# TAIWAN SEMICONDUCTOR MANUFACTURING CO., LTD.

## UNCONSOLIDATED INCOME STATEMENT

**For the Quarter Ended March 31, 1998 and 1997**

(Expressed in Million New Taiwan Dollars (NTD) and U.S. Dollars (USD) - 1
Except Earnings Per Share and Shares Outstanding)

<table>
<thead>
<tr>
<th></th>
<th>Year over Year</th>
<th>Sequential Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1998 USD NTD</td>
<td>Shares % YOY Chg %</td>
</tr>
<tr>
<td>Net Sales</td>
<td>477 15,736</td>
<td>100.0% 7,604 107.0%</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>-227 -7,505</td>
<td>-47.7% -4,273 75.6%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>249 8,231</td>
<td>52.3% 3,331 147.1%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and Admin.</td>
<td>-11 -366</td>
<td>-2.3% -280 30.5%</td>
</tr>
<tr>
<td>Selling and Marketing</td>
<td>-17 -555</td>
<td>-3.5% -152 265.9%</td>
</tr>
<tr>
<td>Research and Dev.</td>
<td>-18 -601</td>
<td>-3.8% -431 39.5%</td>
</tr>
<tr>
<td>Total Operating</td>
<td>-46 -1,522</td>
<td>-9.7% -863 76.4%</td>
</tr>
<tr>
<td>Income from Operations</td>
<td>203 6,709</td>
<td>42.6% 2,467 171.9%</td>
</tr>
<tr>
<td>Non-operating Income</td>
<td>14 461</td>
<td>2.9% 498 -7.4%</td>
</tr>
<tr>
<td>Non-operating Expenses</td>
<td>-19 -637</td>
<td>-4.0% -69 817.0%</td>
</tr>
<tr>
<td>Income before Income Tax</td>
<td>198 6,533</td>
<td>41.5% 2,895 125.7%</td>
</tr>
<tr>
<td>Income Tax Credit</td>
<td>13 414</td>
<td>2.6% 173 139.5%</td>
</tr>
<tr>
<td>Net Income</td>
<td>211 6,947</td>
<td>44.1% 3,068 126.4%</td>
</tr>
<tr>
<td>Earnings Per Ordinary Share</td>
<td>0.05 1.70</td>
<td>0.75 126.4%</td>
</tr>
<tr>
<td>Earnings Per ADR -2</td>
<td>0.26 8.51</td>
<td></td>
</tr>
<tr>
<td>Shares Outstanding</td>
<td>4,081,300</td>
<td>4,081,300 0.0%</td>
</tr>
</tbody>
</table>

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**Note1:** New Taiwan dollar amounts have been translated into U.S. dollars at the weighted average rate of NTD 33.0 and NTD27.5 per U.S. dollar for the first quarter of 1998 and for the first quarter of 1997, respectively.

**Note2:** 1 ADR equals to 5 ordinary shares, ADRs were issued in October 1997.