

TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD

Form 6-K

February 01, 2008

Table of Contents

1934 Act Registration No. 1-14700
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 6-K
REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934
For the month of January 2008
Taiwan Semiconductor Manufacturing Company Ltd.
(Translation of Registrant's Name Into English)
No. 8, Li-Hsin Rd. 6,
Hsinchu Science Park,
Taiwan
(Address of Principal Executive Offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes No

(If Yes is marked, indicated below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82: _____.)

TABLE OF CONTENTS

SIGNATURES

Table of Contents

Table of Contents**TSMC**

January 31, 2008

Page 2

I. Revenue Analysis**I. Wafer Sales Analysis**

| | | | |
|-------------------|------|------|------|
| By Application | 4Q07 | 3Q07 | 4Q06 |
| Computer | 35% | 32% | 32% |
| Communication | 42% | 42% | 42% |
| Consumer | 15% | 17% | 16% |
| Industrial/Others | 5% | 5% | 7% |
| Memory | 3% | 4% | 3% |
| By Technology | 4Q07 | 3Q07 | 4Q06 |
| 65nm and below | 10% | 7% | |
| 90nm | 29% | 27% | 23% |
| 0.11/0.13um | 20% | 22% | 25% |
| 0.15/0.18um | 27% | 28% | 33% |
| 0.25/0.35um | 10% | 11% | 14% |
| 0.50um+ | 4% | 5% | 5% |
| By Customer Type | 4Q07 | 3Q07 | 4Q06 |
| Fabless/System | 68% | 66% | 72% |
| IDM | 32% | 34% | 28% |
| By Geography | 4Q07 | 3Q07 | 4Q06 |
| North America | 79% | 74% | 78% |
| Asia Pacific | 11% | 13% | 11% |
| Europe | 8% | 10% | 7% |
| Japan | 2% | 3% | 4% |

Revenue Analysis:

Fourth quarter 2007 revenue came in at the high end of our guidance to reach NT\$93.9 billion. Demand from computer related applications grew the strongest during the quarter, followed by communication applications. On a sequential basis, revenue from computer and communication applications increased by 15% and 5%, respectively. On the other hand, demand for consumer applications declined by 7% quarter-over-quarter, reflecting their seasonal pattern.

As a result of continued strong ramp for our 65nm technology, revenue from 65nm reached 10% of total wafer sales during the quarter, up from 7% in the previous quarter. Meanwhile, revenue from 90nm also increased during the quarter and accounted for 29% of total wafer sales. Overall, revenues from advanced technologies (0.13-micron and below) accounted for 59% of total wafer sales, up three percentage points from the third quarter of 2007.

Revenues from IDM customers accounted for 32% of total wafer sales during the quarter, compared to 34% in the previous quarter.

From a geographic perspective, revenues from customers headquartered in North America accounted for 79% of total wafer sales, up 5 percentage points from the previous quarter. Meanwhile, as a percentage of wafer sales, sales from customers in Asia Pacific, Europe and Japan all declined during the quarter and accounted for 11%, 8% and 2% of wafer sales, respectively.

II. Profit & Expense Analysis**II 1. Gross Profit Analysis**

| | | | | | |
|------------------|------|------|------|------|------|
| (In NT billions) | 4Q07 | 3Q07 | 4Q06 | 2007 | 2006 |
|------------------|------|------|------|------|------|

| | | | | | |
|---------------------|--------------|--------------|--------------|--------------|--------------|
| COGS | 49.0 | 48.2 | 40.5 | 180.3 | 161.6 |
| Depreciation | 18.5 | 18.2 | 18.2 | 73.1 | 67.7 |
| Other MFG Cost | 30.5 | 30.0 | 22.3 | 107.2 | 93.9 |
| Gross Profit | 44.8 | 40.7 | 34.5 | 142.4 | 155.8 |
| Gross Margin | 47.8% | 45.8% | 46.0% | 44.1% | 49.1% |

Gross Profit Analysis:

Gross margin for the fourth quarter 2007 was 47.8%, up 2 percentage points from the previous quarter, reflecting a higher level of capacity utilization and our continued efforts in cost improvements, offset in part by a depreciation in U.S. dollar.

Gross margin for full year 2007 was 44.1%, down 5 percentage points from the 2006 level, mostly due to lower overall utilization and price decline, offset partially by cost improvements.

Table of Contents**TSMC**

January 31, 2008

Page 3

II 2. Operating Expenses *

| (In NT billions) | 4Q07 | 3Q07 | 4Q06 | 2007 | 2006 |
|---|-------------|-------------|-------------|--------------|--------------|
| Total Operating Exp. | 8.08 | 8.37 | 7.05 | 30.63 | 28.55 |
| SG&A | 3.07 | 3.68 | 3.22 | 12.68 | 12.47 |
| Research & Development | 5.01 | 4.69 | 3.83 | 17.95 | 16.08 |
| Total Operating Exp. as a % of Sales | 8.6% | 9.4% | 9.4% | 9.5% | 9.0% |

* Certain prior period amounts have been reclassified to conform with current period presentation.

