



VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION

BALANCE SHEETS

As of September 30, 2004 and 2003

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

ASSETS	September 30, 2004			September 30, 2003		YoY	
	USD	NTD	%	NTD	%	Move	Inc(Dec)%
Cash	147	4,999	20.8	2,470	10.3	2,529	102.4
Short Term Investment	47	1,601	6.7	2,909	12.1	(1,308)	(45.0)
Accounts Receivable	72	2,449	10.2	1,551	6.4	898	57.9
Inventories	35	1,189	5.0	1,837	7.6	(648)	(35.3)
Other Current Assets	40	1,356	5.6	637	2.6	719	112.8
Total Current Assets	341	11,594	48.3	9,404	39.0	2,190	23.3
Long Term Investment	63	2,155	9.0	3,635	15.1	(1,480)	(40.7)
Properties	1,276	43,346	180.6	42,935	178.2	411	1.0
Less Accumulated Depreciation	(1,015)	(34,474)	(143.6)	(34,873)	(144.8)	399	(1.1)
Net Properties	261	8,872	37.0	8,062	33.5	810	10.1
Other Assets	41	1,386	5.8	2,986	12.4	(1,601)	(53.6)
Total Assets	707	24,006	100.0	24,087	100.0	(81)	(0.3)
LIABILITIES							
Accounts Payable & Other Current Liabilities	77	2,607	10.9	1,520	6.3	1,087	71.5
Current Portion of Long Term Debts	9	309	1.3	3,379	14.0	(3,069)	(90.8)
Total Current Liabilities	86	2,916	12.1	4,899	20.3	(1,983)	(40.5)
Long Term Debts	81	2,750	11.5	4,427	18.4	(1,677)	(37.9)
Other Long Term Liabilities	13	437	1.8	642	2.7	(205)	(32.0)
Total Liabilities	180	6,103	25.4	9,968	41.4	(3,865)	(38.8)
SHAREHOLDERS' EQUITY							
Capital Stock	432	14,683	61.2	28,000	116.2	(13,317)	(47.6)
Capital Surplus - Employee Stock Option	0	16	0.1	0	0.0	16	100.0
Capital Surplus - L/T Investment	0	1	0.0	0	0.0	1	100.0
Retained Earnings							
- Legal Reserve	0	0	0.0	1	0.0	(1)	(100.0)
- Previous Year	0	0	0.0	(13,714)	(56.9)	13,714	(100.0)
- Current Year	94	3,191	13.3	(172)	(0.7)	3,363	(1,950.3)
Unrealized Loss on Long Term Investments	(0)	(14)	(0.1)	(9)	(0.0)	(6)	63.8
Cumulative Translation Adjustment	1	26	0.1	13	0.1	13	106.0
Total Shareholders' Equity	527	17,903	74.6	14,119	58.6	3,785	26.8
Total Liabilities & Shareholders' Equity	707	24,006	100.0	24,087	100.0	(81)	(0.3)

* New Taiwan Dollar amounts have been translated into U.S. Dollars at the rate of NT\$33.96 per U.S. Dollar as of September 30, 2004.



VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION

BALANCE SHEETS

As of September 30 and June 30, 2004

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

ASSETS	September 30, 2004			June 30, 2004		QoQ	
	USD	NTD	%	NTD	%	Move	Inc(Dec)%
Cash	147	4,999	20.8	5,530	21.9	(531)	(9.6)
Short Term Investment	47	1,601	6.7	2,344	9.3	(744)	(31.7)
Accounts Receivable	72	2,449	10.2	2,415	9.6	33	1.4
Inventories	35	1,189	5.0	1,316	5.2	(127)	(9.7)
Other Current Assets	40	1,356	5.6	1,078	4.3	279	25.8
Total Current Assets	341	11,594	48.3	12,683	50.2	(1,090)	(8.6)
Long Term Investment	63	2,155	9.0	2,186	8.6	(31)	(1.4)
Properties	1,276	43,346	180.6	42,591	168.5	755	1.8
Less Accumulated Depreciation	(1,015)	(34,474)	(143.6)	(34,204)	(135.3)	(270)	0.8
Net Properties	261	8,872	37.0	8,387	33.2	485	5.8
Other Assets	41	1,386	5.8	2,015	8.0	(630)	(31.3)
Total Assets	707	24,006	100.0	25,272	100.0	(1,266)	(5.0)
LIABILITIES							
Accounts Payable & Other Current Liabilities	77	2,607	10.9	3,937	15.6	(1,330)	(33.8)
Current Portion of Long Term Debts	9	309	1.3	2,192	8.7	(1,883)	(85.9)
Total Current Liabilities	86	2,916	12.1	6,129	24.3	(3,212)	(52.4)
Long Term Debts	81	2,750	11.5	2,002	7.9	747	37.3
Other Long Term Liabilities	13	437	1.8	405	1.6	32	7.9
Total Liabilities	180	6,103	25.4	8,536	33.8	(2,433)	(28.5)
SHAREHOLDERS' EQUITY							
Capital Stock	432	14,683	61.2	28,216	111.7	(13,533)	(48.0)
Capital Surplus - Employee Stock Option	0	16	0.1	18	0.1	(2)	(9.2)
Capital Surplus - L/T Investment	0	1	0.0	0	0.0	1	100.0
Retained Earnings							
- Legal Reserve	0	0	0.0	1	0.0	(1)	(100.0)
- Previous Year	0	0	0.0	(13,537)	(53.6)	13,537	(100.0)
- Current Year	94	3,191	13.3	2,020	8.0	1,171	57.9
Unrealized Loss on Long Term Investments	(0)	(14)	(0.1)	(0)	(0.0)	(14)	43,006.1
Cumulative Translation Adjustment	1	26	0.1	17	0.1	9	51.3
Total Shareholders' Equity	527	17,903	74.6	16,736	66.2	1,168	7.0
Total Liabilities & Shareholders' Equity	707	24,006	100.0	25,272	100.0	(1,266)	(5.0)

* New Taiwan Dollar amounts have been translated into U.S. Dollars at the rate of NT\$33.96 per U.S. Dollar as of September 30, 2004.



VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION INCOME STATEMENT

For the Three Months Ended September 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)

	Year over Year Comparison					Sequential Comparison					
	3Q 2004		% of Sales	3Q 2003		YoY Inc(Dec) %	3Q 2004		% of Sales	2Q 2004	
	USD	NTD		NTD	NTD		USD	NTD		NTD	QoQ Inc(Dec) %
Net Sales	128	4,362	100.0	2,710	60.9	128	4,362	100.0	4,161	4.8	
Cost of Sales	(80)	(2,721)	(62.4)	(2,788)	(2.4)	(80)	(2,721)	(62.4)	(2,960)	(8.1)	
Gross Profit	48	1,641	37.6	(77)	-	48	1,641	37.6	1,201	36.6	
Operating Expenses											
General and Administrative Expenses	(4)	(133)	(3.1)	(99)	33.9	(4)	(133)	(3.1)	(137)	(2.6)	
Selling and Marketing Expenses	(1)	(38)	(0.9)	(41)	(6.1)	(1)	(38)	(0.9)	(41)	(6.1)	
Research and Development Expenses	(3)	(87)	(2.0)	(126)	(31.0)	(3)	(87)	(2.0)	(78)	10.7	
Total Operating Expenses	(8)	(258)	(5.9)	(266)	(2.9)	(8)	(258)	(5.9)	(256)	0.9	
Income From Operations	41	1,383	31.7	(343)	-	41	1,383	31.7	946	46.2	
Investment Gain (Loss)	3	88	2.0	352	-	3	88	2.0	6	-	
Inventory Valuation (Loss)	1	24	0.6	492	(95.1)	1	24	0.6	173	(86.0)	
Net Other Non-operating Income (Expenses)	1	37	0.9	(60)	-	1	37	0.9	75	(50.2)	
Income before Income Tax	45	1,532	35.1	441	247.4	45	1,532	35.1	1,200	27.7	
Income Tax Credit (Expenses)	(11)	(362)	(8.3)	0	-	(11)	(362)	(8.3)	(272)	33.1	
Net Income	34	1,171	26.8	441	165.4	34	1,171	26.8	928	26.1	
Earnings Per Share ⁽²⁾	0.024	0.80		0.31	161.2	0.024	0.80		0.63	25.9	
Weighted Average Outstanding Shares('M) ⁽²⁾		1,465		1,448		1,465			1,463		

Note: (1) New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD33.965 per U.S. dollar for the third quarter of 2004.

