in the balance sheet.
- B) Upon disposal, the related gain is credited to "capital reserve-treasury stock transaction" and any loss is offset against this capital reserve account. However, when the balance of this capital reserve account is insufficient to offset the loss, then the remaining amount is charged against retained earnings.

C) Upon registration of cancellation, except for the book value sum of “common stock” and “capital reserve-additional paid-in”, which is in proportion to shareholding, the related gain is credited to “capital reserve-treasury stock transaction” and any loss is offset against this capital reserve account. However, when the balance of this capital reserve account is insufficient to offset the loss, then the remaining amount is charged against retained earnings.

(18) Revenues, costs and expenses

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

(19) Earnings per share

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

(20) Use of estimates

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

3. CHANGES IN ACCOUNTING PRINCIPLES

(1) Impairment of non-financial assets

Effective in the fourth quarter of 2004, the Company adopted the newly issued R.O.C. Statement of Financial Accounting Standards No. 35, "Accounting for Asset Impairment". As a result of this change in accounting principle, the net income and total assets decreased by \$321,770 in 2004.

(2) Goodwill

Effective January 1, 2006, the Company adopted the amended R.O.C. SFAS No. 1, No. 5, No. 7, No. 25 and No. 35 and discontinued the amortization of goodwill. As a result of the adoption of the newly issued SFAS, net income increased by \$1,771 and earnings per share increased by \$0.012 for the three months ended March 31, 2006.

(3) Changes in the consolidated subsidiaries

Pursuant to the amended R.O.C. Statement of Financial Accounting Standards No. 7, "Consolidated Financial Statements", effective January 1, 2005, all the Company's majority-owned subsidiaries are included in the consolidated financial statements. Such a change in the accounting principle resulted in increases in consolidated total assets and consolidated operating revenues by \$158,896 and \$21,964, respectively, as of and for the three months ended March 31, 2005, constituting 4.5% and 2.8% of the respective consolidated totals. The consolidated net income attributable to equity holders of the Company for the three months ended March 31, 2005 was not affected by this change in the accounting principle.

(4) Financial instruments

A) Effective January 1, 2006, the Company adopted the R.O.C. SFAS No. 34, "Accounting for Financial Instruments", and No. 36, "Disclosure and Presentation of Financial Instruments" and reclassified certain accounts of the financial statements for the period ended December 31, 2005.

B) Certain accounting policies prior to December 31, 2005 are as follows:

a) Short-term investments

Short-term investments are stated at the lower of cost or market value; cost is determined using the weighted-average method. The market value of listed equity securities and closed-end mutual funds are determined based on average closing prices of the last month before the balance sheet date. The market value of open-end mutual funds or balance funds is determined based on the net asset value at the balance sheet date.

b) Long-term investments accounted for under the cost method

Long-term investments are stated at the lower of cost or market value for listed companies, and at cost for unlisted companies, if the ratio of the Company's voting rights in the investee company is below 20% and if the Company has no significant influence on the management of the investee company. Valuation allowance for unrealized loss under this method is shown under stockholders' equity. When it becomes evidently clear that there has been a permanent impairment in value, and the probability of recovery is unlikely, loss is recognized in the current year's operating results.

C) The adoption of the change in accounting principle had no impact for the Company.

4. DESCRIPTION OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31,</u>	
	<u>2006</u>	<u>2005</u>
Cash on hand	\$ 1,623	\$ 856
Cash in banks	441,412	271,366
Time deposits	119,095	8,102
Cash equivalents	14,013	4,507
	<u>\$ 576,143</u>	<u>\$ 284,831</u>

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

	<u>March 31,</u>	
	<u>2006</u>	<u>2005</u>
Current items:		
Financial asset held for trading		
Bonds fund	\$ 280,000	\$ 868,700
Adjustment of financial asset held for trading	943	-
	<u>\$ 280,943</u>	<u>\$ 868,700</u>

(3) Financial assets carried at cost

	<u>March 31,</u>	
	<u>2006</u>	<u>2005</u>
Current item:		
Unlisted stocks		
Jyon Entertainment Co., Ltd.	\$ 9,851	\$ -
Non-current items:		
Unlisted stocks		
Buybooks Digital Technology Corp. Ltd.	\$ -	\$ 2,995
ECD Interactive Corporation	2,700	5,200
Jyon Entertainment Co., Ltd.	-	9,851
RAVA Ideologie Inc.	-	8,800
Nice Finance Co., Ltd	99,999	-
	<u>\$ 102,699</u>	<u>\$ 26,846</u>

- A) The investments were measured at cost since their fair value cannot be measured reliably.
- B) The Company intends to dispose its holdings in Joyon Entertainment Co., Ltd., investment accounted for under the cost method. The chairman has been fully authorized to oversee the disposal.
- C) The Company recognized a permanent impairment loss in Buybooks Digital Technology Corp. Ltd., RAVA Ideologie Inc., and ECD Interactive Corporation in the amount of \$2,995, \$8,800 and \$2,500 in 2005, respectively. In addition, RAVA Ideologie Inc. began liquidation process in September 2005 but has not yet been completed as of March 31, 2006.

(4) Notes receivable - net

	<u>March 31,</u>	
	<u>2006</u>	<u>2005</u>
Notes receivable	\$ 59,144	\$ 55,063
Less: Allowance for doubtful accounts	(15)	(15)
	<u>\$ 59,129</u>	<u>\$ 55,048</u>

(5) Accounts receivable - net

	<u>March 31,</u>	
	<u>2006</u>	<u>2005</u>
Accounts receivable	\$ 1,027,149	\$ 858,183
Less: Allowance for doubtful accounts	(52,524)	(58,317)
Allowance for sales returns	(9,997)	(8,842)
	<u>\$ 964,628</u>	<u>\$ 791,024</u>

(6) Inventories

	<u>March 31,</u>	
	<u>2006</u>	<u>2005</u>
Inventories	\$ 40,887	\$ 44,200
Less: Reserve for loss on decline in market value and obsolescence	(18,262)	(26,098)
	<u>\$ 22,625</u>	<u>\$ 18,102</u>

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

A) List of long-term investments

<u>Name of investee</u>	<u>Original cost</u>	<u>March 31, 2006</u>		<u>Investment loss</u>
		<u>Ownership Percentage</u>	<u>Balance</u>	<u>for the three-month period ended March 31, 2006</u>
Soga Interactive Co., Ltd.	\$ 28,000	40%	\$ 21,363	(\$ 2,140)
Playcoo Co.	40,000	30.30%	37,150	(2,302)
	<u>\$ 68,000</u>		<u>\$ 58,513</u>	<u>(\$ 4,442)</u>

<u>Name of investee</u>	<u>Original cost</u>	<u>March 31, 2005</u>		<u>Investment loss</u>
		<u>Ownership Percentage</u>	<u>Balance</u>	<u>for the three-month period ended March 31, 2005</u>
Soga Interactive Co., Ltd.	\$ 13,600	40%	\$ 7,449	(\$ 5,665)

B) Long-term investments accounted for under the equity method were based on the financial statements which have not been reviewed by independent accountants as of and for the three-month periods ended March 31, 2006 and 2005.

(8) Property, plant, and equipment

	<u>March 31,</u>	
	<u>2006</u>	<u>2005</u>
<u>Cost</u>		
Land	\$ 147,751	\$ 147,751
Buildings	155,976	145,828
Machinery and equipment	918,634	737,328
Transportation equipment	1,700	3,295
Office equipment	107,807	140,752
Leasehold assets	1,532	-
Leasehold improvements	70,054	209,126
Other equipment	15,377	10,872
	<u>1,418,831</u>	<u>1,394,952</u>
<u>Accumulated depreciation</u>		
Buildings	(9,566)	(6,306)
Machinery and equipment	(498,811)	(327,459)
Transportation equipment	(1,157)	(1,671)
Office equipment	(67,613)	(87,270)
Leasehold assets	(606)	-
Leasehold improvements	(46,961)	(115,265)
Other equipment	(7,201)	(5,422)
	<u>(631,915)</u>	<u>(543,393)</u>
Construction in progress and prepayments for equipment	80	-
	<u>\$ 786,996</u>	<u>\$ 851,559</u>

(9) Other intangible assets

	<u>March 31,</u>	
	<u>2006</u>	<u>2005</u>
Prepayments for franchises	\$ 41,588	\$ 38,298
Less: Accumulated impairment	(40,613)	(38,298)
	<u>\$ 975</u>	<u>\$ -</u>

In the fourth quarter of 2004, the Company adopted the R.O.C. Statement of Financial Accounting Standards No. 35, "Accounting for Assets Impairment" and recognized a loss of \$38,298. As of March 31, 2006, the accumulated impairment recognized for other intangible assets is \$40,613.

