

VANGUARD

2010 Third Quarter Results

Investor Conference

October 29th, 2010



Agenda

- Welcome
- 3Q10 Consolidated Financial Results
- Remark
- Q & A



Disclaimer

This presentation material 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.



3Q10 Result Highlights

Amount : NT\$ Million	3Q10	2Q10	3Q09
	Amount	Amount	Amount
Net Sales	4,823	4,234	4,343
Net Income	852	567	684
EPS (NT\$)	0.50	0.34	0.41
Cash and Financial Instruments	7,600	7,744	5,470
Shareholders' Equity	20,651	20,132	19,846
Total Wafers Shipped (Kpcs)	Logic: 331	Logic: 287 Memory: 20	Logic: 253 Memory: 31



Income Statement

Amount: NT\$Million	3Q10		2Q10		3Q09		QoQ	YoY
	Amount	%	Amount	%	Amount	%	%	%
Net Sales	4,823	100%	4,234	100%	4,343	100%	14%	11%
COGS	(3,462)	-72%	(3,311)	-78%	(3,380)	-78%	5%	2%
Gross Profit	1,361	28%	923	22%	963	22%	47%	41%
Operating Expense	(380)	-8%	(366)	-9%	(335)	-8%	4%	13%
Operating Income	982	20%	557	13%	627	14%	76%	56%
Investment Gain (Loss)	54	1%	(0)	0%	26	1%	-	110%
Net Other Non-operating (Exp.) Income	(51)	-1%	33	1%	31	1%	-	-
Income before Income Tax	984	20%	589	14%	684	16%	67%	44%
Net Income	852	18%	567	13%	684	16%	50%	25%
EPS (NT\$)	0.50		0.34		0.41		47%	22%



Balance Sheet & Key Indices

Amount : NT\$ Million

Selected Items from
Balance Sheet

	Sep. 30, 2010		Jun. 30, 2010		Sep. 30, 2009	
	Amount	%	Amount	%	Amount	%
Total Assets	24,012	100.0%	23,927	100.0%	22,729	100.0%
Cash & Financial Instruments	7,600	31.6%	7,744	32.4%	5,470	24.1%
Accounts Receivable	2,949	12.3%	2,847	11.9%	2,658	11.7%
Inventory	1,519	6.3%	1,353	5.7%	1,422	6.3%
Total Current Assets	12,508	52.1%	12,459	52.1%	9,941	43.7%
Properties	60,562	252.2%	60,032	250.9%	59,065	259.9%
Less: Accum. Depreciation	(50,444)	-210.1%	(49,927)	-208.7%	(47,878)	-210.6%
Net Properties	10,118	42.1%	10,105	42.2%	11,187	49.2%
Accounts Payable and Others	1,402	5.8%	1,346	5.6%	1,046	4.6%
Cash Dividends and Bonus Payable	0	0.0%	685	2.9%	0	0.0%
Accrued Liabilities	1,464	6.1%	1,259	5.3%	1,337	5.9%
Total Current Liabilities	2,866	11.9%	3,289	13.7%	2,383	10.5%
Total Equity	20,651	86.0%	20,132	84.1%	19,846	87.3%

Key Indices

A/R Turnover Days	51	54	58
Inventory Turnover Days	37	36	52
Debt Ratio	14%	16%	13%
Current Ratio	436%	379%	417%
Net Working Capital	9,642	9,169	7,558



