



2004 Second Quarter Results

VANGUARD

International Semiconductor Corporation

August 9, 2004

Agenda

- Welcome
- 2Q 2004 Financial Results - Robert Hsieh
- Remarks - Paul Chien
- 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.



2Q'04 Result Highlights

Amount : NT\$Million

	2Q'04 Amount	1Q'04 Amount	2Q'03 Amount
Net Sales	4,161	3,732	2,658
Net Income	928	1,092	126
EPS(NT\$)	0.33	0.39	0.04
Cash and Equivalent + S-T Invest.	7,874	6,877	4,500
Interest-bearing Debt	4,194	5,479	7,927
Shareholders' Equity	16,736	15,603	13,690
Total Wafers Shipped (Kpcs)	163	146	113
Logic Wafers Shipped (Kpcs)	125	108	55
Utilization (%) - wafer out / Capacity	102%	103%	74%



Income Statement - YoY Comparison

Amount : NT\$Million

	2Q'04		2Q'03		YoY
	Amount	%	Amount	%	%
Net Sales	4,161	100%	2,658	100%	57%
COGS	(2,960)	-71%	(2,717)	-102%	9%
Gross Profit (Loss)	1,201	29%	(60)	-2%	-
Operating Expense	(256)	-6%	(269)	-10%	-5%
Operating Income (Loss)	946	23%	(329)	-12%	-
Investment Income (Loss)	6	0%	10	0%	-45%
Inventory Valuation (Loss)	173	4%	472	18%	-63%
Net Other Non-operating Income (Exp.)	75	2%	(27)	-1%	-
Income before Tax	1,200	29%	126	5%	852%
Net Income	928	22%	126	5%	636%
EPS (NT\$)	0.33		0.04		-



Income Statement - QoQ Comparison

Amount : NT\$Million

	2Q'04		1Q'04		QoQ
	Amount	%	Amount	%	%
Net Sales	4,161	100%	3,732	100%	12%
COGS	(2,960)	-71%	(2,803)	-75%	6%
Gross Profit (Loss)	1,201	29%	928	25%	29%
Operating Expense	(256)	-6%	(249)	-7%	2%
Operating Income (Loss)	946	23%	679	18%	39%
Investment Income (Loss)	6	0%	336	9%	-98%
Inventory Valuation (Loss)	173	4%	101	3%	72%
Net Other Non-operating Income (Exp.)	75	2%	194	5%	-61%
Income before Tax	1,200	29%	1,309	35%	-8%
Net Income	928	22%	1,092	29%	-15%
EPS (NT\$)	0.33		0.39		-



1H'04 Forecast Achievement

Amount : NT\$Million	1H'04 Actual	1H'04 FCST	Variance
	Amount	Amount	%
Net Sales	7,893	7,676	2.8%
Income Before Tax	2,509	2,122	18.2%



Balance Sheet & Key Indices

Amount : NT\$Million

Selected Items from Balance Sheet

	2Q'04		1Q'04		2Q'03	
	Amount	%	Amount	%	Amount	%
Cash & S-T Investments	7,874	31.2%	6,877	28.5%	4,500	18.3%
Accounts Receivable	2,415	9.6%	2,109	8.7%	1,452	5.9%
Inventories	1,316	5.2%	1,609	6.7%	1,748	7.1%
L-T Debt	2,002	7.9%	3,595	14.9%	4,550	18.5%
Equity	16,736	66.2%	15,603	64.6%	13,690	55.5%
Total Assets	25,272	100.0%	24,168	100.0%	24,650	100.0%

Key Indices

Debt Ratio	34%	35%	44%
Current Ratio	223%	257%	207%
A/R Turnover Days	50	49	47
Inventory Turnover Days	50	57	54

