

GLORIA MATERIAL TECHNOLOGY CO., LTD.
STATEMENTS OF INCOME
For the Three Months Ended March 31, 2006 and 2005
(Amounts Expressed in Thousands of New Taiwan Dollars)

	2006		2005	
	Amounts	%	Amounts	%
SALES	\$ 1,661,058	100	\$ 1,479,050	100
Less: sales return	(2,756)	-	(1,827)	-
Less: sales allowance	(5,357)	-	(3,103)	-
NET SALES	<u>1,652,945</u>	100	<u>1,474,120</u>	100
COST OF SALES	<u>(1,291,608)</u>	<u>(78)</u>	<u>(1,140,389)</u>	<u>(77)</u>
GROSS PROFIT	361,337	22	333,731	23
Unrealized intercompany profit	(94,899)	(6)	(38,768)	(3)
Realized intercompany profit	97,275	6	18,001	1
REALIZED GROSS PROFIT	<u>363,713</u>	<u>22</u>	<u>312,964</u>	<u>21</u>
OPERATING EXPENSES				
Selling	(66,791)	(4)	(59,643)	(4)
General and administrative	(28,386)	(1)	(13,259)	(1)
Research and development	(16,018)	(1)	(34,848)	(2)
Total	<u>(111,195)</u>	<u>(6)</u>	<u>(107,750)</u>	<u>(7)</u>
OPERATING INCOME	<u>252,518</u>	<u>16</u>	<u>205,214</u>	<u>14</u>
NON-OPERATING INCOME				
Interest income	18	-	9	-
Investment income recognized under equity method	17,960	1	16,565	1
Dividends income	-	-	-	-
Gain on disposal of property	155	-	-	-
Gain on disposal of investments	31	-	125	-
Gain from price recovery of inventory	866	-	790	-
Gain for evaluation of financial assets	-	-	88	-
Exchange gain, net	-	-	-	-
Rental income	-	-	-	-
Gain on market price recovery of short- investments	-	-	-	-
Gain on market recovery of inventories	-	-	-	-
Other income	32,097	2	11,562	1
Total	<u>51,127</u>	<u>3</u>	<u>29,139</u>	<u>2</u>
NON-OPERATING EXPENSES				
Interest expense	(18,376)	(1)	(26,375)	(2)
Investment loss	-	-	-	-
Loss on disposal of assets	(393)	-	(4)	-
Loss for evaluation of financial assets	(340)	-	-	-
Loss for evaluation of financial liabilities	(358)	-	(3,775)	-
Loss on physical inventory	-	-	-	-
Exchange loss, net	(1,237)	-	(1,756)	-
Loss on market decline of inventories	-	-	-	-
Other expenses	(8,151)	(1)	(5,795)	(1)
Total	<u>(28,855)</u>	<u>(2)</u>	<u>(37,705)</u>	<u>(3)</u>
INCOME (LOSS) BEFORE INCOME TAX	<u>274,790</u>	<u>17</u>	<u>196,648</u>	<u>15</u>
INCOME TAX BENEFIT (EXPENSE)	<u>(64,202)</u>	<u>(4)</u>	<u>(49,398)</u>	<u>(3)</u>
NET INCOME (LOSS)	<u>\$ 210,588</u>	<u>13</u>	<u>\$ 147,250</u>	<u>10</u>
EARNINGS PER SHARE				
Net income(loss) before income tax	<u>\$ 0.97</u>		<u>\$ 0.78</u>	