

GAMANIA DIGITAL ENTERTAINMENT CO., LTD.

**FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT ACCOUNTANTS**

SEPTEMBER 30, 2004 AND 2003

These English financial statements and report of independent accountants were translated from the financial statements and report of independent accountants originally prepared in Chinese language.

Report of Independent Accountants

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

We have reviewed the accompanying balance sheets of Gamania Digital Entertainment Co., Ltd. as of September 30, 2004, and 2003, and the related statements of income and of cash flows for the nine-month periods then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

Except as explained in the following paragraph, our review was made in accordance with the "Rules Governing Review of Quarterly Financial Statements of Listed Companies" 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 financial statements taken as a whole. Accordingly, we do not express such an opinion.

The financial statements included long-term investments in certain investees stated at \$715,994 thousand and \$524,817 thousand as of September 30, 2004 and 2003, respectively, and the related investment loss was \$178,836 thousand and \$301,834 thousand for the nine-month periods then ended, respectively, as described in Note 4(7). These investments were accounted for under the equity method based on the financial statements of the investees which have not been reviewed. Information of certain investees disclosed in Note 11 was based on the financial statements of these investees and has not been reviewed.

Based on our review, except for the effects on the financial statements of such adjustments and disclosure information of investee companies, if any, as might have been determined to be necessary had the financial statements of the investee companies been reviewed as explained in the preceding paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements referred above in order for the 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.

October 22, 2004

The accompanying financial statements are not intended to present the financial position and practices 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 financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying 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.
BALANCE SHEET
SEPTEMBER 30, 2004 AND 2003
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2004		2003			2004		2003	
	Amount	%	Amount	%		Amount	%	Amount	%
	(Review Only)		(Review Only)			(Review Only)		(Review Only)	
ASSETS					LIABILITIES AND STOCKHOLDERS' EQUITY				
<u>Current Assets</u>					<u>Current Liabilities</u>				
Cash and cash equivalents (Note 4(1))	\$ 107,395	3	\$ 51,063	2	Short-term loans (Note 4(10))	\$ 30,000	1	\$ 100,000	3
Short-term investments (Notes 4(2) and 11(1))	496,400	16	721,000	22	Notes payable	50,901	2	43,696	1
Notes receivable – third parties – net (Note 4(3))	68,855	2	9,093	-	Accounts payable	42,758	1	58,200	2
Notes receivable – related parties – net (Note 5(2))	2,696	-	-	-	Income tax payable (Note 4(17))	13,883	-	2,566	-
Accounts receivable – net (Note 4(4))	569,562	18	633,663	19	Accrued expenses	84,464	3	82,263	2
Other receivables – third parties (Note 4(5))	81,964	3	2,007	-	Other payables – third parties	14,409	-	48,620	1
Other receivables – related parties (Note 5(2))	12,710	1	33,391	1	Other payables – related parties (Note 5(2))	131,968	4	2,345	-
Other financial assets – current (Note 6)	686	-	15,626	-	Unearned revenue collected in advance	72,623	2	21,469	1
Inventories (Note 4(6))	11,282	-	8,235	-	Current portion of long-term liabilities (Note 4(11))	14,701	1	54,395	2
Prepaid expenses	11,976	-	17,920	1	Other current liabilities	7,910	-	19,142	1
Deferred income tax assets – current (Note 4(17))	37,275	1	31,132	1		463,617	14	432,696	13
	<u>1,400,801</u>	<u>44</u>	<u>1,523,130</u>	<u>46</u>	<u>Long-term Liabilities</u>				
<u>Long-term Investments</u> (Note 4(7))					Long-term loans (Note 4(11))	153,813	5	185,475	6
Long-term investments – accounted for under the equity method	715,994	22	524,817	16	Long-term notes payable (Note 4(12))	-	-	13,605	-
Long-term investment – accounted for under the cost method	27,846	1	47,046	1		153,813	5	199,080	6
Prepayment for long-term investments	-	-	60,895	2	<u>Other Liabilities</u>				
	<u>743,840</u>	<u>23</u>	<u>632,758</u>	<u>19</u>	Accrued pension liabilities (Notes 4(13) and 10)	2,488	-	-	-
<u>Property, Plant and Equipment</u> (Notes 4(8) and 6)					Guarantee deposits	1,655	-	-	-
Cost					Deferred income tax liability – non-current (Note 4(17))	-	-	25,447	1
Land	147,751	5	117,270	3		4,143	-	25,447	1
Buildings	144,548	4	122,977	4	Total Liabilities	621,573	19	657,223	20
Machinery and equipment	512,617	16	465,900	14	<u>Stockholders' Equity</u>				
Transportation equipment	1,700	-	5,238	-	Common stock (Note 1)	1,587,997	49	1,587,997	48
Computer and communication equipment	93,208	3	99,121	3	Capital reserve (Note 4(14))	-	-	-	-
Leasehold improvement	81,511	3	84,455	3	Paid-in capital in excess of par	1,390,640	43	1,390,640	42
Other equipment	5,349	-	5,349	-	Gain on disposal of property, plant and equipment	221	-	221	-
Cost and appraisal increment	986,684	31	900,310	27	Retained earnings				
Less: Accumulated depreciation	(335,069)	(11)	(216,781)	(6)	Legal reserve (Note 4(15))	103,066	3	103,066	3
					Undistributed earnings (accumulated deficit) (Note 4(16))	(124,861)	(4)	(128,500)	(4)
Construction in progress and prepayments for equipment	-	-	10,838	-	Cumulative translation adjustments	19,284	1	17,964	-
	<u>651,615</u>	<u>20</u>	<u>694,367</u>	<u>21</u>	Treasury stock (Note 4(19))	(375,264)	(11)	(302,140)	(9)
<u>Intangible Assets</u>					Total Stockholders' Equity	2,601,083	81	2,669,248	80
Other intangible asset	38,298	1	38,298	1	Commitments and Contingent Liabilities (Note 7)				
<u>Other Assets</u>									
Refundable deposits	11,129	-	10,866	-					
Deferred charges (Note 4(9))	366,914	12	427,052	13					
Deferred income tax assets – non-current (Note 4(17))	10,059	-	-	-					
	<u>388,102</u>	<u>12</u>	<u>437,918</u>	<u>13</u>					
TOTAL ASSETS	\$ 3,222,656	100	\$ 3,326,471	100	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 3,222,656	100	\$ 3,326,471	100

The accompanying notes are an integral part of the financial statements.
See report of independent accountants dated October 22, 2004

GAMANIA DIGITAL ENTERTAINMENT CO., LTD.
STATEMENT OF INCOME
NINE-MONTH PERIODS ENDED SEPTEMBER 30,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT EARNINGS PER SHARE DATA)

	<u>2004</u>		<u>2003</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
	(Review Only)		(Review Only)	
Operating revenues				
Sales revenue (Note 5(2))	\$ 1,487,445	99	\$ 1,563,113	110
Sales returns (Note 5(2))	(28,831)	(2)	(143,280)	(10)
Sales allowances	(31,996)	(2)	(3,974)	-
Net sales revenue	1,426,618	95	1,415,859	100
Service revenue (Note 5(2))	<u>75,115</u>	<u>5</u>	<u>-</u>	<u>-</u>
Operating revenues	1,501,733	100	1,415,859	100
Operating costs				
Cost of goods sold (Note 4(21))	(723,790)	(48)	(747,861)	(53)
Gross profit	<u>777,943</u>	<u>52</u>	<u>667,998</u>	<u>47</u>
Operating expenses (Notes 4(21) and 10)				
Selling expenses	(111,828)	(7)	(177,001)	(13)
General and administrative expenses	(291,024)	(19)	(310,948)	(22)
Research and development expenses	(54,260)	(4)	(57,429)	(4)
Total operating expenses	(457,112)	(30)	(545,378)	(39)
Operating income	<u>320,831</u>	<u>22</u>	<u>122,620</u>	<u>8</u>
Non-operating income				
Interest income	294	-	622	-
Gain on disposal of fixed assets	354	-	38	-
Gains on sale of investments	4,718	-	4,578	1
Foreign exchange gain	621	-	1,308	-
Rental income (Note 5(2))	3,304	-	109	-
Miscellaneous income	<u>5,000</u>	<u>1</u>	<u>3,460</u>	<u>-</u>
Total non-operating income	<u>14,291</u>	<u>1</u>	<u>10,115</u>	<u>1</u>
Non-operating expenses				
Interest expense	(5,479)	-	(5,517)	-
Investment loss accounted for equity method (Note 4(7))	(178,836)	(12)	(301,834)	(21)
Loss on other investment loss (Note 4(7))	(67,095)	(5)	-	-
Loss on decline in market value of obsolete inventories	(196)	-	(1,296)	-
Miscellaneous losses	(525)	-	(6,681)	(1)
Total non-operating expenses	(252,131)	(17)	(315,328)	(22)
Income (loss) before income tax	82,991	6	(182,593)	(13)
Income tax benefit (Note 4(17))	<u>17,833</u>	<u>1</u>	<u>21,828</u>	<u>2</u>
Net income (loss)	<u>\$ 100,824</u>	<u>7</u>	<u>(\$ 160,765)</u>	<u>(11)</u>

