



**VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION**

**BALANCE SHEETS**

June 30, 2004 and 2003

(Figures in Millions of New Taiwan Dollars (NTD) and U.S. Dollars (USD))\*

ASSETS	Jun. 30, 2004			Jun. 30, 2003		YoY	
	USD	NTD	%	NTD	%	Move	Inc(Dec)%
Cash	164	5,530	21.9	1,999	8.1	3,531	176.6
Short Term Investment	70	2,344	9.3	2,501	10.1	(156)	(6.3)
Accounts Receivable	72	2,415	9.6	1,452	5.9	963	66.3
Inventories	39	1,316	5.2	1,748	7.1	(432)	(24.7)
Other Current Assets	32	1,078	4.3	594	2.4	484	81.4
<b>Total Current Assets</b>	<b>376</b>	<b>12,683</b>	<b>50.2</b>	<b>8,295</b>	<b>33.6</b>	<b>4,389</b>	<b>52.9</b>
Long Term Investment	65	2,186	8.6	4,498	18.2	(2,312)	(51.4)
Properties	1,263	42,591	168.5	42,881	174.0	(290)	(0.7)
Less Accumulated Depreciation	(1,014)	(34,204)	(135.3)	(34,070)	(138.2)	(134)	0.4
Net Properties	249	8,387	33.2	8,811	35.7	(424)	(4.8)
Other Assets	60	2,015	8.0	3,046	12.4	(1,031)	(33.8)
<b>Total Assets</b>	<b>749</b>	<b>25,272</b>	<b>100.0</b>	<b>24,650</b>	<b>100.0</b>	<b>622</b>	<b>2.5</b>
<b>LIABILITIES</b>							
Accounts Payable & Other Current Liabilities	117	3,937	15.6	2,308	9.4	1,629	70.6
Current Portion of Long Term Debts	65	2,192	8.7	3,377	13.7	(1,185)	(35.1)
<b>Total Current Liabilities</b>	<b>182</b>	<b>6,129</b>	<b>24.3</b>	<b>5,685</b>	<b>23.1</b>	<b>444</b>	<b>7.8</b>
Long Term Debts	59	2,002	7.9	4,550	18.5	(2,547)	(56.0)
Other Long Term Liabilities	12	405	1.6	725	2.9	(320)	(44.1)
<b>Total Liabilities</b>	<b>253</b>	<b>8,536</b>	<b>33.8</b>	<b>10,960</b>	<b>44.5</b>	<b>(2,423)</b>	<b>(22.1)</b>
<b>SHAREHOLDERS' EQUITY</b>							
Capital Stock	837	28,216	111.7	28,000	113.6	216	0.8
Capital Surplus - Employee Stock Option	1	18	0.1	0	0.0	18	100.0
Retained Earnings							
- Legal Reserve	0	1	0.0	1	0.0	0	0.0
- Previous Year	(401)	(13,537)	(53.6)	(13,714)	(55.6)	177	(1.3)
- Current Year	60	2,020	8.0	(613)	(2.5)	2,634	(429.3)
Unrealized Loss on Long Term Investments	(0)	(0)	(0.0)	(28)	(0.1)	28	(99.9)
Cumulative Translation Adjustment	1	17	0.1	45	0.2	(28)	(61.8)
<b>Total Shareholders' Equity</b>	<b>496</b>	<b>16,736</b>	<b>66.2</b>	<b>13,690</b>	<b>55.5</b>	<b>3,045</b>	<b>22.2</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>749</b>	<b>25,272</b>	<b>100.0</b>	<b>24,650</b>	<b>100.0</b>	<b>622</b>	<b>2.5</b>

\* New Taiwan Dollar amounts have been translated into U.S. Dollars at the rate of NT\$33.73 per U.S. Dollar as of June 30, 2004.



## Vanguard International Semiconductor Corporation Income Statement

For the Six Months Ended June 30, 2004 and 2003  
(Expressed in Millions New Taiwan Dollars (NTD) and U.S. Dollars (USD) (1)  
Except for Per Share Amounts and Shares Outstanding)

	6 months ended Jun. 30				
	2004 USD	2004 NTD	% of Sales	2003 NTD	YoY Inc(Dec) %
Net Sales	235	7,893	100.0%	4,902	61.0
Cost of Sales	(172)	(5,763)	-73.0%	(5,931)	(2.8)
Gross Profit	63	2,130	27.0%	(1,029)	-
Operating Expenses					
General and Administrative Expenses	(8)	(255)	-3.2%	(210)	21.9
Selling and Marketing Expenses	(3)	(87)	-1.1%	(63)	37.7
Research and Development Expenses	(5)	(162)	-2.1%	(207)	(21.6)
Total Operating Expenses	(15)	(505)	-6.4%	(480)	5.2
Income From Operations	48	1,625	20.6%	(1,509)	-
Investment Gain (Loss)	10	341	4.3%	23	1,372.0
Inventory Valuation (Loss)	8	274	3.5%	903	(69.7)
Net Other Non-operating Income (Expenses)	8	269	3.4%	(30)	-
Income before Income Tax	75	2,509	31.8%	(613)	-
Income Tax Credit (Expenses)	(15)	(489)	-6.2%	0	-
Net Income	60	2,020	25.6%	(613)	-
Earnings Per Share	0.021	0.72		(0.23)	-
Weighted Average Outstanding Shares('M)		2,812		2,773	

Note: (1) New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD33.389 per U.S. dollar for the six months of 2004.