Operating Expenses:

Total operating expenses for the fourth quarter 2007 declined by 3.5% sequentially to reach NT\$8.1 billion, or 8.6% of net sales, compared with 9.4% of net sales in the previous quarter.

Research and development expenditures increased by NT\$321 million quarter-over-quarter, driven by increased R&D spending on 45nm and 32nm related projects.

SG&A expenses declined by NT\$614 million sequentially, mostly due to lower legal fees.

On a full year basis, total operating expenses accounted for 9.5% of net sales in 2007, compared with 9% of net sales in 2006, reflecting our continued investments in R&D.

II 3. Non-Operating Items

| (In NT billions) | 4Q07 | 3Q07 | 4Q06 | 2007 | 2006 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| Non-Operating Inc./(Exp.) | 1.7 | 1.1 | 1.7 | 7.4 | 3.8 |
| Net Interest Income/(Exp.) | 1.2 | 1.1 | 1.0 | 4.8 | 3.7 |
| Other Non-Operating | 0.5 | (0.0) | 0.7 | 2.6 | 0.1 |
| L-T Investments | 0.9 | 0.8 | 0.4 | 2.5 | 2.3 |
| SSMC | 0.5 | 0.4 | 0.1 | 1.2 | 1.4 |
| Others | 0.4 | 0.4 | 0.3 | 1.3 | 0.9 |
| Total Non-Operating Items | 2.6 | 1.9 | 2.1 | 9.9 | 6.1 |

Non-Operating Items:

Combined result from non-operating income and long-term investments was a gain of NT\$2.6 billion for fourth quarter 2007.

Non-operating income was NT\$1.7 billion, up from NT\$1.1 billion in the previous quarter, primarily due to an accrual of litigation contingency in the previous quarter, lawsuit settlement received from SMIC during the fourth quarter, offset in part by lower gains on disposal of investments and lower mark-to-market gains as a result of the decline in the market value of certain marketable securities held through TSMC venture capital funds.

Net investment income increased by NT\$95 million in the quarter to reach NT\$877 million.

For full year 2007, non-operating income increased by 98% to reach NT\$7.4 billion, mostly due to an increase in mark-to-market adjustment for unrealized gains on certain marketable securities, higher interest income, and lower hedging cost, offset partially by an accrual of litigation contingency in 2007. As a result, combined results from non-operating income and long-term investments were a gain of NT\$9.9 billion, compared with a gain of NT\$6.1 billion in 2006.

Table of Contents**TSMC**

January 31, 2008

Page 4

III. Financial Condition Review**III 1. Liquidity Analysis****(Selected Balance Sheet Items)**

| (In NT billions) | 4Q07 | 3Q07 | 4Q06 |
|----------------------------------|--------------|--------------|--------------|
| Cash & Marketable Securities | 174.8 | 176.4 | 195.1 |
| Accounts Receivable Trade | 42.4 | 42.4 | 31.6 |
| Inventory | 23.9 | 24.5 | 21.4 |
| Total Current Assets | 249.8 | 250.1 | 260.3 |
| Accounts Payable | 19.3 | 24.2 | 20.6 |
| Current Portion of Bonds Payable | 0.0 | 4.5 | 7.0 |
| Accrued Liabilities and Others | 29.4 | 22.2 | 19.3 |
| Total Current Liabilities | 48.7 | 50.9 | 46.9 |
| Current Ratio (x) | 5.1 | 4.9 | 5.6 |
| Net Working Capital | 201.1 | 199.2 | 213.5 |

Liquidity Analysis:

At the end of fourth quarter 2007, total cash and marketable securities and total current assets were NT\$174.8 billion and NT\$249.8 billion, respectively, essentially flat from the previous quarter.

Total current liabilities declined by NT\$2.2 billion in fourth quarter 2007, primarily as a result of the repayment of corporate bonds, a decline in payables to contractors and equipment suppliers, offset partially by an increase in income tax payables and an accrual for treasury share purchases executed in 2007 but settled in 2008.

Net working capital stood at NT\$201.1 billion at the end of the quarter, current ratio improved slightly to reach 5.1.

III 2. Receivable/Inventory Days

| (In Number of Days) | 4Q07 | 3Q07 | 4Q06 |
|---------------------|-------------|-------------|-------------|
| Days of Receivable | 42 | 42 | 43 |
| Days of Inventory | 48 | 48 | 50 |

Receivable and Inventory Days:

Both days of receivable and days of inventory were essentially unchanged from the levels in the previous quarter.

