



**TAIWAN SEMICONDUCTOR MANUFACTURING CO., LTD.**  
**UNCONSOLIDATED BALANCE SHEET**

As of June 30, 2003 and 2002

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

ASSETS	Jun. 30, 2003			Jun. 30, 2002		YoY	
	USD	NTD	%	NTD	%	Move	Inc(Dec)%
Cash	1,923	66,546	18.3	66,386	17.7	160	0.2
Short Term Investment	88	3,054	0.8	0	0.0	3,054	-
Accounts Receivable	722	24,990	6.9	20,726	5.5	4,263	20.6
Inventories	328	11,356	3.1	11,701	3.1	(346)	(3.0)
Other Current Assets	147	5,074	1.4	7,551	2.0	(2,477)	(32.8)
<b>Total Current Assets</b>	<b>3,208</b>	<b>111,019</b>	<b>30.6</b>	<b>106,364</b>	<b>28.4</b>	<b>4,655</b>	<b>4.4</b>
Long Term Investment	1,015	35,122	9.7	36,714	9.8	(1,592)	(4.3)
Fixed Assets	11,982	414,710	114.3	375,773	100.2	38,937	10.4
Less Accumulated Depreciation	(6,325)	(218,915)	(60.3)	(164,540)	(43.9)	(54,376)	33.0
<b>Net Fixed Assets</b>	<b>5,657</b>	<b>195,794</b>	<b>54.0</b>	<b>211,233</b>	<b>56.3</b>	<b>(15,439)</b>	<b>(7.3)</b>
Other Assets	604	20,917	5.8	20,669	5.5	247	1.2
<b>Total Assets</b>	<b>10,483</b>	<b>362,852</b>	<b>100.0</b>	<b>374,980</b>	<b>100.0</b>	<b>(12,128)</b>	<b>(3.2)</b>
<b>LIABILITIES</b>							
Accounts Payable & Accrued Liabilities	635	21,974	6.1	31,485	8.4	(9,511)	(30.2)
Current Portion of Bonds Payable	0	0	0.0	9,000	2.4	(9,000)	(100.0)
<b>Total Current Liabilities</b>	<b>635</b>	<b>21,974</b>	<b>6.1</b>	<b>40,485</b>	<b>10.8</b>	<b>(18,511)</b>	<b>(45.7)</b>
Bonds Payable	1,011	35,000	9.6	35,000	9.3	0	0.0
Other Long Term Liabilities	220	7,617	2.1	10,331	2.8	(2,714)	(26.3)
<b>Total Liabilities</b>	<b>1,866</b>	<b>64,591</b>	<b>17.8</b>	<b>85,816</b>	<b>22.9</b>	<b>(21,225)</b>	<b>(24.7)</b>
<b>SHAREHOLDERS' EQUITY</b>							
Capital Stock	5,380	186,229	51.3	199,229	53.1	(13,000)	(6.5)
Entitlement Certificate	475	16,437	4.5	0	0.0	16,437	-
Capital Surplus	1,642	56,841	15.7	57,005	15.2	(164)	(0.3)
Legal Reserve	601	20,802	5.7	18,641	5.0	2,161	11.6
Special Reserve	2	69	0.0	0	0.0	69	-
Retained Earnings	551	19,058	5.3	16,438	4.4	2,620	15.9
Treasury Stock	(56)	(1,922)	(0.5)	(1,915)	(0.5)	(7)	0.4
Unrealized loss on long-term investments	(0)	(8)	(0.0)	0	0.0	(8)	-
Cumulated Translation Adjustment	22	755	0.2	(234)	(0.1)	989	-
<b>Total Equity</b>	<b>8,617</b>	<b>298,262</b>	<b>82.2</b>	<b>289,164</b>	<b>77.1</b>	<b>9,097</b>	<b>3.1</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>10,483</b>	<b>362,852</b>	<b>100.0</b>	<b>374,980</b>	<b>100.0</b>	<b>(12,128)</b>	<b>(3.2)</b>

Note : (1) New Taiwan dollar amounts have been translated into U.S. dollars at the rate of NT\$34.61 per U.S. dollar at the end of June, 2003.



