



CUSTOMIZED SPECIALTY IC FOUNDRY OF CHOICE



# VANGUARD

**2006 First Quarter Results**  
*Investor Conference*

*April 28th, 2006*

# Agenda

- Welcome
- 1Q 2006 Financial Results      Robert Hsieh
- Remarks      Paul Chien
- Q & A

# Disclaimer

**This Investor Conference Presentation contains certain forward-looking statements that are based on current expectations and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements.**

# 1Q 2006 Financial Results

# Result Highlights

Amount : NT\$ Million	1Q'06	4Q'05	1Q'05
	Amount	Amount	Amount
Net Sales	2,577	3,219	2,228
Net Income	390	788	995
EPS (NT\$)	0.24	0.49	0.62
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Cash and Equivalent	11,679	12,031	10,866
Interest-bearing Debt	708	2,085	2,807
Shareholders' Equity	20,476	19,997	20,542
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Total Wafers Shipped (Kpcs)	119	144	104
Utilization (%)	71%	86%	64%

# Income Statement - YoY Comparison

Amount: NT\$Million

	1Q'06		1Q'05		YoY
	Amount	%	Amount	%	%
Net Sales	2,577	100%	2,228	100%	16%
COGS	(1,884)	-73%	(1,731)	-78%	9%
Gross Profit (Loss)	693	27%	497	22%	40%
Operating Expense	(262)	-10%	(272)	-12%	-4%
Operating Income (Loss)	431	17%	225	10%	92%
Investment Income (Loss)	(7)	0%	819	37%	-
Inventory Valuation (Loss)	5	0%	(4)	0%	-
Net Other Non-operating Income (Exp.)	42	2%	15	1%	183%
Income before Tax	471	18%	1,055	47%	-55%
Net Income	390	15%	995	45%	-61%
EPS (NT\$)	0.24		0.62		-61%

# Income Statement - QoQ Comparison

Amount : NT\$ Million

	1Q'06		4Q'05		QoQ
	Amount	%	Amount	%	%
Net Sales	2,577	100%	3,219	100%	-20%
COGS	(1,884)	-73%	(1,755)	-55%	7%
Gross Profit (Loss)	693	27%	1,464	45%	-53%
Operating Expense	(262)	-10%	(364)	-11%	-28%
Operating Income (Loss)	431	17%	1,100	34%	-61%
Investment Income (Loss)	(7)	0%	(7)	0%	-4%
Inventory Valuation (Loss)	5	0%	(23)	-1%	-
Net Other Non-operating Income (Exp.)	42	2%	26	1%	61%
Income before Tax	471	18%	1,096	34%	-57%
Net Income	390	15%	788	24%	-51%
EPS (NT\$)	0.24		0.49		-51%

# Balance Sheet & Key Indices

Amount : NT\$ Million

*Selected Items from  
Balance Sheet*

	1Q'06		4Q'05		1Q'05	
	Amount	%	Amount	%	Amount	%
<b>Total Assets</b>	<b>23,287</b>	<b>100.0%</b>	<b>24,531</b>	<b>100.0%</b>	<b>25,638</b>	<b>100.0%</b>
Cash and Equivalent	11,679	50.2%	12,031	49.0%	10,866	42.4%
Accounts Receivable	1,536	6.6%	1,861	7.6%	1,260	4.9%
Inventory	927	4.0%	1,013	4.1%	1,079	4.2%
<b>Total Current Assets</b>	<b>14,991</b>	<b>64.4%</b>	<b>15,866</b>	<b>64.7%</b>	<b>13,968</b>	<b>54.5%</b>
Accounts Payable and Others	1,328	5.7%	2,866	11.7%	1,292	5.0%
Accrued Liabilities	963	4.1%	1,130	4.6%	1,323	5.2%
<b>Total Current Liabilities</b>	<b>2,292</b>	<b>9.8%</b>	<b>3,997</b>	<b>16.3%</b>	<b>2,615</b>	<b>10.2%</b>
<b>L-T Debt</b>	<b>57</b>	<b>0.2%</b>	<b>75</b>	<b>0.3%</b>	<b>2,037</b>	<b>7.9%</b>
<b>Total Equity</b>	<b>20,476</b>	<b>87.9%</b>	<b>19,997</b>	<b>81.5%</b>	<b>20,542</b>	<b>80.1%</b>

