



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

**UNCONSOLIDATED BALANCE SHEET**

As of December 31, 2002 and 2001

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

ASSETS	Dec. 31, 2002			Dec. 31, 2001		YoY	
	USD	NTD	%	NTD	%	Move	Inc(Dec)%
Cash	1,774	61,657	16.7	33,404	9.9	28,253	84.6
Accounts Receivable	473	16,446	4.4	16,976	5.1	(530)	(3.1)
Inventories	298	10,340	2.8	8,504	2.5	1,836	21.6
Other Current Assets	181	6,304	1.7	4,769	1.4	1,535	32.2
Total Current Assets	2,726	94,747	25.6	63,653	19.0	31,095	48.9
Long Term Investment	1,006	34,978	9.5	32,869	9.8	2,109	6.4
Fixed Assets	11,672	405,640	109.6	355,724	106.0	49,916	14.0
Less Accumulated Depreciation	(5,422)	(188,448)	(50.9)	(140,225)	(41.8)	(48,223)	34.4
Net Fixed Assets	6,250	217,192	58.7	215,499	64.2	1,693	0.8
Other Assets	665	23,097	6.2	23,713	7.1	(616)	(2.6)
Total Assets	10,647	370,016	100.0	335,735	100.0	34,281	10.2
<b>LIABILITIES</b>							
Short Term Loans	115	4,000	1.1	0	0.0	4,000	-
Accounts Payable	782	27,160	7.3	25,211	7.5	1,949	7.7
Total Current Liabilities	897	31,160	8.4	25,211	7.5	5,949	23.6
Bonds Payable	1,007	35,000	9.5	24,000	7.1	11,000	45.8
Long Term Debt	0	0	0.0	0	0.0	0	-
Other Long Term Liabilities	230	8,002	2.2	9,334	2.8	(1,332)	(14.3)
Total Liabilities	2,134	74,162	20.0	58,545	17.4	15,618	26.7
<b>SHAREHOLDERS' EQUITY</b>							
Capital Stock	5,733	199,229	53.8	181,326	54.0	17,903	9.9
Capital Surplus	1,640	57,005	15.4	57,128	17.0	(123)	(0.2)
Legal Reserve	536	18,641	5.0	17,180	5.1	1,461	8.5
Special Reserve	0	0	0.0	350	0.1	(350)	(100.0)
Retained Earnings	637	22,151	6.0	19,978	6.0	2,174	10.9
Treasury Stock	(55)	(1,923)	(0.5)	0	0.0	(1,923)	-
Unrealized loss on long-term investments	(6)	(194)	(0.1)	0	0.0	(194)	-
Cumulated Translation Adjustment	27	945	0.3	1,229	0.4	(284)	(23.1)
Total Equity	8,513	295,853	80.0	277,190	82.6	18,663	6.7
Total Liabilities & Shareholders' Equity	10,647	370,016	100.0	335,735	100.0	34,281	10.2

Note : (1) New Taiwan dollar amounts have been translated into U.S. dollars at the rate of NT\$34.75 per U.S. dollar at the end of December, 2002.



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

**UNCONSOLIDATED INCOME STATEMENT**

For the Three Months Ended December 31, 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				
	4Q 2002		% of	4Q 2001	YoY	4Q 2002		% of	3Q 2002	QoQ
	USD	NTD	Sales	NTD	Inc(Dec) %	USD	NTD	Sales	NTD	Inc(Dec) %
Net Sales	1,181	41,154	100.0	33,130	24.2	1,181	41,154	100.0	39,835	3.3
Cost of Sales	(875)	(30,472)	(74.0)	(22,041)	38.3	(875)	(30,472)	(74.0)	(27,000)	12.9
Gross Profit	307	10,682	26.0	11,089	(3.7)	307	10,682	26.0	12,835	(16.8)
Operating Expenses										
General and Administrative Expenses	(38)	(1,327)	(3.2)	(1,710)	(22.4)	(38)	(1,327)	(3.2)	(1,358)	(2.3)
Selling and Marketing Expenses	(1)	(28)	(0.1)	(612)	(95.5)	(1)	(28)	(0.1)	(297)	(90.7)
Research and Development Expenses	(106)	(3,676)	(8.9)	(2,908)	26.4	(106)	(3,676)	(8.9)	(2,812)	30.7
Total Operating Expenses	(144)	(5,031)	(12.2)	(5,230)	(3.8)	(144)	(5,031)	(12.2)	(4,468)	12.6
Income from Operations	162	5,651	13.7	5,859	(3.5)	162	5,651	13.7	8,367	(32.5)
Net Non-operating Income (Expenses)	(12)	(411)	(1.0)	187	-	(12)	(411)	(1.0)	(516)	(20.3)
Investment Loss	(62)	(2,162)	(5.3)	(1,748)	23.7	(62)	(2,162)	(5.3)	(1,821)	18.7
Income before Income Tax	88	3,078	7.5	4,298	(28.4)	88	3,078	7.5	6,030	(49.0)
Income Tax Credit (Expenses)	(15)	(525)	(1.3)	215	-	(15)	(525)	(1.3)	(2,870)	(81.7)
Net Income	73	2,553	6.2	4,514	(43.4)	73	2,553	6.2	3,160	(19.2)
Diluted Earnings Per Ordinary Share <sup>(4)</sup>	0.004	0.13		0.24	(44.4)	0.004	0.13		0.16	(19.9)
Earnings Per ADR <sup>(2)</sup>	0.019	0.66		1.18		0.019	0.66		0.82	
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 NTD34.84 per U.S. dollar for the fourth quarter of 2002.

