



TAIWAN SEMICONDUCTOR MANUFACTURING CO., LTD.

UNCONSOLIDATED INCOME STATEMENT

For the Nine 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)

	9 months ended September 30				
	1998 USD	1998 NTD	% of Sales	1997 NTD	YOY Chg %
Net Sales	1,150	38,600	100.0%	28,605	34.9%
Cost of Sales	(625)	(20,992)	-54.4%	(15,656)	34.1%
Gross Profit	525	17,608	45.6%	12,949	36.0%
Operating Expenses					
General and Administrative Expenses	(31)	(1,031)	-2.7%	(1,168)	-11.7%
Selling and Marketing Expenses	(28)	(951)	-2.5%	(883)	7.7%
Research and Development Expenses	(69)	(2,316)	-6.0%	(1,532)	51.2%
Total Operating Expenses	(128)	(4,299)	-11.1%	(3,583)	20.0%
Income from Operations	397	13,309	34.5%	9,366	42.1%
Non-operating Income	29	981	2.5%	796	23.2%
Non-operating Expenses	(94)	(3,167)	-8.2%	(612)	417.7%
Income before Income Tax	331	11,123	28.8%	9,551	16.5%
Income Tax Credit	51	1,697	4.4%	1,653	2.6%
Net Income	382	12,820	33.2%	11,204	14.4%
Diluted Earnings Per Ordinary Share ⁽²⁾	0.06	2.12		1.85	14.4%
Earnings Per ADR ⁽³⁾	0.32	10.60			
Shares Outstanding		6,047,176		4,081,300	48.2%

Note (1) : New Taiwan dollar amounts have been translated into U.S. dollar at the weighted average rate of NTD 33.56 per U.S. dollar for the nine months ended September 30 1998.

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