TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD Form 6-K April 29, 2005

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 April 2005

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 b Form 40-F o

(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 o No b

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

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SIGNATURES

Taiwan Semiconductor Manufacturing Company Ltd.

Financial Statements for the Years Ended December 31, 2004 and 2003 and Independent Auditors Report

INDEPENDENT AUDITORS REPORT

The Board of Directors and Shareholders Taiwan Semiconductor Manufacturing Company Ltd.

We have audited the accompanying balance sheets of Taiwan Semiconductor Manufacturing Company Ltd. as of December 31, 2004 and 2003, and the related statements of income, changes in shareholders—equity and cash flows for the years then ended. These financial statements are the responsibility of the Company—s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants, and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Taiwan Semiconductor Manufacturing Company Ltd. as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

We have also audited the consolidated financial statements of Taiwan Semiconductor Manufacturing Company Ltd. as of and for the years ended December 31, 2004 and 2003, and have expressed an unqualified opinion on such financial statements.

(January 13, 2005 (January 30, 2005 as to Note 20m)

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdiction. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors report and financial statements shall prevail.

BALANCE SHEETS DECEMBER 31, 2004 AND 2003 (In Thousands of New Taiwan Dollars, Except Par Value)

	2004		2003	
A GOVERN	Amount	%	Amount	%
ASSETS CHIPPENIT AGGETTS				
CURRENT ASSETS Cook and each aguivalents (Notes 2, 2 and 4)	\$ 65,531,818	14	\$ 98,288,002	25
Cash and cash equivalents (Notes 2, 3 and 4) Short-term investments, net (Notes 2 and 4)	\$ 65,531,818 52,979,095	14	\$ 98,288,002 12,559,019	25 3
Receivables from related parties (Note 18)	16,186,083	4	14,867,662	4
Notes receivable	2,942	7	9,893	7
Accounts receivable	15,323,939	3	13,907,914	4
Allowance for doubtful receivables (Note 2)	(980,461)		(1,016,022)	•
Allowance for sales returns and others (Note 2)	(3,327,914)	(1)	(2,126,025)	(1)
Other receivables from related parties (Note 18)	1,617,339	(-)	132,963	(-)
Other financial assets (Notes 2 and 21)	2,406,736		689,440	
Inventories, net (Notes 2 and 5)	14,171,945	3	10,907,158	3
Deferred income tax assets (Notes 2 and 12)	8,849,000	2	8,322,000	2
Prepaid expenses and other current assets	906,789		1,984,268	
Total current assets	173,667,311	36	158,526,272	40
LONG-TERM INVESTMENTS (Notes 2, 6, 16 and 21)				
Equity method	46,828,322	10	37,262,237	10
Cost method	772,634		703,116	
Long-term bonds	15,170,167	3		
Other investments	10,521,740	2		
Total long-term investments	73,292,863	15	37,965,353	10
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 7 and 18)				
Cost	94 200 167	17	71 277 021	10
Buildings Machinery and equipment	84,299,167 390,719,215	80	71,277,031 332,252,225	18 84
Office equipment	7,041,132	1	6,180,495	1
Office equipment	7,041,132	1	0,100,493	1
	482,059,514	98	409,709,751	103
Accumulated depreciation	(300,006,201)	(61)	(247,514,312)	(62)
Advance payments and construction in progress	45,923,087	10	26,091,313	6
Net property, plant and equipment	227,976,400	47	188,286,752	47
GOODWILL (Note 2)	1,916,146		2,264,536	1

OTHER ASSETS				
Deferred charges, net (Notes 2, 8 and 20)	8,845,144	2	7,947,331	2
Deferred income tax assets (Notes 2 and 12)	1,645,003		1,070,596	
Refundable deposits (Note 18)	85,413		177,379	
Assets leased to others, net (Note 2)	78,613		84,347	
Idle assets (Note 2)	46,317		94,296	
` '	,		,	
Total other assets	10,700,490	2	9,373,949	2
TOTAL	\$ 487,553,210	100	\$ 396,416,862	100
LIABILITIES AND SHAREHOLDERS EQUITY				
CURRENT LIABILITIES				
Accounts payable	\$ 6,488,617	1	\$ 6,083,876	2
Payables to related parties (Note 18)	3,198,490	1	4,500,140	1
Payables to contractors and equipment suppliers	31,154,309	6	7,117,884	2
Accrued expenses and other current liabilities (Notes 2, 10			, ,	
and 20)	9,297,436	2	7,836,084	2
Current portion of long-term bonds payable (Note 9)	10,500,000	2	5,000,000	1
	, ,		, ,	
Total current liabilities	60,638,852	12	30,537,984	8
LONG-TERM LIABILITIES				
Bonds payable (Note 9)	19,500,000	4	30,000,000	7
Other long-term payables (Notes 10 and 20)	1,934,968		3,300,829	1
Other payables to related parties (Notes 18 and 20)	2,317,972	1		
Total long-term liabilities	23,752,940	5	33,300,829	8
OTHER LIABILITIES				
	2 101 106	1	2 600 251	1
Accrued pension cost (Notes 2 and 11)	3,101,196	1	2,600,251	1
Guarantee deposits (Note 20)	412,393		763,489	
Deferred credits gain on intercompany (Notes 2 and 18)	682,530			
Total other liabilities	4,196,119	1	3,363,740	1
Total liabilities	88,587,911	18	67,202,553	17
SHAREHOLDERS EQUITY (Notes 2 and 14)				
Capital stock \$10 par value				
Authorized: 24,600,000 thousand shares				
Issued: 23,251,964 thousand shares in 2004 and				
20,266,619 thousand shares in 2003	232,519,637	48	202,666,189	51
Capital surplus	56,537,259	11	56,855,885	14
Retained earnings	2 3,2 2 1 ,22 2	••	20,000,000	
Appropriated as legal reserve	25,528,007	5	20,802,137	5
Appropriated as special reserve	-,,,	· ·	68,945	-
Unappropriated earnings	88,202,009	18	50,229,008	13
Others	,,,,,,,,,	10	- 0,2,000	10
Unrealized loss on long-term investments			(35)	
			` '	

Cumulative translation adjustments Treasury stock (at cost) 45,521 thousand shares in 2004	(2,226,427)		225,408	
and 40,597 thousand shares in 2003 (Notes 2 and 16)	(1,595,186)	(1,633,228)		
Total shareholders equity	398,965,299	82	329,214,309	83
TOTAL	\$ 487,553,210	100	\$ 396,416,862	100