	<u>2004</u>		<u>2003</u>	
	<u>Before income tax</u>	<u>After income tax</u>	<u>Before income tax</u>	<u>After income tax</u>
Primary (fully diluted) earnings (loss) per share (in dollars) (Note 4 (18))				
Net income (loss)	<u>NT\$ 0.54</u>	<u>NT\$ 0.66</u>	<u>(NT\$ 1.19)</u>	<u>(NT\$ 1.05)</u>

The accompanying notes are an integral part of the financial statements.
See report of independent accountants dated October 22, 2004.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD.
STATEMENT OF CASH FLOWS
NINE-MONTH PERIODS ENDED SEPTEMBER 30
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>2004</u>	<u>2003</u>
	(Review Only)	(Review Only)
<u>Cash flows from operating activities</u>		
Net income (loss)	\$ 100,824	(\$ 160,765)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Reversal of provision for bad debts expense and sales returns	(6,950)	(10,254)
Gain on disposal of short-investments	(4,718)	(4,578)
Provision for decline in market value and obsolescence on inventories	196	1,296
Depreciation expenses and amortization expenses	136,280	111,204
loss (Gain) on disposal of fixed assets	(354)	116
Investment loss accounted for under equity method	178,836	301,824
Investment loss accounted for under cost method	67,095	-
Changes in assets and liabilities:		
Notes receivable – third parties	63,345	251,329
Notes receivable – related parties	(2,696)	-
Accounts receivable	(65,303)	(209,172)
Inventories	(4,048)	10,600
Other receivables – third parties	(77,589)	(308)
Other receivables – related parties	(3,149)	(28,328)
Other financial assets – current	(686)	11,382
Prepaid expenses	11,793	(3,770)
Deferred income tax assets	(33,299)	2,096
Notes payable	(3,814)	(8,442)
Accounts payable	(24,114)	(62,201)
Income tax payable	8,864	(26,544)
Accrued expenses	10,970	16,241
Other payables – third parties	(9,583)	(69,391)
Other payables – related parties	130,483	2,345
Unearned revenue collected in advance	24,435	(9,978)
Other current liabilities	(395)	13,863
Accrued pension liabilities	2,488	-
Net cash provided by operating activities	<u>498,911</u>	<u>128,575</u>

GAMANIA DIGITAL ENTERTAINMENT CO., LTD.
STATEMENT OF CASH FLOWS (CONTINUED)
NINE-MONTH PERIODS ENDED SEPTEMBER 30
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>2004</u>	<u>2003</u>
	(Review Only)	(Review Only)
<u>Cash flows from investing activities</u>		
Proceeds from disposal of property, plant and equipment	\$ 3,371	\$ 2,995
Increase in short-term investments	(2,653,812)	(2,238,000)
Proceeds from disposal of short-term investments	2,162,130	1,521,578
Decrease (increase) in pledged fixed deposits, net	15,000	(15,000)
Increase in subsidiary capital infusion	(242,474)	(259,498)
Increase in acquisition of subsidiary	(221,292)	(52,095)
Return for liquidation of subsidiaries	4,045	-
Acquisition of property, plant and equipment	(62,325)	(72,881)
Increase in deferred charges	(60,486)	(135,466)
(Increase) decrease in refundable deposits, net	2,179	(405)
Recovery from prepayment of agency fee	31,339	-
Net cash used in investing activities	<u>(1,022,325)</u>	<u>(1,248,772)</u>
<u>Cash flows from financing activities</u>		
Decrease in short-term loans, net	(70,000)	(120,000)
Increase (decrease) in long-term notes payable, net	(10,687)	26,453
(Decrease) increase in long-term loans, net	(69,477)	59,155
Payment of directors' and supervisors' remuneration	-	(10,802)
Payment of cash dividends	-	(21,605)
Purchase of treasury stock	(73,124)	(76,915)
Increase in refundable deposits	1,127	-
Net cash used in financing activities	<u>(222,161)</u>	<u>(143,714)</u>
Net decrease in cash and cash equivalents	(745,575)	(1,263,911)
Cash and cash equivalents at beginning of period	852,970	1,314,974
Cash and cash equivalents at end of period	<u>\$ 107,395</u>	<u>\$ 51,063</u>
<u>Supplemental disclosures of cash flow information</u>		
Cash paid during the period for:		
Interest	<u>\$ 5,549</u>	<u>\$ 5,787</u>
Income taxes	<u>\$ 5,567</u>	<u>\$ 2,619</u>
<u>Cash paid for the acquisition of property, plant and equipment</u>		
Increase in Property, plant and equipment	\$ -	\$ 103,048
Less: Payable-ending	-	(43,980)
Add: Payable-beginning	-	13,813
	<u>\$ -</u>	<u>\$ 72,881</u>
<u>The related fair market values of assets and liabilities of the acquired subsidiary are as follows:</u>		
Cash and bank deposits	\$ 93,096	\$ -
Securities	15,581	-
Other current assets	171,020	-
Property, plant and equipment	49,455	-
Other assets	14,967	-
Goodwill	68,910	-
Current liabilities	(128,874)	-
Long-term liabilities	(13,480)	-
Minority interest	(49,383)	-
Cash paid from purchase of subsidiary	<u>\$ 221,292</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

See report of independent accountants dated October 22, 2004

GAMANIA DIGITAL ENTERTAINMENT CO., LTD.

NOTES TO FINANCIAL STATEMENTS

September 30, 2004 AND 2003

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,

EXCEPT AS INDICATED OTHERWISE. REVIEWED ONLY)

1. HISTORY AND ORGANIZATION

Gamania Digital Entertainment Co., Ltd. (the “Company”) was incorporated in June 1995 under the provisions of the Company Law of the Republic of China (R.O.C.) as a company limited by shares. As of September 30, 2004, the total authorized shares of common stock was \$2,500,000 consistent of _____share of common stock(including 15 million shares of employee stock options) at par value of \$10 (dollars) per share and issued and outstanding capital was \$1,587,997. The Company engages in software services, TV programming and magazine publications. As of September 30, 2004, the Company had 497 employees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying non-consolidated financial statements were prepared in conformity with the “Rules Governing Preparation of the Financial Statements of Securities Issuers” and generally accepted accounting principles in the Republic of China. Significant accounting policies are summarized as follows:

(1) 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 net income.

(2) 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 is determined based on the net asset value as of the balance sheet date.

(3) Allowance for doubtful accounts

Allowance for doubtful accounts is provided based on an evaluation of the collectibility of ending balances of notes receivable, accounts receivable and other receivables (including balances from related parties), taking into account the aging analysis of receivables.

(4) Inventories

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.

(5) Long-term investments

(A) 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 ability to exercise significant influence in the management of the investee company. The market value is determined using the average closing price of the last month of the accounting period. 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.

- (B) Long-term investments in which the Company owns at least 20% of the investee company's voting rights, and has the ability to exercise significant influence on the investee company, are accounted for under the equity method.
- (C) 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.
- (D) The capital reserve and long-term investment amounts are adjusted by the variance between the investment cost and net assets of the investee due to the disproportionate acquisition or decrease of shares in connection with the capital increase or decrease by the investee company. If the balance of capital reserve from long-term investment is not sufficient, then retained earnings is debited.
- (E) When the accumulated investment losses of an investee accounted for under the equity method exceeds the Company's original investment cost, the Company recognizes its investment losses up to the original investment cost. However, if the Company intends to continue supporting the investee or considers the losses of the investee as temporary, based on sufficient evidence that the investee will turn profitable in the near future, the Company continues to recognize investment loss in excess of its investment cost. The negative investment balance is presented as a liability in the balance sheet.

