



Contact

Robert Hsieh / Janey Liu
Public & Investor Relations Dept.
ir@vis.com.tw
886-3-577-0355 ext. 1421

VIS Reports 2009 Second Quarter Results

Second Quarter 2009 Overview:

- Revenue increased 103% QoQ to NT\$3,432 million
- Gross profit margin of 14%, operating profit margin of 4%
- Net income of NT\$149 million
- Diluted earning per share was NT\$ 0.09

Hsinchu, Taiwan, August 4th, 2009 – Vanguard International Semiconductor Corporation today announced consolidated revenue of NT\$ 3,432 million, net income of NT\$149 million, and net earning per share of NT\$0.09 for the second quarter end June 30, 2009.

On a sequential basis, second quarter revenue increased 103% to NT\$3,432 million, from NT\$1,689 million in 1Q09. Net income in 2Q09 was NT\$149 million compared to a net loss of NT\$832 million in 1Q09. As sales recovery and good customer demand in TFT panel driver ICs, Wafer shipments increased 115% QoQ, Fab utilization increased from 33% to 60% sequentially, Gross profit margin of 14%, and Blended ASP decreased 3% compared with previous quarter. The results were a bit above or in-line with our guidance given on May 4th, 2009.

VIS spokesperson Mr. Robert Hsieh said, “As third quarter is traditional high season in a year and customers still have fair demand, Wafer shipment to increase by mid twenties percentage QoQ, Fab utilization rate to be mid seventies percentage, Gross profit margin to be around 20%, and Blended ASP to increase by a low single digit percentage QoQ.”

Safe Harbor Statements

Except for statements in respect of historical matters, the statements in this release contain “forward-looking statements” involve known and unknown risks, uncertainties and other factors that may cause the actual performance to be materially different from those contained in such forward-looking statements.

VIS undertakes no obligation to update these forward-looking statements for events or circumstances that occur after such date or to reflect the occurrence of unanticipated events.



I. COGS and Operating Expense

(In NT\$ million)	2Q09	1Q09	2Q08
Revenue	3,432	1,689	4,576
COGS	(2,955)	(2,238)	(3,708)
Gross Profit (Loss)	478	(549)	868
Gross Profit Margin (%)	13.9%	-32.5%	19.0%
Total Operating Exp.	(354)	(296)	(416)
G&A	(131)	(131)	(191)
Sales & Marketing	(32)	(14)	(27)
R&D	(191)	(152)	(198)
Operating Income (Loss)	124	(845)	451
Operating Profit Margin (%)	3.6%	-50.0%	9.9%

The sales revenue in 2Q09 was NT\$3,432 million, down 25.0% from 2Q08 and up 103.2% sequentially. Gross profit was NT\$478 million in 2Q09, up from a gross loss of NT\$549 million in 1Q09. The gross profit margin increased from -32.5% to 13.9% mainly due to the sharp increase in utilization in 2Q09.

Operating expenses for 2Q09 was NT\$354 million increased from NT\$296 million in 1Q09 mainly resulted from more R&D activities in second quarter.

Income from operations for 2Q09 was NT\$124 million represented 3.6% of net sales.

II. Non-Operating Items:

(In NT\$ million)	2Q09	1Q09	2Q08
Net Non-operating Income	26	13	63
Investment (Loss) Income	(1)	(25)	3
Net Other Non-operating Income	27	38	60

Net non-operating income was NT\$26 million, compared to NT\$13 million in 1Q09, primarily due to lower investment loss.



III. Financial Condition Review

(In NT\$ million)	2Q09	1Q09	2Q08
Cash & Financial Instruments	4,456	3,920	6,904
Account Receivable	2,389	1,328	2,681
Inventory	1,373	1,399	2,172
Total Current Assets	8,770	7,283	12,047
Account Payable and Others	1,008	551	2,045
Cash Dividends and Bonus Payable	812	0	3,015
Accrued Liabilities	1,267	1,296	1,923
Total Current Liabilities	3,086	1,847	6,983
Current Ratio	284%	394%	173%
Net Working Capital	5,684	5,436	5,064
A/R Turnover Days	66	72	54
Inventory Turnover Days	56	65	48

At the end of 2Q09, VIS has NT\$4,456 million cash & financial instruments, up NT\$536 million sequentially. Account Receivable up from NT\$1,328 million to NT\$2,389 million mainly result from higher sales revenue. VIS ended the quarter with NT\$8,770 million in total current assets, compared to NT\$7,283 million at the end of the previous quarter. Total current liabilities increased NT\$1,239 million to NT\$3,086 million in the end of 2Q09, primarily resulting from the increase of NT\$812 million in cash dividends and bonus payable and NT\$457 million more account payable and others. The increase in account receivable and account payable reflected the decent growth business activities in second quarter.

Net working capital stood at NT\$5,684 million at the end of the quarter, with a current ratio of 284%. A/R turnover days decreased 6 days to 66 days, and inventory turnover days decreased 9 days to 56 days.

IV. Cash Flow

(In NT\$ million)	2Q09	1Q09	2Q08
Cash - Begin of Period	3,738	4,273	5,841
Cash Flow from Operation	674	(180)	1,530
Cash Flow from Investment	(120)	(362)	(801)
Cash Flow from Financing	(9)	(0)	(176)
Net Cash Flow	545	(541)	553
Effect of Exchange Rate Changes	(6)	6	(1)
Cash - End of Period	4,277	3,738	6,394

Cash flow from operation increased from minus NT\$180 million to positive NT\$674 million, mainly resulted from strength in customer demand in 2Q09. The investment cash outflow was NT\$120 million, mainly reflecting the acquisition of properties of NT\$118 million. The financing cash outflow was NT\$9 million, mainly reflecting the decrease in guarantee deposit in. As a result, the net cash flow became positive to NT\$545 million in 2Q09. And VIS ended the quarter with a cash balance of NT\$4,277 million.



V. Revenue Analysis

Revenue Breakdown by Technology

By Technology	2Q09	1Q09	2Q08
0.5 μ m	28%	24%	37%
0.35 μ m	33%	31%	21%
0.25 μ m	14%	7%	9%
0.18 μ m	15%	9%	10%
Memory	10%	29%	23%

Due to less foundry service provided to memory customer, revenue from Memory segment decreased to 10% of total sales. Meanwhile, as fair demand from driver IC customer, revenue from 0.18 μ m to 0.5 μ m technology node all increased in second quarter 2009.

Logic Revenue Breakdown by Application

By Application	2Q09	1Q09	2Q08
Computer	46%	45%	51%
Communication	25%	20%	16%
Consumer	23%	26%	27%
Others	6%	9%	6%

Demand from communication applications increased to 25% of total revenue in 2Q09, mainly related to fair customer demand in driver IC for handset product.

Logic Revenue Breakdown by Platform

By Platform	2Q09	1Q09
Driver IC (Large)	43%	39%
Driver IC (Small)	23%	14%
Power Management IC	13%	16%
Others	21%	31%

Large and Small panel driver IC platform increased to 43% and 23% of total revenue in 2Q09, primarily due to good customer demand in driver IC for monitor and handset panel.

VI. Wafer Shipments and Utilization Rate

Wafer Shipments

	2Q09	1Q09	4Q08	3Q08	2Q08
Wafer Shipments (Kpcs)	227	106	162	276	301

227 thousands 8-inch wafers were shipped in 2Q09, a 115% increase from 106 thousands 8-inch wafers in previous quarter. Overall utilization rate for the quarter increased to 60%.

Utilization Rate

	2Q09	1Q09	4Q08	3Q08	2Q08
Utilization Rate	60%	33%	46%	78%	82%