



Reports of Results for 1Q2005

May 2, 2005

Performance Summary for 1Q2005

- First quarter revenue reached NT\$2,228 million while net income and earnings per share came to NT\$995 million and NT\$0.68 per share, respectively.
- Net sales of 1Q05 were 39% lower than those of 4Q04. The decrease was the result of less wafer shipment (-26% QoQ), which was due to inventory correction of foundry customers, decreased ASP, and NT dollar appreciation against US dollar.
- Gross profit was NT\$497 million, or 22% of net sales, decreased from NT\$1,242 million, or 34% in 4Q04. The decrease in gross margin was due to lower utilization of fab capacity and lower ASP.
- Operating expenses increased to NT\$272 million from NT\$244 million of 4Q04 mainly due to increased expenditures on research and development.
- Non-operating income increased to NT\$830 million from NT\$780 million in 4Q04. The main contributor of non-operating income was NT\$825 million of gain on sales of short-term investment.

Shipment & Capacity Utilization

- Shipment in 1Q05 were 104 thousand wafers, a 26% decrease compared to 140 thousand wafers in 4Q04.
- Fab utilization in 1Q05 was 64% compared to 87% in 4Q04.
- Lower shipment and fab utilization in 1Q05 were the result of some customers' encountered inventory issue.

2Q2005 Outlook

- Based on current business outlook, we expect fab utilization to increase to around 75% in 2Q05. Shipment of wafer will increase by about 20% QoQ.
- We expect blended ASP to decline by a low single digit percentage point QoQ.
- Gross Margin will improve to around 25%- 27%.