III 3. Debt Service

| (In NT billions) | 4Q07 | 3Q07 | 4Q06 |
|------------------------------|-------------|-------------|-------------|
| Cash & Marketable Securities | 174.8 | 176.4 | 195.1 |
| Interest-Bearing Debt | 23.1 | 26.7 | 27.6 |
| Net Cash Reserves | 151.7 | 149.7 | 167.5 |

Debt Service:

As a result of the repayment of corporate bonds during the quarter, net cash reserves defined as the excess of cash and short-term marketable securities over interest-bearing debt increased slightly to reach NT\$151.7 billion at the end of the fourth quarter.

Table of Contents**TSMC**

January 31, 2008

Page 5

IV. Cash Flow**IV 1. Cash Flow Analysis**

| (In NT billions) | 4Q07 | 3Q07 | 4Q06 |
|---|---------------|---------------|---------------|
| Net Income | 34.5 | 30.4 | 27.9 |
| Depreciation & Amortization | 20.3 | 19.9 | 19.7 |
| Other Operating Sources/(Uses) | 5.0 | 0.8 | 5.4 |
| Total Operating Sources/(Uses) | 59.8 | 51.1 | 53.0 |
| Capital Expenditure | (19.8) | (24.9) | (17.6) |
| Marketable Financial Instruments | 8.2 | (2.8) | (6.7) |
| Other Investing Sources/(Uses) | (1.1) | (6.8) | (4.1) |
| Net Investing Sources/(Uses) | (12.7) | (34.5) | (28.4) |
| Cash Dividends | 0.0 | (77.4) | 0.0 |
| Employee Profit Sharing | 0.0 | (4.6) | 0.0 |
| Repayment of Bonds Payable | (4.5) | 0.0 | 0.0 |
| Repurchase of Treasury Stock | (45.4) | 0.0 | 0.0 |
| Other Financing Sources/(Uses) | (0.2) | (0.0) | 0.8 |
| Net Financing Sources/(Uses) | (50.1) | (82.0) | 0.8 |
| Net Cash Position Changes | (3.0) | (65.4) | 25.4 |
| Exchange Rate Changes & Others | (0.3) | 0.3 | (0.5) |
| Ending Cash Balance | 95.0 | 98.3 | 117.8 |

IV 2. Cash Flow Analysis

| (In NT billions) | 2007 | 2006 |
|---------------------------------------|---------------|----------------|
| Net Income | 109.2 | 127.0 |
| Depreciation & Amortization | 80.0 | 73.7 |
| Other Operating Sources/(Uses) | (5.4) | 4.3 |
| Total Operating Sources/(Uses) | 183.8 | 205.0 |
| Capital Expenditure | (84.0) | (78.7) |
| Marketable Financial Instruments | 24.7 | (35.8) |
| Other Investing Sources/(Uses) | (11.4) | (5.2) |
| Net Investing Sources/(Uses) | (70.7) | (119.7) |
| Cash Dividends | (77.4) | (61.7) |
| Employee Profit Sharing | (4.6) | (3.4) |

| | | |
|---|----------------|---------------|
| Repayment of Bonds Payable | (7.0) | 0.0 |
| Repurchase of Treasury Stock | (45.4) | 0.0 |
| Other Financing Sources/(Uses) | (1.0) | 1.3 |
| Net Financing Sources/(Uses) | (135.4) | (63.8) |
| | | |
| Net Cash Position Changes | (22.3) | 21.5 |
| | | |
| Exchange Rate Changes & Others | (0.5) | (0.1) |
| | | |
| Ending Cash Balance | 95.0 | 117.8 |

Summary of Cash Flow:

Cash generated from operating activities totaled NT\$59.8 billion during the quarter, up from NT\$51.1 billion in the third quarter 2007.

TSMC spent NT\$19.8 billion in capital expenditures in 4Q07, bringing 2007 total capital expenditures to NT\$84 billion or US\$2.6 billion.

Net cash used in financing activities was NT\$50.1 billion during the quarter, as we spent NT\$45.4 billion in share buybacks and NT\$4.5 billion in repayment of corporate bonds.

As a result, TSMC ended the quarter with a cash balance of NT\$95 billion.

On a full year basis, cash generated from operating activities declined by NT\$21.2 billion in 2007, meanwhile, capital expenditures increased by NT\$5.3 billion. Cash dividends per share was raised from NT\$2.5 in 2006 to NT\$3 in 2007, as a result, total cash dividends paid during 2007 increased by NT\$15.6 billion. TSMC also spent NT\$45.4 billion in share buybacks.

Table of Contents**TSMC**

January 31, 2008

Page 6

IV 3. Operating and Free Cash Flows**Operating and Free Cash Flows:**

Cash flows generated from operating activities were NT\$59.8 billion during the quarter. Free cash flow, defined as the excess of operating cash flows over capital expenditures, totaled NT\$40 billion in 4Q07, bringing total free cash flow generated in 2007 to NT\$99.8 billion.