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2004 Amount	%	2003 Amount	%
GROSS SALES (Notes 2 and 18)	\$ 260,726,896		\$ 206,157,918	
SALES RETURNS AND ALLOWANCES (Note 2)	(4,734,469)		(4,253,577)	
NET SALES	255,992,427	100	201,904,341	100
COST OF SALES (Notes 13 and 18)	145,831,843	57	129,012,704	64
GROSS PROFIT	110,160,584	43	72,891,637	36
OPERATING EXPENSES (Notes 13 and 18)				
Research and development	12,516,434	5	12,712,695	6
General and administrative	9,367,010	3	6,337,845	3
Marketing	1,454,362	1	1,193,520	1
Total operating expenses	23,337,806	9	20,244,060	10
INCOME FROM OPERATIONS	86,822,778	34	52,647,577	26
NON-OPERATING INCOME AND GAINS Investment income recognized by equity method, net (Notes				
2 and 6)	4,040,319	2	791,424	
Interest (Notes 2 and 21)	1,762,347	1	819,377	1
Technical service income (Notes 18 and 20)	423,804		209,764	
Gain on disposal of property, plant and equipment (Notes 2	164 147		420.004	
and 18) Gain on sales of investments (Note 2)	164,147 90,319		438,804 114,817	
Other (Note 18)	378,778		291,613	
	2.2,0			
Total non-operating income and gains	6,859,714	3	2,665,799	1

NON-OPERATING EXPENSES AND LOSSES

Interest (Notes 2, 7, 9 and 21)	1,352,738	1	1,576,343	1
Foreign exchange loss, net (Notes 2 and 21)	323,080		909,496	
Loss on disposal of property, plant and equipment (Note 2)	107,722		373,472	
Unrealized valuation loss on short-term investments (Notes				
2 and 4)	75,212			
Loss on property, plant and equipment and idle assets (Note				
2)			1,401,585	1
Other	45,156		24,205	
Total non-operating expenses and losses	1,903,908	1	4,285,101	2.
Total non operating expenses and losses	1,703,700	•	1,203,101	_

(Continued)

STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2004		2003		
INCOME BEFORE INCOME TAX	Amount \$91,778,584	% 36	Amount \$ 51,028,275	% 25	
INCOME TAX BENEFIT (EXPENSE) (Notes 2 and 12)	537,531		(3,769,575)	(2)	
NET INCOME	\$92,316,115	36	\$47,258,700	23	

	2004			2003		
	Before Afte Income Inco Tax Tax		Before Income Tax	After Income Tax		
EARNINGS PER SHARE (NT\$, Note 17) Basic earnings per share	\$ 3.95	\$ 3.97	\$ 2.18	\$ 2.02		
Diluted earnings per share	\$ 3.95	\$ 3.97	\$ 2.18	\$ 2.02		

The pro forma net income and earnings per share (after income tax) are based on the assumption that the stock of parent company held by its subsidiaries is treated as an investment instead of the treasury stock, and are shown as follows (Notes 2 and 16):

NET INCOME	200 \$ 92,34		200 \$ 47,33	
EARNINGS PER SHARE (NT\$) Basic earnings per share	\$	3.96	\$	2.02
Diluted earnings per share	\$	3.96	\$	2.02

(Concluded)

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 (In Thousands of New Taiwan Dollars)

	ock Issued							Unrealized	
ock Common Stock		on Stock	Conital	Local		ed Earnings		Loss on	Cumulat
nount	Shares (Thousand)	Amount	Capital Surplus	Legal Reserve	Reserve	Unappropriated Earnings	Total	Long-term Investments	
,000,000	18,622,887	\$ 186,228,867	\$ 57,004,789	\$ 18,641,108	\$	\$ 22,151,089	\$ 40,792,197	\$ (194,283)	\$ 945,
,000,000)									
				2,161,029		(2,161,029)			
					68,945	(68,945)			
	153,901	1,539,013				(1,539,013)	(1,539,013)	
						(455,000)	(455,000)	
	1,489,831	14,898,309				(14,898,309)	(14,898,309)	
l						(58,485)	(58,485)	
ı						47,258,700	47,258,700		

(158,924)

194,248

(719,

225,

10,020

20,266,619	202,666,189	56,855,885	20,802,137	68,945	50,229,008	71,100,090	(35)
			4,725,870	(68,945)	(4,725,870) 68,945		
					(681,628)	(681,628)	
272,651	2,726,514				(2,726,514)	(2,726,514)	
					(184,493)	(184,493)	
2,837,327	28,373,267				(12,159,971) (28,373,267)	(12,159,971) (28,373,267)	
					(127,805)	(127,805)	
					92,316,115	92,316,115	

34,059



(2,451,

\$(2,226,

87 867 2,757

22,781

1,864

 $(124,720) \qquad (1,247,200) \qquad (380,087) \qquad \qquad (5,432,511) \qquad (5,432,511)$

23,251,964 \$232,519,637 \$56,537,259 \$25,528,007 \$ \$88,202,009 \$113,730,016 \$

The accompanying notes are an integral part of the financial statements.

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STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 (In Thousands of New Taiwan Dollars)

		2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES	¢	02 216 115	¢ 47.259.700
Net income	\$	92,316,115	\$ 47,258,700
Adjustments to reconcile net income to net cash provided by operating activities Depreciation and amortization		63,072,140	61,786,114
Deferred income taxes		(1,101,407)	3,639,971
Investment income recognized by equity method, net		(4,040,319)	(791,424)
Amortization of premium/discount of long-term bond investments		28,673	(791,424)
Loss on property, plant, and equipment, and idle assets		20,073	1,401,585
Gain on sales of long-term investments, net		(2,216)	(79,149)
Gain on disposal of property, plant and equipment, net		(56,425)	(65,332)
Accrued pension cost		500,945	389,709
Changes in operating assets and liabilities		300,713	307,707
Decrease (increase) in			
Receivables from related parties		(1,318,421)	(4,752,698)
Notes receivable		6,951	50,347
Accounts receivable		(1,416,025)	(4,412,467)
Allowance for doubtful receivables		(35,561)	86,158
Allowance for sales returns and others		1,201,889	(237,042)
Other receivables from related parties		(11,496)	(64,439)
Other financial assets		(1,655,730)	189,024
Inventories, net		(3,264,787)	(566,822)
Prepaid expenses and other current assets		1,077,479	121,298
Increase (decrease) in			
Payables to related parties		(1,771,144)	2,033,142
Accounts payable		404,741	1,234,642
Accrued expenses and other liabilities		(255,184)	1,447,119
Net cash provided by operating activities		143,680,218	108,668,436
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in short-term investments		(43,822,489)	(12,529,448)
Acquisitions of			
Long-term investments		(30,290,982)	(3,006,374)
Property, plant and equipment		(76,171,356)	(37,247,465)
Proceeds from disposal of		5 000	1= 6 16 =
Long-term investments		7,822	476,405
Property, plant and equipment		1,713,934	177,307
Increase in deferred charges		(2,404,130)	(2,137,932)

