



## VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION

BALANCE SHEETS

As of March 31, 2005 and 2004

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

ASSETS	March 31, 2005			March 31, 2004		YoY	
	USD	NTD	%	NTD	%	Move	Inc(Dec)%
Cash	335	10,563	41.2	2,668	11.0	7,895	295.9
Short Term Investment	10	300	1.2	4,208	17.4	(3,909)	(92.9)
Accounts Receivable	40	1,260	4.9	2,109	8.7	(848)	(40.2)
Inventories	34	1,079	4.2	1,609	6.7	(530)	(32.9)
Other Current Assets	24	765	3.0	1,197	5.0	(432)	(36.1)
Total Current Assets	443	13,968	54.5	11,791	48.8	2,176	18.5
Long Term Investment	47	1,469	5.7	2,153	8.9	(684)	(31.8)
Properties	1,412	44,475	173.5	41,682	172.5	2,793	6.7
Less Accumulated Depreciation	(1,143)	(36,020)	(140.5)	(33,792)	(139.8)	(2,228)	6.6
Net Properties	268	8,456	33.0	7,890	32.6	565	7.2
Other Assets	55	1,745	6.8	2,334	9.7	(589)	(25.2)
Total Assets	814	25,638	100.0	24,168	100.0	1,469	6.1
<b>LIABILITIES</b>							
Accounts Payable & Other Current Liabilities	59	1,846	7.2	2,696	11.2	(851)	(31.5)
Current Portion of Long Term Debts	24	770	3.0	1,884	7.8	(1,114)	(59.1)
Total Current Liabilities	83	2,615	10.2	4,580	18.9	(1,964)	(42.9)
Long Term Debts	65	2,037	7.9	3,595	14.9	(1,558)	(43.3)
Other Long Term Liabilities	14	443	1.7	390	1.6	53	13.6
Total Liabilities	162	5,096	19.9	8,565	35.4	(3,470)	(40.5)
<b>SHAREHOLDERS' EQUITY</b>							
Capital Stock	469	14,763	57.6	28,063	116.1	(13,301)	(47.4)
Capital Surplus - Employee Stock Option	3	86	0.3	3	0.0	84	3,155.2
Capital Surplus - L/T Investment	1	17	0.1	0	0.0	17	100.0
Retained Earnings							
- Legal Reserve	0	0	0.0	1	0.0	(1)	(100.0)
- Previous Year	151	4,755	18.5	(13,537)	(56.0)	18,292	(135.1)
- Current Year	32	995	3.9	1,092	4.5	(97)	(8.9)
Cumulative Translation Adjustment	(2)	(74)	(0.3)	(19)	(0.1)	(55)	281.2
Total Shareholders' Equity	652	20,542	80.1	15,603	64.6	4,939	31.7
Total Liabilities & Shareholders' Equity	814	25,638	100.0	24,168	100.0	1,469	6.1

\* New Taiwan Dollar amounts have been translated into U.S. Dollars at the rate of NT\$31.50 per U.S. Dollar as of March 31, 2005.



**VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION**

**BALANCE SHEETS**

As of March 31, 2005 and December 31, 2004

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

ASSETS	March 31, 2005			December 31, 2004		QoQ	
	USD	NTD	%	NTD	%	Move	Inc(Dec)%
Cash	335	10,563	41.2	7,574	30.6	2,990	39.5
Short Term Investment	10	300	1.2	866	3.5	(566)	(65.4)
Accounts Receivable	40	1,260	4.9	2,034	8.2	(773)	(38.0)
Inventories	34	1,079	4.2	1,045	4.2	34	3.3
Other Current Assets	24	765	3.0	743	3.0	22	3.0
<b>Total Current Assets</b>	<b>443</b>	<b>13,968</b>	<b>54.5</b>	<b>12,261</b>	<b>49.5</b>	<b>1,707</b>	<b>13.9</b>
Long Term Investment	47	1,469	5.7	1,490	6.0	(21)	(1.4)
Properties	1,412	44,475	173.5	44,258	178.9	218	0.5
Less Accumulated Depreciation	(1,143)	(36,020)	(140.5)	(35,108)	(141.9)	(911)	2.6
Net Properties	268	8,456	33.0	9,149	37.0	(694)	(7.6)
Other Assets	55	1,745	6.8	1,844	7.5	(99)	(5.4)
<b>Total Assets</b>	<b>814</b>	<b>25,638</b>	<b>100.0</b>	<b>24,745</b>	<b>100.0</b>	<b>892</b>	<b>3.6</b>
<b>LIABILITIES</b>							
Accounts Payable & Other Current Liabilities	59	1,846	7.2	2,021	8.2	(175)	(8.7)
Current Portion of Long Term Debts	24	770	3.0	810	3.3	(40)	(5.0)
<b>Total Current Liabilities</b>	<b>83</b>	<b>2,615</b>	<b>10.2</b>	<b>2,831</b>	<b>11.4</b>	<b>(215)</b>	<b>(7.6)</b>
Long Term Debts	65	2,037	7.9	2,054	8.3	(18)	(0.9)
Other Long Term Liabilities	14	443	1.7	445	1.8	(1)	(0.3)
<b>Total Liabilities</b>	<b>162</b>	<b>5,096</b>	<b>19.9</b>	<b>5,330</b>	<b>21.5</b>	<b>(234)</b>	<b>(4.4)</b>
<b>SHAREHOLDERS' EQUITY</b>							
Capital Stock	469	14,763	57.6	14,684	59.3	79	0.5
Advance Receipts for Common Stock	0	0	0.0	2	0.0	(2)	(100.0)
Capital Surplus - Employee Stock Option	3	86	0.3	17	0.1	70	417.4
Capital Surplus - L/T Investment	1	17	0.1	17	0.0	0	0.0
Retained Earnings							
- Previous Year	151	4,755	18.5	0	0.0	4,755	100.0
- Current Year	32	995	3.9	4,755	19.2	(3,760)	(79.1)
Cumulative Translation Adjustment	(2)	(74)	(0.3)	(60)	(0.2)	(15)	24.3
<b>Total Shareholders' Equity</b>	<b>652</b>	<b>20,542</b>	<b>80.1</b>	<b>19,415</b>	<b>78.4</b>	<b>1,127</b>	<b>5.8</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>814</b>	<b>25,638</b>	<b>100.0</b>	<b>24,745</b>	<b>99.9</b>	<b>892</b>	<b>3.6</b>

\* New Taiwan Dollar amounts have been translated into U.S. Dollars at the rate of NT\$31.50 per U.S. Dollar as of March 31, 2005.



**VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION**

**STATEMENTS OF INCOME**

For the Three Months Ended March 31, 2005 and 2004

(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				
	2005 USD	2005 NTD	% of Sales	2004 NTD	YoY Inc(Dec) %
Net Sales	70	2,228	100.0%	3,732	(40.3)
Cost of Sales	(55)	(1,731)	-77.7%	(2,803)	(38.3)
Gross Profit	16	497	22.3%	928	(46.5)
Operating Expenses					
General and Administrative Expenses	(3)	(108)	-4.9%	(119)	(8.6)
Selling and Marketing Expenses	(1)	(25)	-1.1%	(47)	(46.6)
Research and Development Expenses	(4)	(139)	-6.2%	(84)	65.2
Total Operating Expenses	(9)	(272)	-12.2%	(249)	9.1
Income From Operations	7	225	10.1%	679	(66.9)
Investment Gain (Loss)	26	819	36.8%	365	124.7
Inventory Valuation (Loss)	(0)	(4)	-0.2%	101	(103.9)
Net Other Non-operating Income (Expenses)	0	15	0.7%	165	(91.2)
Income before Income Tax	33	1,055	47.3%	1,309	(19.5)
Income Tax Credit (Expenses)	(2)	(60)	-2.7%	(217)	(72.5)
Net Income	31	995	44.7%	1,092	(8.9)
Earnings Per Share <sup>(2)</sup>	0.021	0.68		0.75	(9.3)
Weighted Average Outstanding Shares('M) <sup>(2)</sup>		1,471		1,459	

Note: (1) New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD31.626 per U.S. dollar for the three months of 2005.

(2) Total weighted average outstanding shares were 1,471,244K / 1,459,444K shares for 2005 / 2004 after the retroactive adjustments for capital reduction.



**VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION**  
**STATEMENTS OF INCOME**

For the Three Months Ended March 31, 2005 and 2004  
 (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 2005		% of	1Q 2004		YoY	1Q 2005		% of	4Q 2004	
	USD	NTD	Sales	NTD	Inc(Dec) %	USD	NTD	Sales	NTD	Inc(Dec) %	
Net Sales	70	2,228	100.0	3,732	(40.3)	70	2,228	100.0	3,624	(38.5)	
Cost of Sales	(55)	(1,731)	(77.7)	(2,803)	(38.3)	(55)	(1,731)	(77.7)	(2,382)	(27.3)	
Gross Profit	16	497	22.3	928	(46.5)	16	497	22.3	1,242	(60.0)	
Operating Expenses											
General and Administrative Expenses	(3)	(108)	(4.9)	(119)	(8.6)	(3)	(108)	(4.9)	(144)	(24.7)	
Selling and Marketing Expenses	(1)	(25)	(1.1)	(47)	(46.6)	(1)	(25)	(1.1)	5	(569.4)	
Research and Development Expenses	(4)	(139)	(6.2)	(84)	65.2	(4)	(139)	(6.2)	(106)	31.4	
Total Operating Expenses	(9)	(272)	(12.2)	(249)	9.1	(9)	(272)	(12.2)	(244)	11.4	
Income From Operations	7	225	10.1	679	(66.9)	7	225	10.1	998	(77.5)	
Investment Gain (Loss)	26	819	36.8	365	124.7	26	819	36.8	711	15.2	
Inventory Valuation (Loss)	(0)	(4)	(0.2)	101	-	(0)	(4)	(0.2)	(11)	(64.3)	
Net Other Non-operating Income (Expenses)	0	15	0.7	165	(91.2)	0	15	0.7	81	(82.0)	
Income before Income Tax	33	1,055	47.3	1,309	(19.5)	33	1,055	47.3	1,779	(40.7)	
Income Tax Credit (Expenses)	(2)	(60)	(2.7)	(217)	-	(2)	(60)	(2.7)	(215)	(72.2)	
Net Income	31	995	44.7	1,092	(8.9)	31	995	44.7	1,564	(36.4)	
Earnings Per Share <sup>(2)</sup>	0.021	0.68		0.75	(9.3)	0.021	0.68		1.07	(36.4)	
Weighted Average Outstanding Shares('M) <sup>(2)</sup>		1,471		1,459			1,471		1,466		

Note: (1) New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD31.626 per U.S. dollar for the first quarter of 2005.

(2) Total weighted average outstanding shares were 1,471,244K shares for 1Q05, 1,459,444K shares for 1Q04 and 1,465,736K shares for 4Q04 after the retroactive adjustments for capital reduction.



**VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
For the Three Months Ended March 31, 2005  
(Figures in Million of New Taiwan Dollars (NTD) and U.S. Dollars (USD))\*

	3 MTHS 2005		3 MTHS 2004
	USD	NTD	NTD
<b>Cash Flows from Operating Activities:</b>			
Net Income (Loss)	31	995	1,092
Depreciation & Amortization	30	958	756
Investment (gain) loss recognized by equity method	0	7	(391)
Impairment loss on long-term stock investment	0	0	56
(Gain) loss on disposal of properties - net	0	0	(187)
Deferred income tax assets	2	60	217
Changes in working capital & others	24	773	(236)
<b>Net Cash Provided by Operating Activities</b>	<b>88</b>	<b>2,793</b>	<b>1,307</b>
<b>Cash Flows from Investing Activities:</b>			
Decrease in short-term investments	18	566	274
Acquisitions of properties	(15)	(461)	(826)
Proceeds from disposal of properties	0	0	209
Increase in deferred charges	(1)	(21)	0
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>3</b>	<b>85</b>	<b>(343)</b>
<b>Cash Flows from Financing Activities:</b>			
Proceeds from (payments on):			
Short-term bank loans	0	0	408
Long-term bank loans	(1)	(18)	(75)
Decrease in guarantee deposits	(1)	(16)	(151)
Proceeds from exercise of employee stock options	5	146	28
<b>Net Cash Provided by Financing Activities</b>	<b>4</b>	<b>112</b>	<b>210</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>95</b>	<b>2,990</b>	<b>1,175</b>
<b>Cash and Cash Equivalents, Beginning of Period</b>	<b>239</b>	<b>7,574</b>	<b>1,493</b>
<b>Cash and Cash Equivalents, End of Period</b>	<b>334</b>	<b>10,563</b>	<b>2,668</b>

\* New Taiwan Dollar amounts have been translated into U.S. Dollars at the rate of NT\$31.626 per U.S. Dollar, the weighted average exchange rate for the three months of 2005.