V. CapEx & Capacity**V 1. Capital Expenditures**

| (In US millions) | 1Q07 | 2Q07 | 3Q07 | 4Q07 | 2007 | 2006 |
|------------------------------|------------|------------|------------|------------|--------------|--------------|
| TSMC | 419 | 747 | 732 | 577 | 2,475 | 2,410 |
| XinTec and GUC | 3 | 13 | 15 | 16 | 47 | 3 |
| TSMC Shanghai & WaferTech | 2 | 4 | 8 | 17 | 31 | 42 |
| Other TSMC Subsidiaries | 0 | 2 | 1 | 1 | 4 | 2 |
| Total TSMC | 424 | 766 | 756 | 611 | 2,557 | 2,457 |

Capital Expenditures:

Capital expenditures for TSMC consolidated group totaled US\$611 million during the quarter.

For year 2007, total capital expenditures for TSMC consolidated group came in at US\$2.6 billion, compared with US\$2.5 billion spent in 2006.

V 2. Capacity

| Fab / (Wafer size) | 1Q07 (A) | 2Q07 (A) | 3Q07 (A) | 4Q07 (A) | 2007 (A) | 1Q08 (F) |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Fab-2 (6") ¹ | 257 | 257 | 273 | 273 | 1,060 | 248 |
| Fab-3 (8") | 259 | 262 | 267 | 269 | 1,057 | 277 |
| Fab-5 (8") | 144 | 155 | 163 | 166 | 627 | 165 |
| Fab-6 (8") | 245 | 255 | 274 | 279 | 1,053 | 265 |
| Fab-8 (8") | 239 | 239 | 260 | 265 | 1,004 | 262 |
| Fab-12 (12") ² | 169 | 180 | 198 | 212 | 759 | 197 |
| Fab-14 (12") ² | 103 | 113 | 154 | 176 | 546 | 167 |
| WaferTech (8") | 104 | 105 | 106 | 106 | 419 | 105 |
| TSMC (Shanghai) (8") | 90 | 94 | 99 | 92 | 375 | 88 |
| TSMC total capacity (8" equiv. Kpcs) | 1,836 | 1,913 | 2,113 | 2,202 | 8,064 | 2,120 |
| SSMC (8") | 53 | 55 | 56 | 61 | 226 | 63 |
| Total managed capacity (8" equiv. Kpcs) | 1,890 | 1,967 | 2,169 | 2,263 | 8,290 | 2,182 |

Note: 1. Figures represent number of 6" wafers. Conversion to 8"-equivalent wafers is obtained by dividing this number by 1.78

2. Figures represent number of 12" wafers. Conversion to 8"-equivalent wafers is obtained by multiplying this number by 2.25

Capacity:

In line with our guidance, total TSMC managed capacity was 2,263K 8-inch equivalent wafers in the fourth quarter, 4% higher than 3Q07. TSMC managed capacity in 1Q08 is expected to decrease by 4% sequentially to reach 2,182K 8-inch equivalent wafers, mostly due to scheduled maintenance and certain adjustment of capacity due to change in technology mix.

Total managed capacity for 2007 reached 8,290K 8-inch equivalent wafers, representing an increase of 17% from 7,062K 8-inch equivalent wafers in 2006.

Table of Contents

TSMC

January 31, 2008

Page 7

VI. Recap of Recent Important Events & Announcements

- 1 TSMC Completes Share Buyback Plan (2007/12/31)
- 1 TSMC Announces Multi-layer Mask Service (2007/12/27)
- 1 TSMC Ships One-Millionth 12-Inch 90NM Wafer (2007/12/03)
- 1 TSMC Unveils New 65-Nanometer Mixed-Signal and RF Tool Qualification Program (2007/12/13)
- 1 TSMC and NXP Unveil Seven Innovations at IEDM Conference (2007/12/12)
- 1 TSMC Reports Foundry's First 32-Nanometer Technology with Functional SRAM (2007/12/11)
- 1 NetLogic Microsystems and TSMC Collaborate on Industry-Leading 55nm Technology for Advanced Low-Power Knowledge-based Processors (2007/11/27)
- 1 TSMC Appoints Maria Marced President of TSMC Europe (2007/11/16)
- 1 Qualcomm Makes First Call with Chips Using TSMC's 45nm Technology (2007/11/14)
- 1 TSMC Board of Directors Approves Plan to Buy Back Shares from Open Market (2007/11/13)
- 1 TSMC Recognizes Outstanding Suppliers at Supply Chain Management Forum (2007/11/02)

* Please visit TSMC's Web site (<http://www.tsmc.com>) for details about these and other announcements.

