



# **VANGUARD**

**2007 Third Quarter Results**  
*Investor Conference*

*October 29th, 2007*

# Agenda

- Welcome
- 2007 3Q Consolidated Financial Results
- Remark
- Q & A

# Disclaimer

**This Investor Conference Presentation contains certain forward-looking statements that are based on current expectations and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements.**

# 3Q07 Result Highlights

Amount : NT\$ Million	3Q07	2Q07	3Q06
	Amount	Amount	Amount
Net Sales	4,210	3,805	3,490
Net Income	1,223	1,018	905
EPS (NT\$)	0.71	0.59	0.54
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Cash and Financial Instruments	12,614	13,748	12,928
Interest-bearing Debt	0	10	1,641
Shareholders' Equity	22,287	21,275	19,972
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Total Wafers Shipped (Kpcs)	233	207	180
Utilization (%)	104%	100%	89%

# Income Statement

Amount: NT\$Million	3Q07		2Q07		3Q06		QoQ	YoY
	Amount	%	Amount	%	Amount	%	%	%
Net Sales	4,210	100%	3,805	100%	3,490	100%	11%	21%
COGS	(2,437)	-58%	(2,253)	-59%	(2,160)	-62%	8%	13%
Gross Profit (Loss)	1,773	42%	1,552	41%	1,330	38%	14%	33%
Operating Expense	(349)	-8%	(348)	-9%	(278)	-8%	0%	26%
Operating Income (Loss)	1,424	34%	1,204	32%	1,052	30%	18%	35%
Investment Income (Loss)	46	1%	12	0%	4	0%	267%	983%
Net Other Non-operating Income (Exp.)	68	2%	53	1%	27	1%	29%	152%
Income before Tax	1,537	37%	1,269	33%	1,083	31%	21%	42%
Net Income	1,223	29%	1,018	27%	905	26%	20%	35%
EPS (NT\$)	0.71		0.59		0.54		20%	32%

# Balance Sheet & Key Indices

Amount : NT\$ Million

*Selected Items from  
Balance Sheet*

	3Q07		2Q07		3Q06	
	Amount	%	Amount	%	Amount	%
<b>Total Assets</b>	<b>25,265</b>	<b>100.0%</b>	<b>26,555</b>	<b>100.0%</b>	<b>24,161</b>	<b>100.0%</b>
Cash & Financial Instruments	12,614	49.9%	13,748	51.8%	12,928	53.5%
Accounts Receivable	2,673	10.6%	2,547	9.6%	2,216	9.2%
Inventory	1,559	6.2%	1,504	5.7%	1,155	4.8%
<b>Total Current Assets</b>	<b>17,313</b>	<b>68.5%</b>	<b>18,553</b>	<b>69.9%</b>	<b>17,060</b>	<b>70.6%</b>
Properties	48,522	192.1%	47,906	180.4%	45,377	187.8%
Less: Accum. Depreciation	(41,880)	-165.8%	(41,434)	-156.0%	(40,152)	-166.2%
<b>Net Properties</b>	<b>6,642</b>	<b>26.3%</b>	<b>6,472</b>	<b>24.4%</b>	<b>5,225</b>	<b>21.6%</b>
Accounts Payable and Others	1,193	4.7%	1,206	4.5%	2,564	10.6%
Cash Dividends and Bonus Payable	0	0.0%	2,398	9.0%	0	0.0%
Accrued Liabilities	1,322	5.2%	1,215	4.6%	1,147	4.7%
<b>Total Current Liabilities</b>	<b>2,516</b>	<b>10.0%</b>	<b>4,819</b>	<b>18.1%</b>	<b>3,711</b>	<b>15.4%</b>
L-T Debt	0	0.0%	0	0.0%	15	0.1%
<b>Total Equity</b>	<b>22,287</b>	<b>88.2%</b>	<b>21,275</b>	<b>80.1%</b>	<b>19,972</b>	<b>82.7%</b>