(2) 1 ADR equals 5 ordinary shares.

(3) Total weighted average outstanding shares were 18,580,700K shares in 4Q02 due to decline in treasury stock for 42,187K shares and 18,622,887K shares due to tracing back (original 16,832,553K shares) in 4Q01; Total weighted average outstanding shares were 18,580,637K shares in 3Q02 due to decline in treasury stocks for 42,250K shares in 3Q02.

(4) EPS calculation is after deducting a cash dividend payment on NT\$13,000 million of preferred stock paying an annual rate of 3.5%.



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

**UNCONSOLIDATED INCOME STATEMENT**

For the Twelve Months Ended December 31, 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)

	<b>12 months ended Dec. 31</b>				
	2002 USD	NTD	% of Sales	2001 NTD	YoY Inc(Dec) %
Net Sales	4,654	160,961	100.0	125,888	27.9
Cost of Sales	(3,151)	(108,994)	(67.7)	(89,507)	21.8
Gross Profit	1,503	51,967	32.3	36,381	42.8
<b>Operating Expenses</b>					
General and Administrative Expenses	(149)	(5,165)	(3.2)	(6,049)	(14.6)
Selling and Marketing Expenses	(26)	(901)	(0.6)	(2,341)	(61.5)
Research and Development Expenses	(339)	(11,725)	(7.3)	(10,649)	10.1
<b>Total Operating Expenses</b>	(514)	(17,791)	(11.1)	(19,039)	(6.6)
<b>Income from Operations</b>	988	34,176	21.2	17,342	97.1
<b>Net Non-operating Expenses</b>	(39)	(1,347)	(0.8)	(254)	430.6
<b>Investment Loss</b>	(165)	(5,717)	(3.6)	(6,430)	(11.1)
<b>Income before Income Tax</b>	784	27,112	16.8	10,659	154.4
<b>Income Tax Credit (Expenses)</b>	(159)	(5,502)	(3.4)	3,824	-
<b>Net Income</b>	625	21,610	13.4	14,483	49.2
<b>Diluted Earnings Per Ordinary Share <sup>(4)</sup></b>	0.03	1.14		0.75	
<b>Earnings Per ADR <sup>(2)</sup></b>	0.16	5.69		3.77	
<b>Weighted Average Outstanding Shares ('M) <sup>(3)</sup></b>		18,581		18,623	

Note: (1) New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD 34.59 per U.S. dollar for the twelve months of 2002.

(2) 1 ADR equals 5 ordinary shares.

(3) Total weighted average outstanding shares were 18,580,700K shares in 4Q02 due to decline in treasury stock for 42,187K shares and 18,622,887 due to tracing back (original 16,832,553K) in 4Q01.

(4) EPS calculation is after deducting a cash dividend payment on NT\$13,000 million of preferred stock paying an annual rate of 3.5%.



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

For the Twelve Months Ended December 31, 2002 and 2001  
(Figures in Million of New Taiwan dollars (NTD) and U.S. dollars (USD)) <sup>(1)</sup>

	12 MTHS 2002		12 MTHS 2001	4Q'02
	USD	NTD	NTD	NTD
<b>Cash Flows from Operating Activities:</b>				
Net Income	622	21,610	14,483	2,553
Depreciation & Amortization	1,658	57,621	48,876	16,081
Investment Loss Recognized by Equity Method	164	5,717	6,430	2,162
Loss(Gain) on sale of long-term investments	0	2		(0)
Deferred Tax on Investment Tax Credit	158	5,490	(3,841)	522
Changes in Working Capital & Others	111	3,848	5,719	2,603
<b>Net Cash Provided from Operating Activities</b>	<b>2,713</b>	<b>94,288</b>	<b>71,666</b>	<b>23,920</b>
<b>Cash Flows from Investing Activities:</b>				
Acquisition of Fixed Assets	(1,567)	(54,444)	(68,002)	(17,863)
Proceeds from Disposal of Properties	14	495	298	51
Decrease in Deposit out	7	229	195	36
Increase in Long-Term Investments	(293)	(10,188)	(4,564)	(1,163)
Proceeds from Sales of Long-Term Stock Investments	0	1	162	0
Increase in Deferred Assets	(165)	(5,725)	(1,466)	(2,729)
<b>Net Cash Used in Investing Activities</b>	<b>(2,004)</b>	<b>(69,630)</b>	<b>(73,376)</b>	<b>(21,667)</b>
<b>Cash Flows from Financing Activities:</b>				
Increase in Bonds Payable	288	10,000		(5,000)
Decrease Current Portion of Long-Term Bank Loans			(50)	
Increase (Decrease) in Guarantee Deposits & Others	(167)	(5,816)	125	(113)
Cash Dividend - Preferred Shares	(13)	(455)	(41)	
Bonus paid to Directors and Supervisors	(4)	(134)	(584)	
<b>Net Cash Provided from (Used in) Financing Activities</b>	<b>103</b>	<b>3,595</b>	<b>(551)</b>	<b>(5,113)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>813</b>	<b>28,253</b>	<b>(2,261)</b>	<b>(2,860)</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>961</b>	<b>33,404</b>	<b>35,664</b>	
<b>Cash and Cash Equivalents at End of Period</b>	<b>1,774</b>	<b>61,657</b>	<b>33,404</b>	<b>(2,860)</b>

\* Have been reviewed by TNS-external auditor.

Note : New Taiwan dollar amounts have been translated into U.S. dollars at the rate of NTD34.75 per U.S. dollar, the same as the Balance Sheet Exchange Rate .