(10) Deferred charges

	<u>March 31,</u>	
	<u>2006</u>	<u>2005</u>
Royalty payments	\$ 373,425	\$ 428,924
Unamortized expense	<u>113,180</u>	<u>89,622</u>
	486,605	518,546
Less: Accumulated impairment	(325,781)	(283,472)
	<u>\$ 160,824</u>	<u>\$ 235,074</u>

In the fourth quarter of 2004, the Company adopted the R.O.C. Statement of Financial Accounting Standards No. 35, "Accounting for Assets Impairment" and recognized a loss of \$283,472. As of March 31, 2006, the accumulated impairment recognized for deferred charges is \$325,781.

(11) Short-term loans

	<u>March 31,</u>	
	<u>2006</u>	<u>2005</u>
Short-term bank loans	<u>\$ 84,897</u>	<u>\$ 65,000</u>
Annual interest rates	<u>1.85%~7.75%</u>	<u>1.51% ~4.78%</u>
Credit lines	<u>\$ 469,897</u>	<u>\$ 869,000</u>

(12) Long-term Loans

<u>Bank</u>	<u>Total Credit Lines</u>	<u>Period/Terms of Repayment</u>	<u>March 31,</u>	
			<u>2006</u>	<u>2005</u>
International Bank of Taipei	\$ 49,000	03.28.2002 ~ 03.28.2017 Two-year grace period, 52 equal quarterly installments starting from year 3	\$ 41,461	\$ 45,231
International Bank of Taipei	51,000	08.19.2002 ~ 08.19.2017 Two-year grace period, 52 equal quarterly installments starting from year 3 (Note)	-	49,031
Chiao Tung Bank	200,000	08.30.2004 ~ 07.20.2007 Principal due on maturity	50,000	50,000
Chiao Tung Bank	200,000	12.31.2004 ~ 07.20.2007 Principal due on maturity	100,000	100,000
Chang Hwa Bank	150,000	02.14.2005 ~ 02.14.2009 First year grace period, 12 equal semi-annual installments starting from year 2	150,000	150,000
Union Bank of Taiwan	20,000	06.29.2004 ~ 06.29.2006 Equal quarterly installments of \$250,000	-	12,500
			341,461	406,762
Less: Current portion			(53,769)	(62,800)
			<u>\$287,692</u>	<u>\$343,962</u>

(Note) Principal repaid before due date.

(13) Long-term liabilities on lease obligations

	<u>Period/Terms of Repayment</u>	<u>March 31, 2006</u>	<u>March 31, 2005</u>
Taiwan Fixed Network Co., Ltd.	01.01.2003 ~ 12.31.2005 36 equal monthly installments	\$ -	\$ 6,921
International Business Machines Corporation	02.28.2004 ~ 02.28.2006 8 equal quarterly installments	-	6,559
ORIX Asia Ltd.	07.21.2004 ~ 01.20.2006 18 equal monthly installments	-	660
ORIX Asia Ltd.	11.24.2004 ~ 05.23.2006 18 equal monthly installments	-	314
ORIX Asia Ltd.	08.24.2004 ~ 02.23.2006 18 equal monthly installments	-	473
ORIX Asia Ltd.	03.24.2006 ~ 04.24.2007 12 equal monthly installments	741	1,420
		741	16,347
Less: current portion		(615)	(15,302)
		<u>\$ 126</u>	<u>\$ 1,045</u>

(14) Accrued pension liability

- A) The Company has a non-contributory and funded defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees before the implementation of the Labor Pension Act on July 1, 2005. Under the defined benefit plan, two units are accrued for each year of service for the first 15 years and one unit for each year thereafter with a maximum of 45 units. Retirement benefits are based on the number of units accrued and the average monthly salaries and wages of the last six months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Central Trust of China under the name of the independent retirement fund committee. For the three-month periods ended March 31, 2006 and 2005, net pension costs recognized by the Company and its domestic subsidiaries under the defined benefit plan amounted to \$201 and \$3,108, respectively. The balance of the retirement fund deposited with Central Trust of China was \$21,867 and \$16,307 as of March 31, 2006 and 2005, respectively. The fund balances are not reflected in the financial statements.
- B) Gamania Digital Entertainment (Japan) Co., Ltd., Gamania Korea Co., Ltd. and Gamania Digital Entertainment (H.K.) Co., Ltd. provide pension reserves annually for their employees in accordance with the local regulations. The net pension costs were \$527 and \$145 for the three-month periods ended March 31, 2006 and 2005, respectively.
- C) Gamania Digital Entertainment (Beijing) Co., Ltd. provides an old-age pension and insurance monthly based on 20% of the employees' salaries and wages in accordance with the local regulations. The net pension and insurance cost was \$924 and \$430 for the three-month periods ended March 31, 2006 and 2005, respectively.
- D) Effective July 1, 2005, the Company and the subsidiaries, Taiwan Index Co., Ltd., NC Taiwan Co., Ltd. and Alibangbang Digital Games Co., Ltd. adopted a defined contribution pension plan (the "New Plan"). Under the New Plan, employees have the option to choose the New Plan. The Company and its subsidiaries, Taiwan Index Co., Ltd., NC Taiwan Co., Ltd. and Alibangbang Games Co., Ltd. contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts deposited with the Bureau of Labor Insurance. Benefits accrued under the New Plan are portable

when the employees leave the company. The net pension costs recognized by the Company and its subsidiaries, Taiwan Index Co., Ltd., NC Taiwan Co., Ltd. and Alibangbang Digital Games Co., Ltd. under the defined contribution plan for the three-month period ended March 31, 2006 amounted to \$6,036.

E) Gamania Holdings Ltd., Gamania Asia Investment Co., Ltd., Gamania Digital Entertainment Labuan Holdings Ltd., Gamania International Holdings Ltd. and Gamania China Holdings Ltd. do not have an employee retirement plan.

(15) Common Stock

On March 18, 2005, August 30, 2005 and February 15, 2006, the Company's Board of Directors adopted the resolutions to reduce its paid-in capital to \$1,468,787 by retiring 1,072,000 shares, 1,039,000 shares and 5,000,000 shares of treasury stocks on March 18, 2005, September 1, 2005 and February 16, 2006, respectively.

(16) Capital reserve

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

(17) Legal reserve

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

(18) Accumulated deficit

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

- a. Pay for taxes and duties.
- b. Cover prior years' accumulated deficit, if any.
- c. After deducting items a and b, 10% of the remaining amount is appropriated as legal reserve.

- d. In addition to the amount appropriated for legal reserve, the Company may appropriate an amount equal to the negative items in the stockholders' equity from retained earnings as special reserve.
 - e. Interest on capital.
 - f. After deducting items a to e, 10% ~ 15% of the remaining earnings is appropriated as employees' bonuses and up to 2% as remuneration to directors and supervisors.
 - g. The remaining amount is to be distributed to stockholders in accordance with the resolution adopted at the stockholders' meeting.
- B) The Taiwan imputation tax system requires that any undistributed current earnings of a company derived on or after January 1, 1998 be subject to an additional corporate income tax if the earnings are not distributed in next year's shareholders' meeting. This 10% additional tax on undistributed earnings paid by the company may be used as tax credit by shareholders, including foreign shareholders, against the withholding tax on dividends. In addition, the domestic shareholder can claim a proportionate share in the company's corporate income tax as tax credit against its individual income tax liability effective 1998.
- C) As of December 31, 2005, the Company had an accumulated deficit of \$267,318. The Company's stockholders approved not to distribute dividends, employee bonus, and directors' remuneration. In addition, the stockholders during its meeting adopted a resolution to use \$267,318 of capital reserve to cover the accumulated deficit.
- D) As of December 31, 2004, the Company had an accumulated deficit of \$394,267. The Company's stockholders approved not to distribute dividends, employee bonus, and directors' remuneration. In addition, the stockholders during its meeting adopted a resolution to use \$103,066 of legal reserve and \$291,201 of capital reserve to cover the accumulated deficit.
- E) For current status on these resolutions, please visit the Taiwan Stock Exchange website.