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents**TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES****Consolidated Condensed Balance Sheets****(Expressed in Millions of New Taiwan Dollars (NTD) and U.S. Dollars (USD))**

| | December 31, 2007 (audited) | | | September 30, 2007 (unaudited) | | December 31, 2006 (audited) | | QoQ | | YoY | |
|---|-----------------------------|-------------------|--------------|--------------------------------|--------------|-----------------------------|--------------|-------------------|-------------|-------------------|--------------|
| | USD | NTD | % | NTD | % | NTD | % | Amount | % | Amount | % |
| ASSETS | | | | | | | | | | | |
| Current Assets | | | | | | | | | | | |
| Cash and Cash Equivalents | \$ 2,928 | \$ 94,986 | 16.6 | \$ 98,328 | 16.8 | \$ 117,837 | 20.1 | (\$3,342) | -3.4 | (\$22,851) | (19.3) |
| Investments in Marketable Financial Instruments | 2,461 | 79,848 | 14.0 | 78,064 | 13.3 | 77,242 | 13.1 | 1,784 | 2.3 | 2,606 | 3.3 |
| Accounts Receivable Trade | 1,308 | 42,424 | 7.4 | 42,357 | 7.2 | 31,589 | 5.4 | 67 | 0.2 | 10,835 | 34.3 |
| Inventories, Net | 735 | 23,862 | 4.2 | 24,532 | 4.2 | 21,431 | 3.6 | (670) | (2.7) | 2,431 | 11.3 |
| Other Current Assets | 268 | 8,702 | 1.5 | 6,775 | 1.2 | 12,218 | 2.1 | 1,927 | 28.4 | (3,516) | (28.3) |
| Total Current Assets | 7,700 | 249,822 | 43.7 | 250,056 | 42.7 | 260,317 | 44.3 | (234) | -0.1 | (10,495) | (4.1) |
| Long-Term Investments | 1,124 | 36,461 | 6.4 | 45,991 | 7.8 | 53,895 | 9.2 | (9,530) | -20.7 | (17,434) | -32.2 |
| Property, Plant and Equipment | 24,670 | 800,352 | 140.2 | 786,850 | 134.2 | 717,132 | 122.1 | 13,502 | 1.7 | 83,220 | 11.6 |
| Less: Accumulated Depreciation | (16,648) | (540,100) | -94.6 | (521,614) | -89.0 | (463,038) | -78.8 | (18,486) | 3.5 | (77,062) | 16.3 |
| Property, Plant and Equipment, Net | 8,022 | 260,252 | 45.6 | 265,236 | 45.2 | 254,094 | 43.3 | (4,984) | -1.9 | 6,158 | 2.4 |
| Other Assets | 750 | 24,330 | 4.3 | 25,124 | 4.3 | 19,179 | 3.2 | (794) | -3.2 | 5,151 | 26.4 |
| Total Assets | \$ 17,596 | \$ 570,865 | 100.0 | \$ 586,407 | 100.0 | \$ 587,485 | 100.0 | (\$15,542) | -2.7 | (\$16,620) | (2.9) |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | | |
| Short-Term Bank Loans | \$ | \$ | | \$ 98 | | \$ | | (\$98) | -100.0 | \$ | |
| Accounts Payables | 403 | 13,078 | 2.3 | 12,492 | 2.1 | 9,802 | 1.7 | 586 | 4.7 | 3,276 | 33.2 |

