



## Vanguard International Semiconductor Corporation

### Consolidated Income Statements

For the Three Months Ended March 31, 2011 and 2010

(Expressed in Millions New Taiwan Dollars (NTD) and U.S. Dollars (USD) <sup>(1)</sup>)

Except for Per Share Amounts and Shares Outstanding)

	3 months ended Mar. 31				
	2011		% of Sales	2010	YoY
	USD	NTD		NTD	Inc(Dec) %
Net Sales	134	3,991	100.0%	3,574	11.7
Cost of Sales	(110)	(3,274)	-82.0%	(3,007)	8.9
Gross Profit	24	717	18.0%	567	26.5
Operating Expenses					
General and Administrative Expenses	(5)	(162)	-4.1%	(153)	6.0
Selling and Marketing Expenses	(1)	(35)	-0.9%	(33)	5.2
Research and Development Expenses	(5)	(161)	-4.0%	(155)	4.0
Total Operating Expenses	(12)	(358)	-9.0%	(340)	5.0
Income From Operations	12	360	9.0%	226	58.9
Investment Gain (Loss)	0	13	0.3%	(10)	-
Net Other Non-operating Income	0	13	0.3%	27	(51.0)
Income before Income Tax	13	386	9.7%	243	58.9
Income Tax Benefit (Expenses)	0	10	0.3%	(23)	-
Net Income	13	397	9.9%	220	80.1
Diluted Earnings Per Share <sup>(2)</sup>	0.008	0.24		0.13	84.6
Weighted Average Outstanding Shares('M) <sup>(2)</sup>		1,675		1,683	

Note: (1) New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD29.758 per U.S. dollar for the three months of 2011.

(2) Total weighted average outstanding shares were 1,675,047K for the three months ended March 31, 2011 and 1,683,336K shares for the three months ended March 31, 2010.



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(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				
	1Q 2011 USD	1Q 2011 NTD	% of Sales	1Q 2010 NTD	YoY Inc(Dec) %	1Q 2011 USD	1Q 2011 NTD	% of Sales	4Q 2010 NTD	QoQ Inc(Dec) %
Net Sales	134	3,991	100.0	3,574	11.7	134	3,991	100.0	3,403	17.3
Cost of Sales	(110)	(3,274)	(82.0)	(3,007)	8.9	(110)	(3,274)	(82.0)	(3,010)	8.8
Gross Profit	24	717	18.0	567	26.5	24	717	18.0	393	82.6
Operating Expenses										
General and Administrative Expenses	(5)	(162)	(4.1)	(153)	6.0	(5)	(162)	(4.1)	(154)	5.0
Selling and Marketing Expenses	(1)	(35)	(0.9)	(33)	5.2	(1)	(35)	(0.9)	(18)	90.5
Research and Development Expenses	(5)	(161)	(4.0)	(155)	4.0	(5)	(161)	(4.0)	(170)	(5.2)
Total Operating Expenses	(12)	(358)	(9.0)	(340)	5.0	(12)	(358)	(9.0)	(342)	4.5
Income From Operations	12	360	9.0	226	58.9	12	360	9.0	51	611.0
Investment Gain (Loss)	0	13	0.3	(10)	-	0	13	0.3	(6)	-
Net Other Non-operating Income	0	13	0.3	27	(51.0)	0	13	0.3	182	(92.8)
Income before Income Tax	13	386	9.7	243	58.9	13	386	9.7	227	70.2
Income Tax Benefit (Expenses)	0	10	0.3	(23)	-	0	10	0.3	86	(87.8)
Net Income	13	397	9.9	220	80.1	13	397	9.9	313	26.5
Diluted Earnings Per Share <sup>(2)</sup>	0.008	0.24		0.13	84.6	0.008	0.24		0.19	26.3
Weighted Average Outstanding Shares('M) <sup>(2)</sup>		1,675		1,683			1,675		1,688	

Note: (1) New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD29.758 per U.S. dollar for the three months of 2011.

(2) Total weighted average outstanding shares were 1,675,047K shares for 1Q11, 1,683,336K shares for 1Q10 and 1,688,107K shares for 4Q10.



**VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**

As of March 31, 2011 and 2010

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

ASSETS	March 31, 2011			March 31, 2010		YoY	
	USD	NTD	%	NTD	%	Move	Inc(Dec)%
Cash	256	7,533	30.6	7,063	31.0	470	6.7
Investments in Marketable Financial Instruments	1	30	0.1	253	1.1	(223)	(88.0)
Accounts Receivable	88	2,600	10.6	2,232	9.8	368	16.5
Inventories	55	1,623	6.6	1,208	5.3	414	34.3
Other Current Assets	20	577	2.3	496	2.2	81	16.2
<b>Total Current Assets</b>	<b>420</b>	<b>12,363</b>	<b>50.2</b>	<b>11,253</b>	<b>49.3</b>	<b>1,110</b>	<b>9.9</b>
Long Term Investment	13	375	1.5	363	1.6	11	3.1
Properties	2,131	62,782	255.1	59,246	259.7	3,536	6.0
Less Accumulated Depreciation	(1,758)	(51,814)	(210.5)	(49,251)	(215.9)	(2,563)	5.2
Net Properties	372	10,968	44.6	9,995	43.8	973	9.7
Other Assets	31	905	3.7	1,203	5.3	(299)	(24.8)
<b>Total Assets</b>	<b>835</b>	<b>24,611</b>	<b>100.0</b>	<b>22,815</b>	<b>100.0</b>	<b>1,796</b>	<b>7.9</b>
<b>LIABILITIES</b>							
Accounts Payable & Other Current Liabilities	99	2,915	11.8	2,053	9.0	862	42.0
Other Long Term Liabilities	17	499	2.0	506	2.2	(7)	(1.4)
<b>Total Liabilities</b>	<b>116</b>	<b>3,414</b>	<b>13.9</b>	<b>2,559</b>	<b>11.2</b>	<b>855</b>	<b>33.4</b>
<b>SHAREHOLDERS' EQUITY</b>							
Capital Stock	559	16,480	67.0	16,785	73.6	(305)	(1.8)
Capital Surplus	18	535	2.2	568	2.5	(33)	(5.8)
Retained Earnings							
- Legal Reserve	54	1,594	6.5	1,585	6.9	9	0.6
- Special Reserve	0	0	0.0	277	1.2	(277)	(100.0)
- Previous Year	76	2,237	9.1	754	3.3	1,483	196.7
- Current Year	13	397	1.6	220	1.0	176	80.1
Unrealized Fair Value Adjustment	1	20	0.1	113	0.5	(93)	(82.1)
Cumulative Translation Adjustment	(2)	(65)	(0.3)	(45)	(0.2)	(20)	43.6
<b>Total Shareholders' Equity</b>	<b>719</b>	<b>21,197</b>	<b>86.1</b>	<b>20,256</b>	<b>88.8</b>	<b>941</b>	<b>4.6</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>835</b>	<b>24,611</b>	<b>100.0</b>	<b>22,815</b>	<b>100.0</b>	<b>1,796</b>	<b>7.9</b>

\* New Taiwan Dollar amounts have been translated into U.S. Dollars at the rate of NT\$29.468 per U.S. Dollar as of March 31, 2011.



**VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**

As of March 31, 2011 and December 31, 2010

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

ASSETS	March 31, 2011			December 31, 2010		QoQ	
	USD	NTD	%	NTD	%	Move	Inc(Dec)%
Cash	256	7,533	30.6	8,322	34.5	(789)	(9.5)
Investments in Marketable Financial Instruments	1	30	0.1	97	0.4	(67)	(68.7)
Accounts Receivable	88	2,600	10.6	1,907	7.9	694	36.4
Inventories	55	1,623	6.6	1,615	6.7	7	0.5
Other Current Assets	20	577	2.3	516	2.1	60	11.7
<b>Total Current Assets</b>	<b>420</b>	<b>12,363</b>	<b>50.2</b>	<b>12,457</b>	<b>51.6</b>	<b>(94)</b>	<b>(0.8)</b>
Long Term Investment	13	375	1.5	411	1.7	(36)	(8.8)
Properties	2,131	62,782	255.1	61,409	254.5	1,374	2.2
Less: Accumulated Depreciation	(1,758)	(51,814)	(210.5)	(51,085)	(211.7)	(729)	1.4
Net Properties	372	10,968	44.6	10,324	42.8	645	6.2
Other Assets	31	905	3.7	938	3.9	(33)	(3.5)
<b>Total Assets</b>	<b>835</b>	<b>24,611</b>	<b>100.0</b>	<b>24,130</b>	<b>100.0</b>	<b>482</b>	<b>2.0</b>
<b>LIABILITIES</b>							
Accounts Payable & Other Current Liabilities	99	2,915	11.8	2,817	11.7	98	3.5
Other Long Term Liabilities	17	499	2.0	498	2.1	0	0.1
<b>Total Liabilities</b>	<b>116</b>	<b>3,414</b>	<b>13.9</b>	<b>3,316</b>	<b>13.7</b>	<b>98</b>	<b>3.0</b>
<b>SHAREHOLDERS' EQUITY</b>							
Capital Stock	559	16,480	67.0	16,455	68.2	25	0.1
Capital Surplus	18	535	2.2	528	2.2	7	1.4
Retained Earnings							
- Legal Reserve	54	1,594	6.5	1,594	6.6	0	0.0
- Previous Year	76	2,237	9.1	285	1.2	1,952	685.9
- Current Year	13	397	1.6	1,952	8.1	(1,556)	(79.7)
Unrealized Fair Value Adjustment	1	20	0.1	57	0.2	(37)	(64.6)
Cumulative Translation Adjustment	(2)	(65)	(0.3)	(57)	(0.2)	(8)	14.9
<b>Total Shareholders' Equity</b>	<b>719</b>	<b>21,197</b>	<b>86.1</b>	<b>20,814</b>	<b>86.3</b>	<b>383</b>	<b>1.8</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>835</b>	<b>24,611</b>	<b>100.0</b>	<b>24,130</b>	<b>100.0</b>	<b>482</b>	<b>2.0</b>

\* New Taiwan Dollar amounts have been translated into U.S. Dollars at the rate of NT\$29.468 per U.S. Dollar as of March 31, 2011.



**VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Three Months Ended March 31, 2011 and 2010**  
**(Figures in Million of New Taiwan Dollars (NTD) and U.S. Dollars (USD))\***

	<u>3 MTHS 2011</u>		<u>3 MTHS 2010</u>
	<u>USD</u>	<u>NTD</u>	<u>NTD</u>
<b>Cash Flows from Operating Activities:</b>			
Net Income	13	397	220
Depreciation & Amortization	26	779	746
Investment loss recognized by equity method	0	7	10
Gain on sales of long-term stock investments	(1)	(21)	0
Gain on disposal of properties - net	0	0	(16)
Deferred income tax assets	(1)	(35)	12
Changes in working capital & others	(27)	(791)	(531)
<b>Net Cash Provided by Operating Activities</b>	<u>11</u>	<u>336</u>	<u>441</u>
<b>Cash Flows from Investing Activities:</b>			
Acquisitions of properties	(39)	(1,156)	(297)
Proceeds from disposal of properties	0	0	16
Increase in pledged time deposit	(1)	(25)	0
Increase in deferred charges	(0)	(2)	(4)
<b>Net Cash Used in Investing Activities</b>	<u>(39)</u>	<u>(1,150)</u>	<u>(286)</u>
<b>Cash Flows from Financing Activities:</b>			
Proceeds from exercise of employee stock options	1	32	7
<b>Net Cash Provided by Financing Activities</b>	<u>1</u>	<u>32</u>	<u>8</u>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<u>(26)</u>	<u>(783)</u>	<u>163</u>
<b>Effect of Exchange Rate Changes</b>	<u>(0)</u>	<u>(6)</u>	<u>(1)</u>
<b>Cash and Cash Equivalents, Beginning of Period</b>	<u>280</u>	<u>8,322</u>	<u>6,901</u>
<b>Cash and Cash Equivalents, End of Period</b>	<u>253</u>	<u>7,533</u>	<u>7,063</u>

\* New Taiwan Dollar amounts have been translated into U.S. Dollars at the rate of NT\$29.758 per U.S. Dollar, the weighted average exchange rate for the three months of 2011.