



**TAIWAN SEMICONDUCTOR MANUFACTURING CO., LTD.**

**UNCONSOLIDATED BALANCE SHEET**

As of Sep 30, 2002 and 2001

(Figures in Millions of New Taiwan dollars (NTD) and U.S. dollars (USD)) <sup>(1)</sup>

| ASSETS  | Sep 30, 2002  |                |              | Sep 30, 2001   |              | YoY            |              |
|---|---------------|----------------|--------------|----------------|--------------|----------------|--------------|
|   | USD           | NTD            | %            | NTD            | %            | Move           | Inc(Dec)%    |
| Cash  | 1,848         | 64,516         | 17.1         | 30,658         | 9.2          | 33,858         | 110.4        |
| Short Term Investment                               | 0             | 0              | 0.0          | 0              | 0.0          | 0              | -            |
| Accounts Receivable                                 | 513           | 17,904         | 4.7          | 13,710         | 4.1          | 4,194          | 30.6         |
| Inventories   | 382           | 13,321         | 3.5          | 7,395          | 2.2          | 5,926          | 80.1         |
| Other Current Assets                                | 134           | 4,662          | 1.2          | 2,347          | 0.7          | 2,315          | 98.6         |
| <b>Total Current Assets</b>                         | <b>2,875</b>  | <b>100,405</b> | <b>26.6</b>  | <b>54,111</b>  | <b>16.2</b>  | <b>46,294</b>  | <b>85.6</b>  |
| Long Term Investment                                | 1,041         | 36,349         | 9.6          | 33,950         | 10.2         | 2,398          | 7.1          |
| Fixed Assets  | 11,321        | 395,310        | 104.7        | 348,348        | 104.4        | 46,963         | 13.5         |
| Less Accumulated Depreciation                       | (5,092)       | (177,805)      | (47.1)       | (128,770)      | (38.6)       | (49,035)       | 38.1         |
| <b>Net Fixed Assets</b>                             | <b>6,229</b>  | <b>217,505</b> | <b>57.6</b>  | <b>219,578</b> | <b>65.8</b>  | <b>(2,072)</b> | <b>(0.9)</b> |
| Other Assets  | 664           | 23,184         | 6.1          | 25,925         | 7.8          | (2,741)        | (10.6)       |
| <b>Total Assets</b>                                 | <b>10,809</b> | <b>377,443</b> | <b>100.0</b> | <b>333,564</b> | <b>100.0</b> | <b>43,879</b>  | <b>13.2</b>  |
| <b>LIABILITIES</b>                                  |               |                |              |                |              |                |              |
| Short Term Credit Instruments                       | 258           | 9,000          | 2.4          | 0              | 0.0          | 9,000          | -            |
| Accounts Payable                                    | 926           | 32,347         | 8.6          | 23,073         | 6.9          | 9,274          | 40.2         |
| <b>Total Current Liabilities</b>                    | <b>1,184</b>  | <b>41,347</b>  | <b>11.0</b>  | <b>23,073</b>  | <b>6.9</b>   | <b>18,274</b>  | <b>79.2</b>  |
| Bonds Payable                                       | 1,002         | 35,000         | 9.3          | 29,000         | 8.7          | 6,000          | 20.7         |
| Other Long Term Liabilities                         | 214           | 7,488          | 2.0          | 9,324          | 2.8          | (1,836)        | (19.7)       |
| <b>Total Liabilities</b>                            | <b>2,401</b>  | <b>83,835</b>  | <b>22.2</b>  | <b>61,397</b>  | <b>18.4</b>  | <b>22,438</b>  | <b>36.5</b>  |
| <b>SHAREHOLDERS' EQUITY</b>                         |               |                |              |                |              |                |              |
| Capital Stock                                       | 5,706         | 199,229        | 52.8         | 181,326        | 54.4         | 17,903         | 9.9          |
| Capital Surplus                                     | 1,633         | 57,005         | 15.1         | 55,286         | 16.6         | 1,719          | 3.1          |
| Legal Reserve                                       | 534           | 18,641         | 4.9          | 17,180         | 5.2          | 1,461          | 8.5          |
| Retained Earnings                                   | 561           | 19,598         | 5.2          | 17,306         | 5.2          | 2,292          | 13.2         |
| Treasury Stock                                      | (55)          | (1,915)        | (0.5)        | 0              | 0.0          | (1,915)        | -            |
| Unrealized loss on long-term investments            | (2)           | (69)           | (0.0)        | (168)          | (0.1)        | 99             | (58.9)       |
| Cumulated Translation Adjustment                    | 32            | 1,118          | 0.3          | 887            | 0.3          | 231            | 26.1         |
| <b>Total Equity</b>                                 | <b>8,408</b>  | <b>293,607</b> | <b>77.8</b>  | <b>272,167</b> | <b>81.6</b>  | <b>21,441</b>  | <b>7.9</b>   |
| <b>Total Liabilities &amp; Shareholders' Equity</b> | <b>10,809</b> | <b>377,443</b> | <b>100.0</b> | <b>333,564</b> | <b>100.0</b> | <b>43,879</b>  | <b>13.2</b>  |