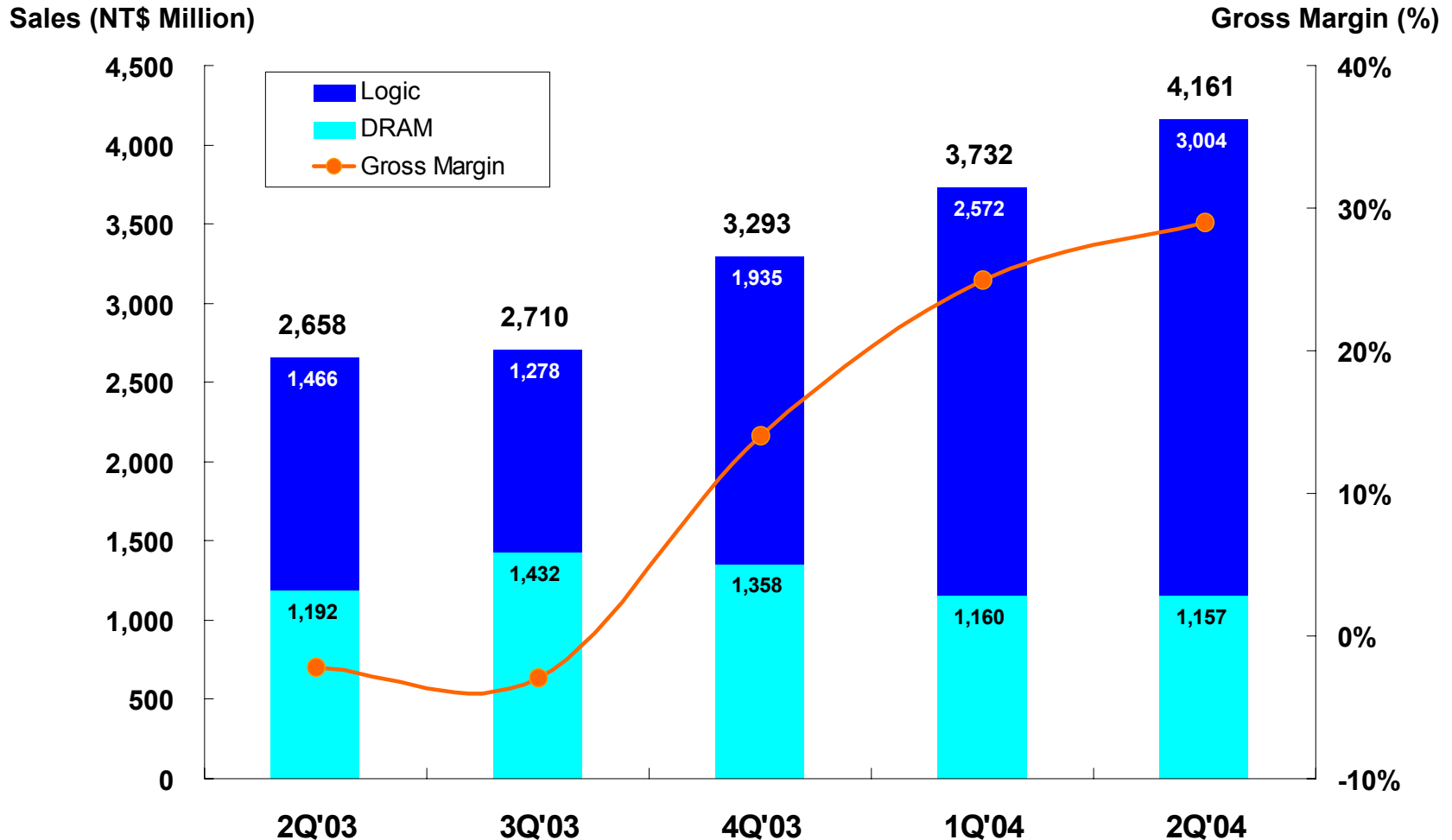


Cash Flows

Amount : NT\$Million	2Q'04 Amount	1Q'04 Amount	2Q'03 Amount
From Operation	2,232	1,307	597
- Net Profit (Loss)	928	1,092	126
- Depreciation & Amort.	777	756	951
- Investment (Gain) Loss	4	(336)	(1)
- (Gain) Loss on Disposal of Properties- Net	(51)	(187)	(21)
- Changes of Inventory	293	252	(163)
From Investment	685	(343)	(497)
- Decrease (Increase) in S-T Invest.	1,906	274	(301)
- Acquisitions of Properties	(1,267)	(826)	(211)
- Proceeds from Disposal of Properties	61	209	21
From Financing	(55)	210	(1,533)
- (Decrease) Increase on Bank Debt	(223)	333	(1,441)
- Proceeds from Exercise of Employee Stock Options	168	28	0