Decrease in refundable deposits Decrease in other assets		91,966	366,090 9,250
Net cash used in investing activities		(150,875,235)	(53,892,167)
			(Continued)
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STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 (In Thousands of New Taiwan Dollars)

CACH ELOWCEDOM EINANCING ACTIVITIES	2004	2003
CASH FLOWS FROM FINANCING ACTIVITIES Cash dividends paid for common stock Repurchase of treasury stock	\$ 12,159,971) (7,059,798)	\$
Repayment of long-term bonds payable Cash bonus paid to employees	(5,000,000) (681,628)	(4,000,000)
Decrease in guarantee deposits	(351,096)	(631,577)
Cash dividends paid for preferred stock Remuneration paid to directors and supervisors	(184,493) (127,805)	(455,000) (58,485)
Proceeds from issuance of new shares arising from exercises of stock options Redemption of preferred stock	3,624	(13,000,000)
Net cash used in financing activities	(25,561,167)	(18,145,062)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(32,756,184)	36,631,207
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	98,288,002	61,656,795
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 65,531,818	\$ 98,288,002
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION Interest paid (excluding the amount capitalized of NT\$262,109 thousand and		
NT\$138,668 thousand in 2004 and 2003, respectively, Note 7)	\$ 1,379,287	\$ 1,652,579
Income tax paid	\$ 309,522	\$ 2,500
NONCASH INVESTING AND FINANCING ACTIVITIES Current portion of long-term bonds payable	\$ 10,500,000	\$ 5,000,000
Current portion of other payables to related parties (under payables to related	,,,	7 2,000,000
parties)	\$ 492,022	\$
Current portion of other long-term payables (under accrued expenses and other current liabilities)	\$ 1,505,345	\$ 1,591,972
Reclassification of short-term investments to long-term investments	\$ 3,402,413	\$

Reclassification of long-term investments to short-term investments \$ 29,571

(Concluded)

The accompanying notes are an integral part of the financial statements.

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NOTES TO FINANCIAL STATEMENTS

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. ORGANIZATION AND OPERATIONS

Taiwan Semiconductor Manufacturing Company Ltd. (the Company or TSMC), a Republic of China (R.O.C.) corporation, was incorporated as a venture among the Government of the R.O.C., acting through the Development Fund of the Executive Yuan; Philips Electronics N.V. and certain of its affiliates (Philips); and certain other private investors. On September 5, 1994, its shares were listed on the Taiwan Stock Exchange (TSE). On October 8, 1997, TSMC listed some of its shares of stock on the New York Stock Exchange (NYSE) in the form of American Depositary Shares (ADSs).

The Company is engaged mainly in the manufacturing, selling, packaging, testing and computer-aided designing of integrated circuits and other semiconductor devices and the manufacturing of masks.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are presented in conformity with Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the R.O.C.

For the convenience of readers, the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the R.O.C. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language financial statements shall prevail.

Significant accounting policies are summarized as follows:

Use of Estimates

The preparation of financial statements in conformity with the aforementioned guidelines and principles requires management to make reasonable assumptions and estimates of matters that are inherently uncertain. The actual results may differ from management s estimates.

Classification of Current and Noncurrent Assets and Liabilities

Current assets are those expected to be converted to cash, sold or consumed within one year from the balance sheet date. Current liabilities are obligations due on demand within one year from the balance sheet date. Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

Cash Equivalents

Government bonds under repurchase agreements and notes acquired with maturities less than three months from the date of purchase are classified as cash equivalents.

Short-term Investments

Short-term investments primarily consist of corporate bonds, asset-backed securities, bond funds, agency bonds, government bonds and others.

Short-term investments are recorded at historical cost and are carried at the lower of cost or market value as of the balance sheet date. An allowance for decline in value is provided and is charged to current earnings when the aggregate carrying value of the investments exceeds the aggregate market value. A reversal of the allowance is recorded for a subsequent recovery of the market value.

The cost of funds and listed stocks sold are counted for using the weighted-average method; whereas the other securities are accounted for using the specific identification method.

The market value of funds is determined using the net asset value of the funds at the end of the year, and the market value of listed stocks is determined using the average-closing price of the listed stocks for the last month of the year. The others are determined using the average of bid and ask prices as of the balance sheet date.

Cash dividends are recorded as investment income in the current year.

Allowance for Doubtful Receivables

An allowance for doubtful receivables is provided based on a review of the collectibility of accounts receivables. The Company determines the amount of allowance for doubtful accounts by examining the historical collection experience and current trends in the credit quality of its customers as well as its internal credit policies.

Revenue Recognition and Allowance for Sales Returns and Others

The Company recognizes net sales when the earnings process is complete, as evidenced by an agreement with the customer, transfer of title and acceptance, if applicable, have occurred, as well as the price is fixed or determinable price and the collectibility is reasonably assured. Allowance for sales returns and pricing discounts is estimated based on historical experience and any known factors that would affect the allowance. Such provisions are deducted from sales in the year the products are sold and the estimated related costs are deducted from cost of sales.

Sales are determined using the fair value taking into account related sales discounts agreed to by the Company and its customers. Sales agreements typically provide that payment is due 30 days from invoice date for a majority of the customers and 30 to 45 days after the end of the month in which the sales occur for some customers. Since the receivables from sales are collectible within one year and such transactions are frequent, the fair value of receivables is equivalent to the nominal amount of cash received.

Inventories

Inventories are stated at the lower of cost or market value. Inventories are recorded at standard cost and adjusted to the approximate weighted-average cost at the end of the year. Market value represents replacement cost for raw materials, supplies and spare parts. Market value represents net realizable value for finished goods and work in process. The Company assesses the impact of changing technology on its inventory on hand and writes off inventories that are considered obsolete. Ending inventories are evaluated for estimated excess quantities and obsolescence based on demand forecast within a specific time horizon, generally 180 days or less, and the estimated losses on scrap and slow-moving items are recognized in the allowance for losses.