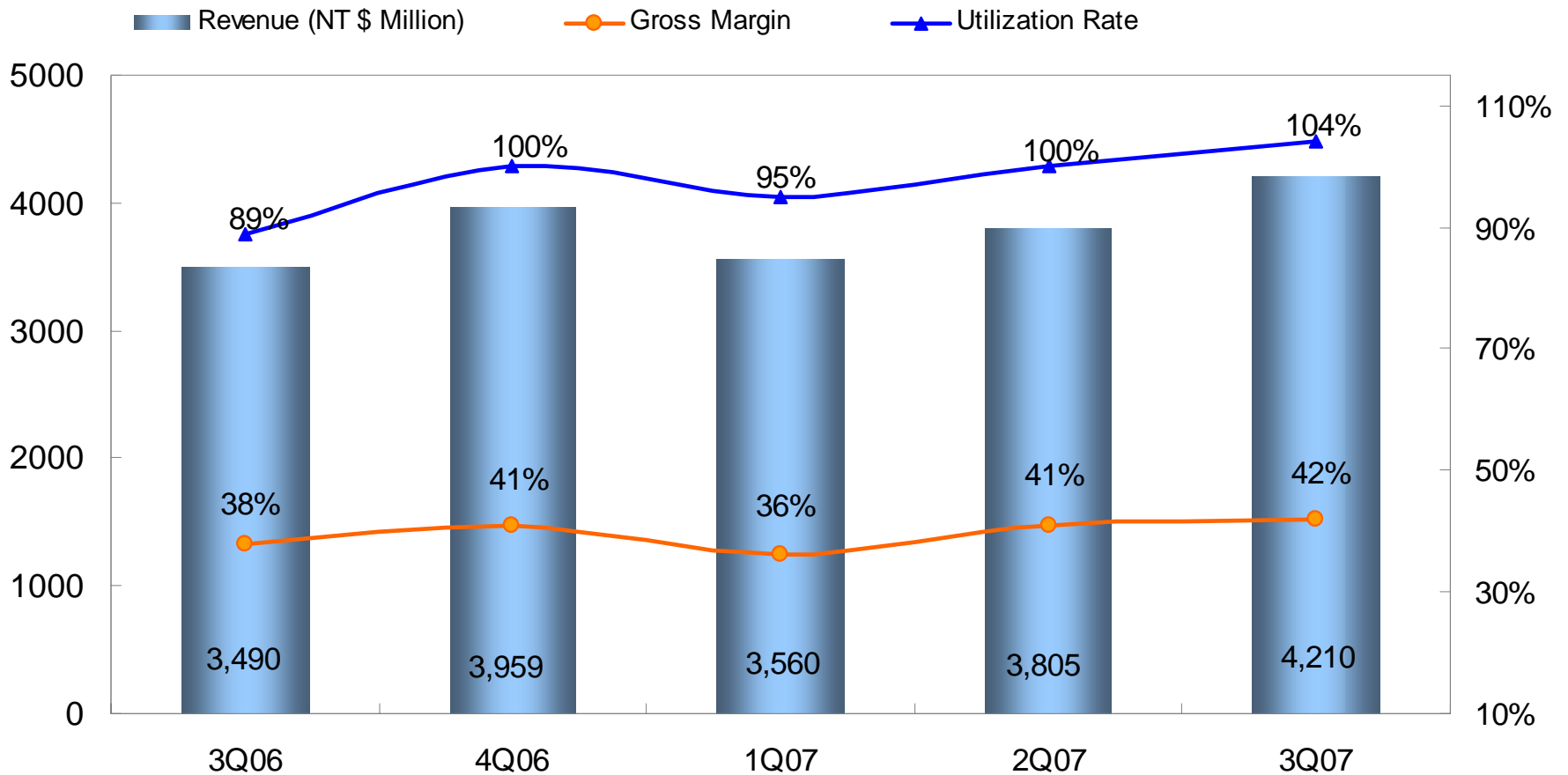
## Key Indices

A/R Turnover Days	61	62	62
Inventory Turnover Days	55	56	50
Debt Ratio	12%	20%	17%
Current Ratio	688%	385%	460%
Net Working Capital	14,797	13,734	13,349

