



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

As of Sep. 30, 2014 and 2013

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

ASSETS	Sep. 30, 2014			Sep. 30, 2013		YoY	
	USD	NTD	%	NTD	%	Move	Inc(Dec)%
Cash and Cash Equivalents	532	16,223	51.4	13,910	51.3	2,313	16.6
Investments in Marketable Financial Instruments	24	717	2.3	444	1.6	273	61.5
Accounts Receivable	117	3,569	11.3	3,054	11.3	515	16.9
Inventories	77	2,352	7.4	1,731	6.4	621	35.9
Other Current Assets	11	343	1.1	261	1.0	83	31.7
<b>Total Current Assets</b>	<b>762</b>	<b>23,205</b>	<b>73.5</b>	<b>19,399</b>	<b>71.6</b>	<b>3,805</b>	<b>19.6</b>
Investments	11	323	1.0	341	1.3	(19)	(5.4)
Property, Plant and Equipment	253	7,704	24.4	7,044	26.0	661	9.4
Other Assets	11	344	1.1	317	1.2	27	8.5
<b>Total Assets</b>	<b>1,036</b>	<b>31,576</b>	<b>100.0</b>	<b>27,102</b>	<b>100.0</b>	<b>4,474</b>	<b>16.5</b>
<b>LIABILITIES</b>							
Accounts Payable & Other Current Liabilities	155	4,724	15.0	3,170	11.7	1,554	49.0
Other Long Term Liabilities	24	723	2.3	655	2.4	67	10.3
<b>Total Liabilities</b>	<b>179</b>	<b>5,447</b>	<b>17.2</b>	<b>3,825</b>	<b>14.1</b>	<b>1,622</b>	<b>42.4</b>
<b>SHAREHOLDERS' EQUITY</b>							
Capital Stock	538	16,390	51.9	16,360	60.4	29	0.2
Capital Surplus	27	830	2.6	701	2.6	129	18.4
Retained Earnings							
- Legal Reserve	84	2,547	8.1	2,110	7.8	437	20.7
- Special Reserve	2	54	0.2	69	0.3	(15)	(22.1)
- Unappropriated earnings	210	6,387	20.2	4,585	16.9	1,802	39.3
Other equity	(2)	(66)	(0.2)	(62)	(0.2)	(4)	5.9
Treasury Stock	(0)	(13)	(0.0)	(487)	(1.8)	474	(97.4)
<b>Total Shareholders' Equity</b>	<b>858</b>	<b>26,129</b>	<b>82.8</b>	<b>23,277</b>	<b>85.9</b>	<b>2,853</b>	<b>12.3</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>1,036</b>	<b>31,576</b>	<b>100.0</b>	<b>27,102</b>	<b>100.0</b>	<b>4,474</b>	<b>16.5</b>

\* New Taiwan Dollar amounts have been translated into U.S. Dollars at the rate of NT\$30.47 per U.S. Dollar as of Sep. 30, 2014.