(19) Income tax payable

A) Income tax payable and income tax expense are reconciled as follows:

	<u>2006</u>	<u>2005</u>
Current year income tax expense	\$ 36,430	\$ 8,449
Additional 10% corporate income tax on undistributed earnings	<u>-</u>	<u>23,551</u>
	36,430	32,000
Add (Less): Net change in deferred income tax assets	(24,311)	(15,391)
Prepaid income tax	(1,222)	(3)
Income tax payable of prior year	20,375	18,585
Effect of exchange rate	<u>16</u>	<u>-</u>
Income tax payable	<u>\$ 31,288</u>	<u>\$ 35,191</u>

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

	<u>March 31,</u>	
	<u>2006</u>	<u>2005</u>
Deferred income tax assets - current	\$ 42,375	\$ 48,264
Deferred income tax assets (liabilities) - non-current	<u>103,250</u>	<u>119,614</u>
	\$ 145,625	\$ 167,878
Less: Valuation allowance - current	(3,057)	-
Valuation allowance - non-current	<u>(37,670)</u>	<u>-</u>
	<u>\$ 104,898</u>	<u>\$ 167,878</u>

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

	<u>March 31,</u>			
	<u>2006</u>		<u>2005</u>	
	<u>Amount</u>	<u>Tax effect</u>	<u>Amount</u>	<u>Tax effect</u>
Current items:				
Allowance for loss on decline in market value and inventory obsolescence	\$ 18,960	\$ 4,740	\$ 26,098	\$ 6,526
Allowance for sales returns	9,997	2,499	8,842	2,210
Over provision of allowance for bad debts	45,483	11,371	72,804	18,201
Welfare expenses	1,100	275	1,464	366
Loss carryforwards	-	-	13,792	3,448
Others	502	126	4,596	1,149
Investment tax credits		<u>23,364</u>		<u>16,364</u>
		42,375		48,264
Less: Valuation allowance - current		(3,057)		-
		<u>\$ 39,318</u>		<u>\$ 48,264</u>

	March 31,			
	2006		2005	
	Amount	Tax effect	Amount	Tax effect
Non-current items:				
Welfare expenses	\$ 992	\$ 248	\$ 1,750	437
Impairment loss on deferred charges and intangible assets	227,312	56,828	294,956	\$ 73,739
Loss carryforwards	237,103	59,275	110,160	27,540
Reserve for foreign investments	(219,236)	(54,809)	(163,608)	(40,902)
Others	796	199	3,612	903
Investment tax credits		<u>41,509</u>		<u>57,897</u>
		103,250		119,614
Less: Valuation allowance - non-current		(<u>37,670</u>)		-
		<u>\$ 65,580</u>		<u>\$ 119,614</u>

D) As of March 31, 2006 and 2005, the balance of shareholders account of deductible tax was as follows:

	March 31,	
	2006	2005
The balance of shareholders account of deductible tax	<u>\$ 22,065</u>	<u>\$ 7,387</u>
2005 Actual creditable tax ratio		<u>\$ -</u>
2004 Actual creditable tax ratio		<u>\$ -</u>

E) The Company, in accordance with Regulation No. 273 issued by the Accounting Research and Development Foundation in Taiwan on December 31, 1998, discloses the following information:

	March 31,	
	2006	2005
On or after January 1, 1998		
a. Earnings not subjected to 10% income tax	\$ 56,717	\$ 27,482
b. Earnings subjected to 10% income tax	(<u>459,460</u>)	(<u>398,193</u>)
	<u>(\$ 402,743)</u>	<u>(\$ 370,711)</u>

- F) The Company and its subsidiaries' assessed and approved income tax returns are as follows:
- (a) As of March 31, 2006, the Company's income tax returns through 2002 have been assessed and approved by the Tax Authority.
 - (b) The Company was assessed \$963 in additional tax for the year 1999, and in 2002 and 2003, the Company filed for re-examination to contest the assessment. The Ministry of Finance rendered unfavorable judgments and the Company paid all of the additional income tax, as well as, filed an appeal with the High Administrative Court.
 - (c) The Tax Authority imposed additional tax and penalties amounting to \$26,293 on the Company's 2001 income tax return. The Company paid \$244 and is contesting the remaining balance and penalties imposed by the Tax Authority. The Company filed for re-examination in April 2005.
 - (d) The Tax Authority imposed additional tax amounting to \$127,204 on the Company's 2002 income tax return. The Company paid \$4,050 and contested the remaining balance imposed by the Tax Authority. The Company filed for re-examination in February 2006.
- G) The two incremental income associated with the Company's investments in the development of its PC-based and internet-based computer games that conforms with the Regulation No. 8-1 of "Statute for Upgrading Industries", and its new non-taxable income are exempt from income tax for five years (2001 to 2005 and 2002 to 2006). The tax exempt income amounted to \$15,035 and \$20,863 for the three-month periods ended March 31, 2006 and 2005, respectively.
- H) The incremental income associated with the NC Taiwan Co., Ltd.'s investment in the development of internet-based computer games that conforms with the Regulation No. 8-1 of "Statute for Upgrading Industries", and its new non-taxable income are exempt from income tax for 5 years from the start of the Company's investment (2005 to 2009). The Company had no tax exempt income for the three-month periods ended March 31, 2006 and 2005.
- I) As of March 31, 2006, in accordance with the "Income Tax Law" and "Statute for Upgrading Industries," the Company and its domestic subsidiaries had investment tax credits and loss carryforwards to offset against taxable income for the next four to five years. The details are as follows:

<u>Deductible items</u>	<u>Total credits</u>	<u>Unused balance</u>	<u>Year of expiration</u>
Research and development expenditures	\$ 35,274	\$ 35,274	2008~2010
Machinery and equipment	26,055	26,055	2008~2010
Employee trainings	3,544	3,544	2008~2010
Loss carryforwards	<u>59,275</u>	<u>59,275</u>	2007~2010
	<u>\$ 124,148</u>	<u>\$ 124,148</u>	

(20) Earnings per share

For the three-month period ended March 31, 2006

	<u>Amount</u>		Weighted average number of outstanding common shares (In thousands of shares)	<u>Earnings per share (Note)</u>	
	<u>Before income tax</u>	<u>After income tax</u>		<u>Before income tax</u>	<u>After income tax</u>
Earnings per share:					
Profit attributable to equity holders of the Company	<u>\$ 93,147</u>	<u>\$ 56,717</u>	<u>146,454</u>	<u>\$ 0.64</u>	<u>\$ 0.39</u>

As of March 31, 2006, the outstanding employee stock option has no dilutive effect.

For the three-month period ended March 31, 2005

	<u>Amount</u>		Weighted average number of outstanding common shares (In thousands of shares)	<u>Earnings per share (Note)</u>	
	<u>Before income tax</u>	<u>After income tax</u>		<u>Before income tax</u>	<u>After income tax</u>
Earnings per share:					
Profit attributable to equity holders of the Company	<u>\$ 59,482</u>	<u>\$ 27,482</u>	<u>147,918</u>	<u>\$ 0.40</u>	<u>\$ 0.19</u>

As of March 31, 2005, the outstanding employee stock option has no dilutive effect.

Note: In New Taiwan Dollars.

(21) Treasury Stock

A) Purpose

<u>Purpose</u>	<u>For the three-month period ended March 31, 2006</u>			
	<u>Beginning shares (Note)</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending shares (Note)</u>
Employees stock options	<u>5,000</u>	<u>6,378</u>	<u>(5,000)</u>	<u>6,378</u>

<u>Purpose</u>	<u>For the three-month period ended March 31, 2005</u>			
	<u>Beginning shares (Note)</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending shares (Note)</u>
Employees stock options	5,000	-	-	5,000
To enhance Company's credit and shareholders' equity	<u>1,072</u>	<u>-</u>	<u>(1,072)</u>	<u>-</u>
	<u>6,072</u>	<u>-</u>	<u>(1,072)</u>	<u>5,000</u>

Note: Amount in thousands of shares.

- B) The maximum and ending balances of treasury stock for the three-month periods ended March 31, 2006 and 2005 were as follows:

<u>March 31, 2006</u>		<u>March 31, 2005</u>	
<u>Maximum balance</u>	<u>Ending balance</u>	<u>Maximum balance</u>	<u>Ending balance</u>
<u>\$ 302,140</u>	<u>\$ 94,275</u>	<u>\$ 319,214</u>	<u>\$ 302,140</u>

- C) The procedure for the write-off of the treasury stocks purchased on February 16, 2006 was under examination by the Ministry of Economic Affairs, R.O.C. As a result, the additional paid in capital-in excess of par decreased by \$34,160, the additional paid in capital-treasury stock transaction decreased by \$27,162 and accumulated deficit increased by \$190,818. In addition, 6,378,000 shares were purchased continually since March 20, 2006.
- D) Treasury stocks purchased on April 18, 2005 and October 4, 2005 were retired. As a result, the additional paid in capital-treasury stock transaction increased by \$10,051 and the additional paid in capital-in excess of par decreased by \$19,660.
- E) According to the R.O.C Security Exchange Act, the percentage of the number of shares of treasury stocks shall not exceed 10% of the total shares of common stocks issued by the Company and the total amount of treasury stock shall not exceed the total amount of retained earnings, paid-in capital in excess of par value, and realized capital reserve.

F) According to the R.O.C Security Exchange Act, treasury stocks held by the Company shall not be pledged, and shall bear no right of shareholders until reissued.