Long-term Investments

Investments in companies wherein the Company exercises significant influence on the operating and financial policy decisions are accounted for using the equity method of accounting. The Company s proportionate share in the net income or net loss of investee companies is recognized in the investment income/loss recognized by equity method, net account. When equity investments are made, the difference, if any, between the cost of investment and the Company s proportionate share of the investee s net equity is amortized using the straight-line method over five years and is also recorded in the investment income/loss recognized by equity method, net account.

When the Company subscribes to additional investee shares at a percentage different from its existing equity interest, the resulting carrying amount of the investment in the investee differs from the amount of Company s proportionate share in the investee s net equity. The Company records such difference as an adjustment to long-term investments with the corresponding amount charged or credited to capital surplus.

Investments in companies wherein the Company does not exercise significant influence are recorded at historical cost. Cash dividends are recognized as dividend income in the year received but are accounted for as reductions in the carrying amount of the long-term investments if the dividends are received in the same year that the related investments are acquired. Stock dividends are recorded as an increase in the number of shares held and do not affect investment income or the carrying amount of the investment. An allowance is recognized for any decline in the market value of investments with readily ascertainable fair market value with the corresponding amount recorded as an unrealized loss, a component of shareholders—equity. A reversal of the allowance will result from a subsequent recovery of the market value of such investments. The carrying amounts of investments whose fair market values are not readily ascertainable are reduced to reflect an other-than-temporary decline in their values, with the related impairment loss charged to income.

Investments in foreign mutual funds are stated at the lower of aggregate cost or net asset value. An allowance is recognized when the net asset value of the funds is lower than their cost, with the corresponding amount recorded as a reduction to shareholders equity. A reversal of the allowance will result from a subsequent recovery of the net asset value.

The costs of stocks and mutual funds sold are determined using the weighted-average method.

Investments in long-term bonds are stated at amortized cost. The discount or premium is amortized over the duration period using the interest method, and recorded as an adjustment to interest income.

When investments in publicly-traded stocks are reclassified from short-term investments to long-term investments or from long-term investments to short-term investments, the Company recognizes a loss to the extent, if any, that the market value of such investments is lower than the carrying amount, and the market value becomes the new basis.

If an investee company recognizes an unrealized loss on its long-term investment using the lower-of-cost-or-market method, the Company also recognizes a corresponding unrealized loss in proportion to its ownership percentage in the investee company and records the amount as a component of its shareholders equity.

Gains or losses on sales from the Company to investee companies accounted for using the equity method are deferred in proportion to the Company s ownership percentage in the investee companies until realized through transactions with third parties. The entire amount of the gains or losses on sales to majority-owned subsidiaries is deferred until such gains or losses are realized through the subsequent sales of the related products to third parties.

Gains or losses on sales from investee companies to the Company are deferred in proportion to the Company s ownership percentages in the investee companies until realized through transactions with third parties.

If an investee s functional currency is a foreign currency, translation adjustments will result from the process of translating the investee s financial statements into the reporting currency of the Company. Such adjustments are accumulated and reported as a separate component of shareholders equity.

Property, Plant and Equipment, Assets Leased to Others and Idle Assets

Property, plant and equipment and assets leased to others are stated at cost less accumulated depreciation. When an impairment is determined, the related assets are stated at the lower of fair value or book value. Idle assets are stated at the lower of net realizable value or book value. Significant additions, renewals and betterments incurred during the construction period are capitalized. Maintenance and repairs are expensed in the year incurred. Interest expense incurred during the purchase and construction period is also capitalized.

Depreciation is computed using the straight-line method over the following estimated service lives: buildings 10 to 20 years; machinery and equipment 5 years; and office equipment 3 to 5 years.

Upon sale or disposal of property, plant and equipment, the related cost and accumulated depreciation are removed from the corresponding accounts, with any gain or loss credited or charged to non-operating income or expenses in the year of sale or disposal.

Goodwill

Goodwill represents the excess of the consideration paid for acquisition over the fair market value of identifiable net assets acquired and acquisition costs. Goodwill is amortized using the straight-line method over the estimated life of 10 years.

Deferred Charges

Deferred charges consist of technology license fees, software and system design costs and other charges. The amounts are amortized as follows: technology license fees—the shorter of the estimated life of the technology or the term of the technology transfer contract; software and system design costs and other charges—3 or 5 years.

Pension Costs

The Company records net periodic pension costs on the basis of actuarial calculations. Unrecognized net transition obligation and unrecognized net gains or losses are amortized over 25 years.

Income Tax

The Company uses an inter-period tax allocation method for income tax. Deferred income tax assets and liabilities are recognized for the tax effects of temporary differences and unused tax credits. Valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. A deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of its related asset or liability. However, if a deferred tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or noncurrent based on the expected length of time before it is realized or settled.

Any tax credit arising from the purchases of machinery, equipment and technology, research and development expenditures, personnel training, and investments in important technology-based enterprises are recognized using the flow-through method.

Adjustments of prior years tax liabilities are added to or deducted from the current year s tax provision.

Income taxes on unappropriated earnings of 10% are expensed in the year of shareholder approval which is the year subsequent to the year the earnings are generated.

Stock-based Compensation

Employee stock option plans that are amended or have options granted on or after January 1, 2004 must be accounted for by the interpretations issued by the Accounting Research and Development Foundation. The Company adopted the intrinsic value method and any compensation cost determined using this method is charged to expense over the employee vesting period.

Treasury Stock

When the Company repurchases its outstanding common stock, the cost of the reacquired stock is recorded as treasury stock as a reduction to shareholders—equity. When the Company retires treasury stock, the treasury stock account is reduced and the common stock as well as the capital surplus—additional paid-in capital are reversed in proportionate to the equity percentage of the retirement. When the book value of the treasury stock exceeds the sum of the par value and additional paid-in capital, the difference is charged to capital surplus—treasury stock and to retained earnings for any remaining amount. The Company—s stock held by its subsidiaries is also treated as treasury stock and reclassified from long-term investments to treasury stock. The cash dividends received by the subsidiaries from the Company are recorded under capital surplus—treasury stock.

Foreign Currency Transactions

Foreign currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Exchange gains or losses derived from foreign currency transactions or monetary assets and liabilities denominated in foreign currencies are recognized in current income. At the end of each year, assets and liabilities denominated in foreign currencies are revalued at the prevailing exchange rates with the resulting gains or losses recognized in current income.