# Cash Flows

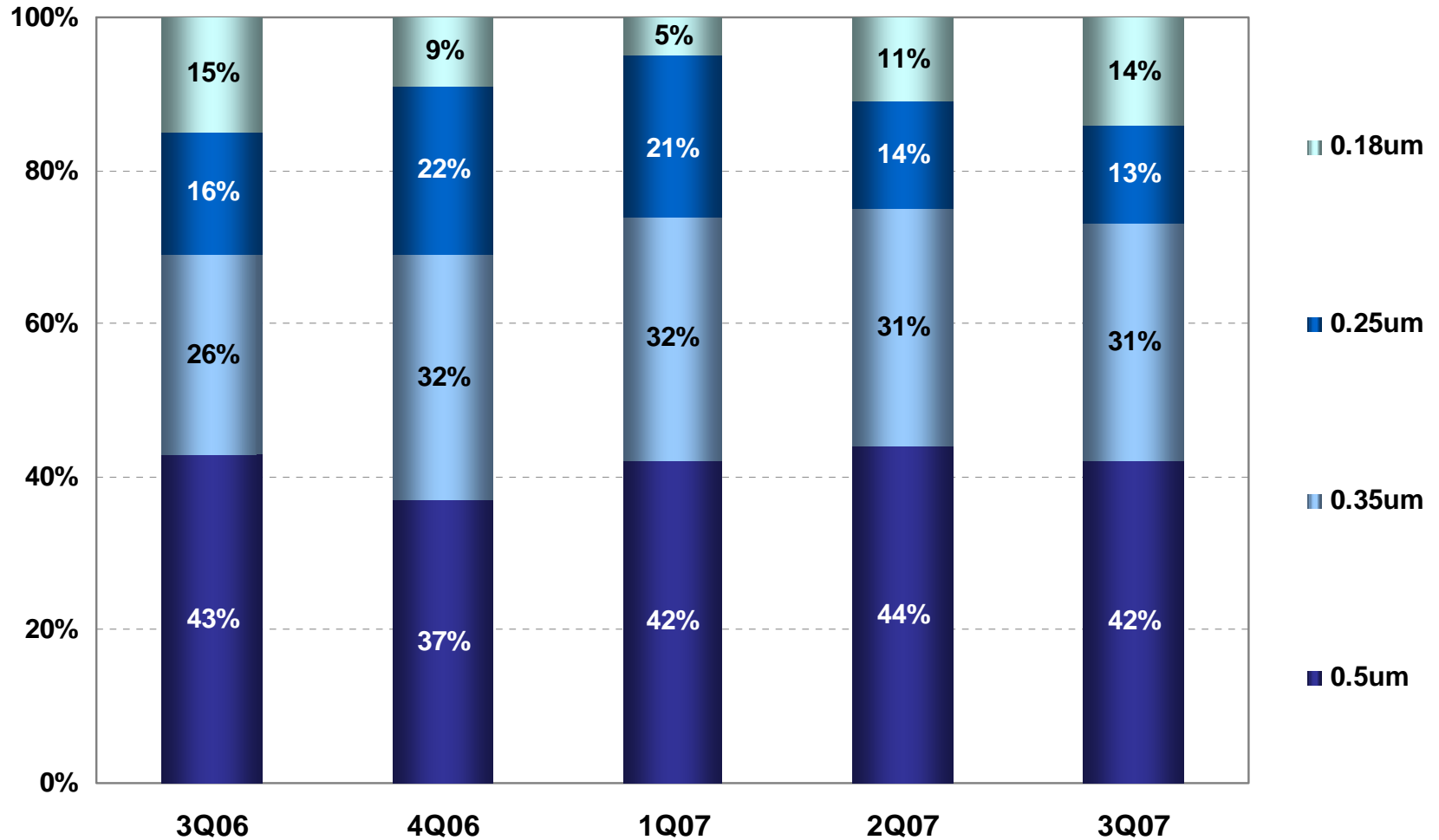
Amount : NT\$ Million	<u>3Q07</u>	<u>2Q07</u>	<u>3Q06</u>
	Amount	Amount	Amount
<b><i>Cash - Beginning of Period</i></b>	<b>12,072</b>	<b>11,694</b>	<b>12,424</b>
– Net Profit	1,223	1,018	905
– Depreciation & Amort.	467	506	617
– Investment Loss	17	7	2
– Changes of Accounts Receivable	126	421	(232)
– Changes of Inventory	(55)	(78)	(141)
<b>From Operation</b>	<b>1,781</b>	<b>1,407</b>	<b>1,644</b>
– (Increase) Decrease in Financial Assets	(50)	(630)	28
– Acquisitions of Properties	(485)	(673)	(104)
– Acquisitions of L-T Stock Investment	1	(0)	(32)
– Proceeds from Disposal of Financial Assets	33	164	(8)
<b>From Investment</b>	<b>(552)</b>	<b>(1,081)</b>	<b>(121)</b>
– Remuneration to directors and supervisors	(27)	0	(25)
– Cash dividends	(2,311)	0	(2,256)
– Bonus to employees - in cash	(87)	0	(92)
– (Decrease) Increase on Bank Debt	(10)	(18)	966
– Proceeds from Exercise of Employee Stock Options	58	74	41
<b>From Financing</b>	<b>(2,376)</b>	<b>56</b>	<b>(1,366)</b>
<b>Net Decrease in Cash</b>	<b>(1,147)</b>	<b>383</b>	<b>157</b>
<b>Effect of Exchange Rate Changes</b>	<b>(1)</b>	<b>(5)</b>	<b>12</b>
<b><i>Cash - End of Period</i></b>	<b>10,923</b>	<b>12,072</b>	<b>12,593</b>