G) According to the R.O.C. Security Exchange Act, treasury shares for the purpose of enhancing Company's credit and shareholder's equity not reissued within six months shall be retired, treasury stocks for all other purposes shall be reissued within three years of acquisition.

(22) Employee Stock Option Plan

A) On December 25, 2003, the board of directors approved an employee stock option plan. The program involves the issuance of 10,000,000 units of option that can be converted to one share of common stock per unit. When the contributed capital changes as a result of the issuance of new shares of common stock, the option price will be adjusted based on a predetermined formula. The stock options has an exercise period of six years. Employees will be able to exercise these options after two years in accordance with the procedures of the employee stock option plan.

B) The units and weighted average exercise price of the stock options for the three-month periods ended March 31, 2006 and 2005 were as follows:

	For the three-month period ended March 31,			
	2006		2005	
<u>Stock Options</u>	Units (in thousands)	Weighted-average exercise price (in dollars) (Note)	Units (in thousands)	Weighted-average exercise price (in dollars) (Note)
Beginning balance (Note)	10,000	\$ 32.80	10,000	\$ 32.80
Number of options granted	-	-	-	-
Adjustment due to issuance of stock dividends	-	-	-	-
Exercised	-	-	-	-
Cancelled	-	-	-	-
Ending balance (Note)	<u>10,000</u>	<u>\$ 32.80</u>	<u>10,000</u>	<u>\$ 32.80</u>
Exercisable at the end of the period	<u>-</u>		<u>-</u>	
Authorized but unissued at the end of the period	<u>-</u>		<u>-</u>	

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

C) As of March 31, 2006 and 2005, the details of outstanding stock options are as follows:

March 31, 2006					
Outstanding stock options			Exercisable stock options		
Exercise price (in dollars)	Units (in thousands)	Weighted-average remaining life (year)	Weighted-average exercise price (in dollars)	Units (in thousands)	Weighted-average exercise price (in dollars)
\$ 32.80	10,000	3.83	\$ 32.80	-	-

March 31, 2005					
Outstanding stock options			Exercisable stock options		
Exercise price (in dollars)	Units (in thousands)	Weighted-average remaining life (year)	Weighted-average exercise price (in dollars)	Units (in thousands)	Weighted-average exercise price (in dollars)
\$ 32.80	10,000	4.83	\$ 32.80	-	-

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

(a) Model: The Black-Scholes model.

(b) Assumptions:

<u>Black-Scholes model assumptions</u>	<u>For the three-month period ended March 31, 2006</u>	<u>For the three-month period ended March 31, 2005</u>
Dividend yield	0%	0%
Volatility (Note)	62.02%	62.02%
Risk-free interest rate	1.95%	1.95%
Expected life of the option	6 years	6 years
Exercise price	\$ 32.8 (in dollars)	\$ 32.8 (in dollars)
Amortization period	2~3 years	2~3 years

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

(c) Result of evaluation:

	<u>For the three-month period</u> <u>ended March 31, 2006</u>	<u>For the three-month period</u> <u>ended March 31, 2005</u>
Weighted average fair value of options granted to employees	\$ 17.4656 (in dollars)	\$ 17.4656 (in dollars)
The compensation cost under "fair value method"	3,317	16,028

(d) Pro forma information:

		<u>For the three-month period</u> <u>ended March 31, 2006</u>	<u>For the three-month period</u> <u>ended March 31, 2005</u>
Net income	Net income	\$ 56,717	\$ 27,482
	Pro forma net income	53,400	11,454
Basic earnings per share	EPS	0.39 (in dollars)	0.19 (in dollars)
	Pro forma EPS	0.36 (in dollars)	0.08 (in dollars)
Diluted earnings per share	EPS	0.39 (in dollars)	0.19 (in dollars)
	Pro forma EPS	0.36 (in dollars)	0.08 (in dollars)

(23) Personnel, Depreciation and Amortization Expenses

	<u>For the three-month period ended March 31, 2006</u>		
	<u>Operating Costs</u>	<u>Operating expenses</u>	<u>Total</u>
Personnel expenses			
Salaries	\$ 42,320	\$ 107,659	\$ 149,979
Labor and health insurances	2,064	8,664	10,728
Pension	1,266	6,533	7,799
Other	1,238	6,316	7,554
	<u>\$ 46,888</u>	<u>\$ 129,172</u>	<u>\$ 175,060</u>
Depreciation	\$ 39,576	\$ 15,927	\$ 55,503
Amortization	19,146	6,601	25,747
	<u>\$ 58,722</u>	<u>\$ 22,528</u>	<u>\$ 81,250</u>

	<u>For the three-month period ended March 31, 2005</u>		
	<u>Operating Costs</u>	<u>Operating expenses</u>	<u>Total</u>
Personnel expenses			
Salaries	\$ 28,410	\$ 109,615	\$ 138,025
Labor and health insurances	1,819	8,499	10,318
Pension	247	2,861	3,108
Other	828	7,073	7,901
	<u>\$ 31,304</u>	<u>\$ 128,048</u>	<u>\$ 159,352</u>
Depreciation	\$ 31,747	\$ 22,577	\$ 54,324
Amortization	48,993	7,614	56,607
	<u>\$ 80,740</u>	<u>\$ 30,191</u>	<u>\$ 110,931</u>

(24) Preparation of Financial Statements

The Company, in accordance with Article 12 of “Statute for Upgrading Industries,” may set aside 20% of overseas investments as allowance for investment losses for income tax purposes. The balance amounted to \$219,236 as of March 31, 2006.

However, to comply with generally accepted accounting principles in Republic of China, the allowance had been reversed in the financial statements as of March 31, 2006.

The allowance for investment loss is as follows:

<u>Amount as of January 1, 2006</u>	<u>Additions</u>	<u>Amount as of March 31, 2006</u>
\$ 219,236	\$ -	\$ 219,236

5. RELATED PARTY TRANSACTIONS

(1) Names and relationship of related parties

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Soga Interactive Co., Ltd. (Soga)	Investee accounted for under the equity method
NCsoft Corporation (NCsoft)	NC Taiwan Co., Ltd. is an investee of NCsoft accounted for under the equity method

(2) Significant transactions with related parties

A) Other receivables

	<u>March 31, 2006</u>		<u>March 31, 2005</u>	
	% of net		% of net	
	<u>Amount</u>	<u>other receivables</u>	<u>Amount</u>	<u>other receivables</u>
NCsoft	\$ 7,639	62	\$ -	-
Soga	450	4	16,187	61
	<u>\$ 8,089</u>	<u>66</u>	<u>\$ 16,187</u>	<u>61</u>

Other receivables consist of payments for the purchase of materials and miscellaneous expenses on behalf of related parties.

B) Accounts payable

	<u>March 31, 2006</u>		<u>March 31, 2005</u>	
	% of net		% of net	
	<u>Amount</u>	<u>accounts payable</u>	<u>Amount</u>	<u>accounts payable</u>
NCsoft	\$ 6,607	5	\$ 75,407	68

The above amount represents the royalties payable for the on-line games developed by the related party. The terms are negotiated by both parties.

C) Other payables

	<u>March 31, 2006</u>		<u>March 31, 2005</u>	
	% of net		% of net	
	<u>Amount</u>	<u>other payables</u>	<u>Amount</u>	<u>other payables</u>
NCsoft	\$ 17,485	13	\$ -	-

The above amount represents the security service fee for on-line games developed by the related party. The terms are negotiated by both parties.

D) Others

The Company and its subsidiary, NC Taiwan Co., Ltd. have been engaged to sell the on-line games developed by NCsoft and are required to pay NCsoft royalties based on the negotiated proportion of the amount of the games consumed. For the three months ended March 31, 2006 and 2005, the royalties paid to NCsoft amounted to \$167,232 and \$221,118, respectively, which were included in "operating costs".