(6) 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, except for leasehold improvements, which are based on contract period or the life for the asset, whichever is shorter. The estimated useful lives are 55 years for buildings and 3 to 5 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) Significant renewals or betterments are capitalized. Maintenance and repairs are charged to expense as incurred.
- (D) When it becomes evidently clear that operating property, plant and equipment have suffered a critical impairment in value, loss is recognized in the current year's income.

(7) Deferred charges

Costs of software and copyrights are capitalized and amortized under the straight-line basis over the estimated useful lives.

(8) Other intangible assets

Other intangible assets consist primarily of prepayments for developing game software are stated at cost. The accounts are used to offset against future agency fee that is based on 2% of net sales.

(9) Employee stock option plan

For employee stock option granted after January 1, 2004 and for employee stock options granted before January 1, 2004 but the related option plan was amended after January 1, 2004, the compensation cost is determined using the "intrinsic value method". In addition, the Company discloses the pro forma net income and earnings per share as if the under "fair-value-based method" has been adopted.

(10) Income tax

- (A) Income tax is provided based on accounting income after adjusting for permanent differences. The provision for income tax includes deferred tax resulting from items reported in different periods for tax and financial reporting purposes. Deferred 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 for deferred 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 purchase, technology acquisition, research and development expenditure, training expense and long-term equity investment, etc. 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, undistributed current earnings, on a tax basis of a company derived on or after January 1, 1998 are 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 following year when the stockholders approve a resolution to retain the earnings.

(11) Retirement plan

- (A) The Company has a non-contributory and funded defined benefit retirement plan covering all regular employees. The Company recognizes minimum pension liability for the excess of accumulated benefit obligation over the fair value of plan assets and pension costs based on an actuarial valuation. Pension cost components include service cost, interest cost, expected return on plan assets and amortization of net obligation at transition. The unrecognized net transition obligation is amortized equally over 15 years.
- (B) For interim financial statements, the Company recognized its minimum pension liabilities based on the actuarial pension report, the measurement dates of which were December 31, 2003 and 2002, respectively, and adjusted for pension cost and contributions to the independent fund during the nine-month periods ended September 30, 2004 and 2003.

(12) Treasury Stock

- (A) Treasury stock acquired is stated at cost using the weighted average method. 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.
- (B) All investments in the Company’s stock purchased by its subsidiaries are treated as treasury stock transactions.

(13) Revenue, costs and expenses

- (A) Revenue from prepaid cards for on-line games is deferred and is recognized based on points consumed.
- (B) Revenue from software and other merchandise is recognized upon sale and delivery of goods to retailers.
- (C) Sales returns are estimated based on a percentage of sales.
- (D) Costs and expenses are recognized as incurred.

(14) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect 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 revenue, cost of revenue and expenses reported during the period. Actual results could differ from those estimates.

(15) 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 period.
 - Diluted earnings per share: the computation is the same as basic earnings

per share, except that the potential dilutive shares were assumed to have been converted to common stock at the beginning of the period and net income was 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 affect of the employee stock options.

3. CHANGE IN ACCOUNTING PRINCIPLE

None.

4. DESCRIPTION OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30,</u>	
	<u>2004</u>	<u>2003</u>
Cash on hand	\$ 267	\$ 267
Cash in banks	<u>107,128</u>	<u>50,796</u>
	<u>\$ 107,395</u>	<u>\$ 51,063</u>

(2) Short-term investments

	<u>September 30,</u>	
	<u>2004</u>	<u>2003</u>
Bond funds	<u>\$ 496,400</u>	<u>\$ 721,000</u>

(3) Notes receivable-Net

	<u>September 30,</u>	
	<u>2004</u>	<u>2003</u>
Notes receivable	\$ 68,871	\$ 9,109
Less: Allowance for doubtful accounts	(16)	(16)
	<u>\$ 68,855</u>	<u>\$ 9,093</u>

(4) Accounts receivable-Net

	<u>September 30,</u>	
	<u>2004</u>	<u>2003</u>
Accounts receivable	\$ 631,936	\$ 716,391
Less: Allowance for doubtful accounts	(51,781)	(73,157)
Allowance for sales returns	(10,593)	(9,571)
	<u>\$ 569,562</u>	<u>\$ 633,663</u>

(5) Other receivables

	<u>September 30,</u>	
	<u>2004</u>	<u>2003</u>
Commissions receivable (Note)	\$ 81,683	\$ -
Others	<u>281</u>	<u>2,007</u>
	<u>\$ 81,964</u>	<u>\$ 2,007</u>

(Note) Commissions sale accounts receivable is generated from sales of subsidiary's on-line games and peripheral products.

(6) Inventories

	<u>September 30,</u>	
	<u>2004</u>	<u>2003</u>
Inventories	\$ 34,439	\$ 33,125
Less: Reserve for loss on decline in market value and obsolescence	(23,157)	(24,890)
	<u>\$ 11,282</u>	<u>\$ 8,235</u>

(7) Long-term investments

(A) List of long-term investments

<u>Name of investee</u>	<u>September 30, 2004</u>			<u>Investment loss for nine-month period ended September 30, 2003</u>
	<u>Original cost</u>	<u>Ownership percentage</u>	<u>Balance</u>	
Accounted for under the equity method:				
Gamania Holdings Ltd.	\$ 815,442	100%	\$ 250,359	(\$ 116,718)
Gamania Korea Co., Ltd.	80,189	100%	141,232	158
Mogamer Interactive Co., Ltd.	32,625	89.90%	-	(697)
Clicklit Interactive Co., Ltd.	90,452	68.85%	-	(621)
Alibangbang Digital Games Co., Ltd.	40,000	90%	9,517	(15,079)
NC Taiwan Co., Ltd.	71,400	51%	54,383	(7,206)
Gamania Asia Investment Co., Ltd.	90,000	100%	83,605	(6,395)
Taiwan Index Co., Ltd.	<u>209,176</u>	69.4%	<u>176,898</u>	(<u>32,278</u>)
	<u>1,429,284</u>		<u>715,994</u>	(<u>178,836</u>)
Accounted for under the cost method:				
Buybooks Digital Technology Corp. Ltd.	2,995	3.74%	2,995	-
ECD Interactive Corporation.	34,200	18.55%	6,200	(15,000)
Joyon Entertainment Co., Ltd.	9,851	17.86%	9,851	-
RAVA Ideologie Inc.	8,800	8.69%	8,800	-
Zona Inc.	<u>52,095</u>	10.34%	<u>-</u>	(<u>52,095</u>)
	<u>107,941</u>		<u>27,846</u>	(<u>67,095</u>)
Total	<u>\$ 1,537,225</u>		<u>\$ 743,840</u>	<u>\$ 245,931</u>

Name of investee	September 30, 2003			Investment loss for nine-month period ended September 30, 2003
	Original cost	Ownership percentage	Balance	
Accounted for under the equity method:				
Gamania Holdings Ltd.	\$ 635,136	100%	\$ 291,496	(\$ 224,419)
Gamania Korea Co., Ltd.	80,189	100%	131,645	(23,518)
Clicklit Interactive Co., Ltd.	91,163	68.85%	11,852	(23,607)
Mogamer Interactive Co., Ltd.	35,960	89.90%	7,544	(10,809)
POPcode Digital Entertainment Co., Ltd.	18,000	70%	1,294	(10,572)
Alibangbang Digital Games Co., Ltd.	20,000	80%	11,286	(7,209)
NC Taiwan Co., Ltd.	<u>71,400</u>	51%	<u>69,700</u>	(<u>1,700</u>)
	<u>951,548</u>		<u>524,817</u>	(<u>301,834</u>)
Accounted for under the cost method:				
Buybooks Digital Technology Corp. Ltd.	2,995	3.74%	2,995	-
ECD Interactive Corporation.	34,200	18.55%	34,200	-
Joyon Entertainment Co., Ltd.	<u>9,851</u>	17.86%	<u>9,851</u>	<u>-</u>
	<u>47,046</u>		<u>47,046</u>	<u>-</u>
Prepayments for long-term investments:				
Game Factory Co., Ltd.	8,800		8,800	-
Zona Inc.	<u>52,095</u>		<u>52,095</u>	<u>-</u>
	<u>60,895</u>		<u>60,895</u>	<u>-</u>
Total	<u>\$ 1,059,789</u>		<u>\$ 632,758</u>	(<u>\$ 301,834</u>)