## Key Indices

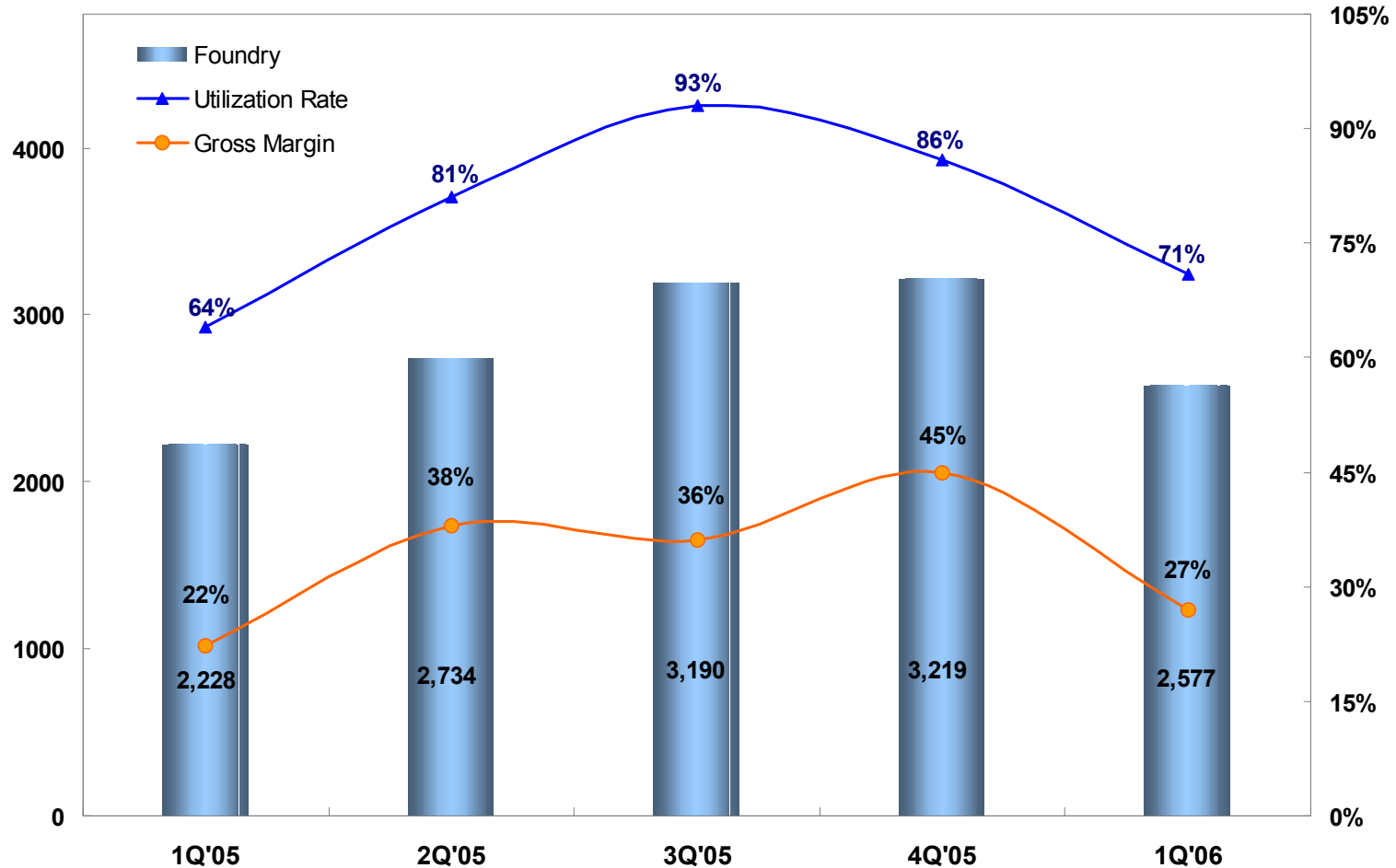
A/R Turnover Days	60	63	67
Inventory Turnover Days	47	52	56
Debt Ratio	12%	18%	20%
Current Ratio	654%	397%	534%
Net Working Capital	12,699	11,869	11,352



