



VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION

BALANCE SHEETS

As of June 30, 2005 and 2004

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

| ASSETS | June 30, 2005 | | | June 30, 2004 | | YoY | |
|--|---------------|----------|---------|---------------|---------|----------|-----------|
| | USD | NTD | % | NTD | % | Move | Inc(Dec)% |
| Cash | 369 | 11,628 | 44.4 | 5,530 | 21.9 | 6,098 | 110.3 |
| Short Term Investment | 13 | 424 | 1.6 | 2,344 | 9.3 | (1,921) | (81.9) |
| Accounts Receivable | 52 | 1,633 | 6.2 | 2,415 | 9.6 | (782) | (32.4) |
| Inventories | 36 | 1,135 | 4.3 | 1,316 | 5.2 | (181) | (13.7) |
| Other Current Assets | 22 | 695 | 2.7 | 1,078 | 4.3 | (383) | (35.5) |
| Total Current Assets | 492 | 15,515 | 59.2 | 12,683 | 50.2 | 2,832 | 22.3 |
| Long Term Investment | 46 | 1,461 | 5.6 | 2,186 | 8.6 | (724) | (33.1) |
| Properties | 1,412 | 44,498 | 169.8 | 42,591 | 168.5 | 1,907 | 4.5 |
| Less Accumulated Depreciation | (1,172) | (36,934) | (141.0) | (34,204) | (135.3) | (2,730) | 8.0 |
| Net Properties | 240 | 7,564 | 28.9 | 8,387 | 33.2 | (823) | (9.8) |
| Other Assets | 53 | 1,661 | 6.3 | 2,015 | 8.0 | (354) | (17.6) |
| Total Assets | 831 | 26,202 | 100.0 | 25,272 | 100.0 | 930 | 3.7 |
| LIABILITIES | | | | | | | |
| Accounts Payable & Other Current Liabilities | 147 | 4,622 | 17.6 | 3,937 | 15.6 | 686 | 17.4 |
| Current Portion of Long Term Debts | 24 | 749 | 2.9 | 2,192 | 8.7 | (1,443) | (65.8) |
| Total Current Liabilities | 170 | 5,371 | 20.5 | 6,129 | 24.3 | (757) | (12.4) |
| Long Term Debts | 62 | 1,949 | 7.4 | 2,002 | 7.9 | (54) | (2.7) |
| Other Long Term Liabilities | 15 | 458 | 1.7 | 405 | 1.6 | 53 | 13.2 |
| Total Liabilities | 247 | 7,779 | 29.7 | 8,536 | 33.8 | (758) | (8.9) |
| SHAREHOLDERS' EQUITY | | | | | | | |
| Capital Stock | 471 | 14,853 | 56.7 | 28,216 | 111.7 | (13,363) | (47.4) |
| Entitlement Certificate | 37 | 1,164 | 4.4 | 0 | 0.0 | 1,164 | 100.0 |
| Capital Surplus - Employee Stock Option | 5 | 172 | 0.7 | 18 | 0.1 | 155 | 870.4 |
| Capital Surplus - L/T Investment | 1 | 17 | 0.1 | 0 | 0.0 | 17 | 100.0 |
| Retained Earnings | | | | | | | |
| - Legal Reserve | 15 | 475 | 1.8 | 1 | 0.0 | 475 | 55,906.4 |
| - Special Reserve | 2 | 60 | 0.2 | 0 | 0.0 | 60 | 100.0 |
| - Previous Year | 12 | 387 | 1.5 | (13,537) | (53.6) | 13,924 | (102.9) |
| - Current Year | 43 | 1,368 | 5.2 | 2,020 | 8.0 | (652) | (32.3) |
| Cumulative Translation Adjustment | (2) | (73) | (0.3) | 17 | 0.1 | (91) | (526.6) |
| Total Shareholders' Equity | 584 | 18,423 | 70.3 | 16,736 | 66.2 | 1,688 | 10.1 |
| Total Liabilities & Shareholders' Equity | 831 | 26,202 | 100.0 | 25,272 | 100.0 | 930 | 3.7 |

* New Taiwan Dollar amounts have been translated into U.S. Dollars at the rate of NT\$31.523 per U.S. Dollar as of June 30, 2005.



VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION

BALANCE SHEETS

As of June 30, 2005 and March 31, 2005

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

| ASSETS | June 30, 2005 | | | March 31, 2005 | | QoQ | |
|---|---------------|---------------|--------------|----------------|--------------|----------------|---------------|
| | USD | NTD | % | NTD | % | Move | Inc(Dec)% |
| Cash | 369 | 11,628 | 44.4 | 10,563 | 41.2 | 1,065 | 10.1 |
| Short Term Investment | 13 | 424 | 1.6 | 300 | 1.2 | 124 | 41.3 |
| Accounts Receivable | 52 | 1,633 | 6.2 | 1,260 | 4.9 | 372 | 29.6 |
| Inventories | 36 | 1,135 | 4.3 | 1,079 | 4.2 | 56 | 5.2 |
| Other Current Assets | 22 | 695 | 2.7 | 765 | 3.0 | (70) | (9.2) |
| Total Current Assets | 492 | 15,515 | 59.2 | 13,968 | 54.5 | 1,547 | 11.1 |
| Long Term Investment | 46 | 1,461 | 5.6 | 1,469 | 5.7 | (8) | (0.5) |
| Properties | 1,412 | 44,498 | 169.8 | 44,475 | 173.5 | 22 | 0.1 |
| Less Accumulated Depreciation | (1,172) | (36,934) | (141.0) | (36,020) | (140.5) | (914) | 2.5 |
| Net Properties | 240 | 7,564 | 28.9 | 8,456 | 33.0 | (892) | (10.5) |
| Other Assets | 53 | 1,661 | 6.3 | 1,745 | 6.8 | (84) | (4.8) |
| Total Assets | 831 | 26,202 | 100.0 | 25,638 | 100.0 | 564 | 2.2 |
| LIABILITIES | | | | | | | |
| Accounts Payable & Other Current Liabilities | 147 | 4,622 | 17.6 | 1,846 | 7.2 | 2,777 | 150.4 |
| Current Portion of Long Term Debts | 24 | 749 | 2.9 | 770 | 3.0 | (20) | (2.7) |
| Total Current Liabilities | 170 | 5,371 | 20.5 | 2,615 | 10.2 | 2,756 | 105.4 |
| Long Term Debts | 62 | 1,949 | 7.4 | 2,037 | 7.9 | (88) | (4.3) |
| Other Long Term Liabilities | 15 | 458 | 1.7 | 443 | 1.7 | 15 | 3.4 |
| Total Liabilities | 247 | 7,779 | 29.7 | 5,096 | 19.9 | 2,683 | 52.6 |
| SHAREHOLDERS' EQUITY | | | | | | | |
| Capital Stock | 471 | 14,853 | 56.7 | 14,763 | 57.6 | 91 | 0.6 |
| Entitlement Certificate | 37 | 1,164 | 4.4 | 0 | 0.0 | 1,164 | 100.0 |
| Capital Surplus - Employee Stock Option | 5 | 172 | 0.7 | 86 | 0.3 | 86 | 99.6 |
| Capital Surplus - L/T Investment | 1 | 17 | 0.1 | 17 | 0.0 | 0 | 0.0 |
| Retained Earnings | | | | | | | |
| - Legal Reserve | 15 | 475 | 1.8 | 0 | 0.0 | 475 | 100.0 |
| - Special Reserve | 2 | 60 | 0.2 | 0 | 0.0 | 60 | 100.0 |
| - Previous Year | 12 | 387 | 1.5 | 4,755 | 18.5 | (4,368) | (91.9) |
| - Current Year | 43 | 1,368 | 5.2 | 995 | 3.9 | 373 | 37.5 |
| Cumulative Translation Adjustment | (2) | (73) | (0.3) | (74) | (0.3) | 1 | (0.9) |
| Total Shareholders' Equity | 584 | 18,423 | 70.3 | 20,542 | 80.1 | (2,119) | (10.3) |
| Total Liabilities & Shareholders' Equity | 831 | 26,202 | 100.0 | 25,638 | 100.0 | 564 | 2.2 |

* New Taiwan Dollar amounts have been translated into U.S. Dollars at the rate of NT\$31.523 per U.S. Dollar as of June 30, 2005.



VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION

INCOME STATEMENTS

For the Six Months Ended June 30, 2005 and 2004

(Expressed in Millions New Taiwan Dollars (NTD) and U.S. Dollars (USD) ⁽¹⁾)

Except for Per Share Amounts and Shares Outstanding)

| | 6 months ended Jun. 30 | | | | |
|--|------------------------|-------------|---------------|-------------|-------------------|
| | 2005 USD | 2005 NTD | % of Sales | 2004 NTD | YoY Inc(Dec) % |
| Net Sales | 158 | 4,962 | 100.0% | 7,893 | (37.1) |
| Cost of Sales | (109) | (3,426) | -69.0% | (5,763) | (40.5) |
| Gross Profit | 49 | 1,536 | 31.0% | 2,130 | (27.9) |
| Operating Expenses | | | | | |
| General and Administrative Expenses | (14) | (448) | -9.0% | (255) | 75.4 |
| Selling and Marketing Expenses | (2) | (78) | -1.6% | (87) | (10.5) |
| Research and Development Expenses | (9) | (295) | -6.0% | (162) | 82.1 |
| Total Operating Expenses | (26) | (822) | -16.6% | (505) | 62.7 |
| Income From Operations | 23 | 714 | 14.4% | 1,625 | (56.1) |
| Investment Gain (Loss) | 26 | 818 | 16.5% | 370 | 120.9 |
| Inventory Valuation (Loss) | (1) | (16) | -0.3% | 274 | - |
| Net Other Non-operating Income (Expenses) | 1 | 37 | 0.7% | 240 | (84.6) |
| Income before Income Tax | 49 | 1,552 | 31.3% | 2,509 | (38.1) |
| Income Tax Credit (Expenses) | (6) | (184) | -3.7% | (489) | (62.3) |
| Net Income | 43 | 1,368 | 27.6% | 2,020 | (32.3) |
| Earnings Per Share ⁽²⁾ | 0.030 | 0.93 | | 1.38 | (32.4) |
| Weighted Average Outstanding Shares('M) ⁽²⁾ | | 1,475 | | 1,463 | |

Note: (1) New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD31.492 per U.S. dollar for the six months of 2005.

(2) Total weighted average outstanding shares were 1,474,687K / 1,463,135K shares for 2005 / 2004 after the retroactive adjustments for capital reduction.



VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION

INCOME STATEMENTS

For the Three Months Ended June 30, 2005 and 2004

(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 | | | | |
|--|---------------------------|---------|--------|---------|------------|-----------------------|---------|--------|---------|------------|
| | 2Q 2005 | | % of | 2Q 2004 | YoY | 2Q 2005 | | % of | 1Q 2005 | QoQ |
| | USD | NTD | Sales | NTD | Inc(Dec) % | USD | NTD | Sales | NTD | Inc(Dec) % |
| Net Sales | 87 | 2,734 | 100.0 | 4,161 | (34.3) | 87 | 2,734 | 100.0 | 2,228 | 22.8 |
| Cost of Sales | (54) | (1,696) | (62.0) | (2,960) | (42.7) | (54) | (1,696) | (62.0) | (1,731) | (2.0) |
| Gross Profit | 33 | 1,039 | 38.0 | 1,201 | (13.5) | 33 | 1,039 | 38.0 | 497 | 109.1 |
| Operating Expenses | | | | | | | | | | |
| General and Administrative Expenses | (11) | (340) | (12.4) | (137) | 148.4 | (11) | (340) | (12.4) | (108) | 213.3 |
| Selling and Marketing Expenses | (2) | (53) | (1.9) | (41) | 31.2 | (2) | (53) | (1.9) | (25) | 112.6 |
| Research and Development Expenses | (5) | (157) | (5.7) | (78) | 100.3 | (5) | (157) | (5.7) | (139) | 12.9 |
| Total Operating Expenses | (18) | (550) | (20.1) | (256) | 115.1 | (18) | (550) | (20.1) | (272) | 101.9 |
| Income From Operations | 16 | 489 | 17.9 | 946 | (48.3) | 16 | 489 | 17.9 | 225 | 117.8 |
| Investment Gain (Loss) | (0) | (2) | (0.1) | 6 | - | (0) | (2) | (0.1) | 819 | - |
| Inventory Valuation (Loss) | (0) | (12) | (0.5) | 173 | - | (0) | (12) | (0.5) | (4) | 218.0 |
| Net Other Non-operating Income (Expenses) | 1 | 22 | 0.8 | 75 | (70.2) | 1 | 22 | 0.8 | 15 | 53.8 |
| Income before Income Tax | 16 | 498 | 18.2 | 1,200 | (58.5) | 16 | 498 | 18.2 | 1,055 | (52.8) |
| Income Tax Credit (Expenses) | (4) | (124) | (4.6) | (272) | (54.2) | (4) | (124) | (4.6) | (60) | 108.3 |
| Net Income | 12 | 373 | 13.7 | 928 | (59.8) | 12 | 373 | 13.7 | 995 | (62.5) |
| Earnings Per Share ⁽²⁾ | 0.008 | 0.25 | | 0.63 | (59.9) | 0.008 | 0.25 | | 0.68 | (62.5) |
| Weighted Average Outstanding Shares('M) ⁽²⁾ | | 1,475 | | 1,463 | | | 1,475 | | 1,471 | |

Note: (1) New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD31.358 per U.S. dollar for the second quarter of 2005.

(2) Total weighted average outstanding shares were 1,474,687K shares for 2Q05, 1,463,135K shares for 2Q04 and 1,471,244K shares for 1Q05 after the retroactive adjustments for capital reduction.



VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION
STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2005
(Figures in Million of New Taiwan Dollars (NTD) and U.S. Dollars (USD))*

| | 6 MTHS 2005 | | 6 MTHS 2004 |
|---|-------------|--------|-------------|
| | USD | NTD | NTD |
| Cash Flows from Operating Activities: | | | |
| Net Income (Loss) | 43 | 1,368 | 2,020 |
| Depreciation & Amortization | 61 | 1,906 | 1,534 |
| Investment loss (gain) recognized by equity method | 0 | 15 | (388) |
| Impairment loss on long-term stock investment | 0 | 0 | 56 |
| (Gain) loss on disposal of properties - net | (0) | (0) | (237) |
| Deferred income tax assets | 6 | 184 | 489 |
| Changes in working capital & others | 19 | 586 | 65 |
| Net Cash Provided by Operating Activities | 129 | 4,059 | 3,539 |
| Cash Flows from Investing Activities: | | | |
| Decrease in short-term investments | 14 | 442 | 2,180 |
| Acquisitions of properties | (20) | (620) | (2,094) |
| Proceeds from disposal of properties | 0 | 0 | 270 |
| Increase in deferred charges | (1) | (46) | (14) |
| Net Cash Provided by (Used in) Investing Activities | (7) | (224) | 342 |
| Cash Flows from Financing Activities: | | | |
| Proceeds from (payments on): | | | |
| Short-term bank loans | 0 | 0 | 1,436 |
| Long-term bank loans | (3) | (88) | (1,326) |
| Decrease in guarantee deposits | (1) | (16) | (151) |
| Proceeds from exercise of employee stock options | 10 | 323 | 196 |
| Net Cash Provided by Financing Activities | 7 | 219 | 155 |
| Net Increase in Cash and Cash Equivalents | 129 | 4,055 | 4,036 |
| Cash and Cash Equivalents, Beginning of Period | 240 | 7,574 | 1,493 |
| Cash and Cash Equivalents, End of Period | 369 | 11,628 | 5,530 |

* New Taiwan Dollar amounts have been translated into U.S. Dollars at the rate of NT\$31.492 per U.S. Dollar, the weighted average exchange rate for the six months of 2005.