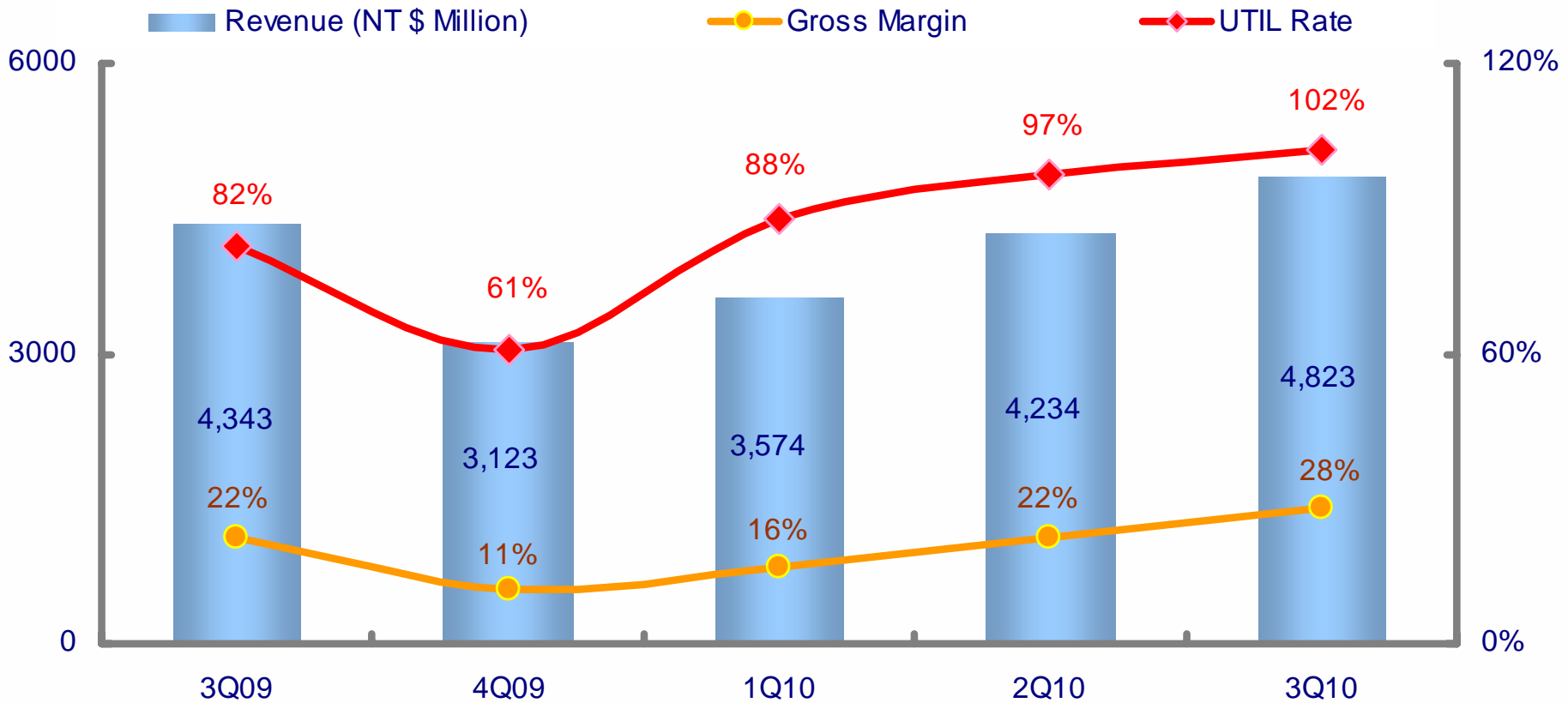
Cash Flows

Amount : NT\$ Million	3Q10	2Q10	3Q09
	Amount	Amount	Amount
<i>Cash - Beginning of Period</i>	7,502	7,063	4,277
– Net Income	852	567	684
– Depreciation & Amort.	739	722	883
– Changes of Accounts Receivable	(102)	(615)	(268)
– Changes of Inventory	(166)	(145)	(49)
– Changes of Notes and accounts payable	105	47	(44)
– Changes of Accrued expenses and other current liabilities	128	329	(75)
From Operation	1,668	1,007	1,320
– Acquisitions of Properties	(903)	(519)	(68)
– Proceeds from Disposal of Financial Assets	120	0	150
– Proceeds from Disposal of Properties	26	0	0
From Investment	(765)	(521)	105
– Cash dividends	(671)	0	(671)
– Proceeds from Exercise of Employee Stock Options	0	7	2
– Guarantee Deposit In	(11)	(2)	(6)
– Repurchase of Treasury Stock	(287)	(56)	0
From Financing	(969)	(50)	(675)
Net Increase in Cash	(66)	436	750
Effect of Exchange Rate Changes	(5)	3	(3)
<i>Cash - End of Period</i>	7,430	7,502	5,023