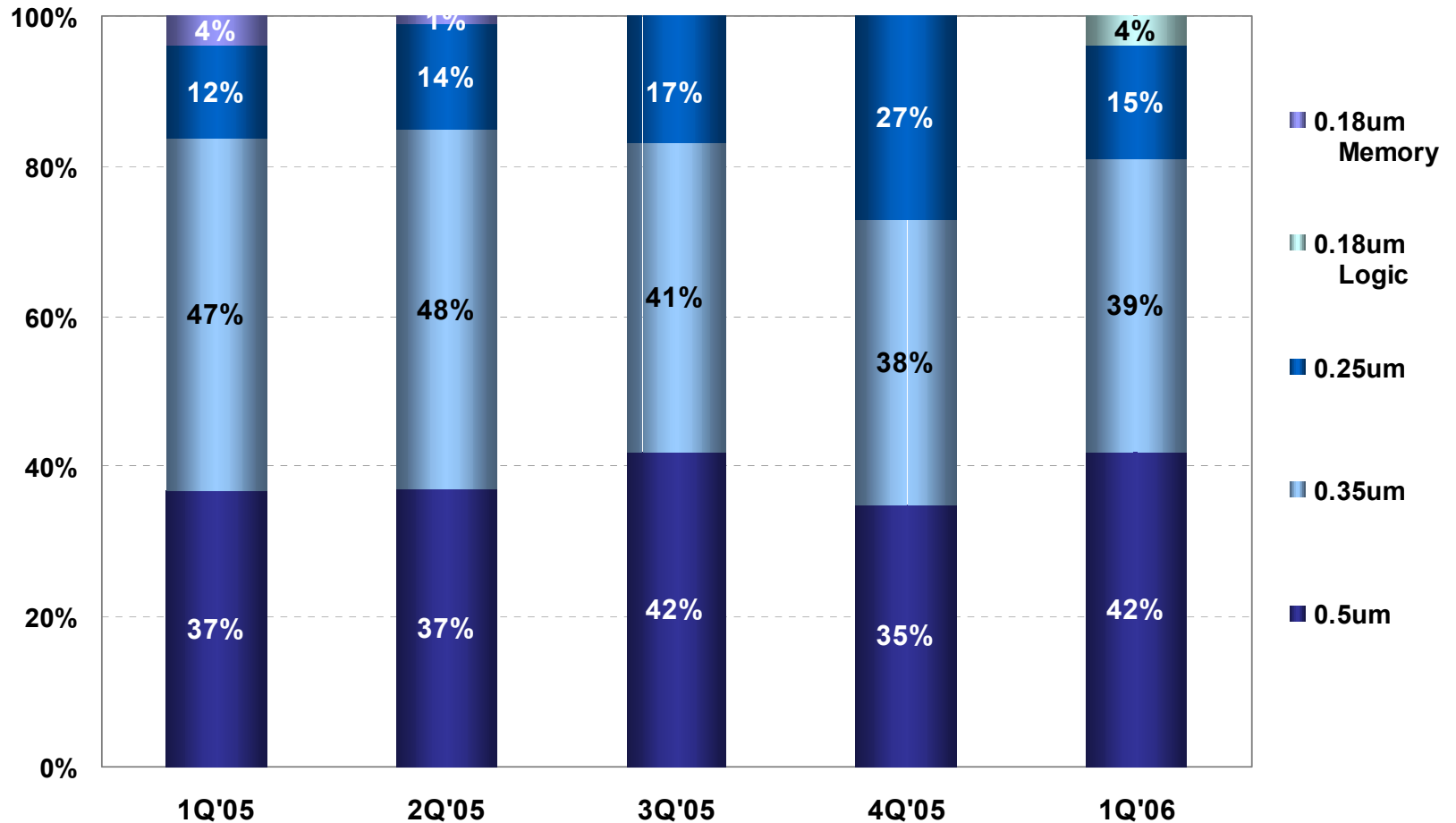
# Cash Flows

Amount : NT\$ Million	<u>1Q'06</u> Amount	<u>4Q'05</u> Amount	<u>1Q'05</u> Amount
<i>Cash - Beginning of Period</i>	<i>11,657</i>	<i>10,388</i>	<i>7,574</i>
<b>From Operation</b>	<b>1,304</b>	<b>1,775</b>	<b>1,967</b>
- Net Profit	390	788	995
- Depreciation & Amort.	633	650	958
- Investment Loss Reconized by Equity Method	7	7	7
- (Gain) Loss on Disposal of Financial Assets	0	0	(826)
- Changes of Accounts Receivable	325	130	773
- Changes of Inventory	85	55	(34)
<b>From Investment</b>	<b>(101)</b>	<b>(108)</b>	<b>910</b>
- Decrease (Increase) in Financial Assets	20	24	(300)
- Acquisitions of Properties	(66)	(104)	(461)
- Acquisitions of L-T Stock Investment	(32)	0	0
- Proceeds from Disposal of Financial Assets	0	0	1,691
- Proceeds from Disposal of Properties	0	6	0
<b>From Financing</b>	<b>(1,542)</b>	<b>(398)</b>	<b>112</b>
- Increase (Decrease) on Bank Debt	(1,577)	(434)	(18)
- Proceeds from Exercise of Employee Stock Options	35	39	146
<b>Net (Decrease) Increase in Cash</b>	<b>(339)</b>	<b>1,269</b>	<b>2,990</b>
<i>Cash - End of Period</i>	<i>11,318</i>	<i>11,657</i>	<i>10,563</i>