Note : (1) New Taiwan dollar amounts have been translated into U.S. dollars at the rate of NT\$34.92 per U.S. dollar at the end of Sep, 2002



**TAIWAN SEMICONDUCTOR MANUFACTURING CO., LTD.**

**UNCONSOLIDATED INCOME STATEMENT**

For the Three Months Ended Sep 30, 2002 and 2001

(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 |          |        |          |        |                |
|---|---------------------------|----------|------------|----------|--------|-----------------------|----------|--------|----------|--------|----------------|
|   | 3Q 2002                   |          | % of Sales | 3Q 2001  |        | YoY Inc(Dec) %        | 3Q 2002  |        | 2Q 2002  |        | QoQ Inc(Dec) % |
|   | USD                       | NTD      |            | NTD      |        |                       | USD      | NTD    | NTD      |        |                |
| Net Sales   | 1,173                     | 39,835   | 100.0      | 26,940   | 47.9   | 1,173                 | 39,835   | 100.0  | 44,182   | (9.8)  |                |
| Cost of Sales   | (795)                     | (27,000) | (67.8)     | (20,124) | 34.2   | (795)                 | (27,000) | (67.8) | (27,759) | (2.7)  |                |
| Gross Profit  | 378                       | 12,835   | 32.2       | 6,816    | 88.3   | 378                   | 12,835   | 32.2   | 16,423   | (21.8) |                |
| Operating Expenses                                      |                           |          |            |          |        |                       |          |        |          |        |                |
| General and Administrative Expenses                     | (40)                      | (1,358)  | (3.4)      | (1,584)  | (14.3) | (40)                  | (1,358)  | (3.4)  | (1,332)  | 1.9    |                |
| Selling and Marketing Expenses                          | (9)                       | (297)    | (0.7)      | (532)    | (44.2) | (9)                   | (297)    | (0.7)  | (418)    | (28.8) |                |
| Research and Development Expenses                       | (83)                      | (2,812)  | (7.1)      | (2,757)  | 2.0    | (83)                  | (2,812)  | (7.1)  | (2,698)  | 4.2    |                |
| Total Operating Expenses                                | (132)                     | (4,468)  | (11.2)     | (4,874)  | (8.3)  | (132)                 | (4,468)  | (11.2) | (4,448)  | 0.5    |                |
| Income from Operations                                  | 246                       | 8,367    | 21.0       | 1,942    | 330.8  | 246                   | 8,367    | 21.0   | 11,975   | (30.1) |                |
| Net Non-operating Income (Expenses)                     | (15)                      | (516)    | (1.3)      | (216)    | 138.6  | (15)                  | (516)    | (1.3)  | (202)    | 155.0  |                |
| Investment Income (Loss)                                | (54)                      | (1,821)  | (4.6)      | (1,926)  | (5.5)  | (54)                  | (1,821)  | (4.6)  | (787)    | 131.5  |                |
| Income before Income Tax                                | 178                       | 6,030    | 15.1       | (200)    | -      | 178                   | 6,030    | 15.1   | 10,986   | (45.1) |                |
| Income Tax Credit (Expenses)                            | (85)                      | (2,870)  | (7.2)      | 1,437    | -      | (85)                  | (2,870)  | (7.2)  | (1,677)  | 71.2   |                |
| Net Income  | 93                        | 3,160    | 7.9        | 1,237    | 155.5  | 93                    | 3,160    | 7.9    | 9,310    | (66.1) |                |
| Diluted Earnings Per Ordinary Share <sup>(4)</sup>      | 0.005                     | 0.16     |            | 0.06     | 171.9  | 0.005                 | 0.16     |        | 0.49     | (66.9) |                |
| Earnings Per ADR <sup>(2)</sup>                         | 0.024                     | 0.82     |            | 0.30     |        | 0.024                 | 0.82     |        | 2.47     |        |                |
| Weighted Average Outstanding Shares ('M) <sup>(3)</sup> |                           | 18,581   |            | 18,623   |        |                       | 18,581   |        | 18,581   |        |                |