6. DETAILS OF PLEDGED OR RESTRICTED ASSETS

<u>Assets</u>	<u>March 31,</u>		<u>Purpose</u>
	<u>2006</u>	<u>2005</u>	
Time deposits (shown in other financial assets-current)	\$ 30,000	\$ -	Short-term loans / Credit lines
Time deposits (shown in other financial assets-non-current)	-	6,891	Long-term loans / Credit lines
Land	141,717	141,717	"
Buildings	105,663	107,673	"
Machinery and equipment	25,982	34,766	"
	<u>\$ 303,362</u>	<u>\$ 291,047</u>	

7. COMMITMENTS AND CONTINGENT LIABILITIES

- A) As of March 31, 2006, the total rental commitment for the next 3 years under non-cancelable operating lease agreements for the Company's office building was \$74,678.
- B) The Company contracted the use of cable lines, T1 and T3, with rental charges based on utilization. In addition, the Company contracted with several on-line game vendors and will pay royalty based on actual usage.
- C) As of March 31, 2006, the Company contracted the use of accounting software and related consulting services totaling \$30,860, of which \$30,425 have been paid, and accounted for as "Deferred Charges."
- D) As described in Note 4(19), the Tax Authority assessed additional income tax of \$963 on the 1999 income tax return for disallowing the R&D investment tax credits. In 2002, the Company filed for a re-examination which was rejected by the Ministry of Finance. As required under the regulations, the Company paid additional income tax and filed an appeal with the High Administrative Court in 2003. The case is currently pending.
- E) As stated in Note 4(19), the Tax Authority imposed additional tax and penalties totaling \$26,293 on the Company's 2001 income tax return. The Company reassessed the 2001 income tax return and deemed its additional liability to be \$244. The Company filed for re-examination in April 2005 to contest the balance of tax and penalties.
- F) As stated in Note 4(19), the Tax Authority imposed additional tax and penalties totaling \$127,204 on the Company's 2002 income tax return. The Company reassessed the 2002 income tax return and deemed its additional liability to be \$4,050. The Company filed for re-examination in February 2006 to contest the balance of tax and penalties.

G) For the period from January 1, 2006 to December 31, 2006, First Commercial Bank has provided guarantee for merchandise transactions on behalf of the Company to Wisdom Distribution Service Corporation. The Company guarantees that if the amount of sale to Wisdom Distribution Service Corporation is lower than the amount of sales return, the Company should pay the guarantee of \$4,000 to First Commercial Bank and Wisdom Distribution Service Corporation would get implicative guarantee from First Commercial Bank.

8. MAJOR CATASTROPHE

None.

9. SUBSEQUENT EVENTS

None.

10. OTHERS

(1) The fair values of the financial instruments

	March 31, 2006			March 31, 2005		
	Book value	Fair value		Book value	Fair value	
		Quotations in an active market	Estimated value		Quotations in an active market	Estimated value
<u>Financial instruments</u>						
Non-derivative financial instruments						
Assets						
Financial assets with fair values equal to book values	\$1,655,526	(Note)	\$1,655,526	\$1,177,576	(Note)	\$1,177,576
Financial asset held for trading	280,943	280,943	-	868,700	868,700	-
Financial assets carried at cost	112,550	-	-	26,846	-	-
Refundable deposits	42,628	-	41,935	34,023	-	33,467
Liabilities						
Financial liabilities with fair values equal to book values	\$ 635,996	(Note)	\$ 635,996	\$ 535,735	(Note)	\$ 535,735
Long-term loans	287,692	-	264,687	343,962	-	343,962
Guarantee deposits	1,922	-	1,922	1,917	-	1,917

Note: Please see note on (A)

The method and assumptions to estimate the fair values of the financial instruments are summarized as follows:

- A) For short-term instruments, the book value is approximate to the fair value. The carrying amounts of short-term non-derivative financial assets and liabilities, which include cash and cash equivalents, notes and accounts receivable, other receivables (including related parties), other financial assets-current, other current assets-other, other financial assets-non-current, short-term loans, notes and accounts payable (including related parties), income tax payable, accrued expenses, other payables (including related parties), current portion of long-term liabilities, and other current liabilities, approximate their fair value because of their short-term maturities.
- B) The fair value of the refundable deposits is based on the present value of expected cash flow amounts. The discount rate was the one-year deposit rate of the Directorate General of Postal Remittances and Savings Bank.
- C) The fair value of the long-term loans is based on the present value of expected cash flow amounts. The discount rate was another instrument which the Company could acquire similar terms ranging from 2.445% to 3.47%.
- D) The fair value of guarantee deposits is the book value since the amount is insignificant.
- E) Off-balance sheet financial instruments with credit risk: None.

(2) Procedure of financial risk control and hedge

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

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

The Company's risk management programme considers the effect of economic environment, competition and market value risk. The Company 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 Company's hedged activities are focused on the market value risk and the cash flow risk.

(3) Information of financial risk

A) Financial instruments of equity

<u>Items</u>	<u>March 31, 2006</u>
Financial assets carried at cost-current	\$ 9,851
Financial assets carried at cost-non-current	\$ 102,699
	<u>\$ 112,550</u>

(A) Market risk

The Company's and the subsidiaries' trading of financial assets is affected by market price. The Company and the subsidiaries do not expect to have significant market risk because the Company and the subsidiaries have set a stop loss limit.

(B) Credit risk

The Company and the subsidiaries have evaluated credit standing of the counterparties and do not expect any non-fulfillment of the terms of the contract, so the chance of credit risk is low.

(C) Liquidity risk

There is no active market for financial instruments of equity of the Company and its subsidiaries, so the Company and the subsidiaries expect to have liquidity risk.

(D) Cash flow interest rate risk

As the Company and the subsidiaries have no significant interest-bearing assets, cash flows are substantially independent of changes in market interest rates.

B) Financial instruments of liabilities

<u>Items</u>	<u>March 31, 2006</u>
Financial assets at fair value through profit or loss	<u>\$ 280,943</u>

(A) Market risk

As floating interest of bonds fund is adopted by the Company, the Company expects no significant market risk.

(B) Credit risk

The Company made investments in bonds fund with several financial institutions of good credit standing. The Company expects no breach on the terms, so the chance of credit risk is low.

(C) Liquidity risk

There is a broad market for the Company's bonds fund, so liquidity risk is low.

(D) Cash flow interest rate risk

As floating interest of financial instruments for liabilities is adopted by the Company, effective interest will vary with fluctuations in market interest and it will change future cash flows.

C) Receivables

<u>Items</u>	<u>March 31, 2006</u>
Accounts receivable	\$ 964,628
Notes receivable	59,129
Other receivables	12,293
	<u>\$ 1,036,050</u>

(A) Market risk

The Company's and the subsidiaries' receivables are due within one year, so the Company and the subsidiaries expect no significant market risk.

(B) Credit risk

The debtors of the Company and the subsidiaries have good credit standing, so the Company and the subsidiaries expect no significant credit risk.

(C) Liquidity risk

The Company's and the subsidiaries' receivables are due within one year, so the Company and the subsidiaries expect no significant liquidity risk.

(D) Cash flow interest rate risk

The Company's and the subsidiaries' receivables are due within one year, so the Company and the subsidiaries expect no significant cash flow interest risk.

D) Loans

<u>Items</u>	<u>March 31, 2006</u>
Long-term loans (including current portion of long-term liabilities)	<u>\$ 341,461</u>

(A) Market risk

The interest rate of the loans for working capital is floating, thus the Company and the subsidiaries expect no significant market risk.

(B) Credit risk

None.

(C) Liquidity risk

The working capital of the Company and the subsidiaries is sufficient to cover the loans, so they expect no significant liquidity risk.

(D) Cash flow interest risk

As floating interest for loans is adopted by the Company and the subsidiaries, effective interest will vary with fluctuations in market interest and it will change future cash flows.

- (4) For the three-month periods ended March 31, 2006 and 2005, the Company donated magazines amounting to \$8,525 and \$3,865, respectively, to political parties, charities, and educational institutions that are accredited by the government, without significant appointed considerations.

E. Inter-company transactions eliminated

	For the three-month period ended March 31, 2006							
	Companies and amounts							
	Gamania Digital Entertainment Co., Ltd.	Gamania Holdings Ltd. and its subsidiaries	NC Taiwan Co., Ltd.	Taiwan Index Co., Ltd.	Gamania Asia Investment Co., Ltd.	Gamania Korea Co., Ltd.	Gamania Digital Entertainment Labuan Holdings Ltd.	Alibangbang Digital Games Co., Ltd.
1. Long-term investments and stockholders' equity eliminated	(\$ 436,217)	\$ 108,193	\$ 96,768	\$ 91,402	\$ 109,173	\$ 18,480	\$ 168	\$ 12,033
2. Receivables and payables eliminated	(174,416)	(24,240)	178,901	25,981	6	(6,112)	-	(120)
3. Profit and loss accounts eliminated			-	-	-	-	-	-
(1) Sale and purchase transactions	57,279	517	(54,211)	(3,585)	-	-	-	-
(2) Royalty income and publishing expense	(698)	698	-	-	-	-	-	-
(3) Other operating revenue and service expense	(1,040)	785	-	255	-	-	-	-
(4) Publishing expense and royalty income	552	-	(552)	-	-	-	-	-
(5) Adverting expense and revenue	778	-	-	(778)	-	-	-	-
(6) Rent revenue and expense	(5,343)	2,937	97	54	-	2,255	-	-
(7) Other revenue and expense	(849)	-	575	274	-	-	-	-
(8) Realized (unrealized) gross profit on inter-company transactions	3,447	238	(262)	(3,423)	-	-	-	-