Derivative Financial Instruments

The Company enters into foreign currency forward contracts to manage currency exposures in cash flow and in foreign-currency-denominated assets and liabilities. The contracts are recorded in New Taiwan dollars at the current rate of exchange of the contract date. The differences in the New Taiwan dollar amounts translated using the spot rates and the amounts translated using the contracted forward rates on the contract date are amortized over the terms of the forward contracts using the straight-line method. At the end of each year, the receivables or payables arising from forward contracts are restated using the prevailing spot rates at the balance sheet date with the resulting differences charged to income. In addition, the receivables and payables related to the forward contracts of the same counter party are netted with the resulting amount presented as either an asset or a liability. Any resulting gain or loss upon settlement is credited or charged to income in the year of settlement.

The Company enters into cross-currency swap contracts to manage currencies exposures on foreign currency denominated assets and liabilities. The principal amount is recorded using the spot rates at the contract date. The differences in the New Taiwan dollar amounts translated using the spot rates and the amounts translated using the contracted rates on the contract date are amortized over the terms of the contracts using the straight-line method. At the end of each year, the receivables or payables arising from cross-currency swap contracts are restated using the prevailing spot rate with the resulting differences charged to income. In addition, the receivables and payables related to the contracts are netted with the resulting amount presented as either an asset or a liability. The difference in interest computed pursuant to the contracts on each settlement date or the balance sheet date is recorded as an

adjustment to the interest income or expense associated with the hedged items. Any resulting gain or loss upon settlement is credited or charged to income in the year of settlement.

The Company enters into interest rate swap contracts to manage exposures to changes in interest rates on existing assets or liabilities. These transactions are accounted for on an accrual basis, in which the cash settlement receivable or payable is recorded as an adjustment to interest income or expense associated with the hedged items.

The premiums paid for the foreign currency option contracts entered into for hedging purposes are amortized and charged to income on a straight-line basis over the term of the related contract. Any resulting gain upon exercise settlement is credited or charged to income in the year of exercise.

Reclassifications

Certain accounts in the financial statements as of and for the year ended December 31, 2003 have been reclassified to conform to the financial statements as of and for the year ended December 31, 2004.

3. CASH AND CASH EQUIVALENTS

	2004	2003
Cash and bank deposits	\$45,838,453	\$ 92,340,643
Government bonds acquired under repurchase agreements	19,215,153	5,947,359
Corporate issued notes	478,212	
	\$65,531,818	\$ 98,288,002

4. SHORT-TERM INVESTMENTS

	2004	2003
Corporate bonds	\$ 13,554,598	\$
Corporate issued asset-backed securities	11,766,877	
Bond funds	10,662,758	1,000,000
Agency bonds	8,633,889	
Government bonds	7,346,858	7,692,595
Money market funds	673,888	2,038,680
Government bonds acquired under repurchase agreements	249,449	1,800,000
Commercial papers	95,666	
Corporate issued notes	63,796	
Listed stocks	6,528	27,744
	53,054,307	12,559,019
Allowance for valuation losses	(75,212)	
	\$ 52,979,095	\$ 12,559,019
Market value	\$ 52,979,095	\$12,703,444

The Company entered into investment management agreements with three well-known financial institutions (fund managers) to manage investment portfolios for the Company. In accordance with the investment guidelines and terms in these agreements, the securities invested by the fund managers cannot be below a pre-defined credit rating. As of December 31, 2004, the Company had investment portfolios with these fund managers that aggregated to an

original amount of US\$1,200,000 thousand. The investment portfolios included securities such as corporate bonds, asset-backed securities, agency bonds, government bonds and others. Securities acquired with maturities less than three months from the date of purchase were reclassified as cash equivalents.

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5. INVENTORIES, NET

	2004	2003
Finished goods	\$ 3,229,417	\$ 2,716,195
Work in process	10,713,178	8,292,327
Raw materials	808,722	445,357
Supplies and spare parts	779,368	674,548
	15,530,685	12,128,427
Allowance for losses	(1,358,740)	(1,221,269)
	\$ 14,171,945	\$ 10,907,158

6. LONG-TERM INVESTMENTS

	2004		2003	
	% of			% of
	Carrying	Owner-	Carrying	Owner-
	Amount	ship	Amount	ship
Equity method				
TSMC International Investment Ltd. (TSMC				
International)	\$ 23,778,997	100	\$ 22,654,743	100
TSMC (Shanghai) Company Limited (TSMC Shanghai)	8,113,511	100	1,901,428	100
Vanguard International Semiconductor Corporation				
(VIS)	5,401,982	28	4,077,198	28
TSMC Partners, Ltd. (TSMC Partners)	3,908,356	100	4,116,934	100
Systems on Silicon Manufacturing Company Pte Ltd.				
(SSMC)	3,290,888	32	2,759,376	32
Emerging Alliance Fund, L.P. (Emerging Alliance)	823,232	99	704,744	99
TSMC North America (TSMC North America)	502,242	100	417,858	100
Global UniChip Corporation (GUC)	391,626	47	368,434	47
VentureTech Alliance Fund II, L.P. (VTAF II)	329,968	98		
TSMC Japan K. K. (TSMC Japan)	102,572	100	101,722	100
VisEra Technologies Company, Limited (VisEra)	59,116	25	50,231	25
Chi Cherng Investment Co., Ltd. (Chi Cherng)	50,570	36	42,941	36
Hsin Ruey Investment Co., Ltd. (Hsin Ruey)	49,823	36	42,006	36
Taiwan Semiconductor Manufacturing Company Europe				
B.V. (TSMC Europe)	25,439	100	24,622	100
	46,828,322		37,262,237	
Cost method				
Non-publicly traded stocks	482,500		432,500	
Funds	290,134		270,616	
	772,634		703,116	

Long-term bonds

Government bonds	10,260,481
Corporate bonds	
China Steel Corporation	2,978,804
Taiwan Power Company	915,276
Nan Ya Plastics Corporation	407,526

(Continued)

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	2004		2003	
		% of		% of
	Carrying Amount	Owner- ship	Carrying Amount	Owner- ship
Formosa Plastics Corporation	\$ 405,485		\$	
Formosa Petrochemical Corporation	202,595			
	15,170,167			
Other investments	10,521,740			
	\$73,292,863		\$ 37,965,353	

On January 8, 2003, the Company s investee, VIS, issued 600,000 thousand shares of common stock at a price of NT\$7 per share of which the Company purchased a total of 230,882 thousand shares. VIS reduced its capital on August 11, 2004 in order to decrease its accumulated deficit. The number of shares of VIS held by the Company after the capital reduction declined from 787,016 thousand shares to 409,532 thousand shares. The Company s ownership percentage remained the same.

