



TAIWAN SEMICONDUCTOR MANUFACTURING CO., LTD.

UNCONSOLIDATED INCOME STATEMENT

For the Three Months Ended June 30, 1999 and 1998

(Expressed in Millions New Taiwan Dollars (NTD) and U.S. Dollars (USD) ⁽¹⁾)

Except for Per Share Amounts and Shares Outstanding)

	3 months ended on June 30					Sequential Comparison				
	2Q 1999		% of	2Q 1998	YOY	2Q 1999		% of	1Q 1999	QOQ
	USD	NTD	Sales	NTD	Chg %	USD	NTD	Sales	NTD	Chg %
Net Sales	525	17,232	100.0%	11,601	48.5%	525	17,232	100.0%	12,501	37.9%
Cost of Sales	(296)	(9,696)	-56.3%	(6,626)	46.3%	(296)	(9,696)	-56.3%	(6,302)	53.9%
Gross Profit	230	7,536	43.7%	4,974	51.5%	230	7,536	43.7%	6,199	21.6%
Operating Expenses										
General and Administrative Expenses	(8)	(260)	-1.5%	(430)	-39.7%	(8)	(260)	-1.5%	(380)	-31.7%
Selling and Marketing Expenses	(12)	(408)	-2.4%	(286)	42.9%	(12)	(408)	-2.4%	(331)	23.3%
Research and Development Expenses ⁽²⁾	(21)	(675)	-3.9%	(486)	39.1%	(21)	(675)	-3.9%	(615)	9.8%
Total Operating Expenses	(41)	(1,343)	-7.8%	(1,201)	11.8%	(41)	(1,343)	-7.8%	(1,326)	1.3%
Income from Operations	189	6,193	35.9%	3,773	64.1%	189	6,193	35.9%	4,873	27.1%
Net Non-operating Income (Expenses)	4	138	0.8%	(115)	-	4	138	0.8%	(536)	-
Investment Income (Loss)	(13)	(417)	-2.4%	(777)	-46.3%	(13)	(417)	-2.4%	(226)	84.8%
Income before Income Tax	180	5,914	34.3%	2,881	105.3%	180	5,914	34.3%	4,112	43.8%
Income Tax Credit (Expenses)	3	108	0.6%	877	-87.7%	3	108	0.6%	(22)	-
Net Income	184	6,022	34.9%	3,758	60.3%	184	6,022	34.9%	4,090	47.3%
Diluted Earnings Per Ordinary Share ⁽³⁾	0.02	0.80		0.50	60.3%	0.02	0.80		0.54	47.3%
Earnings Per ADR ⁽⁴⁾	0.12	3.99		2.49		0.12	3.99		2.71	
Shares Outstanding ('K)		7,548,483		7,548,483			7,548,483		7,548,483	

Note (1) : New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD 32.81 per U.S. dollar for the second quarter of 1999.

Note (2) : R&D expenses from fab were reclassified to manufacturing expenses starting in 1999 and restated in 1998 for consistent comparison.

Note (3) : Earnings per share for 2Q98 have been restated to reflect a 24.8% increase in shares outstanding in June 1999. Total shares outstanding were 7,548,483,035 for both 1998 and 1999. Total shares outstanding increased to 7,548,483,035 shares from 6,047,175,967 shares due to a stock dividend of 1,390,850,473 shares (at the rate of 23% or 230 shares per 1000 shares) and employee profit sharing of 110,456,595 shares. Both of which became effective as of June 15, 1999.

Note (4) : 1 ADR equals 5 ordinary shares. ADRs were issued in October 1997.