**TAIWAN SEMICONDUCTOR MANUFACTURING CO., LTD.**  
**UNCONSOLIDATED INCOME STATEMENT**  
 For the Three Months Ended June 30, 2003  
 (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				
	2 Q 2003		% of	2 Q 2002 <sup>(2)</sup>	YoY	2 Q 2003		% of	1 Q 2003	QoQ
	USD	NTD	Sales	NTD	Inc(Dec) %	USD	NTD	Sales	NTD	Inc(Dec) %
Net Sales	1,437	49,922	100.0	44,182	13.0	1,437	49,922	100.0	39,325	26.9
Cost of Sales	(909)	(31,571)	(63.2)	(27,759)	13.7	(909)	(31,571)	(63.2)	(28,939)	9.1
Gross Profit	528	18,351	36.8	16,423	11.7	528	18,351	36.8	10,386	76.7
Operating Expenses										
General and Administrative Expenses	(45)	(1,563)	(3.1)	(1,452)	7.6	(45)	(1,563)	(3.1)	(1,395)	12.0
Selling and Marketing Expenses	(11)	(371)	(0.7)	(298)	24.6	(11)	(371)	(0.7)	(284)	30.8
Research and Development Expenses	(89)	(3,077)	(6.2)	(2,698)	14.1	(89)	(3,077)	(6.2)	(2,512)	22.5
Total Operating Expenses	(144)	(5,011)	(10.0)	(4,448)	12.7	(144)	(5,011)	(10.0)	(4,191)	19.6
Income from Operations	384	13,340	26.7	11,976	11.4	384	13,340	26.7	6,195	115.3
Net Non-operating Income (Expenses)	(45)	(1,578)	(3.2)	(202)	680.3	(45)	(1,578)	(3.2)	(499)	216.6
Investment Gain (Loss)	23	810	1.6	(787)	-	23	810	1.6	(1,516)	-
Income before Income Tax	362	12,572	25.2	10,986	14.4	362	12,572	25.2	4,180	200.8
Income Tax Credit (Expenses)	(24)	(842)	(1.7)	(1,677)	(49.8)	(24)	(842)	(1.7)	178	-
Net Income	338	11,730	23.5	9,310	26.0	338	11,730	23.5	4,358	169.2
Diluted Earnings Per Ordinary Share <sup>(3)</sup>	0.02	0.58		0.45	26.8	0.02	0.58		0.21	174.7
Earnings Per ADR <sup>(4)</sup>	0.08	2.87		2.27		0.08	2.87		1.05	
Weighted Average Outstanding Shares (M) <sup>(5)</sup>		20,221		20,221			20,221		20,221	

Note: (1) New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD34.74 per U.S. dollar for the second quarter of 2003.

(2) Certain accounts in the financial statement for the three months ended June 30, 2002 have been reclassified to conform to the financial statements for the three months ended June 30, 2003.

(3) EPS calculation is after deducting a cash dividend payment on NT\$13,000 million of preferred stock paying an annual rate of 3.9%.

(4) 1 ADR equals 5 ordinary shares.

(5) Total weighted average outstanding shares were 20,221,270K shares for 2Q03 and 20,220,853K shares for 2Q02 after the retroactive adjustments for stock dividends and changes in treasury stocks. Similar adjustments were also made total weighted average outstanding shares for 1Q03 (20,221,258K shares after adjustments).



**TAIWAN SEMICONDUCTOR MANUFACTURING CO., LTD.**  
**UNCONSOLIDATED INCOME STATEMENT**  
**For the Six Months Ended June 30, 2003 and 2002**  
**(Expressed in Millions New Taiwan Dollars (NTD) and U.S. Dollars (USD) <sup>(2)</sup>**  
**Except for Per Share Amounts and Shares Outstanding)**