For the years ended December 31, 2004 and 2003, net investment income recognized from the equity method investees was NT\$4,040,319 thousand and NT\$791,424 thousand, respectively. The carrying amounts of investments accounted for under the equity method and the related investment income or losses were determined based on the audited financial statements of the investees as of and for the same periods as the Company.

As of December 31, 2004, other investments consist of the following:

	Nominal	Carrying	Range of Interest	Maturity
Step-up callable deposits	Amount	Amount	Rates	Date
Domestic bank	\$ 2,000,000	\$ 2,007,681	2.05%-2.20%	July 2007 to August 2007 June 2007 to
Foreign bank	2,138,340	2,152,394	1.44%-4.75%	August 2007
Callable range accrual deposits Foreign bank	6,383,400	6,414,151	(See below)	September 2009 to December 2009
	\$ 10,521,740	\$ 10,574,226		

During the year ended December 31, 2004, the Company deposited funds into structured-time deposits with the following terms:

The interest rate of the step-up callable deposits is determined by the Company and the related banks.

The amount of interest earned by the Company for the callable range accrual deposits is based on a pre-defined range as determined by the 3-month or 6-month LIBOR rate plus an agreed upon rate ranging between 2.1% and 3.45%. Based on the terms of the deposits, if the 3-month or 6-month LIBOR rate moves outside of the pre-defined range, the interest paid to the Company is at minimum of 1.5%. Under the term of contracts, the bank has the right to cancel the contracts before the maturity date.

Deposits that reside in Hong Kong and Singapore amounted to NT\$2,553,360 thousand and NT\$638,340 thousand, respectively.

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7. PROPERTY, PLANT AND EQUIPMENT

Accumulated depreciation consisted of the following:

	2004	2003
Buildings	\$ 35,546,918	\$ 29,384,609
Machinery and equipment	259,782,721	214,296,129
Office equipment	4,676,562	3,833,574
	\$ 300,006,201	\$ 247,514,312

Information on the status of the expansion or construction plans of the Company s manufacturing facilities as of December 31, 2004 is as follows:

	Estimated	Accumulated	
			Expected
			Date of
Construction/Expansion Plan	Total Cost	Expenditures	Commencement
Fab 12 expansion	\$ 58,744,200	\$ 41,870,300	January 2005

Interest expense for the years ended December 31, 2004 and 2003 was NT\$ 1,614,847 thousand and NT\$1,715,011 thousand, respectively (before deducting capitalized amounts of NT\$262,109 thousand in 2004 and NT\$138,668 thousand in 2003, respectively). The interest rates used for purposes of calculating the capitalized amounts was 2.80% and 2.80% to 5.283% in 2004 and 2003, respectively.

8. DEFERRED CHARGES, NET

	2004	2003
Technology license fees	\$ 6,534,899	\$5,084,684
Software and system design costs	2,160,636	2,718,270
Other	149,609	144,377
	\$ 8,845,144	\$7,947,331

9. BONDS PAYABLE

	2004	2003
Domestic unsecured bonds:		
Issued in October 1999 and repayable in October 2004, 5.95% interest payable		
annually	\$	\$ 5,000,000
Issued in December 2000 and repayable in December 2005 and 2007 in two		
equal payments, 5.25% and 5.36% interest payable annually, respectively	15,000,000	15,000,000
Issued in January 2002 and repayable in January 2007, 2009 and 2012 in three		
equal payments, 2.60%, 2.75% and 3.00% interest payable annually,		
respectively	15,000,000	15,000,000

\$30,000,000 \$35,000,000

As of December 31, 2004, future principal repayments for the Company s bonds are as follows:

Year of Repayment	Amount
2005	\$ 10,500,000
2007	7,000,000
2009	8,000,000
2010 and thereafter	4,500,000

\$30,000,000

10. OTHER LONG-TERM PAYABLES

The Company entered into several license arrangements for certain semiconductor-related patents. Future payments under the agreements as of December 31, 2004 are as follows:

Year	Amount
2005	\$ 1,505,345
2006	466,786
2007	446,838
2008	255,336
2009 and thereafter	766,008

\$3,440,313

The current portion of other long-term payables is recorded in the accrued expenses and other current liabilities account.

11. PENSION PLAN

The Company has a defined benefit pension plan for all regular employees that provides benefits based on the employee s length of service and average monthly salary and wages for the six-month period prior to retirement. The Company contributes an amount equal to 2% of salaries and wages paid each month to a Pension Fund (the Fund). The Fund is administered by a pension fund monitoring committee (the Committee) and deposited in the Committee s name in the Central Trust of China.

Information on the pension plan is summarized as follows:

a. Components of net periodic pension cost

	2004	2003
Service cost	\$ 632,594	\$ 502,116
Interest cost	128,315	109,671
Projected return on plan assets	(41,925)	(41,154)
Amortization	8,300	2,409
Net periodic pension cost	\$ 727,284	\$ 573,042

b. Reconciliation of the funded status of the plan and accrued pension cost

	2004	2003
Benefit obligation		
Vested benefit obligation	\$ 67,104	\$ 21,895
Nonvested benefit obligation	2,704,251	2,184,593
Accumulated benefit obligation	2,771,355	2,206,488
Additional benefits based on future salaries	2,132,721	1,752,208
Projected benefit obligation	4,904,076	3,958,696
Fair value of plan assets	(1,447,540)	(1,207,264)
Funded status	3,456,536	2,751,432
Unrecognized net transitional obligation	(132,791)	(141,091)
Unrecognized net loss	(222,549)	(10,090)
Accrued pension cost	\$ 3,101,196	\$ 2,600,251
Vested benefit	\$ 76,003	\$ 22,261

c. Actuarial assumptions

	2004	2003
Discount rated used in determining present values	3.25%	3.25%
Future salary increase rate	3.00%	3.00%
Expected rate of return on plan assets	3.25%	3.25%
d. Contributions to the Fund	\$ 226,339	\$ 181,106
e. Payments from the Fund	\$ 1,446	\$ 3,490

12. INCOME TAX

a. A reconciliation of income tax on income before income tax at the statutory rate and income tax expense is as follows:

	2004	2003
Income tax based on income before income tax at statutory rate (25%)	\$ (22,944,646)	\$ (12,757,069)
Tax-exempt income	15,372,913	5,255,750
Temporary and permanent differences	(2,077,362)	728,904
Current income tax on income before income tax credits	\$ (9,649,095)	\$ (6,772,415)
b. Income tax benefit (expense) consists of:		
Current income tax on income before income tax credits	\$ (9,649,095)	\$ (6,772,415)
Additional 10% income tax on unappropriated earnings	(821,767)	(1,271,759)
Income tax credits	10,470,862	7,917,070