Note: (1) New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD33.95 per U.S. dollar for the third quarter of 2002.

(2) 1 ADR equals 5 ordinary shares.

(3) Total weighted average outstanding shares were 18,580,637K in 3Q02 due to decline in treasury stock for 42,250 thousand shares and 18,622,887 thousand shares due to tracing back (original 16,832,553K) in 3Q01; Total weighted average outstanding shares were 18,580,637K shares in 2Q02 due to decline in treasury stocks for 42,250 thousand shares in 2Q'02.

(4) The dividend of preferred stock, NT\$13,000 million at 3.5% of annual rate, was deducted before EPS calculation in 2002.



**TAIWAN SEMICONDUCTOR MANUFACTURING CO., LTD.**

**UNCONSOLIDATED INCOME STATEMENT**

For the Nine Months Ended Sep 30, 2002 and 2001

(Expressed in Millions New Taiwan Dollars (NTD) and U.S. Dollars (USD) <sup>(1)</sup>)

Except for Per Share Amounts and Shares Outstanding)

|   | 9 months ended Sep 30 |          |               |             |                   |
|---|-----------------------|----------|---------------|-------------|-------------------|
|   | 2002<br>USD           | NTD      | % of<br>Sales | 2001<br>NTD | YoY<br>Inc(Dec) % |
| Net Sales   | 3,472                 | 119,807  | 100.0         | 92,758      | 29.2              |
| Cost of Sales   | (2,276)               | (78,522) | (65.5)        | (67,466)    | 16.4              |
| Gross Profit  | 1,197                 | 41,285   | 34.5          | 25,292      | 63.2              |
| <b>Operating Expenses</b>                               |                       |          |               |             |                   |
| General and Administrative Expenses                     | (111)                 | (3,838)  | (3.2)         | (4,339)     | (11.5)            |
| Selling and Marketing Expenses                          | (25)                  | (873)    | (0.7)         | (1,729)     | (49.5)            |
| Research and Development Expenses                       | (233)                 | (8,049)  | (6.7)         | (7,741)     | 4.0               |
| Total Operating Expenses                                | (370)                 | (12,760) | (10.7)        | (13,809)    | (7.6)             |
| Income from Operations                                  | 827                   | 28,525   | 23.8          | 11,483      | 148.4             |
| Net Non-operating Income (Expenses)                     | (27)                  | (936)    | (0.8)         | (441)       | 112.1             |
| Investment Income (Loss)                                | (103)                 | (3,554)  | (3.0)         | (4,682)     | (24.1)            |
| Income before Income Tax                                | 697                   | 24,035   | 20.1          | 6,360       | 277.9             |
| Income Tax Credit (Expenses)                            | (144)                 | (4,977)  | (4.2)         | 3,609       | -                 |
| Net Income  | 552                   | 19,058   | 15.9          | 9,969       | 91.2              |
| Diluted Earnings Per Ordinary Share <sup>(5)</sup>      | 0.03                  | 1.01     |               | 0.52        |                   |
| Earnings Per ADR <sup>(3)</sup>                         | 0.15                  | 5.04     |               | 2.59        |                   |
| Weighted Average Outstanding Shares ('M) <sup>(4)</sup> |                       | 18,581   |               | 18,623      |                   |

Note: (1) New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD 34.5 per U.S. dollar for nine months of 2002.