- (B) These investments were accounted for under the equity method based on the financial statements of the investees, which have not been audited by independent accountants.
- (C) Among those companies which are accounted for under the equity method, POPcode Digital Entertainment Co., Ltd., Mogamer interactive Co., Ltd. and Clicklit Interactive Co., Ltd. were liquidated in July, 2004.
- (D) Among those companies which are accounted for under the cost method, the unaudited financial statements of Zona Inc. and ECD Interactive Corporation showed impairment in value, and the possibility of recovery is minimal. Therefore, the Company recognized a permanent impairment loss in the amounts of \$52,095 and \$15,000 respectively in the third quarter of 2004.
- (E) In 2004, Game Factory Co., Ltd was renamed RAVA Indeologie Inc.

(8) Property, plant, and equipment

	<u>September 30,</u>	
	<u>2004</u>	<u>2003</u>
<u>Cost</u>		
Land	\$ 147,751	\$ 117,270
Buildings	144,548	122,977
Machinery equipment	512,617	465,900
Transportation equipment	1,700	5,238
Computer and communication equipment	93,208	99,121
Leasehold improvements	81,511	84,455
Other equipment	<u>5,349</u>	<u>5,349</u>
	<u>986,684</u>	<u>900,310</u>
<u>Accumulated depreciation</u>		
Buildings	(5,015)	(2,692)
Machinery equipment	(217,178)	(134,035)
Transportation equipment	(732)	(2,561)
Computer and communication equipment	(55,656)	(39,385)
Leasehold improvements	(53,280)	(36,174)
Other equipment	<u>(3,208)</u>	<u>(1,934)</u>
	<u>(335,069)</u>	<u>(216,781)</u>
Construction in progress and prepayments for equipment	<u>-</u>	<u>10,838</u>
	<u>\$ 651,615</u>	<u>\$ 694,367</u>

(9) Deferred charges

	<u>September 30,</u>	
	<u>2004</u>	<u>2003</u>
Agency fees	\$ 326,487	\$ 374,140
Unamortized expense	<u>40,427</u>	<u>52,912</u>
	<u>\$ 366,914</u>	<u>\$ 427,052</u>

(10) Short-term loans

	<u>September 30,</u>	
	<u>2004</u>	<u>2003</u>
Short-term bank loans	<u>\$ 30,000</u>	<u>\$ 100,000</u>
Annual interest rates	<u>1.8%</u>	<u>1.69%~5.5%</u>
Credit lines	<u>\$ 558,000</u>	<u>\$ 653,200</u>

(11) Long-term Loans

<u>Financial Bank</u>	<u>Total Credit Lines</u>	<u>Period/Terms of Repayment</u>	<u>September 30,</u>	
			<u>2004</u>	<u>2003</u>
International Bank of Taipei	\$ 49,000	03.28.2002 ~ 03.28.2017 Two year grace period, equal quarterly installments starting from year 3	\$ 47,115	\$ 49,000
International Bank of Taipei	51,000	08.20.2002 ~ 08.20.2017 Two year grace period, equal quarterly installments starting from year 3	50,719	51,000
FuBon Bank	37,600	05.09.2002 ~ 05.09.2017 20 equal quarterly installments	20,680	28,200
Chang Hwa Bank	100,000	08.11.2003 ~ 08.11.2006 6 equal semi-annual installments	-	100,000
Chiao Tung Bank	50,000	08.30.2004 ~ 08.30.2007 Full payment at maturity	<u>50,000</u>	<u>-</u>
			168,514	228,200
Less: Portion due within one year			(<u>14,701</u>)	(<u>42,725</u>)
			<u>\$153,813</u>	<u>\$185,475</u>

(Note) The long-term loans from Taishin Bank and Chang Hwa Bank borrowed on March 10, 2004 and August 11, 2003, were repaid in advance on April 30, 2004 and September 2, 2004, respectively.

(12) Long-term notes payable

<u>Financial</u>	<u>Total</u>	<u>Period/Terms</u>	<u>September 30,</u>	
<u>Bank</u>	<u>Credit Lines</u>	<u>of Repayment</u>	<u>2004</u>	<u>2003</u>
Shanghai Commercial & Savings Bank	51,000	11.11.2002 ~ 11.11.2005 36 equal monthly installments	\$ -	\$ 25,275
Less: portion due within one year			<u>-</u>	<u>(11,670)</u>
			<u>\$ -</u>	<u>\$ 13,605</u>

(13) Reserve for retirement plan

(A) Under the Company's Retirement Plan, the pension benefits are accumulated as follows:

- (a) Two months of monthly salary will be paid for each year of service for the first fifteen years.
- (b) For services in excess of over 15 years, one month of monthly salary will be paid per year.
- (c) The maximum number of months to be accumulated is 45 months.
- (d) Average monthly salary is determined based on the retiree's monthly salary one month prior to their retirement.

(B) As of September 30, 2004 and 2003, the balance of the pension fund, with Central Trust of China, the trustee, was \$13,296 and \$9,389, respectively. Total pension expense was \$5,605 and \$3,476 for nine-month periods ended September 30, 2004 and 2003, respectively.

(14) Capital reserve

Share premium resulting from the issuance of new shares for cash and donation income may be used to increase capital stock if the Company has surplus 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.

(15) 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.

(16) Undistributed earnings/special reserve

- (A) As stipulated in the Company's Articles of Incorporation, the current earnings, if any, shall be distributed in the following order:
- (a) Pay all taxes and duties.
 - (b) Covering prior years' accumulated deficit, if any.
 - (c) After deducting items (a) and (b), 10% of the remaining amount is appropriated as legal reserve.
 - (d) In addition to the amount appropriated for legal reserve, the Company must 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 before a specific time. This 10% additional tax on undistributed earnings paid by the company may be used as a tax credit by the shareholders, including foreign shareholders, against the withholding tax on dividends. In addition, the domestic shareholders can claim a proportionate share of the company's corporate income tax as a tax credit against their individual income tax liability effective 1998.
- (C) As of September 30, 2004, the Company is in an accumulated loss position and has been recognized in the shareholder's meeting on April 29, 2004. For current status of the resolution please visit the Taiwan Stock Exchange website.

(17) Income tax payable

- (A) Income tax payable and income tax benefit for the periods ended September 30, 2004 and 2003 are reconciled as follows:

	Nine-month <u>periods ended September 30,</u>	
	<u>2004</u>	<u>2003</u>
Current year income tax benefit	(\$ 29,025)	(\$ 33,515)
Additional 10% corporate income tax on undistributed earnings	<u>11,192</u>	<u>11,687</u>
	(17,833)	(21,828)
Add (Less): Net changes in deferred income tax assets	33,299	(2,096)
Prepaid income tax	(35)	(568)
(Over) under provision of prior year's income tax	(<u>1,548</u>)	<u>27,058</u>
Income tax payable	<u>\$ 13,883</u>	<u>\$ 2,566</u>

- (B) Deferred income tax assets (liability) are as follows:

	<u>September 30,</u>	
	<u>2004</u>	<u>2003</u>
Deferred income tax assets – current	\$ 37,275	\$ 31,132
Deferred income tax assets (liability) – non-current	<u>10,059</u>	<u>(25,447)</u>
	<u>\$ 47,334</u>	<u>\$ 5,685</u>