Other income tax (563,876) (2,500) (Continued)

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	2004	2003
Net change in deferred income tax assets and liabilities		
Investment tax credits	\$ 234,690	\$ (917,759)
Temporary differences	1,034,916	80,390
Net change in valuation allowance of deferred income tax assets	(168,199)	(2,802,602)
Income tax benefit (expense)	\$ 537,531	\$ (3,769,575)
c. Deferred income tax assets (liabilities) consisted of the following:		
Current:		
Investment tax credits	\$ 8,849,000	\$ 8,322,000
Noncurrent:		
Investment tax credits	\$ 17,035,584	\$ 17,327,894
Temporary differences	(2,450,535)	(3,485,451)
Valuation allowance	(12,940,046)	(12,771,847)
	\$ 1,645,003	\$ 1,070,596

d. Integrated income tax information:

The balances of the imputation credit account (ICA) as of December 31, 2004 and 2003 were zero and NT\$2,832 thousand, respectively.

The expected and actual creditable ratio for distribution of earnings of 2004 and 2003 was zero and 0.03%, respectively.

The imputation credits allocated to the shareholders are based on the balance as of the date of dividend distribution. The expected creditable ratio for distribution of earnings of 2004 may be adjusted when the allocation of the imputation credits is made.

e. All earnings generated prior to December 31, 1997 have been appropriated.

f. As of December 31, 2004, investment tax credits consisted of the following:

Regulation Statute for Upgrading	Items Purchase of machinery	Total Creditable Amounts	Remaining Creditable Amounts	Expiry Year
Industries	and equipment	\$ 4,448,442	\$	2004
	• •	3,819,937	116,189	2005
		4,886,439	4,886,439	2006
		4,140,462	4,140,462	2007
		6,309,182	6,309,182	2008
		\$ 23,604,462	\$ 15,452,272	

(Continued)

Regulation	Items		Total reditable amounts	Cr	maining editable mounts	Expiry Year
	Research and					
Statute for Upgrading Industries	development	¢	2,270,013	\$		2004
maustries	expenditures				2 147 071	2004
			3,147,071		3,147,071	
			3,342,952		3,342,952	2006
			1,976,913		1,976,913	2007
			1,843,800		1,843,800	2008
		\$ 1	2,580,749	\$ 10	0,310,736	
Statute for Upgrading						
Industries	Personnel training	\$	48,659	\$		2004
	<i>8</i>	,	29,448		29,448	2005
			27,312		27,312	2006
			26,780		26,780	2007
			20,700		20,700	2007
		\$	132,199	\$	83,540	
Statute for Ungrading	Investments in important					
Statute for Upgrading Industries	technology-based enterprises	\$	38,036	\$	38,036	2005

g. The sales generated from the following expansion and construction of the Company s manufacturing plants are exempt from income tax:

	Tax-Exemption
	Period
Construction of Fab 6	2001 to 2004
Construction of Fab 8 module B	2002 to 2005
Expansion of Fab 2 modules A and B, Fab 3, Fab 4, Fab 5 and Fab 6	2003 to 2006
Construction of Fab 12	2004 to 2007

h. The tax authorities have examined income tax returns of the Company through 2000. However, the Company is contesting the assessment of the tax authority for 1992 and 1998. The Company believes that any additional assessment will not have a material adverse effect on the Company.

13. LABOR COST, DEPRECIATION AND AMORTIZATION EXPENSES

Year Ended December 31, 2004
Classified
as
Operating
Year Ended December 31, 2003
Classified
as
Operating
Operating

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	Classified			Classified		
	as			as		
	Cost of			Cost of		
	Sales	Expenses	Total	Sales	Expenses	Total
Labor cost						
Salary	\$ 8,832,324	\$ 4,160,867	\$12,993,191	\$ 7,392,295	\$ 3,093,658	\$ 10,485,953
Labor and health						
insurance	571,853	309,585	881,438	476,687	239,067	715,754
Pension	471,646	255,482	727,128	379,845	190,507	570,352
Other	398,428	356,877	755,305	273,780	159,569	433,349
	\$ 10,274,251	\$ 5,082,811	\$ 15,357,062	\$ 8,522,607	\$ 3,682,801	\$ 12,205,408
Depreciation	\$ 56,001,719	\$ 2,429,967	\$ 58,431,686	\$55,699,522	\$ 2,298,375	\$ 57,997,897
Amortization	\$ 2,496,827	\$ 2,137,893	\$ 4,634,720	\$ 1,385,594	\$ 2,399,724	\$ 3,785,318
		-	20 -			

14. SHAREHOLDERS EQUITY

Common Stock, Capital Surplus and Earnings

The Company has issued a total of 668,351 thousand ADSs which are traded on the NYSE as of December 31, 2004. The number of common shares represented by the ADSs is 3,341,754 thousand shares (one ADS represents five common shares).

Capital surplus can only be used to offset a deficit under the Company Law of the R.O.C. However, the capital surplus generated from donations and the excess of the issue price over the par value of capital stock (including the stock issued for new capital, mergers, convertible bonds and the surplus arising from treasury stock transactions) may be appropriated as stock dividends restricted to a certain percentage based on shareholders ownership.

As of December 31, 2004 and 2003, the capital surplus consisted of the following:

	2004	2003
From merger	\$ 24,003,546	\$ 24,132,297
Additional paid-in capital	23,051,675	23,172,550
From long-term investments	121,354	87,295
From convertible bonds	9,360,424	9,410,632
Donations	55	55
Treasury stock	205	53,056
	\$ 56,537,259	\$ 56,855,885

The Company s Articles of Incorporation as revised on December 21, 2004, provide that the following shall be appropriated from annual earnings to the extent that the annual earnings exceed any cumulative deficit:

- a. 10% legal reserve; until the amount of total legal reserve equals the Company s paid-in capital;
- b. Special reserve in accordance with relevant laws or regulations;
- c. Remuneration to directors and supervisors and bonuses to employees at 0.3% and at least 1% of the remainder, respectively. Individuals eligible for the employee bonuses may include employees of affiliated companies as approved by the board of directors or a representative of the board of directors;
- d. The appropriation of any remaining balance shall be approved by the shareholders.

Dividends may be distributed by way of cash dividend or stock dividend at the discretion of the Company. As the operation of the Company is at a steady growth stage, distribution of profits shall be made preferably by way of cash dividend. Distribution of profits may also be made by way of stock

dividend; provided however, the ratio for stock dividend shall not exceed 50% of total distribution.

