Vanguard International Semiconductor Corporation

Customized Specialty IC Foundry of Choice

Reports of Results for 2Q2006

August 4, 2006

Performance Summary for 2Q2006

- Second quarter revenue reached NT$2,947 million while net income and earnings per share came to NT$648 million and NT$0.39 per share, respectively.

- Net sales of 2Q06 were 14% higher than that of 1Q06 as a result of more wafer shipment (22% QoQ) with a lower blended ASP. The lower blended ASP was largely the result of higher growth in 0.5 μm products.

- Gross profit was NT$1,100 million, or 37% of net sales, compared to NT$693 million, or 27% in 1Q06. The increase in gross margin was due to higher capacity utilization and higher sales volume.

Wafer Shipments & Capacity Utilization

- Shipments in 2Q06 were 145 thousand wafers, a 22% increase compared to 119 thousand wafers in 1Q06.

- Fab utilization in 2Q06 was 86% compared to 71% in 1Q06. Fab utilization in 2Q06 decreased to 86% from 88% guidance mainly because of a power outage accident, which occurred in late June and postponed some wafer output to July.

- Higher shipments and fab utilization were the result of stronger demand from customers.

3Q2006 Outlook

- Along with growth in 0.18 μm logic products and large panel driver ICs, we expect fab utilization rate to be about mid-to-high nineties percentage in 3Q06. Wafer shipments will increase by about 20% sequentially.

- We expect blended wafer ASP to decrease by a low single percentage point sequentially.

- Gross Margin to be around 36% to 38%.

Wafer Sales Analysis

By Application	2Q06	1Q06
Computer	43%	40%
Communication	37%	40%
Consumer	18%	17%
Others	2%	3%

By Technology	2Q06	1Q06
0.5 μm	47%	42%
0.35 μm	26%	39%
0.18 μm	16%	4%
0.25 μm	11%	15%