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

As of Sep. 30, 2014 and Jun. 30, 2014

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

ASSETS	Sep. 30, 2014			Jun. 30, 2014		QoQ	
	USD	NTD	%	NTD	%	Move	Inc(Dec)%
Cash and Cash Equivalents	532	16,223	51.4	19,497	59.5	(3,275)	(16.8)
Investments in Marketable Financial Instruments	24	717	2.3	918	2.8	(201)	(21.9)
Accounts Receivable	117	3,569	11.3	3,184	9.7	386	12.1
Inventories	77	2,352	7.4	1,680	5.1	672	40.0
Other Current Assets	11	343	1.1	220	0.7	123	56.0
<b>Total Current Assets</b>	<b>762</b>	<b>23,205</b>	<b>73.5</b>	<b>25,499</b>	<b>77.8</b>	<b>(2,294)</b>	<b>(9.0)</b>
Investments	11	323	1.0	335	1.0	(12)	(3.5)
Property, Plant and Equipment	253	7,704	24.4	6,593	20.1	1,112	16.9
Other Assets	11	344	1.1	332	1.0	13	3.9
<b>Total Assets</b>	<b>1,036</b>	<b>31,576</b>	<b>100.0</b>	<b>32,758</b>	<b>100.0</b>	<b>(1,182)</b>	<b>(3.6)</b>
<b>LIABILITIES</b>							
Accounts Payable & Other Current Liabilities	155	4,724	15.0	7,294	22.3	(2,570)	(35.2)
Other Long Term Liabilities	24	723	2.3	713	2.2	10	1.4
<b>Total Liabilities</b>	<b>179</b>	<b>5,447</b>	<b>17.2</b>	<b>8,007</b>	<b>24.4</b>	<b>(2,560)</b>	<b>(32.0)</b>
<b>SHAREHOLDERS' EQUITY</b>							
Capital Stock	538	16,390	51.9	16,390	50.0	0	0.0
Capital Surplus	27	830	2.6	809	2.5	21	2.6
Retained Earnings							
- Legal Reserve	84	2,547	8.1	2,547	7.8	0	0.0
- Special Reserve	2	54	0.2	54	0.2	0	0.0
- Unappropriated earnings	210	6,387	20.2	5,063	15.5	1,324	26.2
Other equity	(2)	(66)	(0.2)	(60)	(0.2)	(5)	8.9
Treasury Stock	(0)	(13)	(0.0)	(51)	(0.2)	38	(75.2)
<b>Total Shareholders' Equity</b>	<b>858</b>	<b>26,129</b>	<b>82.8</b>	<b>24,751</b>	<b>75.6</b>	<b>1,378</b>	<b>5.6</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>1,036</b>	<b>31,576</b>	<b>100.0</b>	<b>32,758</b>	<b>100.0</b>	<b>(1,182)</b>	<b>(3.6)</b>

\* New Taiwan Dollar amounts have been translated into U.S. Dollars at the rate of NT\$30.47 per U.S. Dollar as of Sep. 30, 2014.



## Vanguard International Semiconductor Corporation

### Consolidated Statements of Comprehensive Income

For the Three Months Ended Sep. 30, 2014, Jun. 30, 2014, Sep. 30, 2013  
(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					
	3Q 2014		% of	3Q 2013		YoY	3Q 2014		% of	2Q 2014	
	USD	NTD	Sales	NTD	Inc(Dec) %	USD	NTD	Sales	NTD	Inc(Dec) %	
Net Revenue	207	6,185	100.0	5,590	10.6	207	6,185	100.0	5,822	6.2	
Cost of Revenue	(136)	(4,076)	(65.9)	(3,705)	10.0	(136)	(4,076)	(65.9)	(3,616)	12.7	
Gross Profit	70	2,109	34.1	1,885	11.9	70	2,109	34.1	2,206	(4.4)	
Operating Expenses											
General and Administrative Expenses	(9)	(256)	(4.1)	(192)	33.2	(9)	(256)	(4.1)	(228)	12.4	
Selling and Marketing Expenses	(2)	(61)	(1.0)	(52)	16.1	(2)	(61)	(1.0)	(70)	(12.7)	
Research and Development Expenses	(10)	(302)	(4.9)	(265)	13.8	(10)	(302)	(4.9)	(290)	4.2	
Total Operating Expenses	(21)	(619)	(10.0)	(510)	21.4	(21)	(619)	(10.0)	(587)	5.4	
Income From Operations	50	1,490	24.1	1,375	8.3	50	1,490	24.1	1,619	(8.0)	
Investment (Loss) Gain	(0)	(2)	(0.0)	2	-	(0)	(2)	(0.0)	14	-	
Net Other Non-operating Income	3	89	1.4	52	70.0	3	89	1.4	31	189.0	
Income before Income Tax	53	1,577	25.5	1,429	10.3	53	1,577	25.5	1,663	(5.2)	
Income Tax Expense	(8)	(252)	(4.1)	(203)	24.5	(8)	(252)	(4.1)	(341)	(25.9)	
Net Income	44	1,324	21.4	1,226	8.0	44	1,324	21.4	1,323	0.1	
Other Comprehensive Loss	(0)	(5)	(0.1)	(3)	105.3	(0)	(5)	(0.1)	(59)	(90.9)	
Comprehensive Income	44	1,319	21.3	1,224	7.8	44	1,319	21.3	1,264	4.4	
Diluted Earnings Per Share <sup>(2)</sup>	0.027	0.80		0.76	5.6	0.027	0.80		0.80	(0.0)	
Weighted Average Outstanding Shares('M) <sup>(2)</sup>		1,650		1,613			1,650		1,648		

Note: (1) New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD29.913 per U.S. dollar for the third quarter of 2014.