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

	<u>September 30,</u>			
	<u>2004</u>		<u>2003</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 inventories obsolescence	\$ 23,157	\$ 5,790	\$ 24,890	\$ 6,223
Allowance for sales returns	10,593	2,648	9,571	2,393
Over provision of allowance for bad debts	44,808	11,202	59,489	14,871
Welfare expenses	3,775	944	535	134
Unrealized profit on inter-company sales	-	-	903	226
Income tax credit		<u>16,691</u>		<u>7,285</u>
		<u>\$ 37,275</u>		<u>\$ 31,132</u>
Non-current items:				
Welfare expenses	\$ 206	\$ 52	\$ 814	\$ 203
Reserve for foreign investment	(169,233)	(42,308)	(102,600)	(25,650)
Income tax credit		<u>52,315</u>		<u>-</u>
		<u>\$ 10,059</u>		<u>(\$ 25,447)</u>

(D) As of September 30, 2004 and 2003, the balance of shareholders account of deductible tax was as follows:

	<u>September 30,</u>	
	<u>2004</u>	<u>2003</u>
The balance of shareholders account of deductible tax	<u>\$ 2,298</u>	<u>\$ 2,293</u>
2003 Actual creditable tax ratio		<u>-</u>
2002 Actual creditable tax ratio		<u>3.48%</u>

(E) As of September 30, 2004 and 2003, the information regarding the undistributed earnings is as follows:

	<u>September 30,</u>	
	<u>2004</u>	<u>2003</u>
On or after January 1, 1998		
a. Earnings not subjected to 10% income tax	\$ 100,824	(\$ 160,765)
b. Earnings subjected to 10% income tax	(<u>225,685</u>)	<u>32,265</u>
	<u>(\$ 124,861)</u>	<u>(\$ 128,500)</u>

(F) As of September 30, 2004, the Company's income tax returns for the years through 2000 have been assessed and approved by the Tax Authority. The Company was assessed \$963 in additional tax for the year 1999, and in 2003, the Company filed an appeal to contest the assessment. The court has rendered an unfavorable judgment and the Company has paid 1/2 of the additional income tax as well as filed a second appeal to a higher court.

(G) The incremental income associated with the Company's investments in the development of its PC-based and internet-based computer games is exempt from income tax for five years.(2001 to 2006)

(H) As of September 30, 2004, according to “Income Tax Law” and “Statute for Upgrading Industries”, the Company had Income tax credits in the amount of \$69,006 to offset taxable income for the next four years. The details are as follows:

<u>Qualified expenditures</u>	<u>Total credits</u>	<u>Unused balance</u>	<u>Year of expiry</u>
Research and development expense	\$ 15,279	\$ 15,279	2007
Research and development expense	11,042	11,042	2008
Machinery and equipment	12,233	3,071	2006
Machinery and equipment	23,469	23,469	2007
Machinery and equipment	14,713	14,713	2008
Employees training	1,432	1,432	2007
	<u>\$ 78,168</u>	<u>\$ 69,006</u>	

(18) Earnings (loss) per share

<u>For the nine-month period ended September 30, 2004</u>					
	<u>Amount</u>		<u>Weighted average outstanding common shares</u>	<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:					
Net income	<u>\$ 82,991</u>	<u>\$ 100,824</u>	<u>153,514</u>	<u>\$ 0.54</u>	<u>\$ 0.66</u>

As of September 30, 2004, the outstanding employee stock option has no dilution effect. Accordingly basic EPS and diluted EPS are the same.

For the nine-month period ended September 30, 2003					
	Amount		Weighted average outstanding common shares	Loss per share (Note)	
	Before income tax	After income tax		Before income tax	After income tax
Loss per share:					
Net loss	(\$ 182,593)	(\$ 160,765)	153,831	(\$ 1.19)	(\$ 1.05)

(Note) In New Taiwan Dollars.

As of September 30, 2003, there were no outstanding employee stock options, therefore had no diluted EPS.

(19) Treasury Stock

For the nine-month period ended September 30, 2004					
(a) Purpose for reacquisition	Beginning shares (Note)	Additions	Disposals	Ending shares	
Employees stock options	5,000	-	-	5,000	
Maintain Company's credit and shareholders' equity	-	4,810	-	4,810	
	<u>5,000</u>	<u>4,810</u>	<u>-</u>	<u>9,810</u>	
For the nine-month period ended September 30, 2003					
Purpose for reacquisition	Beginning shares (Note)	Additions	Disposals	Ending shares	
Employees stock options	<u>3,776</u>	<u>1,224</u>	<u>-</u>	<u>5,000</u>	

(Note) Amount in thousands of shares.

(b) The maximum and ending balances of treasury stock for the period ended September 30, 2004 and 2003 are as follows:

September 30, 2004		September 30, 2003	
Maximum balance	Ending balance	Maximum balance	Ending balance
<u>\$ 375,264</u>	<u>\$ 375,264</u>	<u>\$ 302,140</u>	<u>\$ 302,140</u>

(c) According to the ROC Security Exchange Act, the percentage of the number of shares of treasury stock can not exceed 10% of the total shares of common stock issued by the Company and the total amount of treasury stock should not exceed the total amount of retained earnings, paid-in capital in excess of par value, and realized capital reserve.

- (d) According to the ROC Security Exchange Act, treasury stock held by the Company can not be pledged, and shall bear no rights of shareholders until reissued.
- (e) According to the R.O.C. Security Exchange Act. The shares bought back by the Company, except for the purpose of maintaining Company credit and shareholder's equity which amendment of the registration shall be filed within six months from date of repurchase, must be transferred within three years from the date of repurchase. Shares not transferred within the fine limit shall be deemed as unissued and application for amendment of the registration shall be filed.

(20) 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 units of option with one unit equal to one thousand shares of common stock. 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 option has a exercise period of six years. Employees will be able to exercise these options after two years under the policy 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 nine-month periods ended September 30, 2004 and 2003 are as follows:

	For the nine-month periods ended September 30,			
	2004		2003	
Stock Options	Units (in thousands)	Weighted-average exercise price (in dollars) (Note)	Units (in thousands)	Weighted-average exercise price (in dollars) (Note)
Beginning outstanding balance (Note)	\$ -	\$ -	\$ -	\$ -
Number of options granted	5,970	32.80	-	-
Adjustment due to issuance of stock dividends	-	-	-	-
Exercised	-	-	-	-
Cancelled	<u>450</u>	32.80	<u>-</u>	-
Ending outstanding balance (Note)	<u>5,520</u>	32.80	<u>-</u>	-
Exercisable at the period of the year	<u>-</u>		<u>-</u>	
Authorized but unissued at the period of the year	<u>4,030</u>		<u>-</u>	

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

- (c) As of September 30, 2004, the information on outstanding stock options are as follows:

Exercise price (in dollars)	Outstanding stock options			Exercisable stock options		
	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	5,520	5.33	\$ 32.80	-	\$ -	

- (d) For stock options granted to employees January 1, 2004 and stock options granted before January 1, 2004 but the related option plan was amended after January 1, 2004, the pro forma information as if the “fair-value method” has been adopted were as follows:

- (1) Model: The Black-Scholes model.

(2) Assumptions:

<u>Black-Scholes model assumptions</u>	<u>For the nine-month period ended September 30, 2004</u>
Dividend yield	0%
Volatility	62.02%
Risk-free interest rate	1.95%
Expected life of the option	6 years
Exercise price	\$ 32.8 (in dollars)
Amortization period	2~3 years

(3) Result of evaluation:

	<u>For the nine-month period ended September 30, 2004</u>
Weighted average fair value of options granted to employees	\$ 17.4656 (in dollars)
The compensation cost for the nine-month period ended September 30, 2004 under "fair value method"	24,646

(4) Pro forma information:

		<u>For the nine-month period ended September 30, 2004</u>
Net income	Net income	\$ 100,824
	Pro forma net income	76,178
Basic earnings per share	EPS	0.66 (in dollars)
	Pro forma EPS	0.50 (in dollars)
Diluted earnings per share	EPS	0.66 (in dollars)
	Pro forma EPS	0.50 (in dollars)

(21) Personnel, Depreciation and Amortization Expenses

	For the nine-month period ended September 30,	
	<u>2004</u>	<u>2003</u>
Personnel expense		
Salaries and wages	\$ 191,186	\$ 214,865
Labor and health insurance	15,295	18,774
Pension expense	5,605	3,476
Others	<u>12,253</u>	<u>12,527</u>
	<u>\$ 224,339</u>	<u>\$ 249,642</u>
Depreciation expense	\$ 98,233	\$ 81,531
Amortization expense	<u>38,047</u>	<u>29,673</u>
	<u>\$ 136,280</u>	<u>\$ 111,204</u>

(22) Other

In accordance with the Statute for Upgrading Industries, the Company recognized provision for loss on foreign investment amounting to 20% of certain foreign investment for income tax return purposes. As of September 30, 2004, the balance of such account was \$169,233 which was reversed in the report to conform with R.O.C. GAAP.