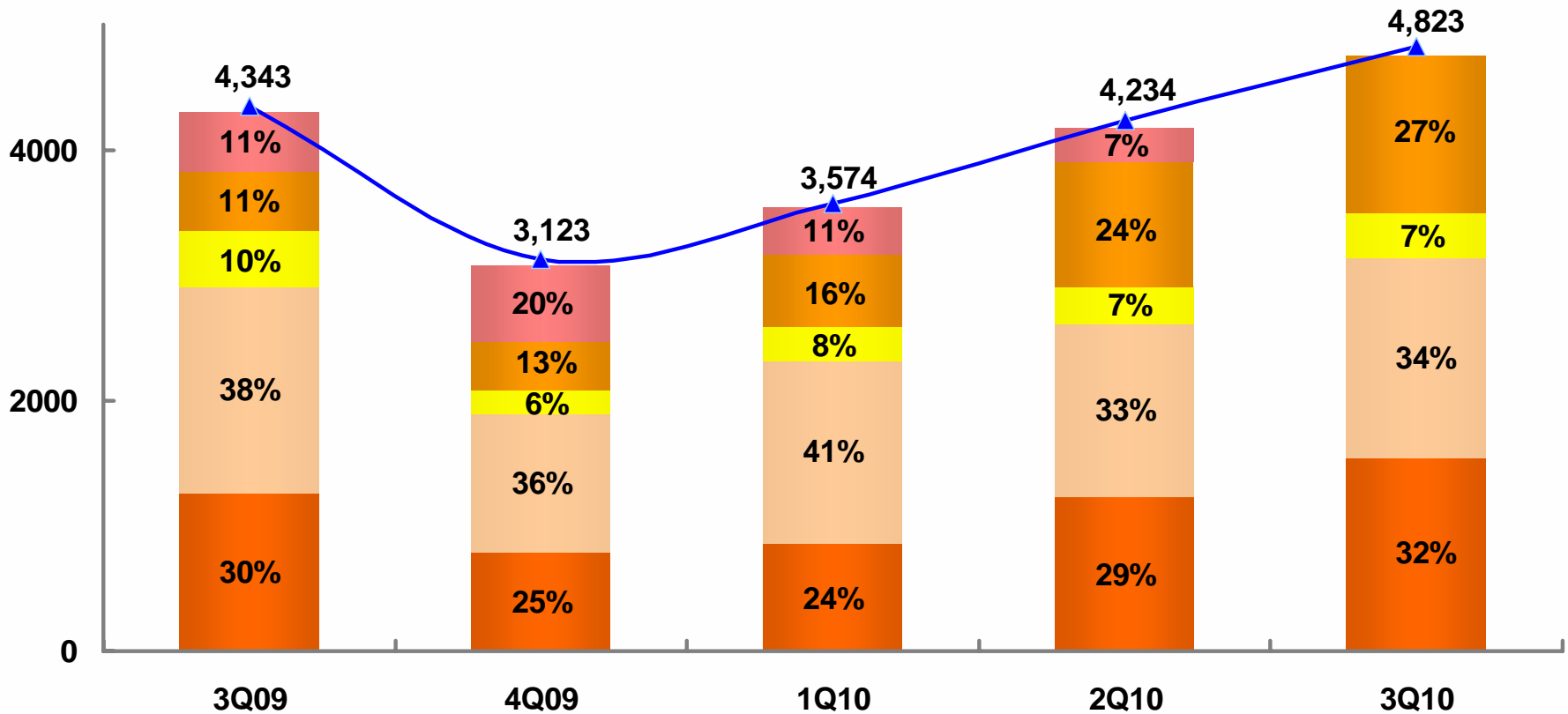
Remarks

Fab Utilization & Gross Margin