# Fab Utilization & Gross Margin

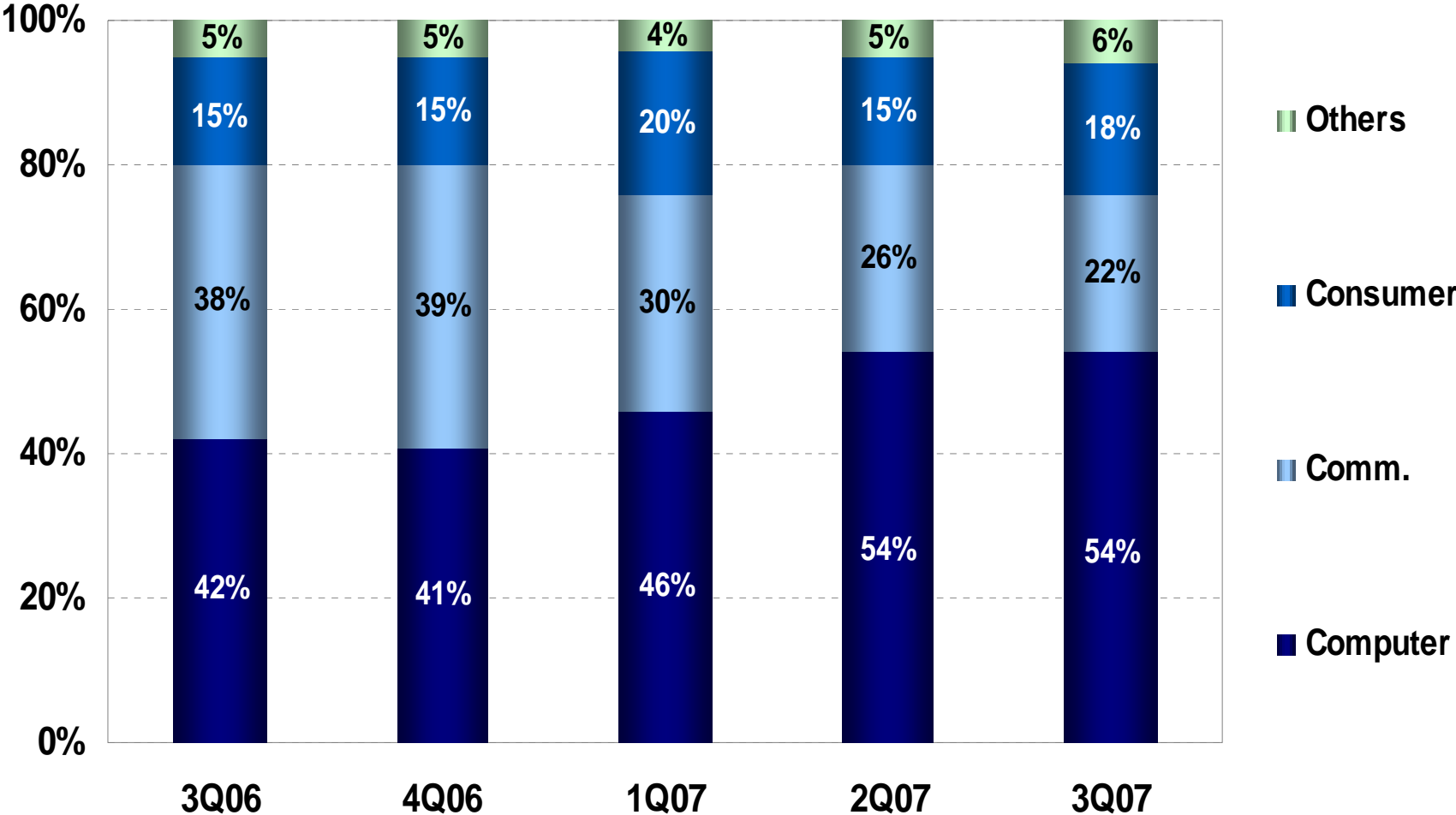




# Sales Breakdown by Technology



# Sales Breakdown by Applications



# Remarks

# 3Q 2007 Result Summary & Guidance Comparison

3Q07	Result	Guided
Wafer Shipment	increased 12.8% QoQ	increase by close to 10%
Fab Utilization Rate	103.5%	to be around 100%
Gross Margin	42.1%	40%~42%
B-ASP	decreased 0.2% QoQ	decrease low single digit %

# Q & A

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