| | | | | | | | | | | | |
|--|-----------|------------|-------|------------|-------|------------|-------|------------|---------|------------|--------|
| Liabilities to Contractors and Equipment Suppliers | 193 | 6,257 | 1.1 | 11,745 | 2.0 | 10,769 | 1.8 | (5,488) | -46.7 | (4,512) | -41.1 |
| Accrued Expenses and Other Current Liabilities | 896 | 29,090 | 5.1 | 21,776 | 3.8 | 19,286 | 3.3 | 7,314 | 33.6 | 9,804 | 50.0 |
| Current Portion of Bonds Payable and Long-Term Liabilities | 9 | 281 | | 4,782 | 0.8 | 7,004 | 1.2 | (4,501) | -94.1 | (6,723) | (96.0) |
| Total Current Liabilities | 1,501 | 48,706 | 8.5 | 50,893 | 8.7 | 46,861 | 8.0 | (2,187) | -4.3 | 1,845 | 3.6 |
| Bonds Payable Other Long-Term Liabilities | 385 | 12,500 | 2.2 | 12,500 | 2.1 | 12,500 | 2.1 | | 0.0 | | 0.0 |
| | 585 | 18,973 | 3.3 | 18,395 | 3.1 | 18,986 | 3.2 | 578 | 3.1 | (13) | -0.1 |
| Total Liabilities | 2,471 | 80,179 | 14.0 | 81,788 | 13.9 | 78,347 | 13.3 | (1,609) | -2.0 | 1,832 | 2.0 |
| Shareholders' Equity Attributable to Shareholders of the Parent | | | | | | | | | | | |
| Capital Stock | 8,146 | 264,271 | 46.3 | 264,262 | 45.1 | 258,297 | 44.0 | 9 | 0.0 | 5,974 | 2.3 |
| Capital Surplus | 1,656 | 53,733 | 9.4 | 53,713 | 9.2 | 54,107 | 9.2 | 20 | 0.0 | (374) | -0.1 |
| Retained Earnings | 6,746 | 218,864 | 38.3 | 184,380 | 31.4 | 197,125 | 33.6 | 34,485 | 18.7 | 21,740 | 11.1 |
| Treasury Stock | (1,522) | (49,385) | -8.7 | (918) | -0.2 | (918) | -0.2 | (48,467) | 5,279.6 | (48,467) | 5279.6 |
| Others | (12) | (391) | 0.0 | (162) | 0.0 | (630) | -0.1 | (230) | 142.0 | 238 | -37.0 |
| Total Equity Attributable to Shareholders of the Parent | 15,014 | 487,092 | 85.3 | 501,275 | 85.5 | 507,981 | 86.5 | (14,183) | (2.8) | (20,889) | (4.1) |
| Minority Interest | 111 | 3,594 | 0.7 | 3,344 | 0.6 | 1,157 | 0.2 | 250 | 7.5 | 2,437 | 21.0 |
| Total Shareholders Equity | 15,125 | 490,686 | 86.0 | 504,619 | 86.1 | 509,138 | 86.7 | (13,933) | (2.8) | (18,452) | (3.6) |
| Total Liabilities & Shareholders' Equity | \$ 17,596 | \$ 570,865 | 100.0 | \$ 586,407 | 100.0 | \$ 587,485 | 100.0 | (\$15,542) | -2.7 | (\$16,620) | (2.8) |

Note: (1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the rate of NT\$32.443 as of December 31, 2007.

Table of Contents**TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES****Unaudited Consolidated Condensed Income Statements****For the Three Months Ended December 31, 2007, September 30, 2007, and December 31, 2006****(Expressed in Millions of New Taiwan Dollars (NTD) and U.S. Dollars (USD)****Except for Per Share Amounts and Shares Outstanding)**

| | Q4 2007 | | | Q3 2007 | | | Q4 2006 | | QoQ | | YoY |
|--|----------|-----------|-------|-----------|-------|-----------|---------|----------|-------|-----------|-----|
| | USD | NTD | % | NTD | % | NTD | % | Amount | % | Amount | |
| Net Sales | \$ 2,894 | \$ 93,860 | 100.0 | \$ 88,955 | 100.0 | \$ 74,963 | 100.0 | \$ 4,905 | 5.5 | \$ 18,897 | |
| Cost of Sales | (1,512) | (49,024) | -52.2 | (48,231) | -54.2 | (40,510) | -54.0 | (793) | 1.6 | (8,514) | |
| Operating Profit | 1,382 | 44,836 | 47.8 | 40,724 | 45.8 | 34,453 | 46.0 | 4,112 | 10.1 | 10,383 | |
| Operating Expenses | | | | | | | | | | | |
| Research and Development Expenses ⁽⁴⁾ | (154) | (5,012) | -5.3 | (4,691) | -5.3 | (3,831) | -5.1 | (321) | 6.9 | (1,181) | |
| General and Administrative Expenses ⁽⁴⁾ | (63) | (2,039) | -2.2 | (2,872) | -3.2 | (2,421) | -3.2 | 833 | -29.0 | 382 | |
| Selling and Marketing Expenses | (32) | (1,027) | -1.1 | (808) | -0.9 | (794) | -1.1 | (219) | 27.1 | (233) | |
| Other Operating Expenses | (249) | (8,078) | -8.6 | (8,371) | -9.4 | (7,046) | -9.4 | 293 | -3.5 | (1,032) | |
| Income from Operations | 1,133 | 36,758 | 39.2 | 32,353 | 36.4 | 27,407 | 36.6 | 4,405 | 13.6 | 9,351 | |
| Operating Income, Net | 52 | 1,697 | 1.8 | 1,083 | 1.2 | 1,713 | 2.3 | 614 | 56.7 | (16) | |
| Investment Gains | 27 | 877 | 0.9 | 782 | 0.9 | 388 | 0.5 | 95 | 12.1 | 489 | |
| Income before Income Tax | 1,212 | 39,332 | 41.9 | 34,218 | 38.5 | 29,508 | 39.4 | 5,114 | 14.9 | 9,824 | |
| Income Tax (Expenses) Benefits | (142) | (4,608) | -4.9 | (3,600) | -4.1 | (1,494) | -2.0 | (1,008) | 28.0 | (3,114) | |
| Income before Minority Interest | 1,070 | 34,724 | 37.0 | 30,618 | 34.4 | 28,014 | 37.4 | 4,106 | 13.4 | 6,710 | |
| Minority Interest | (7) | (239) | -0.3 | (248) | -0.3 | (102) | -0.2 | 9 | -3.7 | (137) | |
| Income Attributable to Shareholders | | | | | | | | | | | |
| Income Attributable to Parent | 1,063 | 34,485 | 36.7 | 30,370 | 34.1 | 27,912 | 37.2 | 4,115 | 13.5 | 6,573 | |
| Earnings per Share - Diluted | \$ 0.04 | \$ 1.31 | | \$ 1.15 | | \$ 1.06 | | \$ 0.16 | 14.3 | \$ 0.26 | |
| Earnings per ADR - Diluted ⁽²⁾ | \$ 0.20 | \$ 6.57 | | \$ 5.75 | | \$ 5.29 | | \$ 0.82 | 14.3 | \$ 1.28 | |
| Weighted Average Outstanding Shares | | | | | | | | | | | |
| Weighted Average Outstanding Shares (in Millions) | | 26,243 | | 26,410 | | 26,401 | | | | | |