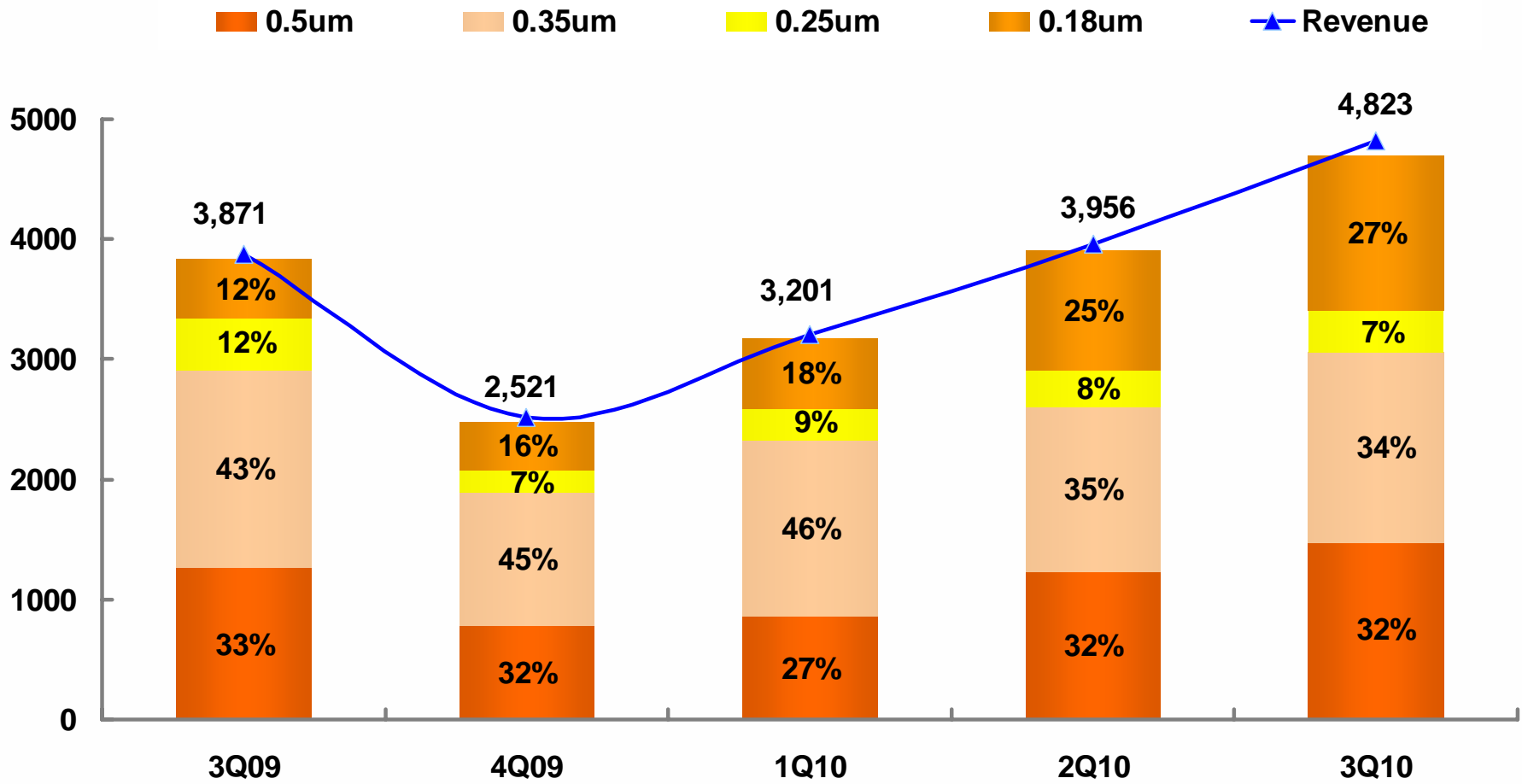


Revenue Breakdown by Technology