For the three-month period ended March 31, 2005

	Companies and amounts							
	Gamania Digital Entertainment Co., Ltd.	Gamania Holdings Ltd. and its subsidiaries	NC Taiwan Co., Ltd.	Taiwan Index Co., Ltd.	Gamania Asia Investment Co., Ltd.	Gamania Korea Co., Ltd.	Gamania Digital Entertainment Labuan Holdings Ltd.	Alibangbang Digital Games Co., Ltd.
1. Long-term investments and stockholders' equity eliminated	(\$ 687,457)	\$ 217,994	\$ 85,305	\$ 239,322	\$ -	\$ 130,981	\$ 96	\$ 13,759
2. Receivables and payables eliminated	(228,175)	10,850	162,865	53,598	-	(845)	-	17
3. Profit and loss accounts eliminated								
(1) Sale and purchase transactions	12,590	-	(3,134)	(9,456)	-	-	-	-
(2) Royalty income and publishing expense	(283)	283	-	-	-	-	-	-
(3) Other operating revenue and service expense	(630)	621	-	9	-	-	-	-
(4) Adverting expense and revenue	1,451	-	-	(1,451)	-	-	-	-
(5) Rent revenue and expense	(1,360)	-	1,354	6	-	-	-	-
(6) Realized (unrealized) gross profit on inter-company transactions	(2,207)	-	(700)	(1,507)	-	-	-	-

11. DISCLOSURE INFORMATION

(1) Related information of significant transactions

A) Financing activities to any company or person: None

B) Guarantee information:

Unit: Thousands of New Taiwan Dollars

The Company or investee companies		Parties being guaranteed		The limit of guarantee for each party (Note 4)	Maximum outstanding guarantee amount for the three-month period ended March 31, 2006	Outstanding guarantee amount at March 31, 2006	Amount of guarantee with collateral placed	Ratio of accumulated guarantee amount to net value of the Company	Maximum amount available for guarantee (Note 3)
Number (Note 1)	Name	Name	Relationship with the Company (Note 2)						
0	The Company	Gamania Korea Co., Ltd.	2	\$ 30,000	\$ 30,000	\$ 30,000	None	1.50%	\$ 440,636 (30% of the Company's capital)

Note 1: Number 0 represents the Company.

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

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

Note 4: \$30,000 and should not exceed the guaranteed company's capital.

C) Marketable securities held at March 31, 2006:

Unit: Thousands of New Taiwan Dollars / Thousands of Shares

Company	Type of marketable securities (Note (1))	Name of marketable securities	Relationship of the issuers with the security holders	General ledger account	March 31, 2006				
					Number of shares	Book value	Percentage	Market value (Note (2))	Note
The Company	Common Stock	Gamania Holdings Ltd.	Subsidiary	Long-term investment	26,771	\$ 108,193	100%	\$ 108,193	Note (3)
"	"	Gamania Korea Co., Ltd.	"	"	493	18,480	100%	18,480	"
"	"	Alibangbang Digital Games Co., Ltd.	"	"	8,600	12,033	95.56%	12,033	"
"	"	NC Taiwan Co., Ltd.	"	"	7,140	96,768	51.00%	96,768	"
"	"	Taiwan Index Co., Ltd.	"	"	17,350	64,164	69.40%	64,164	"
"	"	Gamania Asia Investment Co., Ltd.	"	"	19,000	136,411	100%	136,411	"
"	"	Gamania Digital Entertainment Labuan Holdings, Ltd.	"	"	10	168	100%	168	"
"	"	Soga Interactive Co., Ltd.	Investee company accounted for under the equity method	"	2,800	21,363	40.00%	21,363	None
"	"	Playcoo Co.	"	"	4,000	37,150	30.30%	37,150	"
"	"	Buybooks Digital Technology Co., Ltd.	Investee company accounted under financial assets carried at cost	Financial assets carried at cost – non-current	300	-	3.74%	-	"

Unit: Thousands of New Taiwan Dollars / Thousands of Shares

Company	Type of marketable securities (Note (1))	Name of marketable securities	Relationship of the issuers with the security holders	General ledger account	March 31, 2006				
					Number of shares	Book value	Percentage	Market value (Note (2))	Note
The Company	Common Stock	ECD Interactive Corporation	Investee company accounted under financial assets carried at cost	Financial assets carried at cost – non-current	2,040	\$ 2,700	18.55%	\$ 2,700	None
"	"	Joyon Entertainment Co., Ltd	"	"	697	9,851	11.47%	9,851	"
"	"	RAVA Ideologie Inc.	"	"	880	-	8.69%	-	"
"	"	Zona Inc.	"	"	1,000	-	10.34%	-	"
"	Bonds Fund	Fund 1	None	Financial assets at fair value through profit or loss-current	2,355	35,117	-	35,117	"
"	"	Fund 2	"	"	2,683	30,101	-	30,101	"
"	"	Fund 3	"	"	2,322	30,101	-	30,101	"
"	"	Fund 4	"	"	3,410	50,194	-	50,194	"
"	"	Fund 5	"	"	4,322	50,164	-	50,164	"
"	"	Fund 6	"	"	185	30,100	-	30,100	"
"	"	Fund 7	"	"	2,694	30,101	-	30,101	"
"	"	Fund 8	"	"	2,470	25,065	-	25,065	"

Note (1): Marketable securities consist of stocks, bonds, beneficial certificates and their derivative instruments.

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

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

- D) Marketable securities acquired or sold during the period ended March 31, 2006 in excess of \$100,000 or 20% of capital:None.
- E) Acquired real estate in excess of \$100,000 or 20% of capital: None.
- F) Disposal of real estate in excess of \$100,000 or 20% of capital: None.
- G) Sales to or purchases from related parties in excess of \$100,000 or 20% of capital: None.
- H) Receivable from related parties in excess of \$100,000 or 20% of capital: None.
- I) Information on derivative transaction: None.

(2) Information of investee companies

A) Information of investee companies:

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

Unit: Thousands of New Taiwan Dollars / Thousands of Shares

Company	Name of investee	Location	Main operating activities	Original investment cost		Held by the Company			(Loss) Gain incurred by the Investee	Investment (loss) gain recognized by the Company	Note
				2006.03.31	2005.12.31	Number of Shares	Percentage	Book value			
The Company	Gamania Holdings Ltd.	3F, Harbour Center, Box 1348, George Town, Grand Cayman, Cayman Islands, British West Indies	Investment holding company	\$ 911,043	\$ 892,188	26,771	100%	\$108,193	(\$ 15,198)	(\$ 15,198)	Subsidiary (Note (2))
"	Gamania Korea Co., Ltd	3F, NO.75-6 Soodang B/D, Samsung-Dong Kang Nam-Gu, Seoul Korea	Design and sale of software	96,224	80,189	493	100%	18,480	(16,094)	(16,094)	"
"	Alibangbang Digital Games Co., Ltd.	18F, No. 736 Chang-Cheng Rd., Chung-Ho City, Taipei Country, Taiwan	Design and research and development of software	90,000	90,000	8,600	95.56%	12,033	(7,522)	(7,188)	"
"	NC Taiwan Co., Ltd.	"	Design and sale of software	71,400	71,400	7,140	51%	96,768	(27,407)	(14,239)	"
"	Taiwan Index Co., Ltd.	"	Software service	208,200	208,200	17,350	69.40%	64,164	(1,195)	(4,252)	"
"	Gamania Asia Investment Co., Ltd.	"	Investment	190,000	190,000	19,000	100%	136,411	(365)	(365)	"
"	Gamania Digital Entertainment Labuan Holdings, Ltd.	Level 9F, Main Office Tower, Financial Park, 87000 Labuan FT Labuan, Malaysia	Investment holding company	329	329	10	100%	168	-	-	"