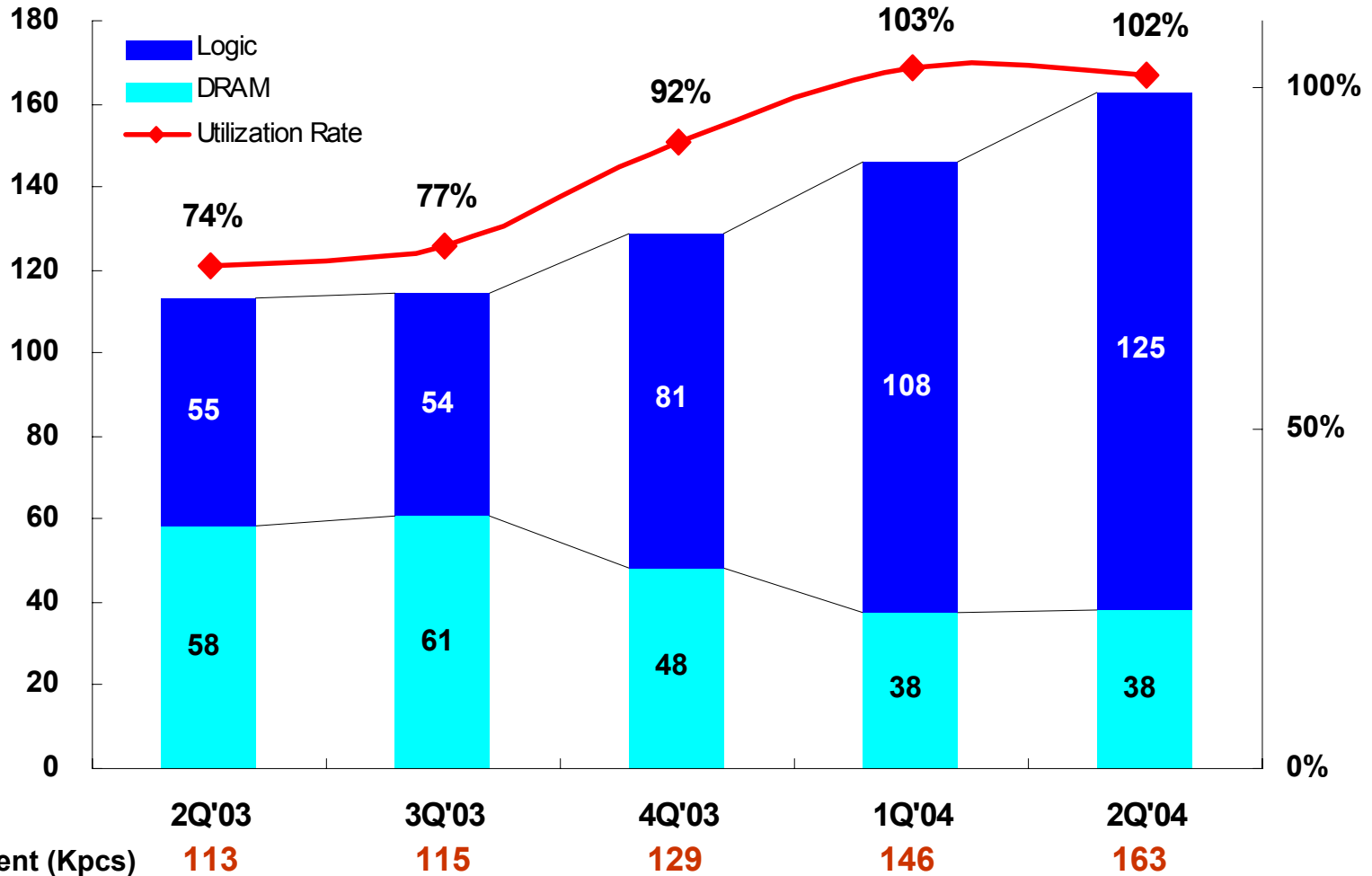
Improving Performance – Gross Margin



Utilization & Wafer Shipment

Wafer Shipment (8" Equiv. Kpcs)