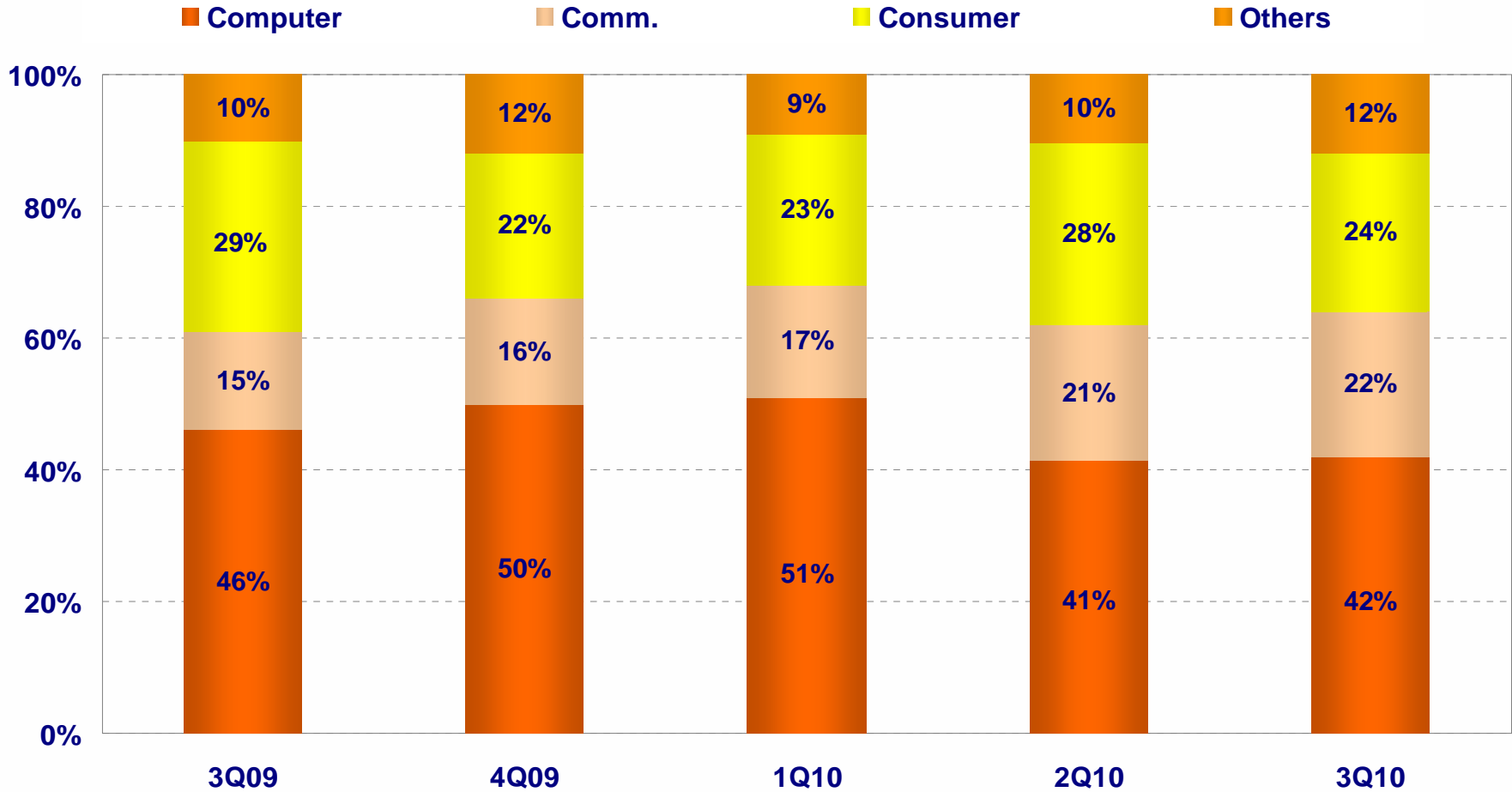
■ 0.5um
 ■ 0.35um
 ■ 0.25um
 ■ 0.18um
 ■ Memory
 ▲ Revenue