Company	Name of investee	Location	Main operating activities	Original investment cost		Held by the Company			(Loss) gain incurred by the Investee	Investment (loss) gain recognized by the Company	Note
				2006.03.31	2005.12.31	Number of Shares	Percentage	Book value			
The Company	Soga Interactive Co., Ltd.	18F, No.736 Chang-Cheng Rd., Chung-Ho City, Taipei Country, Taiwan	Design and research of software	\$ 28,000	\$ 28,000	2,800	40%	\$ 21,363	(\$ 5,351)	(\$ 2,140)	Investee company accounted for under the equity method
"	Playcoo Co.	4F-4, No.215 Cheng-de Rd., Taipei Country, Taiwan	Supply software service and electric information	40,000	40,000	4,000	30.30%	37,150	(7,597)	(2,302)	"
Gamania Asia Investment Co., Ltd.	Taiwan Index Co., Ltd.	18F, No.736 Chang-Cheng Rd., Chung-Ho City, Taipei Country, Taiwan	Design and sale of software	80,625	80,625	6,800	27.20%	27,239	(1,195)	(325)	Investee company accounted for under the equity method (Note (2))
Gamania Holdings Ltd.	Gamania International Holdings Ltd.	3F, Harbour Center, Box 1348, George Town, Grand Cayman, Cayman Islands, British West Indies	Investment holding company	USD26,771 thousand	USD26,191 thousand	26,771	100%	USD3,357 thousand	(USD 470 thousand)	(USD 470 thousand)	Subsidiary (Note (2))
Gamania International Holdings Ltd.	Gamania Digital Entertainment (Japan) Co., Ltd.	Sumitomo Ooimachi Bldg (North) 4F, 1-20-6 Ooi, Shinagawa-Ku, Tokyo, Japan 140-0014	Design and sale of software; Sale of hardware	USD12,240 thousand	USD12,240 thousand	17	100%	USD1,793 Thousand	(USD 163 thousand)	(USD 163 thousand)	"
Gamania International Holdings Ltd.	Gamania China Holdings Ltd.	3F, Harbour Center, Box 1348, George Town, Grand Cayman, Cayman Islands, British West Indies	Investment holding company	USD17,330 thousand	USD16,750 thousand	16,604	92.81%	USD1,571 thousand	(USD 332 thousand)	(USD 307 thousand)	"

Company	Name of investee	Location	Main operating activities	Original investment cost		Held by the Company			(Loss) gain incurred by the Investee	Investment (loss) gain recognized by the Company	Note
				2006.03.31	2005.12.31	Number of Shares	Percentage	Book value			
Gamania China Holdings Ltd.	Gamania Sino Holdings Ltd.	4F, One Capital Place, P.O. box 847 gt, Grand Cayman, Cayman Islands, British West Indies	General investment	USD14,830 thousand	USD14,250 thousand	N/A	100%	USD 103 thousand	(USD 753 thousand)	(USD 753 thousand)	Subsidiary (Note (2))
Gamania Sino Holdings Ltd.	Gamania Digital Entertainment (Beijing) Co., Ltd.	Rm 2106, Bldg No. 5 Soho New Town No. 88, Jian Guo Re Beijing 1000022 China	Design and sale of software	USD11,480 thousand	USD11,480 thousand	N/A	100%	(USD 464 thousand)	(USD 622 thousand)	(USD 622 thousand)	"
Gamania China Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	50F, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong	Design and sale of software	USD3,009 thousand	USD3,009 thousand	35,500	100%	USD 1,593 thousand	USD 421 thousand	USD 421 thousand	"
Gamania China Holdings Ltd.	G.A. Co., Limited	50F, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong	Design and sale of software	Note (1)	Note (1)	N/A	100%	(USD 6 thousand)	-	-	"

Note (1): The original investment cost is \$HK2.

Note (2): The transaction has been eliminated in the consolidated financial statements.

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

C) Guarantee information: None.

D) Marketable securities held at March 31, 2006:

Issuer	Type of marketable securities (Note (1))	Name of marketable securities	Relationship with the security holders	General ledger account	March 31, 2006				
					Number of shares	Book value	Percentage	Market value (Note (2))	Note
Gamania Holdings Ltd.	Common Stock	Gamania International Holdings Ltd.	Subsidiary	Long-term equity investment accounted for under the equity method	26,771	USD3,357 thousand	100%	USD3,357 thousand	Note (3)
Gamania International Holdings Ltd.	"	Gamania Digital Entertainment (Japan) Co., Ltd.	"	"	17	USD1,793 thousand	100%	USD1,793 thousand	"
Gamania International Holdings Ltd.	"	Gamania China Holdings Ltd.	"	"	16,604	USD1,571 thousand	92.81%	USD1,571 thousand	"
Gamania China Holdings Ltd.	"	G.A. Co., Limited	"	"	N/A	(USD 6 thousand)	100%	(USD 6 thousand)	"
Gamania China Holdings Ltd.	"	Gamania Digital Entertainment (H.K.) Co., Ltd.	"	"	35,500	USD1,593 thousand	100%	USD1,593 thousand	"
Gamania China Holdings Ltd.	"	Gamania Sino Holdings Ltd.	"	"	N/A	USD 103 thousand	100%	USD 103 thousand	"
Gamania Sino Holdings Co., Ltd.	"	Gamania Digital Entertainment (Beijing) Co., Ltd.	"	"	N/A	(USD 464 thousand)	100%	(USD 464 thousand)	"
Gamania Asia Investment Co., Ltd.	"	Taiwan Index Co., Ltd.	Investee company accounted for under the equity method	"	6,800	\$ 27,239	27.20%	\$ 27,239	"

Note (1): Marketable securities consist of stocks, bonds, beneficial certificates and their derivative instruments.

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

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

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

Note (4): Unit: Share

- E) Marketable securities acquired or sold during the period ended March 31, 2006 in excess of \$100,000 or 20% of capital: None
- F) Acquired real estate in excess of \$100,000 or 20% of capital: None.
- G) Disposal of real estate in excess of \$100,000 or 20% of capital: None.
- H) Sale to or purchases from related parties in excess of \$100,000 or 20% of capital: None
- I) Receivable from related parties in excess of \$100,000 or 20% of capital:

Name of creditor	Transaction parties	Relationship	Balance of receivable from related parties	Turnover rate	Overdue receivable		Subsequent Collections	Allowance for doubtful accounts provided
					Amount	Action adopted for overdue accounts		
NC Taiwan Co., Ltd.	The Company	Parent Company	\$ 140,366	(Note (1))	\$ -	N/A	\$ -	\$ -

Note (1): This rate represents the turnover rate on the receivables from the Company for the merchandise sold by the Company. As the payments are made to NC Taiwan Co., Ltd. within three months after the Company receives the payments, the turnover rate is not applicable.

Note (2): The transaction has been eliminated in the consolidated financial statements.

- J) Information on derivative transactions: None.

(3) DISCLOSURE OF INFORMATION ON INVESTMENT IN MAINLAND CHINA

a.

Name of investee in Mainland China	Main activities	Capital	Investment method	Accumulated investment as of January 1, 2006	Remitted or received investment amount during the period		Accumulated investment as of March 31, 2006	Direct and indirect percentage of ownership	Investment loss recognized during the period (Note (3))	Balance of investment at March 31, 2006	Accumulated investment income received as of March 31, 2006
					Remitted	Received					
Gamania Digital Entertainment (Beijing) Co., Ltd.	Design and sale of software	(RMB 94,815 thousand) \$383,925	(Note (2))	(USD 9,350 thousand) \$303,501	\$ -	\$ -	(USD 9,350 thousand) \$303,501	92.81%	(USD 576 thousand) (\$18,616)	(USD 431 thousand) (\$13,990)	\$ -

Accumulated amount of investment in Mainland China as of March 31, 2006	Related investment amount approved by FIA	The upper limit of investment in Mainland China
\$ 303,501 (USD 9,350 thousand)	\$ 405,101 (Note (1))	\$ 800,053

Note (1): Related total investment amount approved by FIA is USD12,480,000 or NTD 405,101 thousand based on 32.46 exchange rate.

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

Note (3): Investment loss recognized in the period is calculated based on the percentage of indirect ownership using the financial statements of the investee, which was unreviewed.

b. The Company has no significant transactions with the holding Company or its subsidiaries in Mainland China.

c. The transaction has been eliminated in the consolidated financial statements.

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

For the three-month period ended March 31, 2006.

