



TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD.
UNCONSOLIDATED INCOME STATEMENT

For the Year Ended December 31, 1997 and 1996
 (Expressed in Million New Taiwan Dollars(NTD) and U.S. Dollars(USD) 1.,
 Except Earnings Per Share and Shares Outstanding)

	Fourth Quarter					12 Months				
	1997		% of	1996	QOQ	1997		% of	1996	YOY
	USD	NTD	Shares	NTD	Chg %	USD	NTD	Shares	NTD	Chg %
Net Sales	499	15,331	100.0%	8,227	86.4%	1,539	43,936	100.0%	39,400	11.5%
Cost of Goods Sold	-234	-7,185	(46.9%)	-4,201	71.0%	-800	-22,841	(52.0%)	-17,421	31.1%
Gross Profit	265	8,145	53.1%	4,025	102.3%	739	21,094	48.0%	21,979	(4.0%)
Operating Expenses										
General and Administrative Expenses	-14	-415	(2.7%)	-433	(4.0%)	-55	-1,583	(3.6%)	-1,597	(0.9%)
Selling and Marketing Expenses	-21	-633	(4.1%)	-82	670.1%	-53	-1,516	(3.5%)	-653	132.3%
Research and Development Expenses	-32	-974	(6.4%)	-447	118.0%	-88	-2,505	(5.7%)	-1,494	67.7%
Total Operating Expenses	-66	-2,022	(13.2%)	-961	110.3%	-196	-5,604	(12.8%)	-3,744	49.7%
Income from Operations	199	6,124	39.9%	3,064	99.9%	543	15,490	35.3%	18,235	(15.1%)
Non-operating Income	2	62	0.4%	262	(76.5%)	30	858	2.0%	1,025	(16.3%)
Non-operating Expenses	-7	-219	(1.4%)	-19	1039.8%	-29	-830	(1.9%)	-287	189.0%
Income before Income Tax	194	5,966	38.9%	3,307	80.4%	544	15,517	35.3%	18,973	(18.2%)
Income Tax Credit	26	790	5.2%	72	989.7%	86	2,443	5.6%	428	471.1%
Net Income	220	6,756	44.1%	3,380	99.9%	629	17,960	40.9%	19,401	(7.4%)
Earnings Per Ordinary Share 2.	0.05	1.66		1.27	30.0%	0.15	4.40		7.31	(39.8%)
Earnings Per ADR 3.	0.26	8.28				0.77	22.00			
Shares Outstanding 2.		4,081,300		2,654,200			4,081,300		2,654,200	

Note 1: New Taiwan dollars amounts have been translated into U.S. dollars at the weighted average rate of NTD 30.7 and 28.55 per U.S. dollars for the fourth quarter of 1997 and for the year of 1997, respectively.

Note 2: Total shares outstanding increased to 4,081,300,000 from 2,654,200,000 year over year due to a stock dividend of 1,327,100,000 shares and employee profit sharing of 100,000,000 shares, both of which became effective as of June 18, 1997.

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