

GLORIA MATERIAL TECHNOLOGY CO., LTD.
INCOME STATEMENTS
For the Six Months Ended June 30, 2006 and 2005
(Amounts Expressed in Thousands of New Taiwan Dollars)

	2006		2005	
	Amounts	%	Amounts	%
SALES	\$ 3,370,421	100	\$ 3,187,316	100
Less: sales return	(6,187)	-	(3,347)	-
Less: sales allowance	(6,964)	-	(4,970)	-
NET SALES	<u>3,357,270</u>	100	<u>3,178,999</u>	100
COST OF SALES	<u>(2,662,915)</u>	<u>(79)</u>	<u>(2,367,254)</u>	<u>(74)</u>
GROSS PROFIT	694,355	21	811,745	26
Unrealized intercompany profit	(48,947)	(1)	(62,523)	(3)
Realized intercompany profit	97,275	6	18,001	1
REALIZED GROSS PROFIT	<u>742,683</u>	<u>22</u>	<u>767,223</u>	<u>24</u>
OPERATING EXPENSES				
Selling	(138,697)	(4)	(147,197)	(4)
General and administrative	(56,399)	(1)	(48,481)	(2)
Research and development	(29,359)	(1)	(52,342)	(2)
Total	<u>(224,455)</u>	<u>(6)</u>	<u>(248,020)</u>	<u>(8)</u>
OPERATING INCOME	<u>518,228</u>	<u>16</u>	<u>519,203</u>	<u>16</u>
NON-OPERATING INCOME				
Interest income	1,579	-	597	-
Investment income recognized under equity method	43,349	1	41,300	1
Dividends income	-	-	-	-
Gain on disposal of property	155	-	22	-
Gain on disposal of investments	876	-	203	-
Gain from price recovery of inventory	1,677	-	-	-
Gain for evaluation of financial assets	-	-	22	-
Exchange gain, net	4,179	-	-	-
Rental income	-	-	-	-
Gain on market price recovery of short- investments	-	-	-	-
Gain on market recovery of inventories	-	-	-	-
Other income	38,710	1	19,426	1
Total	<u>90,525</u>	<u>3</u>	<u>61,570</u>	<u>2</u>
NON-OPERATING EXPENSES				
Interest expense	(38,938)	(1)	(54,820)	(2)
Investment loss	-	-	-	-
Loss on disposal of assets	(576)	-	(10)	-
Loss on inventory valuation loss and obsolescence	-	-	(3,137)	-
Loss for evaluation of financial assets	(340)	-	-	-
Loss for evaluation of financial liabilities	-	-	(559)	-
Loss on physical inventory	(389)	-	(376)	-
Exchange loss, net	-	-	(9,111)	-
Loss on market decline of inventories	-	-	-	-
Other expenses	(15,609)	(1)	(6,944)	(1)
Total	<u>(55,852)</u>	<u>(2)</u>	<u>(74,957)</u>	<u>(3)</u>
INCOME (LOSS) BEFORE INCOME TAX	552,901	16	505,816	15
INCOME TAX BENEFIT (EXPENSE)	(138,009)	(4)	(135,797)	(4)
CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	(5,521)	-	-	-
NET INCOME (LOSS)	<u>\$ 409,371</u>	<u>12</u>	<u>\$ 370,019</u>	<u>11</u>
EARNINGS PER SHARE				
Net income(loss) before income tax	<u>\$ 1.95</u>		<u>\$ 2.01</u>	