	6 months ended June 30				
	2003 USD	2003 NTD	% of Sales	2002 NTD	YoY Inc(Dec) %
Net Sales	2,571	89,247	100.0	79,972	11.6
Cost of Sales	(1,743)	(60,510)	(67.8)	(51,522)	17.4
Gross Profit	828	28,737	32.2	28,450	1.0
Operating Expenses					
General and Administrative Expenses	(85)	(2,958)	(3.3)	(2,460)	20.3
Selling and Marketing Expenses	(19)	(655)	(0.7)	(595)	10.1
Research and Development Expenses	(161)	(5,589)	(6.3)	(5,237)	6.7
Total Operating Expenses	(265)	(9,203)	(10.3)	(8,292)	11.0
Income from Operations	563	19,535	21.9	20,157	(3.1)
Net Non-operating Expenses	(60)	(2,077)	(2.3)	(420)	394.3
Investment Loss	(20)	(705)	(0.8)	(1,733)	(59.3)
Income before Income Tax	483	16,752	18.8	18,004	(7.0)
Income Tax Credit (Expenses)	(19)	(665)	(0.7)	(2,107)	(68.5)
Net Income	463	16,088	18.0	15,897	1.2
Diluted Earnings Per Ordinary Share <sup>(3)</sup>	0.02	0.79		0.77	
Earnings Per ADR <sup>(4)</sup>	0.11	3.93		3.87	
Weighted Average Outstanding Shares (TM) <sup>(4)</sup>		20,221		20,221	

Note: (1) New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD 34.72 per U.S. dollar for the first six months of 2003.

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

(3) 1 ADR equals 5 ordinary shares.

(4) Total weighted average outstanding shares were 20,221,270K shares for 1H03 and 20,220,853K shares for 1H02 after the retroactive adjustments for stock dividends and changes in treasury stocks.



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

**UNCONSOLIDATED STATEMENT OF CASH FLOWS**

For the Six Months Ended June 30, 2003 and 2002

(Figures in Million of New Taiwan dollars (NTD) and U.S. dollars (USD))<sup>1/2</sup>

	6 months 2003		6 months 2002
	USD	NTD	NTD
<b>Cash Flows from Operating Activities:</b>			
Net Income	463	16,088	15,897
Depreciation & Amortization	888	30,840	26,887
Investment Loss Recognized by Equity Method	20	705	1,733
Loss(Gain) on sale of long-term investments	(0)	(0)	2
Deferred Tax on Investment Tax Credit	15	535	2,101
Changes in Working Capital & Others	(142)	(4,917)	(862)
<b>Net Cash Provided from Operating Activities</b>	<b>1,246</b>	<b>43,251</b>	<b>45,758</b>
<b>Cash Flows from Investing Activities:</b>			
Increase in Short-Term Investments	(88)	(3,054)	
Acquisition of Fixed Assets	(467)	(16,208)	(16,956)
Proceeds from Disposal of Properties	4	132	439
Decrease in Deposit out	5	168	195
Increase in Long-Term Investments	(29)	(1,015)	(8,856)
Proceeds from Sales of Long-Term Stock Investments	0	1	1
Increase in Deferred Assets	(20)	(711)	(1,419)
Decrease in Other assets	0	9	0
<b>Net Cash Used in Investing Activities</b>	<b>(596)</b>	<b>(20,679)</b>	<b>(26,597)</b>
<b>Cash Flows from Financing Activities:</b>			
Increase (Decrease) in Bonds Payable	(115)	(4,000)	15,000
Increase (Decrease) in Guarantee Deposits & Others	(5)	(170)	(590)
Decrease in Preferred shares	(374)	(13,000)	0
Cash Dividend - Preferred Shares	(13)	(455)	(455)
Bonus paid to Directors and Supervisors	(2)	(58)	(134)
<b>Net Cash Provided from (Used in) Financing Activities</b>	<b>(509)</b>	<b>(17,683)</b>	<b>13,821</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>141</b>	<b>4,889</b>	<b>32,982</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>1,776</b>	<b>61,657</b>	<b>33,404</b>
<b>Cash and Cash Equivalents at End of Period</b>	<b>1,917</b>	<b>66,546</b>	<b>66,386</b>

*Note : New Taiwan dollar amounts have been translated into U.S. dollars at the rate of NTD34.72 per U.S. dollar for the first six months of 2003.*