



TAIWAN SEMICONDUCTOR MANUFACTURING CO., LTD.

UNCONSOLIDATED INCOME STATEMENT

For the Three Months Ended September 30, 1998 and 1997

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

Except for Per Share Amounts and Shares Outstanding)

	3 months ended September 30					Sequential Comparison				
	3Q 1998		% of	3Q 1997	YOY	3Q 1998		% of	2Q 1998	QOQ
	USD	NTD	Sales	NTD	Chg %	USD	NTD	Sales	NTD	Chg %
Net Sales	326	11,263	100.0%	11,718	-3.9%	326	11,263	100.0%	11,601	-2.9%
Cost of Sales	(207)	(7,144)	-63.4%	(6,015)	18.8%	(207)	(7,144)	-63.4%	(6,343)	12.6%
Gross Profit	119	4,119	36.6%	5,704	-27.8%	119	4,119	36.6%	5,258	-21.7%
Operating Expenses										
General and Administrative Expenses	(8)	(273)	-2.4%	(545)	-49.9%	(8)	(273)	-2.4%	(393)	-30.5%
Selling and Marketing Expenses	(3)	(111)	-1.0%	(451)	-75.5%	(3)	(111)	-1.0%	(285)	-61.3%
Research and Development Expenses	(26)	(909)	-8.1%	(559)	62.5%	(26)	(909)	-8.1%	(806)	12.7%
Total Operating Expenses	(37)	(1,292)	-11.5%	(1,555)	-16.9%	(37)	(1,292)	-11.5%	(1,484)	-12.9%
Income from Operations	82	2,827	25.1%	4,149	-31.9%	82	2,827	25.1%	3,773	-25.1%
Non-operating Income	10	354	3.1%	71	396.0%	10	354	3.1%	166	112.9%
Non-operating Expenses	(43)	(1,472)	-13.1%	(399)	268.8%	(43)	(1,472)	-13.1%	(1,058)	39.1%
Income before Income Tax	49	1,709	15.2%	3,821	-55.3%	49	1,709	15.2%	2,881	-40.7%
Income Tax Credit	12	406	3.6%	774	-47.5%	12	406	3.6%	877	-53.7%
Net Income	61	2,115	18.8%	4,594	-54.0%	61	2,115	18.8%	3,758	-43.7%
Diluted Earnings Per Ordinary Share ⁽²⁾	0.01	0.35		0.76	-54.0%	0.01	0.35		0.62	-43.7%
Earnings Per ADR ⁽³⁾	0.05	1.75				0.05	1.75		3.11	
Shares Outstanding		6,047,176		4,081,300	48.2%		6,047,176		6,047,176	0.0%

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 third quarter of 1998.

Note (3) : 1 ADR equals 5 ordinary shares. ADRs were issued in October 1997.