5. RELATED PARTY TRANSACTIONS

(1) Names and relationship of related parties

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Gamania Digital Entertainment (Japan) Co., Ltd. (Gamania Japan))	A subsidiary of the Company
Gamania China Holdings Ltd.	"
Gamania Digital Entertainment (H.K.) Co., Ltd. (Gamania (H.K.))	"
Gamania Korea Co., Ltd. (Gamania (Korea))	"
Gamania Holdings Ltd. (GH)	"
Gamania International Holdings Ltd. (GIH)	"
Gamania Sino Holdings Ltd. (Sino)	"
NC Taiwan Co., Ltd. (NC Taiwan)	"
Alibangbang Digital Games Co., Ltd. (Alibangbang)	"
Gamania Digital Entertainment (Beijing) Co., Ltd. (Gamania (Beijing))	"
Taiwan Index Co., Ltd. (Taiwan Index)	"
Gamania Asia Investment Co., Ltd. (Gamania Asia)	"

(2) Significant transactions with related parties

(A) Sales returns

	<u>For the nine-month periods ended September 30</u>			
	<u>2004</u>		<u>2003</u>	
	<u>Amount</u>	<u>% of net sales returns</u>	<u>Amount</u>	<u>% of net sales returns</u>
Gamania (H.K.)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,345</u>	<u>2</u>

(B) Service revenue

	For the nine-month periods ended September 30			
	2004		2003	
	Amount	% of net service revenue	Amount	% of net service revenue
NC Taiwan	\$ 53,660	71	\$ -	-
Taiwan Index	21,455	29	-	-
	<u>\$ 75,115</u>	<u>100</u>	<u>\$ -</u>	<u>-</u>

The terms and prices of sales were negotiated in consideration of different factors including products, cost and competitors.

(C) Sales revenue

	For the nine-month periods ended September 30			
	2004		2003	
	Amount	% of net sales revenue	Amount	% of net sales revenue
Gamania (H.K.)	<u>\$ 2,751</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>

(D) Rent revenue

	For the nine-month periods ended September 30			
	2004		2003	
	Amount	% of net rent revenue	Amount	% of net rent revenue
Taiwan Index	\$ 1,528	46	\$ -	-
Others	25	1	-	-
	<u>\$ 1,553</u>	<u>47</u>	<u>\$ -</u>	<u>-</u>

(E) Note receivable

	September 30,			
	2004		2003	
	Amount	% of net rent revenue	Amount	% of net rent revenue
Taiwan Index	\$ 2,609	4	\$ -	-
Others	87	-	-	-
	<u>\$ 2,696</u>	<u>4</u>	<u>\$ -</u>	<u>-</u>

The collection term is to collect 12 long-term notes receivables in advance with each note due per month.

(F) Other receivables

	September 30,			
	2004		2003	
	Amount	% of net other receivables	Amount	% of net other receivables
NC Taiwan	\$ 7,953	8	\$ 7,803	18
Gamania (H.K.)	2,700	3	-	-
Gamania (Beijing)	9	-	3,528	8
Gamania (Japan)	299	-	13,054	30
Gamania (Korea)	109	-	1,163	2
Others	1,640	2	7,843	18
	<u>\$ 12,710</u>	<u>13</u>	<u>\$ 33,391</u>	<u>76</u>

Other receivables consist of payments for the purchase of materials, miscellaneous expenses, machinery and equipment on behalf of related parties and refunds on prepaid investments.

(G) Other payables

	September 30,			
	2004		2003	
	Amount	% of net other payable	Amount	% of net other payable
Gamania (H.K.)	\$ -	-	\$ 2,345	5
NC Taiwan	94,804	66	-	-
Taiwan Index	36,664	24	-	-
Others	500	-	-	-
	<u>\$ 131,968</u>	<u>90</u>	<u>\$ 2,345</u>	<u>5</u>

Other payable is generated from the account receivables of selling goods of subsidiaries, expenses incurred on behalf of the subsidiaries and payments of returned goods.

(H) Commitments

The Company provided guarantees for bank loans of its related party as follows:

	<u>September 30,</u>	
	<u>2004</u>	<u>2003</u>
NC Taiwan	\$ 30,000	\$ -
Gamania (H.K.)		HK 3,000
	<u>-</u>	<u>Thousand</u>
		\$ HK 3,000
	<u>\$ 30,000</u>	<u>Thousand</u>

6. DETAILS OF PLEDGED OR RESTRICTED ASSETS

<u>Assets</u>	<u>September 30,</u>		<u>Purpose</u>
	<u>2004</u>	<u>2003</u>	
Time deposits (shown in other financial assets-current)	\$ -	\$ 15,000	Short-term loans/Credit lines
Land	147,751	117,270	Long-term loans/Credit lines
Buildings	117,297	98,728	"
Machinery equipment			Long-term loans/Short-term loans
	<u>1,553</u>	<u>28,016</u>	
	<u>\$ 266,601</u>	<u>\$ 259,014</u>	

7. COMMITMENTS AND CONTINGENT LIABILITIES

(A) As of September 30, 2004, the total future rental payments for the next 3 years under non-cancellable operating lease agreements for the Company's office building was \$30,440.

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

(C) As of September 30, 2004, the Company had contracted for accounting software and related consulting services totaling \$30,240, of which \$26,465 has been paid.

(D) As described in Note 4 (17), the Tax Authority assessed the Company with additional income tax of \$963 for 1999 due to the following two reasons:

- (1) The purpose of R&D project is to revise the original version of a computer game instead of creating a new product.
- (2) The official employment date did not match with the first working date of production.

The Company appealed in 2003 with the following explanations:

- (1) The program language was re-written for Version-Two which is totally different from Version-One.
- (2) The producer is the person who only documented the projects but not the person in-charge of the project. Because the Company's employment policy is that a new employee must undergo a probationary period, therefore, the first working date is earlier than the official date of employment.

The Tax Authority rejected the appeal is unqualified due to lack of professional experience and that software design is unqualified for research and development costs for income tax deduction purposes. The Company disagrees with the result and has paid 1/2 of the additional income tax, as well as filed a second appeal to a higher court.

(E) For the period from June 6, 2003 to December 31, 2004, First Commercial Bank provided guarantee for the Company to a customer.

8. MAJOR CATASTROPHE

None.

9. SUBSEQUENT EVENTS

- (1) Based on a resolution adopted by the Board of Directors on October 1, 2004, the Company will purchase 5 million shares as treasury stock for maintaining the Company credit of and stockholders' equity during the period October 2, 2004 to December 1, 2004, at a cost between NT\$10 to \$22.6 per share. If the market stocks' price is below NT\$10(dollars), the Company will continue to buy back the shares.

(2) Based on a resolution adopted by the Board of Directors on Oct 1, 2004, the Company will reduce its capital on Oct 4, 2004 by **retiving** 4,810,000 shares of treasury stock. As of Oct 22, 2004, the registration for the charges in outstanding shares has not yet completed.

10. OTHERS

A. Information on derivative transactions

None.

