



Vanguard International Semiconductor Corporation

Income Statement

For the Three Months Ended March 31, 2004 and 2003

(Expressed in Millions New Taiwan Dollars (NTD) and U.S. Dollars (USD) ⁽¹⁾)

Except for Per Share Amounts and Shares Outstanding)

| | Year over Year Comparison | | | | | Sequential Comparison | | | | |
|--|---------------------------|---------|---------------|---------|-------------------|-----------------------|---------|---------------|---------|-------------------|
| | 1Q 2004 | | % of Sales | 1Q 2003 | | 1Q 2004 | | % of Sales | 4Q 2003 | |
| | USD | NTD | | NTD | YoY Inc(Dec) % | USD | NTD | | NTD | QoQ Inc(Dec) % |
| Net Sales | 111 | 3,732 | 100.0 | 2,244 | 66.3 | 111 | 3,732 | 100.0 | 3,293 | 13.3 |
| Cost of Sales | (84) | (2,803) | (75.1) | (3,214) | (12.8) | (84) | (2,803) | (75.1) | (2,831) | (1.0) |
| Gross Profit | 28 | 928 | 24.9 | (969) | - | 28 | 928 | 24.9 | 462 | 12.3 |
| Operating Expenses | | | | | | | | | | |
| General and Administrative Expenses | (4) | (119) | (3.2) | (99) | 19.4 | (4) | (119) | (3.2) | (127) | (6.6) |
| Selling and Marketing Expenses | (1) | (47) | (1.3) | (31) | 51.5 | (1) | (47) | (1.3) | (57) | (18.5) |
| Research and Development Expenses | (3) | (84) | (2.3) | (81) | 3.9 | (3) | (84) | (2.3) | (82) | 2.2 |
| Total Operating Expenses | (7) | (249) | (6.7) | (211) | 18.2 | (7) | (249) | (6.7) | (267) | (23.0) |
| Income From Operations | 20 | 679 | 18.2 | (1,181) | - | 20 | 679 | 18.2 | 195 | (10.6) |
| Investment Gain (Loss) | 10 | 336 | 9.0 | 13 | 2,457.1 | 10 | 336 | 9.0 | (28) | - |
| Inventory Valuation (Loss) | 3 | 101 | 2.7 | 431 | (76.6) | 3 | 101 | 2.7 | 306 | (67.1) |
| Net Other Non-operating Income (Expenses) | 6 | 194 | 5.2 | (3) | - | 6 | 194 | 5.2 | (123) | - |
| Income before Income Tax | 39 | 1,309 | 35.1 | (740) | - | 39 | 1,309 | 35.1 | 350 | 273.6 |
| Income Tax Credit (Expenses) | (6) | (217) | (5.8) | 0 | - | (6) | (217) | (5.8) | 0 | - |
| Net Income | 33 | 1,092 | 29.3 | (740) | - | 33 | 1,092 | 29.3 | 350 | 211.6 |
| Earnings Per Share | 0.012 | 0.39 | | (0.27) | - | 0.012 | 0.39 | | 0.13 | - |
| Weighted Average Outstanding Shares('M) ⁽²⁾ | | 2,805 | | 2,747 | | 2,805 | | | 2,787 | |

Note: (1) New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD33.551 per U.S. dollar for the three months of 2004.

(2) Total weighted average outstanding shares were 2,804,678K / 2,746,667K shares for 1Q04 / 1Q03 and 2,787,227K shares for 4Q03.