Number (Note (1))	Name of counterparty	Name of transaction parties	Relationship (Note (2))	Transaction terms			The percentage of total combined revenue or total assets (Note (3))
				Subject	Amount	Transaction Terms	
0	Gamania Digital Entertainment Co., Ltd.	NC Taiwan Co., Ltd.	1	Service revenue	\$ 2,848	Note (4)	-%
0	"	NC Taiwan Co., Ltd.	1	Purchases	54,211	Note (4)	6%
0	"	Taiwan Index Co., Ltd.	1	Purchases	3,068	Note (4)	-%
0	"	Gamania Korea Co., Ltd.	1	Rent revenue	2,255	Note (4)	-%
0	"	Gamania Digital Entertainment (Beijing) Co., Ltd.	1	Rent revenue	2,205	Note (4)	-%
0	"	Gamania Digital Entertainment (Japan) Co., Ltd.	1	Other receivables	21,437	Note (4)	1%
0	"	Gamania Digital Entertainment (Beijing) Co., Ltd.	1	Other receivables	7,244	Note (4)	-%
0	"	Gamania Korea Co., Ltd.	1	Other receivables	6,664	Note (4)	-%
0	"	Gamania Digital Entertainment (H.K.) Co., Ltd.	1	Other receivables	5,567	Note (4)	-%
0	"	NC Taiwan Co., Ltd.	1	Other receivables	2,539	Note (4)	-%
0	"	NC Taiwan Co., Ltd.	1	Notes payable	140,366	Note (4)	4%
0	"	NC Taiwan Co., Ltd.	1	Other payables	41,150	Note (4)	1%
0	"	Taiwan Index Co., Ltd.	1	Other payables	27,323	Note (4)	1%
0	"	Gamania Digital Entertainment (Japan) Co., Ltd.	1	Other payables	4,419	Note (4)	-%
1	NC Taiwan Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Operating costs	2,848	Note (4)	-%
1	"	Gamania Digital Entertainment Co., Ltd.	2	Sale revenue	54,211	Note (4)	6%
1	"	Gamania Digital Entertainment Co., Ltd.	2	Other payables	2,539	Note (4)	-%
1	"	Gamania Digital Entertainment Co., Ltd.	2	Notes receivable	140,366	Note (4)	4%
1	"	Gamania Digital Entertainment Co., Ltd.	2	Accounts receivable	41,150	Note (4)	1%
2	Taiwan Index Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Sales revenue	3,068	Note (4)	-%
2	"	Gamania Digital Entertainment Co., Ltd.	2	Accounts receivable	27,323	Note (4)	1%

For the three-month period ended March 31, 2006. (Continued)

Number (Note (1))	Name of counterparty	Name of transaction parties	Relationship (Note (2))	Transaction terms			The percentage of total combined revenue or total assets (Note (3))
				Subject	Amount	Transaction Terms	
2	Taiwan Index Co., Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	3	Accounts receivable	\$ 1,160	Note (4)	-%
3	Gamania Korea Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Rent expense	2,255	Note (4)	-%
3	"	Gamania Digital Entertainment Co., Ltd.	2	Other payables	6,664	Note (4)	-%
3	"	Gamania Digital Entertainment (H.K.) Co., Ltd.	3	Other payables	6,758	Note (4)	-%
4	Gamania Digital Entertainment (H.K.) Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	5,567	Note (4)	-%
4	"	Taiwan Index Co., Ltd.	3	Other payables	1,160	Note (4)	-%
4	"	Gamania Korea Co., Ltd.	3	Other receivables	6,758	Note (4)	-%
4	"	Gamania Sino Holdings Ltd.	3	Other receivables	3,804	Note (4)	-%
5	Gamania Digital Entertainment (Japan) Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	21,437	Note (4)	1%
5	"	Gamania Digital Entertainment Co., Ltd.	2	Other receivables	4,419	Note (4)	-%
6	Gamania Digital Entertainment (Beijing) Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Operating costs	2,205	Note (4)	-%
6	"	Gamania Digital Entertainment Co., Ltd.	2	Other payables	7,244	Note (4)	-%
6	"	Gamania Sino Holding Ltd.	3	Other payables	4,592	Note (4)	-%
7	Gamania Sino Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	3	Other payables	3,804	Note (4)	-%
7	"	Gamania Digital Entertainment (Beijing) Co., Ltd.	3	Other receivables	4,592	Note (4)	-%

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

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

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

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

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

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

Note (5): The disclosure standard reaches above \$1,000,000 for the transaction amount.

For the six-month period ended March 31, 2005 (Continued)

Number (Note (1))	Name of counterparty	Name of transaction parties	Relationship (Note (2))	Transaction terms			The percentage of total combined revenue or total assets (Note (3))
				Subject	Amount	Transaction Terms	
0	Gamania Digital Entertainment Co., Ltd.	Taiwan Index Co., Ltd.	1	Service revenue	\$ 2,040	Note (4)	-%
0	"	Taiwan Index Co., Ltd.	1	Purchases	9,456	Note (4)	1%
0	"	NC Taiwan Co., Ltd.	1	Purchases	3,134	Note (4)	-%
0	"	Taiwan Index Co., Ltd.	1	Advertising expense	1,451	Note (4)	-%
0	"	NC Taiwan Co., Ltd.	1	Rent revenue	1,354	Note (4)	-%
0	"	NC Taiwan Co., Ltd.	1	Notes receivable	1,587	Note (4)	-%
0	"	Gamania Digital Entertainment (H.K.) Co., Ltd.	1	Other receivables	8,375	Note (4)	-%
0	"	NC Taiwan Co., Ltd.	1	Other receivables	6,598	Note (4)	-%
0	"	Gamania Digital Entertainment (Japan) Co., Ltd.	1	Other receivables	3,713	Note (4)	-%
0	"	Gamania Digital Entertainment (Beijing) Co., Ltd.	1	Other receivables	1,941	Note (4)	-%
0	"	Taiwan Index Co., Ltd.	1	Other receivables	1,575	Note (4)	-%
0	"	NC Taiwan Co., Ltd.	1	Notes payable	58,650	Note (4)	2%
0	"	Taiwan Index Co., Ltd.	1	Notes payable	3,087	Note (4)	-%
0	"	NC Taiwan Co., Ltd.	1	Other payables	111,043	Note (4)	3%
0	"	Taiwan Index Co., Ltd.	1	Other payables	49,420	Note (4)	1%
0	"	Gamania Digital Entertainment (Japan) Co., Ltd.	1	Other payables	2,228	Note (4)	-%
0	"	Gamania Digital Entertainment (Beijing) Co., Ltd.	1	Other payables	1,617	Note (4)	-%
1	NC Taiwan Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Sales revenue	3,134	Note (4)	-%
1	"	Gamania Digital Entertainment Co., Ltd.	2	Operating costs	1,354	Note (4)	-%
1	"	Gamania Digital Entertainment Co., Ltd.	2	Notes payable	1,587	Note (4)	-%

For the six-month period ended March 31, 2005 (Continued)

Number (Note (1))	Name of counterparty	Name of transaction parties	Relationship (Note (2))	Transaction terms			The percentage of total combined revenue or total assets (Note (3))
				Subject	Amount	Transaction Terms	
1	NC Taiwan Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	\$ 6,598	Note (4)	-%
1	"	Gamania Digital Entertainment Co., Ltd.	2	Notes receivable	58,650	Note (4)	2%
1	"	Gamania Digital Entertainment Co., Ltd.	2	Other receivables	111,043	Note (4)	3%
1	"	Gamania Digital Entertainment (H.K.) Co., Ltd.	3	Accounts receivable	5,501	Note (4)	-%
2	Taiwan Index Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Operating costs	2,040	Note (4)	-%
2	"	Gamania Digital Entertainment Co., Ltd.	2	Sales revenue	9,456	Note (4)	1%
2	"	Gamania Digital Entertainment Co., Ltd.	2	Sales revenue	1,451	Note (4)	-%
2	"	Gamania Digital Entertainment Co., Ltd.	2	Other payables	1,575	Note (4)	-%
2	"	Gamania Digital Entertainment Co., Ltd.	2	Notes receivable	3,087	Note (4)	-%
2	"	Gamania Digital Entertainment Co., Ltd.	2	Other receivables	49,420	Note (4)	1%
2	"	Gamania Digital Entertainment (H.K.) Co., Ltd.	3	Sales revenue	1,464	Note (4)	-%
2	"	Gamania Digital Entertainment (H.K.) Co., Ltd.	3	Accounts receivable	2,127	Note (4)	-%
3	Gamania Digital Entertainment (H.K.) Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	8,375	Note (4)	-%

For the six-month period ended March 31, 2005 (Continued)

Number (Note (1))	Name of counterparty	Name of transaction parties	Relationship (Note (2))	Transaction terms			The percentage of total combined revenue or total assets (Note (3))
				Subject	Amount	Transaction Terms	
3	Gamania Digital Entertainment (H.K.) Co., Ltd.	NC Taiwan Co., Ltd.	3	Other payables	\$ 5,501	Note (4)	-%
3	"	Taiwan Index Co., Ltd.	3	Other payables	2,127	Note (4)	-%
3	"	Taiwan Index Co., Ltd.	3	Operating costs	1,464	Note (4)	-%
4	Gamania Digital Entertainment (Japan) Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	3,713	Note (4)	-%
4	"	Gamania Digital Entertainment Co., Ltd.	2	Other receivables	2,228	Note (4)	-%
5	Gamania Digital Entertainment (Beijing) Co., Ltd.	Gamania Digital Entertainment Co., Ltd.	2	Other payables	1,941	Note (4)	-%
5	"	Gamania Digital Entertainment Co., Ltd.	2	Other receivables	1,617	Note (4)	-%

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

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

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

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

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

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

Note (5): The disclosure standard reaches above \$1,000,000 for the transaction amount.

(5) The relationship and significant transactions in the past years between the Company and its subsidiaries which are included in the consolidated financial statements under Financial Accounting Standard No. 7

None.