## Vanguard International Semiconductor Corporation Income Statement

For the Three Months Ended June 30, 2004 and 2003  
(Expressed in Millions New Taiwan Dollars (NTD) and U.S. Dollars (USD) <sup>(1)</sup>  
Except for Per Share Amounts and Shares Outstanding)

	Year over Year Comparison					Sequential Comparison				
	2Q 2004 USD	2Q 2004 NTD	% of Sales	2Q 2003 NTD	YoY Inc(Dec) %	2Q 2004 USD	2Q 2004 NTD	% of Sales	1Q 2004 NTD	QoQ Inc(Dec) %
Net Sales	124	4,161	100.0	2,658	56.6	124	4,161	100.0	3,732	11.5
Cost of Sales	(88)	(2,960)	(75.1)	(2,717)	8.9	(88)	(2,960)	(75.1)	(2,803)	5.6
Gross Profit	36	1,201	24.9	(60)	-	36	1,201	24.9	928	17.1
<b>Operating Expenses</b>										
General and Administrative Expenses	(4)	(137)	(3.2)	(110)	24.1	(4)	(137)	(3.2)	(119)	15.2
Selling and Marketing Expenses	(1)	(41)	(1.3)	(33)	24.6	(1)	(41)	(1.3)	(47)	(13.5)
Research and Development Expenses	(2)	(78)	(2.3)	(126)	(38.0)	(2)	(78)	(2.3)	(84)	(6.8)
Total Operating Expenses	(8)	(256)	(6.7)	(269)	(5.0)	(8)	(256)	(6.7)	(249)	(5.1)
Income From Operations	28	946	18.2	(329)	-	28	946	18.2	679	12.1
Investment Gain (Loss)	0	6	9.0	10	(44.7)	0	6	9.0	336	-
Inventory Valuation (Loss)	5	173	2.7	472	(63.3)	5	173	2.7	101	72.1
Net Other Non-operating Income (Expenses)	2	75	5.2	(27)	-	2	75	5.2	194	-
Income before Income Tax	36	1,200	35.1	126	851.7	36	1,200	35.1	1,309	(8.4)
Income Tax Credit (Expenses)	(8)	(272)	(5.8)	0	-	(8)	(272)	(5.8)	(217)	-
Net Income	28	928	29.3	126	636.3	28	928	29.3	1,092	(15.0)
Earnings Per Share	0.010	0.33		0.04	723.6	0.010	0.33		0.39	-
Weighted Average Outstanding Shares('M) <sup>(2)</sup>		2,812		2,773		2,812			2,805	

Note: (1) New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD33.226 per U.S. dollar for the three months of 2004.

(2) Total weighted average outstanding shares were 2,811,711K / 2,773,481K shares for 2Q04 / 2Q03 and 2,804,678K shares for 1Q04.



**VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION**  
**STATEMENTS OF CASH FLOWS**

For the Years Ended June 30, 2004 and 2003  
(Figures in Million of New Taiwan Dollars (NTD) and U.S. Dollars (USD))\*

	6 MTHS 2004		6 MTHS 2003
	USD	NTD	NTD
<b>Cash Flows from Operating Activities:</b>			
Net Income (Loss)	61	2,020	(613)
Depreciation & Amortization	46	1,534	2,032
Investment <b>gain</b> recognized by equity method	(12)	(388)	(14)
Impairment loss on long-term stock investment	2	56	0
<b>Gain</b> on disposal of properties - net	(7)	(237)	(21)
Deferred income tax assets	15	489	0
Changes in working capital & others	2	65	(424)
Net Cash Provided by Operating Activities	106	3,539	960
<b>Cash Flows from Investing Activities:</b>			
Decrease (increase) in short-term investments	65	2,180	(2,501)
Acquisitions of Properties	(63)	(2,094)	(531)
Proceeds from disposal of properties	8	270	21
Increase in deferred charges	(0)	(14)	(8)
Net Cash Provided by (Used in) Investing Activities	10	342	(3,019)
<b>Cash Flows from Financing Activities:</b>			
<b>Proceeds from (payments on):</b>			
Short-term bank loans	43	1,436	56
Commercial paper issued	0	0	(830)
Long-term bank loans	(40)	(1,326)	(2,182)
Decrease in guarantee deposits	(5)	(151)	(161)
Proceeds from exercise of employee stock options	6	196	0
<b>Issuance of common shares</b>	0	0	1,802
Net Cash <b>Provided By</b> Financing Activities	5	155	(1,315)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	121	4,036	(3,375)
<b>Cash and Cash Equivalents, Beginning of Period</b>	45	1,493	5,376
<b>Cash and Cash Equivalents, End of Period</b>	166	5,530	1,999

\* New Taiwan Dollar amounts have been translated into U.S. Dollars at the rate of NT\$33.389 per U.S. Dollar, the weighted average exchange rate for the six months of 2004.