Note:

- (1) *Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD32.435 for the fourth quarter of 2007.*
 - (2) *1 ADR equals 5 ordinary shares.*
 - (3) *Total diluted weighted average outstanding shares were 26,401M shares for 4Q06 after the retroactive adjustments for stock dividends and stock bonus.*
 - (4) *Certain prior period balances have been reclassified to conform to the current period presentation.*
-

Table of Contents**TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND
SUBSIDIARIES****Audited Consolidated Condensed Income Statements****For the Year Ended December 31, 2007 and 2006****(Expressed in Millions of New Taiwan Dollars (NTD) and U.S. Dollars (USD)
Except for Per Share Amounts and Shares Outstanding)**

| | For The Year Ended December 31 | | | | | | |
|--|--------------------------------|-------------|-------|-------------|-------|---------------|-------|
| | USD | 2007 NTD | % | 2006 NTD | % | YoY Amount | % |
| Net Sales | \$ 9,820 | \$ 322,630 | 100.0 | \$ 317,407 | 100.0 | \$ 5,224 | 1.6 |
| Cost of Sales | (5,487) | (180,280) | -55.9 | (161,597) | -50.9 | (18,684) | 11.6 |
| Gross Profit | 4,333 | 142,350 | 44.1 | 155,810 | 49.1 | (13,460) | -8.6 |
| Operating Expenses | | | | | | | |
| Research and Development Expenses | (546) | (17,946) | -5.5 | (16,076) | -5.1 | (1,870) | 11.6 |
| General and Administrative Expenses | (273) | (8,964) | -2.8 | (8,717) | -2.7 | (247) | 2.8 |
| Sales and Marketing Expenses | (113) | (3,718) | -1.2 | (3,752) | -1.2 | 34 | -0.9 |
| Total Operating Expenses | (932) | (30,628) | -9.5 | (28,545) | -9.0 | (2,083) | 7.3 |
| Income from Operations | 3,401 | 111,722 | 34.6 | 127,265 | 40.1 | (15,543) | -12.2 |
| Non-Operating Income, Net | 226 | 7,412 | 2.3 | 3,750 | 1.2 | 3,662 | 97.6 |
| Investment Gains | 76 | 2,508 | 0.8 | 2,347 | 0.7 | 161 | 6.8 |
| Income before Income Tax | 3,703 | 121,642 | 37.7 | 133,362 | 42.0 | (11,720) | -8.8 |
| Income Tax (Expenses) Benefits | (357) | (11,710) | -3.6 | (7,774) | -2.4 | (3,936) | 50.6 |
| Net Income before Cumulative Effect of Changes in Accounting Principles | 3,346 | 109,932 | 34.1 | 125,588 | 39.6 | (15,656) | -12.5 |

| | | | | | | | |
|--|---------|----------|------|----------|------|----------|--------|
| Cumulative Effect of Changes in Accounting Principles (Net of Tax) | 0 | 0 | 0.0 | 1,607 | 0.5 | (1,607) | -100.0 |
| Net Income | 3,346 | 109,932 | 34.1 | 127,195 | 40.1 | (17,263) | -13.6 |
| Minority Interest | (23) | (755) | -0.3 | (185) | -0.1 | (570) | 307.1 |
| Net Income Attributable to Shareholders of the Parent | 3,323 | 109,177 | 33.8 | 127,010 | 40.0 | (17,833) | -14.0 |
| Earnings per Share Diluted | \$ 0.13 | \$ 4.14 | | \$ 4.81 | | -\$0.67 | -13.9 |
| Earnings per ADR Diluted ⁽²⁾ | \$ 0.63 | \$ 20.70 | | \$ 24.06 | | -\$3.35 | -13.9 |
| Weighted Average Outstanding Shares Diluted (M ³) | | 26,368 | | 26,399 | | | |

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD 32.853 for the year ended December 31, 2007.