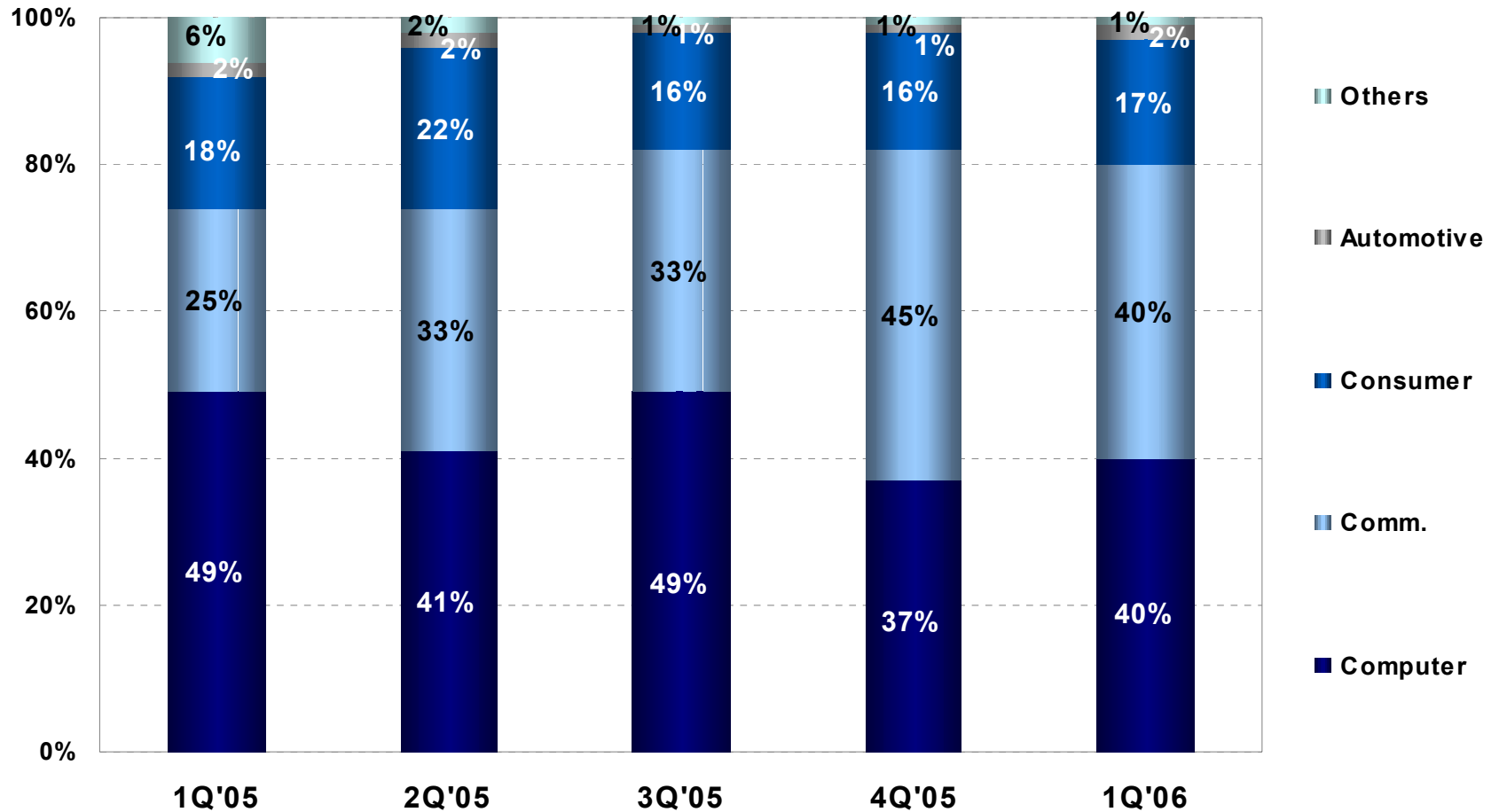
# Fab Utilization & Gross Margin



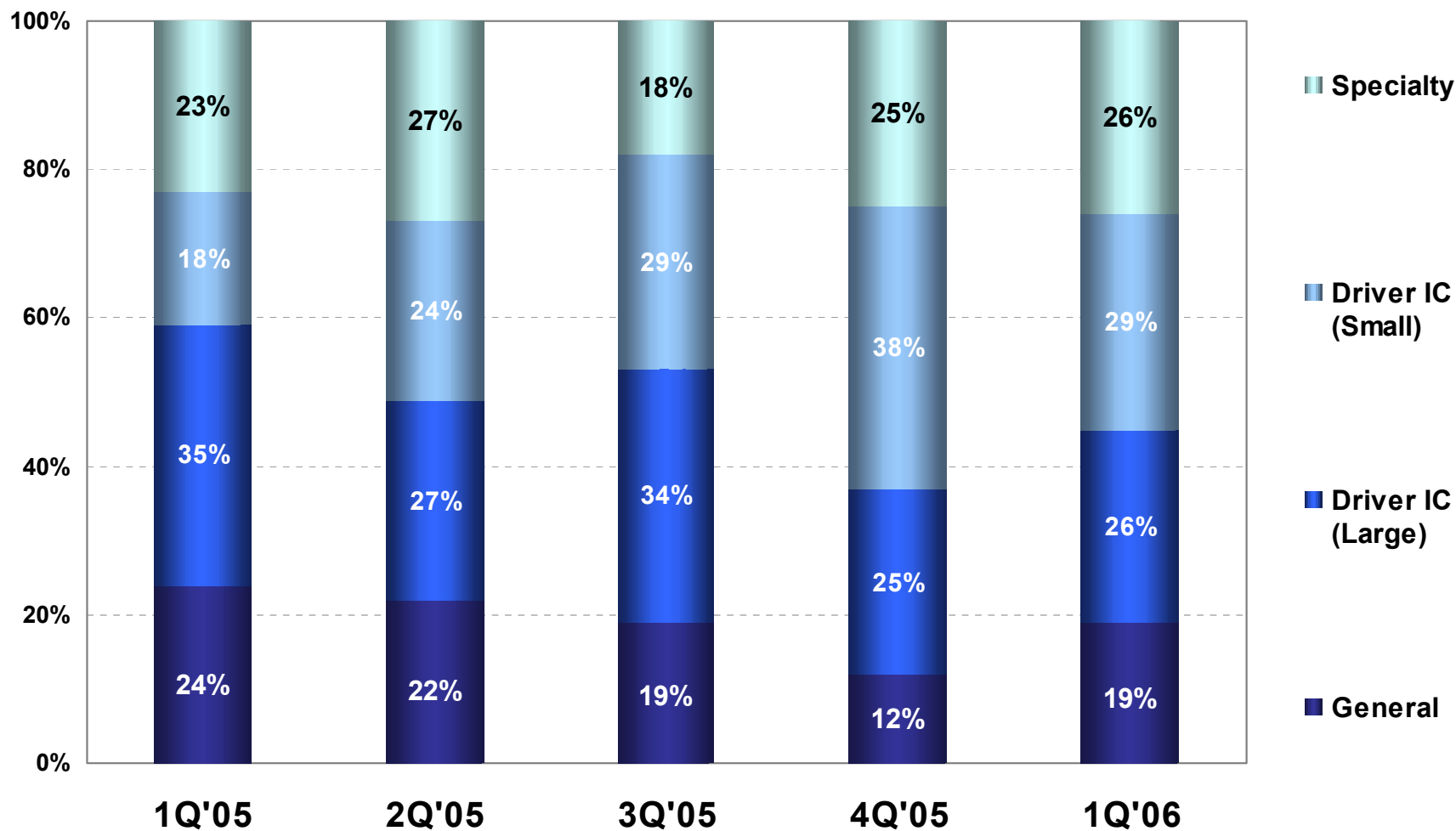