(2) Total weighted average outstanding shares were 1,650,240K shares for 3Q14, 1,648,172K shares for 2Q14 and 1,612,760K shares for 3Q13.



## Vanguard International Semiconductor Corporation Consolidated Statements of Comprehensive Income

For the Nine Months Ended Sep. 30, 2014 and 2013

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

Except for Per Share Amounts and Shares Outstanding)

	9 months ended Sep. 30				
	2014		% of Sales	2013	YoY Inc(Dec) %
	USD	NTD		NTD	
Net Revenue	582	17,513	100.0%	15,733	11.3
Cost of Revenue	(370)	(11,147)	-63.6%	(10,675)	4.4
Gross Profit	212	6,366	36.4%	5,057	25.9
<b>Operating Expenses</b>					
General and Administrative Expenses	(24)	(711)	-4.1%	(583)	21.9
Selling and Marketing Expenses	(6)	(190)	-1.1%	(145)	30.7
Research and Development Expenses	(29)	(859)	-4.9%	(737)	16.6
Total Operating Expenses	(58)	(1,759)	-10.0%	(1,464)	20.1
Income From Operations	153	4,607	26.3%	3,593	28.2
Investment Gain	0	9	0.0%	3	197.4
Net Other Non-operating Income	6	180	1.0%	155	16.3
Income before Income Tax	159	4,796	27.4%	3,750	27.9
Income Tax Expense	(27)	(806)	-4.6%	(509)	58.4
Net Income	133	3,990	22.8%	3,242	23.1
Other Comprehensive (Loss) Income	(0)	(12)	-0.1%	7	-
Comprehensive Income	132	3,978	22.7%	3,249	22.5
Diluted Earnings Per Share (2)	0.081	2.43		2.02	20.1
Weighted Average Outstanding Shares('M) (2)		1,644		1,604	

Note: (1) New Taiwan Dollars have been translated into U.S. Dollars at the weighted average rate of NTD30.09 per U.S. Dollar for the nine months of 2014.

(2) Total weighted average outstanding shares were 1,644,181K for the nine months ended Sep. 30, 2014 and 1,603,998K shares for the nine months ended Sep. 30, 2013.



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

For the Nine Months Ended Sep. 30, 2014 and 2013

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

	2014		2013
	USD	NTD	NTD
<b>Cash Flows from Operating Activities:</b>			
Income before Income Tax	159	4,796	3,750
Depreciation & Amortization	51	1,527	1,755
Shares of Loss of Associates Accounted for Using Equity Method	0	11	15
Income Taxes Paid	(17)	(525)	(317)
Changes in Working Capital & Others	(25)	(752)	(39)
Net Cash Provided by Operating Activities	<u>168</u>	<u>5,056</u>	<u>5,164</u>
<b>Cash Flows from Investing Activities:</b>			
Increase in Financial Assets	(1)	(44)	(128)
Acquisitions of Property, Plant and Equipment	(84)	(2,536)	(857)
Decrease (Increase) in Other Financial Assets	2	68	(372)
Increase in Intangible Assets	(1)	(21)	(2)
Dividends Received	1	20	13
Other	(0)	(1)	2
Net Cash Used in Investing Activities	<u>(84)</u>	<u>(2,514)</u>	<u>(1,344)</u>
<b>Cash Flows from Financing Activities:</b>			
(Decrease) Increase in Guarantee Deposits in	(0)	(1)	5
Cash Dividends	(95)	(2,873)	(1,552)
Proceeds from Exercise of Employee Stock Options	1	35	116
Treasury Stock Transfer to Employees	16	474	431
Net Cash Used in Financing Activities	<u>(79)</u>	<u>(2,366)</u>	<u>(1,000)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<u>6</u>	<u>176</u>	<u>2,820</u>
<b>Effect of Exchange Rate Changes</b>	<u>0</u>	<u>5</u>	<u>(0)</u>
<b>Cash and Cash Equivalents, Beginning of Period</b>	<u>533</u>	<u>16,042</u>	<u>11,090</u>
<b>Cash and Cash Equivalents, End of Period</b>	<u><u>539</u></u>	<u><u>16,223</u></u>	<u><u>13,910</u></u>

\* New Taiwan Dollar amounts have been translated into U.S. Dollars at the rate of NT\$30.09 per U.S. Dollar, the weighted average exchange rate for the nine months of 2014.