(2) 1 ADR equals 5 ordinary shares.

(3) Total diluted weighted average outstanding shares were 26,399M shares for the year ended December 31, 2006 after the retroactive

*adjustments for
stock dividends
and stock bonus.*

Table of Contents**TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND
SUBSIDIARIES****Consolidated Condensed Statements of Cash Flows****For the The Year Ended December 31, 2007 and for the Three Months Ended December 31,
2007, September 30, 2007, and December 31, 2006****(Expressed in Millions of New Taiwan Dollars (NTD) and U.S. Dollars (USD))**

| | Twelve Months 2007 | | 4Q 2007 | 3Q 2007 | 4Q 2006 |
|---|---------------------------|-----------------|--------------------|--------------------|--------------------|
| | (Audited) | | (Unaudited) | (Unaudited) | (Unaudited) |
| | USD | NTD | NTD | NTD | NTD |
| Cash Flows from Operating | | | | | |
| Activities: | | | | | |
| Net Income | \$ 3,323 | \$ 109,177 | \$ 34,485 | \$ 30,369 | \$ 27,912 |
| Net Income Attributable to Minority | | | | | |
| Interest | 23 | 755 | 239 | 248 | 103 |
| Depreciation & Amortization | 2,435 | 80,005 | 20,281 | 19,857 | 19,682 |
| Deferred Income Tax | 29 | 944 | 877 | 668 | 7 |
| Equity in Earnings of Equity | | | | | |
| Method Investees, Net | (76) | (2,508) | (877) | (782) | (388) |
| Changes in Working Capital & | | | | | |
| Others | (140) | (4,607) | 4,754 | 758 | 5,698 |
| Net Cash Provided by Operating | | | | | |
| Activities | 5,594 | 183,766 | 59,759 | 51,118 | 53,014 |
| Cash Flows from Investing | | | | | |
| Activities: | | | | | |
| Acquisitions of: | | | | | |
| Marketable Financial Instruments | (2,665) | (87,550) | (32,478) | (25,042) | (38,210) |
| Investments Accounted for Using | | | | | |
| Equity Method | (177) | (5,804) | 6 | (5,810) | (2,433) |
| Property, Plant and Equipment | (2,557) | (84,001) | (19,781) | (24,917) | (17,580) |
| Financial Assets Carried at Cost | (28) | (911) | (103) | (378) | (16) |
| Proceeds from Disposal or maturity | | | | | |
| of: | | | | | |
| Marketable Financial Instruments | 3,416 | 112,234 | 40,680 | 22,282 | 31,539 |
| Investments Accounted for Using | | | | | |
| Equity Method | | | | | |
| Property, Plant and Equipment | 2 | 61 | 34 | 15 | 54 |
| Financial Assets Carried at Cost | 12 | 410 | 141 | 255 | 21 |
| Others | (155) | (5,128) | (1,160) | (866) | (1,750) |
| Net Cash Used In Investing | | | | | |
| Activities | (2,152) | (70,689) | (12,661) | (34,461) | (28,375) |

| | | | | | |
|--|----------|-----------|-----------|-----------|------------|
| Cash Flows from Financing Activities: | | | | | |
| Increase (Decrease) in Guarantee Deposits | (48) | (1,574) | (321) | (447) | 133 |
| Proceeds from Exercise of Stock Options | 13 | 437 | 35 | 105 | 152 |
| Bonus Paid to Directors and Supervisors | (9) | (286) | | | |
| Repayment of Long-Term Bonds Payable | (213) | (7,000) | (4,500) | | |
| Cash Dividends Paid for Common Stock | (2,356) | (77,387) | | (77,387) | |
| Repurchase of Treasury Stock | (1,382) | (45,413) | (45,413) | | |
| Cash Bonus Paid to Employees | (139) | (4,573) | | (4,573) | |
| Others | 12 | 386 | 90 | 322 | 480 |
| Net Cash Provided by (Used in) Financing Activities | (4,122) | (135,410) | (50,109) | (81,980) | 765 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (680) | (22,333) | (3,011) | (65,323) | 25,404 |
| Effect of Exchange Rate Changes and Others | (16) | (518) | (331) | 260 | (470) |
| Cash and Cash Equivalents at Beginning of Period | 3,587 | 117,837 | 98,328 | 163,391 | 92,903 |
| Cash and Cash Equivalents at End of Period | \$ 2,891 | \$ 94,986 | \$ 94,986 | \$ 98,328 | \$ 117,837 |

Note: (1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD32.853 for the year ended December 31, 2007.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Taiwan Semiconductor Manufacturing
Company Ltd.

Date: January 31, 2008

By /s/ Lora Ho
Lora Ho
Vice President & Chief Financial
Officer