# Sales Breakdown by Technology



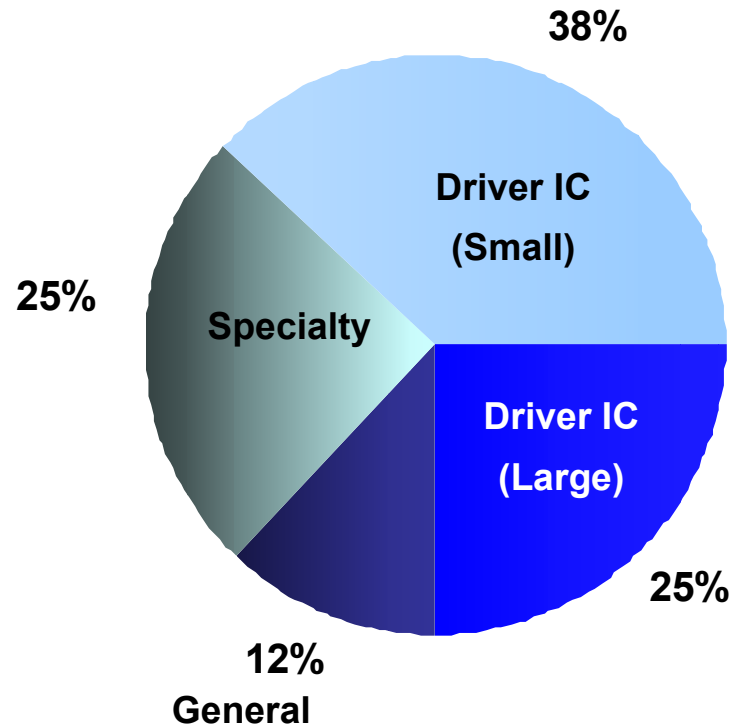
# Sales Breakdown by Applications



