



TAIWAN SEMICONDUCTOR MANUFACTURING CO., LTD.

UNCONSOLIDATED INCOME STATEMENT

For the Six 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)

	6 months ended June 30				
	1999		% of	1998	YOY
	USD	NTD	Sales	NTD	Chg %
Net Sales	910	29,733	100.0%	27,337	8.8%
Cost of Sales	(490)	(15,998)	-53.8%	(14,362)	11.4%
Gross Profit	420	13,735	46.2%	12,974	5.9%
Operating Expenses					
General and Administrative Expenses	(20)	(639)	-2.2%	(823)	-22.3%
Selling and Marketing Expenses	(23)	(739)	-2.5%	(841)	-12.2%
Research and Development Expenses ⁽²⁾	(39)	(1,290)	-4.3%	(828)	55.8%
Total Operating Expenses	(82)	(2,668)	-9.0%	(2,492)	7.1%
Income from Operations	339	11,067	37.2%	10,482	5.6%
Net Non-operating Income (Expenses)	(12)	(398)	-1.3%	(311)	27.9%
Investment Income (Loss)	(20)	(642)	-2.2%	(757)	-15.1%
Income before Income Tax	307	10,026	33.7%	9,414	6.5%
Income Tax Credit (Expenses)	3	86	0.3%	1,291	-93.4%
Net Income	309	10,112	34.0%	10,705	-5.5%
Diluted Earnings Per Ordinary Share ⁽³⁾	0.04	1.34		1.42	-5.5%
Earnings Per ADR ⁽⁴⁾	0.20	6.70		7.09	
Shares Outstanding ('K)		7,548,483		7,548,483	

Note (1) : New Taiwan dollar amounts have been translated into U.S. dollar at the weighted average rate of NTD 32.68 per U.S. dollar for the six months ended June 30 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.