(2) Total weighted average outstanding shares were 1,464,865K shares for 3Q04, 1,447,860K shares for 3Q03 and 1,463,135K shares for 2Q04 after the retroactive adjustments for capital reduction.



VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION
INCOME STATEMENT

For the Nine Months Ended September 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)

	9 months ended Sep. 30				
	2004 USD	2004 NTD	% of Sales	2003 NTD	YoY Inc(Dec) %
Net Sales	365	12,255	100.0%	7,612	61.0
Cost of Sales	(253)	(8,485)	-69.2%	(8,719)	(2.7)
Gross Profit	112	3,770	30.8%	(1,107)	-
Operating Expenses					
General and Administrative Expenses	(12)	(389)	-3.2%	(309)	25.8
Selling and Marketing Expenses	(4)	(125)	-1.0%	(104)	20.6
Research and Development Expenses	(7)	(249)	-2.0%	(333)	(25.2)
Total Operating Expenses	(23)	(763)	-6.2%	(746)	2.3
Income From Operations	90	3,008	24.5%	(1,852)	-
Investment Gain (Loss)	14	458	3.7%	375	22.0
Inventory Valuation (Loss)	9	298	2.4%	1,395	(78.6)
Net Other Non-operating Income (Expenses)	8	278	2.3%	(90)	-
Income before Income Tax	120	4,041	33.0%	(172)	-
Income Tax Credit (Expenses)	(25)	(850)	-6.9%	0	-
Net Income	95	3,191	26.0%	(172)	-
Earnings Per Share (2)	0.065	2.18		(0.12)	-
Weighted Average Outstanding Shares('M) (2)		1,465		1,448	

Note: (1) New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD33.581 per U.S. dollar for the nine months of 2004.

(2) Total weighted average outstanding shares were 1,464,865K / 1,447,860K shares for 2004 / 2003 after the retroactive adjustments for capital reduction.



VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION

STATEMENTS OF CASH FLOWS

For the Nine Months Ended September 30, 2004

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

	9 MTHS 2004		3Q 2004	2Q 2004	3Q 2003
	USD	NTD	NTD	NTD	NTD
Cash Flows from Operating Activities:					
Net Income (Loss)	95	3,191	1,171	928	441
Depreciation & Amortization	71	2,374	840	777	868
Investment (gain) loss recognized by equity method	(11)	(384)	4	4	(63)
Impairment loss on long-term stock investment	2	56	0	0	0
Gain on sales of long-term stock investments	(0)	(0)	(0)	0	(289)
Gain on disposal of properties - net	(7)	(247)	(10)	(51)	0
Deferred income tax assets	25	850	362	272	0
Changes in working capital & others	9	287	222	301	(118)
Net Cash Provided by Operating Activities	182	6,127	2,588	2,231	839
Cash Flows from Investing Activities:					
Decrease (increase) in short-term investments	89	2,988	808	1,906	(408)
Acquisitions of properties	(98)	(3,294)	(1,200)	(1,267)	(187)
Acquisitions of long-term stock investments	(1)	(43)	(43)	0	0
Proceeds from disposal of properties	9	317	47	61	0
Proceeds from disposal of long-term stock investments	0	1	1	0	1,217
Increase in deferred charges	(1)	(26)	(12)	(14)	(6)
Net Cash Provided by (Used in) Investing Activities	(2)	(56)	(398)	685	616
Cash Flows from Financing Activities:					
Proceeds from (payments on):					
Short-term bank loans	(6)	(206)	(1,642)	1,027	(563)
Commercial paper issued	0	0	0	0	(250)
Long-term bank loans	(72)	(2,422)	(1,097)	(1,250)	(74)
(Decrease) increase in guarantee deposits	(4)	(134)	17	0	(97)
Proceeds from exercise of employee stock options	6	198	1	168	0
Net Cash Provided by Financing Activities	(76)	(2,565)	(2,720)	(55)	(984)
Net Increase (Decrease) in Cash and Cash Equivalents	104	3,506	(531)	2,861	471
Cash and Cash Equivalents, Beginning of Period	44	1,493	5,530	2,668	1,999
Cash and Cash Equivalents, End of Period	149	4,999	4,999	5,530	2,470

* New Taiwan Dollar amounts have been translated into U.S. Dollars at the rate of NT\$33.581 per U.S. Dollar, the weighted average exchange rate for the nine months of 2004.