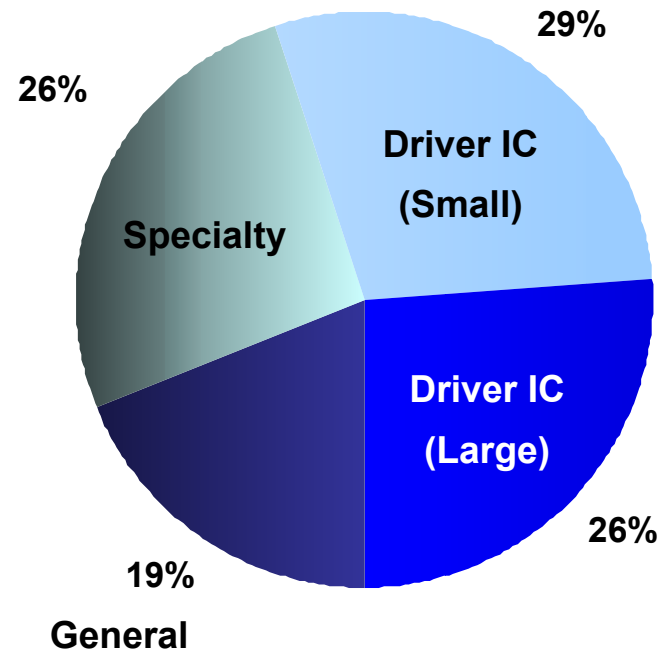
# Sales Breakdown - General vs. Specialty



# Sales Breakdown by Technology Platforms



4Q'05



1Q'06