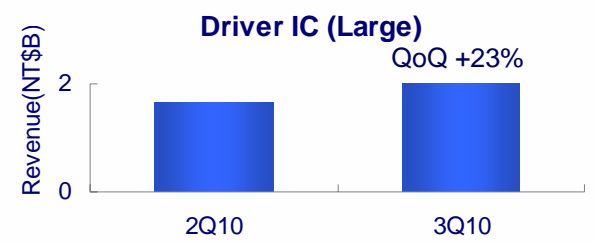
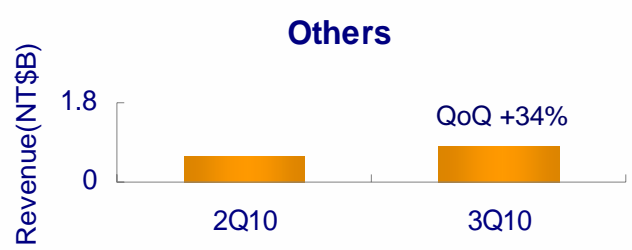
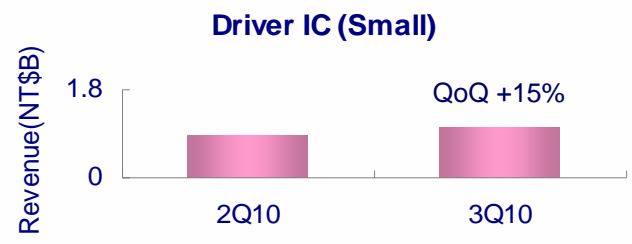
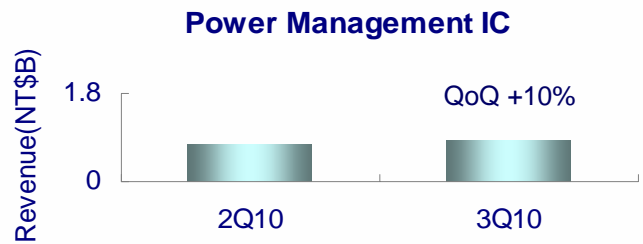
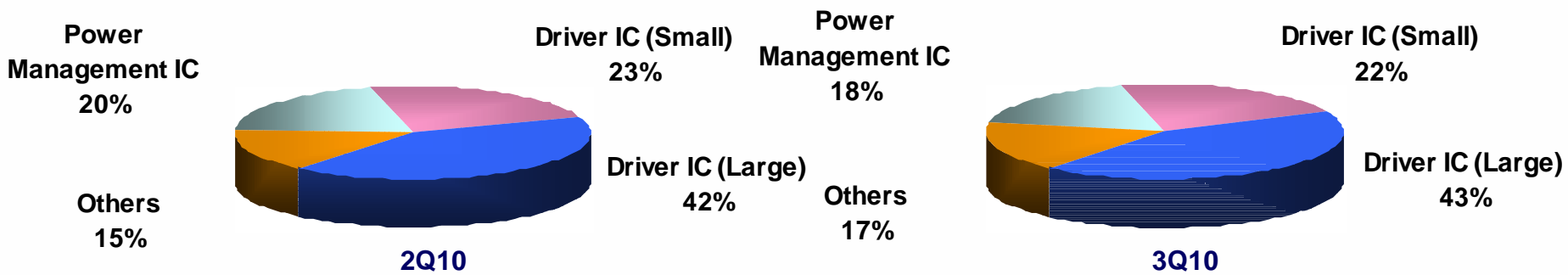
Logic Product Revenue Breakdown by Technology



Logic Product Revenue Breakdown by Applications



Logic Product Revenue Breakdown by Platforms



Note : Memory product is excluded.



3Q10 Result Summary & Guidance Comparison

3Q10	Result	Guidance
Wafer Shipments	+8% QoQ	to increase by a high single digit percentage QoQ
Fab Utilization Rate	102%	to be close to 100%
Gross Profit Margin	28%	to be mid twenties percentage
Blended ASP	+3% QoQ	to be about flat or slightly increase QoQ

Q & A



[Http://www.vis.com.tw](http://www.vis.com.tw)