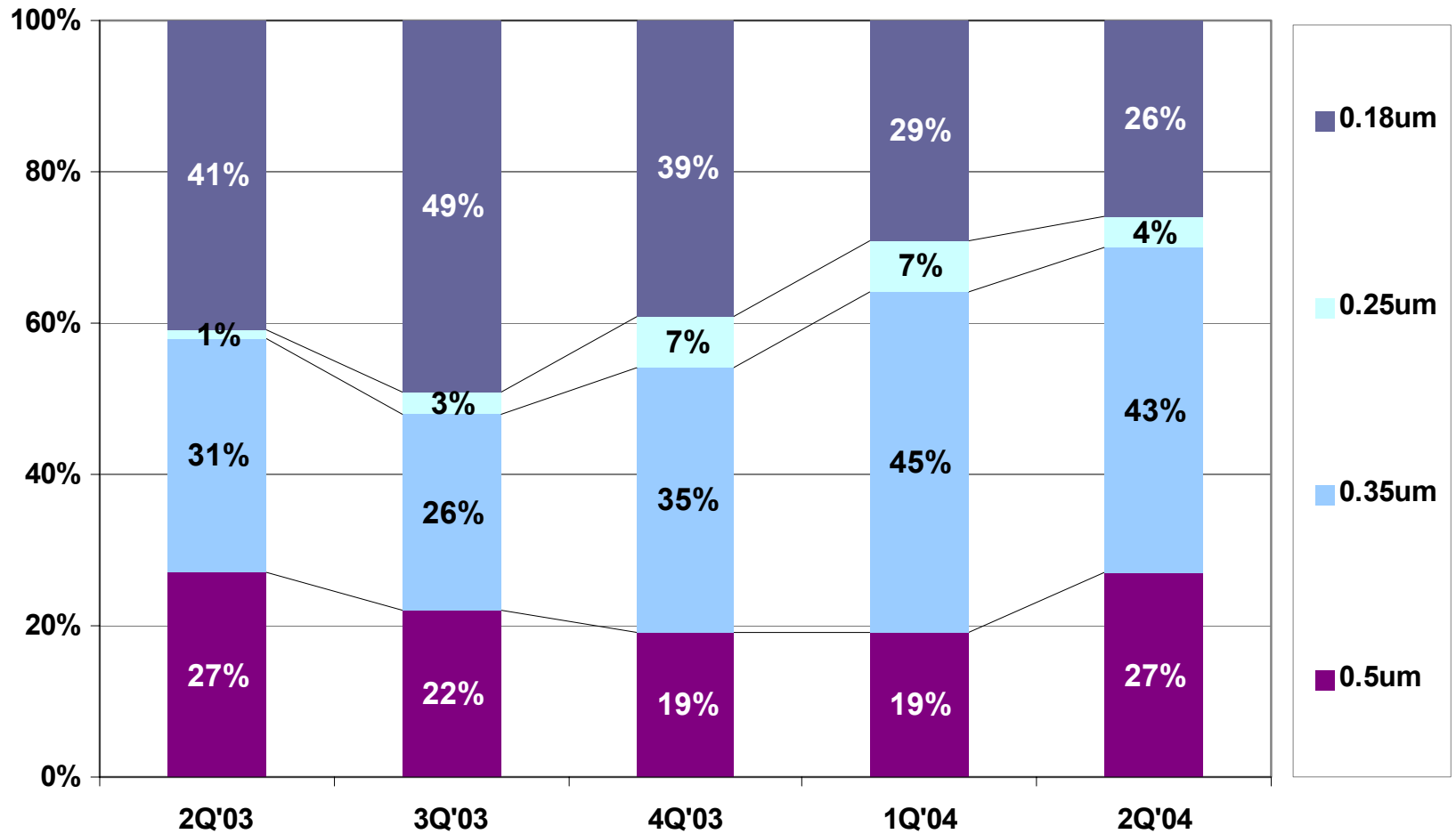
Utilization (%)



TTL Shipment (Kpcs)