B. Non-derivative financial instruments

	<u>September 30, 2004</u>	
	<u>Book value</u>	<u>Fair value</u>
<u>Assets</u>		
Financial assets with book value approximating their fair value	\$ 843,868	\$ 843,868
Short-term investments	496,400	498,326
Long-term investments	743,840	669,404
Refundable deposits	11,129	11,065
<u>Liabilities</u>		
Financial liabilities with book value approximating their fair value	\$ 376,293	\$ 376,293
Current portion of long-term liabilities	14,701	14,701
Accrued pension liability	2,488	8,176
Long-term Loans	153,813	153,813
Guarantee deposits	1,655	1,655

	<u>September 30, 2003</u>	
	<u>Book value</u>	<u>Fair value</u>
<u>Assets</u>		
Financial assets with book value approximating their fair value	\$ 753,643	\$ 753,643
Short-term investments	721,000	726,472
Long-term investments	632,758	628,961
Refundable deposits	10,866	10,852
<u>Liabilities</u>		
Financial liabilities with book value approximating their fair value	\$ 410,324	\$ 410,324
Accrued pension liability	-	3,958
Long-term loans	185,475	185,475

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

- (A) Financial assets and liabilities with book value approximating fair value. The carrying amounts of short-term non-derivative financial assets and liabilities, which include cash and cash equivalents, notes and accounts receivable (included related parties), other receivables (included related parties), other financial assets – current, short-term loans, notes and accounts payable (included related parties), income tax payable, accrued expenses, other payables (included 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 values of marketable securities and long-term investments are their market values or the equity in the net assets and/or their financial information, if market value is not available.
- (C) The fair value of refundable deposits is estimated using discounted future cash flows with a discount rate based on the one-year time deposit interest rate at year-end.
- (D) The fair value of long-term notes payable and long-term loans is the present value of expected future cash flows.

- (E) The fair value of accrued pension liabilities is based on the actuarial pension report, the measurement date of which was December 31, 2003 and 2002, respectively, and adjusted for pension cost and contributions to the independent fund during the nine-month periods ended September 30, 2004 and 2003.
- (F) The fair value of guarantee deposits is the book value since the amount is in significant.
- (G) Off-balance sheet financial instruments with credit risk

	<u>September 30,</u>	
	<u>2004</u>	<u>2003</u>
Guarantee provided to secure related parties' loans	\$ <u>30,000</u>	<u>HK 3,000,000</u>

Guarantees made by the Company are in compliance with the Company's "Procedures to Provide Guarantees" and are provided only to related parties which the Company owns more than 50% of and has the ability to exercise significant influence on. Because the Company is able to control the credit status of these related parties, no collateral was asked to be provided. In the event that the related parties fail to comply with the loan agreement, the maximum loss is the total amount of the guarantee.

- C. For the nine-month periods ended September 30, 2004 and 2003, the Company donated inventories, magazines, etc. amounting to \$11,197 and \$22,232 respectively, to political parties, charities, and educational institutes that are accredited by the government, without any considerations.

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 such party (Note 4)	The highest outstanding guarantee amount for the nine-month period ended September 30, 2004	The outstanding guarantee amount at September 30, 2004	The amount of guarantee with collateral placed	The ratio of accumulated guarantee amount to net value of the Company	The ceiling of the outstanding guarantee to the respective party (Note 3)
Number (Note 1)	Name	Name	Relationship with the Company (Note 2)						
0	The Company	Gamania Digital Entertainment (H.K.) Co., Ltd.	3	\$ 30,000	\$ 13,128 (HK 3,000 thousand)	\$ -	None	-	\$ 476,399 (30% of the Company's net assets)
"	"	NC Taiwan Co., Ltd.	"	\$ 30,000	\$ 30,000	\$ 30,000	"	1.2%	\$ 476,399

Note 1: Number 0 represents the Company.

Note 2: Number 3 means the Company directly or indirectly 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 should not exceed 30% of the Company's capital.

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

C) Marketable securities held at September 30, 2004:

Unit: Thousands of New Taiwan Dollars / Thousands of Shares

Company	Type of marketable securities (Note (1))	Name of marketable securities	The relationship of the issuers with the security holders	General ledger account	September 30, 2004				
					Number of shares	Book value	Percentage	Market value (Note (2))	Note
The Company	Common Stock	Gamania Holdings Ltd.	Subsidiary	Long-term investment	23,731	\$ 250,359	100%	\$ 250,359	None
"	"	Gamania Korea Co., Ltd.	"	"	394	141,232	100%	141,232	"
"	"	Alibangbang Digital Games Co., Ltd.	"	"	3,600	9,517	90.00%	6,491	"
"	"	Mogamer Interactive Co., Ltd.	"	"	3,596	-	89.90%	-	"
"	"	Clicklit Interactive Co., Ltd.	"	"	8,950	-	68.85%	-	"
"	"	NC Taiwan Co., Ltd.	"	"	7,140	54,383	51.00%	54,383	"
"	"	Gamania Asia Investment Co., Ltd.	"	"	9,000	83,605	100.00%	64,017	"
"	"	Taiwan Index Co., Ltd.	"	"	17,350	176,898	69.40%	125,076	"
"	"	Buybooks Digital Technology Co., Ltd.	Investee company accounted for under the cost method	"	300	2,995	3.74%	2,995	"
"	"	ECD Interactive Corporation	"	"	2,040	6,200	18.55%	6,200	"
"	"	Joyon Entertainment Co., Ltd.	"	"	700	9,851	17.86%	9,851	"
"	"	RAVA Ideologie Inc.	"	"	880	8,800	8.69%	8,800	"
"	"	Zona Inc.	"	"	1,000	-	10.34%	-	"
"	"	Fund 1	None	Short-term investment	3,286	47,000	-	47,194	"
"	"	Fund 2	"	"	839	12,000	-	12,055	"
"	"	Fund 3	"	"	2,206	25,000	-	25,062	"
"	"	Fund 4	"	"	3,641	45,000	-	45,513	"
"	"	Fund 5	"	"	4,955	50,000	-	50,109	"
"	"	Fund 6	"	"	1,715	18,000	-	18,075	"
"	"	Fund 7	"	"	2,797	39,400	-	39,531	"
"	"	Fund 8	"	"	3,805	45,000	-	45,182	"
"	"	Fund 9	"	"	2,568	33,000	-	33,156	"
"	"	Fund 10	"	"	2,306	25,000	-	25,082	"
"	"	Fund 11	"	"	31,678	38,000	-	38,145	"
"	"	Fund 12	"	"	2,192	30,000	-	30,115	"
"	"	Fund 13	"	"	5,000	50,000	-	50,040	"
"	"	Fund 14	"	"	1,229	14,000	-	14,035	"
"	"	Fund 15	"	"	1,782	25,000	-	25,032	"

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

Note (2): The market value of listed equity securities and closed-end mutual funds is determined based on average closing price of the last month before period-end date. The market value of open-end mutual funds is determined based on the net assets value as of balance sheet date.

D) Marketable securities acquired or sold during the period ended September 30, 2004 in excess of \$100,000 or 20% of capital:

Investor	Type and name of marketable securities	General ledger account	Name and relationship of counter-party	Beginning balance (Note 1)		Addition		Disposal				Ending balance (Note 1)	
				Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Cost	Disposal gain (loss)	Number of shares	Amount
The Company	Taiwan Index Co., Ltd.	Long-term investment	TFN Investment Co. Ltd and individuals. /None	-	\$ -	17,350	\$ 209,176	-	\$ -	\$ -	\$ -	17,350	\$ 209,176
"	Fund 1	Short-term investment	Initial Investment at inception/ None	-	-	7,390	118,000	7,390	118,336	118,000	336	-	-
"	Fund 2	"	"	-	-	9,105	100,000	9,105	100,287	100,000	287	-	-

Note 1: Original investment cost.

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:

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
				Balance as of September 30, 2004	Balance as of December 31, 2003	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	\$ 815,442	\$670,851	23,791	100%	\$250,359	(\$116,718)	(\$116,718)	Subsidiary
"	Gamania Korea Co., Ltd.	3F, NO.75-6 Soodang B/D, Samsung-Dong Kang Nam-Gu, Seoul Korea	Design and sale of software	80,189	80,189	394	100%	141,232	158	158	"
"	Mogamer Interactive Co., Ltd. (Note (2))	6F, No. 112 Yian Rd., Chung-Ho City, Taipei Country, Taiwan	Software tradings	32,625	35,960	3,596	89.90%	-	(775)	(697)	"
"	Clicklit Interactive Co., Ltd. (Note (2))	"	On-line reading technology development	90,452	91,163	8,950	68.85%	-	(911)	(621)	"
"	Alibangbang Digital Games Co., Ltd.	18F, No. 736 Chung-Cheng Rd., Chung-Ho City, Taipei Country, Taiwan	Design and research and development of software	40,000	20,000	3,600	90.00%	9,517	(16,613)	(15,079)	"
"	NC Taiwan Co., Ltd.	"	Design and sale of software	71,400	71,400	7,140	51%	54,383	(9,580)	(7,206)	"
"	Taiwan Index Co., Ltd.	"	Software service	209,176	-	17,350	69.40%	176,898	(51,838)	(32,278)	"
"	Gamania Asia Investment Co., Ltd.	"	Investment	90,000	-	9,000	100.00%	83,605	(6,395)	(6,395)	"
Gamania Asia Investment Co., Ltd.	Taiwan Index Co., Ltd.	"	Design and sale of software	80,625	-	6,800	27.20%	74,306	(51,838)	(6,318)	Investee company accounted for under equity method