(2) 1 ADR equals 5 ordinary shares.

(3) Total weighted average outstanding shares were 18,580,637K in 3Q02 due to decline in treasury stock for 42,250 thousand shares and 18,622,8 due to tracing back (original 16,832,553K) in 3Q01; Total weighted average outstanding shares were 18,580,637K shares in 2Q02 due to decline for 42,250 thousand shares in 2Q'02.

(4) The dividend of preferred stock, NT\$13,000 million at 3.5% of annual rate, was deducted before EPS calculation in 2002.



**TAIWAN SEMICONDUCTOR MANUFACTURING CO., LTD.**  
**UNCONSOLIDATED STATEMENT OF CASH FLOWS**

For the Nine Months Ended Sep 30, 2002 and 2001  
(Figures in Million of New Taiwan dollars (NTD) and U.S. dollars (USD)) <sup>(1)</sup>

|   | 9 MTHS 2002    |                 | 9 MTHS 2001     |
|---|----------------|-----------------|-----------------|
|   | USD            | NTD             | NTD             |
| <b>Cash Flows from Operating Activities:</b>                |                |                 |                 |
| Net Income  | 546            | 19,058          | 9,969           |
| Depreciation & Amortization                                 | 1,190          | 41,541          | 35,899          |
| Investment Loss Recognized by Equity Method                 | 102            | 3,554           | 4,682           |
| Loss(Gain) on sale of long-term investments                 | 0              | 3               |                 |
| Deferred Tax on Investment Tax Credit                       | 142            | 4,968           | (4,068)         |
| Changes in Working Capital & Others                         | 36             | 1,245           | 11,914          |
| Net Cash Provided from Operating Activities                 | <u>2,015</u>   | <u>70,368</u>   | <u>58,395</u>   |
| <b>Cash Flows from Investing Activities:</b>                |                |                 |                 |
| Acquisition of Fixed Assets                                 | (1,048)        | (36,581)        | (57,955)        |
| Proceeds from Disposal of Properties                        | 13             | 444             | 291             |
| Decrease in Deposit out                                     | 6              | 194             | 151             |
| Increase in Long-Term Investments                           | (258)          | (9,025)         | (4,390)         |
| Proceeds from Sales of Long-Term Stock Investments          | 0              | 1               | 145             |
| Increase in Deferred Assets                                 | (86)           | (2,996)         | (1,032)         |
| Net Cash Used in Investing Activities                       | <u>(1,374)</u> | <u>(47,963)</u> | <u>(62,790)</u> |
| <b>Cash Flows from Financing Activities:</b>                |                |                 |                 |
| Increase in Bonds Payable                                   | 430            | 15,000          |                 |
| Increase (Decrease) Current Portion of Long-Term Bank Loans |                |                 | (50)            |
| Decrease in Guarantee Deposits & Others                     | (163)          | (5,703)         | 63              |
| Cash Dividend - Preferred Shares                            | (13)           | (455)           | (41)            |
| Bonus paid to Directors and Supervisors                     | (4)            | (134)           | (584)           |
| Net Cash Used in Financing Activities                       | <u>249</u>     | <u>8,708</u>    | <u>(612)</u>    |
| Net Increase (Decrease) in Cash and Cash Equivalents        | <u>891</u>     | <u>31,113</u>   | <u>(5,006)</u>  |
| Cash and Cash Equivalents at Beginning of Period            | 957            | 33,404          | 35,664          |
| Cash and Cash Equivalents at End of Period                  | <u>1,848</u>   | <u>64,516</u>   | <u>30,658</u>   |

\* Have been reviewed by TNS-external auditor.

Note : New Taiwan dollar amounts have been translated into U.S. dollars at the rate of NTD34.92 per U.S. dollar, the same as Balance Sheet Exchange Rate .