Vanguard International Semiconductor Corporation

Customized Specialty IC Foundry of Choice

Reports Of Results For 1Q 2004

April 23, 2004

Performance Summary for 1Q 2004

- Net sales of NT$3,732M were 13% more than the record in 4Q'03. The growth was the result of more logic wafer shipments （+35% QoQ） and improved ASP of SDRAM （+28% QoQ）. Logic foundry contributed 69% of total revenue this quarter versus around 60% in 4Q last year.

- Gross margin were NT$928M, or 25% of net sales, substantially improved from NT$462M or 14% in 4Q2003. The marked improvement in gross margin was mainly contributed by better ASP, more logic foundry and higher fab utilization which resulted in lower manufacturing cost.

- The NT$249M operating expense in 1Q'04, 7% of net sales, was comparable to 4Q2003. Q1 operating income was NT$679M, 18% of net sales, a significant improvement from 6% in 4Q'03, was the result of higher gross margin and well controlled operating expense.

- Non-operating items generated an income of NT$630M, mainly came from long-term investment gain of NT$336M, gain from fixed assets disposal of NT$188M and a reversal of inventory valuation loss of NT$101M.

- The actual net income in 1Q were NT$1,092M, or 29% of net sales, a remarkable 212% improvement from NT$350M in 4Q2003. Earning per share was NT$0.39, up 200% as compared to NT$0.13 in 4Q2003.

Wafer Output/Shipments and Capacity Utilization

- Shipments in 1Q2004 were 146 thousand wafers, an increase of 13% compared to 129 thousand wafers in 4Q2003, and an increase of 46% compared to 100 thousand wafers in 1Q2003. Wafer output in 1Q2004 was 130 thousand wafers, 3% more than that of 4Q2003. Logic foundry accounted for 85% total wafer output and the remainder was for DRAM products.

- Fab utilization in 1Q2004 was 103% compared to 92% in 4Q2003. The improvement was mainly contributed by the increase of logic foundry business.

2Q 2004 Outlook

- Based on current order received, we foresee that fab utilization rate will be around 100% in Q2.

- Firming logic foundry ASP and slightly increase of wafer output is expected, while we forecast gross margin will remain flat considering possible NT$ appreciation.

Revenue Breakdown by Products

NT$M	1Q 2004	QoQ	YoY
Memory	1,160	-15%	-12%
Logic Foundry	2,572	33%	176%
Total	3,732	13%	66%

Sales Breakdown by Wafer Quantity

QTY Kpcs	1Q 2004	QoQ	YoY
Memory*	37.8	-22%	43%
Logic Foundry	108.4	35%	220%
Total	146.2	13%	46%

* Including sales of inventory