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
				Balance as of September 30, 2004	Balance as of December 31, 2003	Number of Shares	Percentage	Book value			
Gamania Holdings Ltd.	Gamania International Holdings Ltd.	3F, Harbour Center, Box 1348, George Town, Grand Cayman, Cayman Islands, British West Indies	Investment holding company	USD23,791 thousand	USD19,485 thousand	23,391	100%	USD7,388 thousand	(USD 3,475 thousand)	(USD 3,475 thousand)	Subsidiary
Gamania International Holdings Ltd.	Gamania Digital Entertainment (Japan.) Co., Ltd.	Ebisu East Bldg. 2F 1-13-7 Hiroo, Shibuya-KuKu, Tokyo 150-0012 Japan	Design and sale of software; sale of hardware	USD12,240 thousand	USD10,879 thousand	17	100%	USD3,874 thousand	(USD 2,509 thousand)	(USD 2,509 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	USD15,786 thousand	USD12,841 thousand	13,624	91.37%	USD3,519 thousand	(USD 2,207 thousand)	(USD 1,995 thousand)	"
Gamania International Holdings Ltd.	NC Gamania Co., Limited (Note (1))	45F, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong	Design and sale of software	\$ -	\$ -	9,800	49%	-	HK 16,419 thousand	USD 1,029 thousand	Investee company accounted for under equity method
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	USD11,850 thousand	USD9,290 thousand	N/A	100%	USD3,510 thousand	(USD 2,052 thousand)	(USD 2,082 thousand)	Subsidiary
Gamania Sino Holdings Ltd.	Gamania Digital Entertainment (Beijing) Co., Ltd.	21 JIU XIAN QIAO Road, Chaoyang District, Beijing, 100022 China (登) 11F, Bldg C, SOHO New Town, Jian Guo	Design and sale of software	USD9,480 thousand	USD7,500 thousand	N/A	100%	USD3,146 thousand	(USD 1,665 thousand)	(USD 1,665 thousand)	"
Gamania China Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	50F, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong	"	USD3,009 thousand	USD2,625 thousand	35,500	100%	USD337 thousand	(USD 122 thousand)	(USD 122 thousand)	"
Gamania China Holdings Ltd.	Gamania Alliance, Co., Limited	50F, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong	"	Note (3)	Note (3)	N/A	100%	(USD7 thousand)	(USD 1 thousand)	(USD 1 thousand)	"
Gamania Alliance Co., Ltd.	Gamania Advertising Co., Limited	50F, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong	"	Note (3)	Note (3)	N/A	100%	(HK16 thousand)	(HK 3 thousand)	(HK 3 thousand)	"

Note (1): NC Gamania Co., Limited, originally an investee company of Gamania Digital Entertainment (H.K) Co, Ltd., was transferred to Gamania International Holdings Ltd. on May 12, 2003 due to corporate restructuring, and is expected to liquidate in 2004.

Note (2): See item 4 of Note4(7) for detail.

Note (3):The original investment cost is \$HK2.

B) Financing activities to any company or person:

Number (Note 1)	Company providing financing	Company receiving financing	General ledger account	Maximum balance during period	Balance at September 30, 2004	Interest rate	Type of financing activity	Amount for business transaction	Reason for short-term financing	Allowance for doubtful accounts	Pledged assets		Limit amount of financing to each company or person	Total limit amount of financing activities
											Item	Value		
1	Gamania Digital Entertainment (H.K.) Co., Ltd.	NC Gamania Company Limited	Intercompany receivable	HK 3,000 thousand (Note 2)	\$ - (Note 2)	4%	Short-term financing	N/A	For operation use	\$ -	-	-	\$ 390,162 (15% of the Company's net asset)	\$ 780,325 (30% of the Company's net assets)

Note 1: Number 0 represents the Company.

Represents the Company's subsidiaries starting with number 1.

Note 2: NC Gamania Company Limited has started the liquidation process and has no assets to be claimed. However, Gamania Digital Entertainment (H.K.) Co., Ltd. has already lend out HK 3,000 thousand in 2003 and provided for 100% of allowance for doubtful accounts. In addition, they have also agreed to give up obligations and has written off this accounts receivable in 2004 receivables.

C) Guarantee information: None.

D) Marketable securities held at September 30, 2004:

Issuer	Type of marketable securities (Note (1))	Name of marketable securities	The relationship with the security holders	General ledger account	September 30, 2004				
					Number of shares	Book value	Percentage	Market value (Note (2))	Note
Gamania Holdings Ltd.	Common Stock	Gamanina International Holdings Ltd.	Subsidiary	Long-term investment	23,791	USD7,388 thousand	100%	USD7,388 thousand	None
Gamania International Holdings Ltd.	"	Gamania Digital Entertainment (Japan) Co., Ltd.	"	"	17	USD3,874 thousand	100%	USD3,874 thousand	"
"	"	Gamania China Holdings Ltd.	"	"	13,624	USD3,519 thousand	91.37%	USD3,519 thousand	"
"	"	NC Gamania Co., Limited	Investee company accounted for under the equity method	"	9,800	-	49%	-	"
Gamania China Holdings Ltd.	"	Gamania Alliance, Co., Limited	Subsidiary	"	2(Note(3))	(USD7 thousand)	100%	(USD7 thousand)	"
"	"	Gamania Digital Entertainment (H.K.) Co., Ltd.	"	"	35,500	USD337 thousand	100%	USD337 thousand	"
"	"	Gamania Sino Holdings Ltd.	"	"	N/A	USD3,510 thousand	100%	USD3,510 thousand	"
Gamania Sino Holdings Co., Ltd.	"	Gamania Digital Entertainment (Beijing) Co., Ltd.	"	"	N/A	USD3,146 thousand	100%	USD3,146 thousand	"
Gamania Asia Investment Co., Ltd.	"	Taiwan Index Co., Ltd.	Investee company accounted for under the equity method	"	6,800	\$ 74,306	27.2%	\$ 54,718	"
Gamania Alliance Co., Limited	"	Gamania Advertising Co., Limited	"	"	2(Note(3))	(HK16 thousand)	100%	(HK16 thousand)	"

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

Note (2): The market value of listed equity securities and closed-end mutual funds is determined based on average closing price of the last month before period-end date. The market value of open-end mutual funds is determined based on the net asset value as of the balance sheet date.

Note (3): Unit:Share.

- E) Marketable securities acquired or sold during the period ended September 30, 2004 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: None.
- J) Information on derivative transactions: None.

(3) DISCLOSURE OF INFORMATION ON INVESTMENT IN MAINLAND CHINA

Name of investee in Mainland China	Main activities	Capital	Investment method	Accumulated investment as of September 30, 2004	Remitted or received investment amount during the period		Accumulated investment as of September 30, 2004	Direct and indirect percentage of ownership	Investment (loss) gain recognized during the period (Note (3))	Balance of investment at September 30, 2004	Accumulated investment income received as of September 30, 2004
					Remitted	Received					
Gamania Digital Entertainment (Beijing) Co., Ltd.	Design and sale of software	(RMB 78,363 thousand) \$322,130	(Note (2))	(USD5,370 thousand) \$182,473	(USD1,980 thousand) \$67,280	\$ -	(USD7,350 thousand) \$249,753	91.37%	(USD1,506 thousand) (\$51,174)	(USD2,875 thousand) \$97,693	\$ -

Accumulated amount of investment in Mainland China as of September 30, 2004	Related investment amount approved by FIA	The upper limit of investment in Mainland China
\$ 249,753(USD7,350 thousand)	\$322,130 (Note (1))	\$1,040,433

Note (1): Related total investment amount approved by FIA is USD9,480,000 or NTD 322,310 thousand based on 33.98exchange 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 unreviewed financial statements of the investee.

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