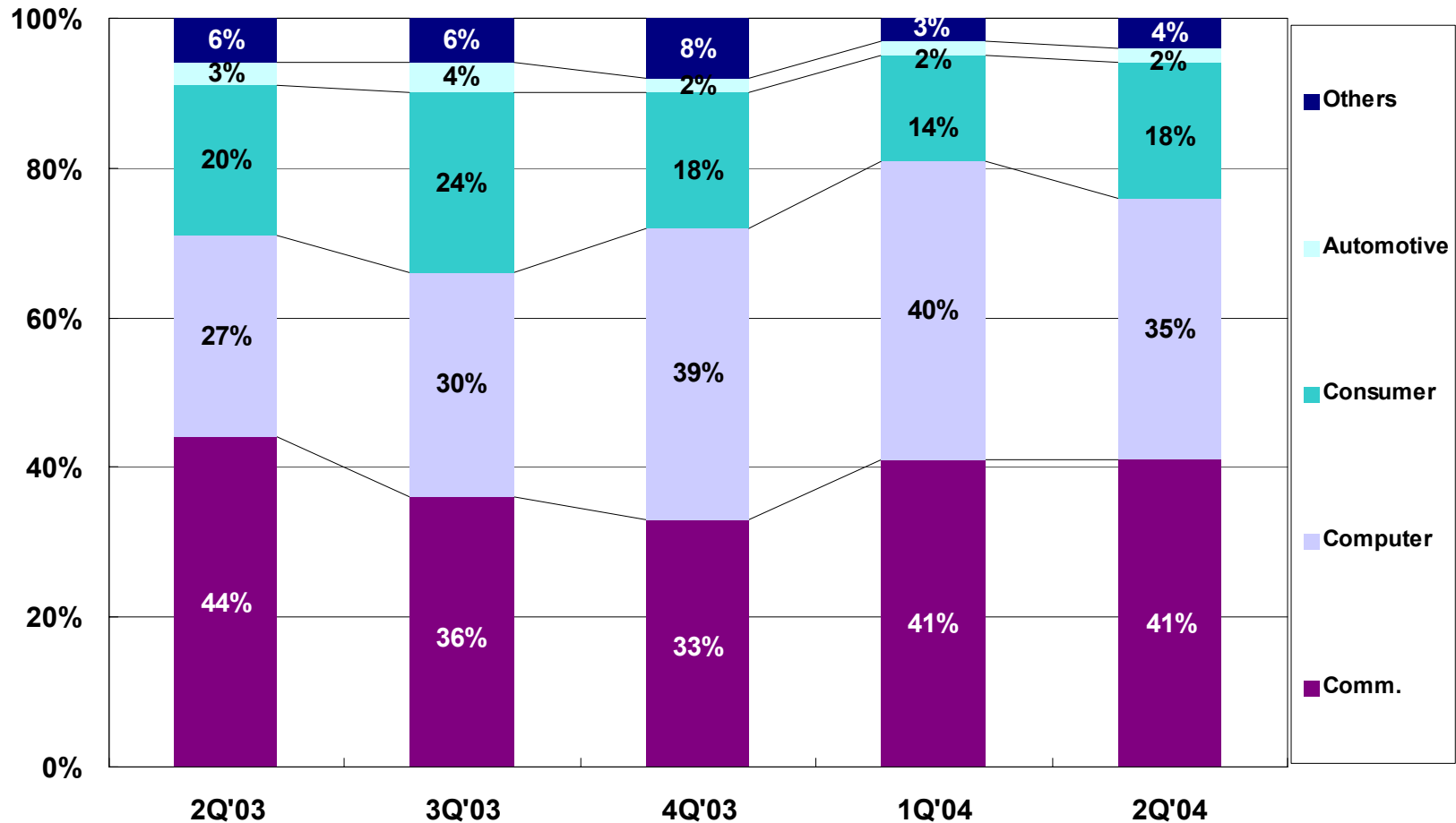


Sales Breakdown by Technology



Sales Breakdown by Application

Logic Foundry



Remarks

Paul Chien
Chairman & President



3Q 2004 Guidance

- Market is going through a mid-cycle inventory adjustment.
- Fab remains fully loaded.
- ASP to improve slightly qoq.
- Revenue to grow slightly qoq.
- Gross margin continues to improve qoq.



Q & A



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