Any appropriations of net income are recorded in the financial statements in the year of shareholder approval.

An appropriation for legal reserve is required until the reserve equals the aggregate par value of the Company s issued capital stock. The reserve can only be used to offset a deficit or be distributed as a stock dividend up to 50% of the reserve balance when the reserve balance has reached 50% of the aggregate par value of the issued capital stock of the Company.

A special reserve equivalent to the net debit balance of the other components of shareholder s equity (for example, unrealized loss on long-term investments and cumulative translation adjustments, but excluding treasury stock), shall be made from unappropriated earnings pursuant to existing regulations promulgated by the R.O.C. Securities and Futures Bureau (SFB). Any special reserve appropriated may be reversed to the extent that the net debit balance of the related account reverses.

The appropriations of the earnings of 2003 and 2002 were approved in the shareholders meeting on May 11, 2004 and June 3, 2003, respectively. The appropriations and dividend per share are as follows:

	Appropriation of Earnings			nd Per Share (NT\$)	
	For Fiscal	For Fiscal	For Fiscal Year	F	For iscal Zear
	Year 2003	Year 2002	2003	2	2002
Legal reserve	\$ 4,725,870	\$ 2,161,029			
Special reserve	(68,945)	68,945			
Bonus paid to employees in cash	681,628				
Bonus paid to employees in stock	2,726,514	1,539,013			
Preferred stock dividend in cash	184,493	455,000	\$ 0.35	\$	0.35
Common stock dividend in cash	12,159,971		0.60		
Common stock dividend in stock	28,373,267	14,898,309	1.41		0.80
Remuneration to directors and supervisors in cash	127,805	58,485			
	\$48,910,603	\$ 19,180,781			

The amount of the above appropriation of earnings for 2003 and 2002 is consistent with the resolution of the meetings of board of directors on February 17, 2004 and March 4, 2003, respectively. However, the Company Law of the R.O.C. states TSMC, as a holder of treasury stock shall not participate in the appropriations of earnings. Therefore, the actual cash dividend per share and stock dividend per share are slightly more than those in the aforementioned resolution. If the above employee bonus paid in stock had been paid in cash and all of the bonus to employees and remuneration to directors and supervisors had been charged against income for 2003 and 2002, the after income tax basic earnings per share for the years ended December 31, 2003 and 2002 would have decreased from NT\$2.33 to NT\$2.15 and NT\$ 1.14 to NT\$1.05, respectively. The shares distributed as a bonus to employees represented 1.35% and 0.83% of the Company s total outstanding common shares as of December 31, 2003 and 2002, respectively.

As of January 13, 2005, the board of directors have not resolved the appropriation for earnings of 2004.

The above information about the appropriations of bonus to employees and remuneration to directors and supervisors is available at Market Observation System website.

Under the Integrated Income Tax System that became effective on January 1, 1998, the R.O.C. resident shareholders are allowed a tax credit for their proportionate share of the income tax paid by the Company on earnings generated since January 1, 1998.

Preferred Stock

The Company issued 1,300,000 thousand shares of unlisted Series A preferred stock to certain investors on November 29, 2000. All of the preferred stock was redeemed at par value and retired on May 29, 2003. Under the Company s Articles of Incorporation, the Company is no longer authorized to issue preferred stock.

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The preferred shareholders had the following rights and the related terms and conditions prior to redemption:

Preferred shareholders

- a. Are entitled to receive cumulative cash dividends at an annual rate of 3.5%.
- b. Are not entitled to receive any common stock dividends (whether declared out of unappropriated earnings or capital surplus).
- c. Have priority over the holders of common shares to the assets of TSMC available for distribution to shareholders upon liquidation or dissolution; however, the pre-emptive rights to the assets shall not exceed the issue price of the shares.
- d. Have voting rights similar to that of the holders of common shares.
- e. Have no right to convert their shares into common shares. The preferred shares are to be redeemed within thirty months from their issuance. The preferred shareholders have the aforementioned rights and the Company s related obligations remain the same until the preferred shares are redeemed by the Company.

15. STOCK-BASED COMPENSATION PLANS

The Company s Employee Stock Option Plans, the 2003 Plan and the 2002 Plan, were approved on October 29, 2003 and June 25, 2002, respectively. The maximum number of units authorized to be granted under 2003 Plan and the 2002 Plan is 120,000 thousand and 100,000 thousand, respectively, with each unit representing one common share of stock. The option rights may be granted to qualified employees of the Company or any of its domestic or foreign subsidiaries, in which the Company s shareholding with voting rights, directly or indirectly, is more than fifty percent (50%). The option rights of both plans are valid for ten years and exercisable at certain percentages subsequent to the second anniversary of the grant date. Under the terms of the plans, stock option rights are granted at an exercise price equal to the closing price of the Company s common shares listed on the TSE on the date of grant. Under the 2003 Plan and the 2002 Plan, units that were never granted, or had been granted and subsequently cancelled were expired as of December 31, 2004.

On November 2, 2004, the board of directors approved the 2004 Plan, in which the maximum number of units authorized to be granted is 11,000 thousand, with each unit representing one common share of stock. The option rights may be granted to qualified employees of the Company or any of its domestic or foreign subsidiaries, in which the Company s shareholding with voting rights, directly or indirectly, is more than fifty percent (50%). The option rights of the plans are valid for ten years and exercisable at certain percentages subsequent to the second anniversary of the grant date. Under the terms of the plan, stock option rights are granted at an exercise price equal to the closing price of the Company s common shares listed on the TSE on the date of grant. The 2004 plan was approved by Bureau of Monetary Affairs, Financial Supervisory Commission of the R.O.C. on January 6, 2005.

Information on outstanding stock options for the years ended December 31, 2004 and 2003 is as follows:

	2003	Plan	2002 Plan		
	Number of Outstanding	Weighted- Average	Number of Outstanding	Weighted- Average	
	Stock Option Rights (in	Exercise Price	Stock Option Rights (in	Exercise Prices	
V 1.1D 1.21.2004	Thousands)	(NT\$)	Thousands)	(NT\$)	
Year ended December 31, 2004 Beginning outstanding balance Options granted Options exercised Options cancelled	842 13,199 (1,404)	57.8 49.9 50.9	48,515 7,201 (87) (3,899)	42.7 42.6 41.8 44.2	
Ending outstanding balance	12,637		51,730		
Year ended December 31, 2003 Beginning outstanding balance Options granted Options cancelled	843 (1)	66.5 66.5	19,369 32,031 (2,885)	48.6 50.3 48.7	
Ending outstanding balance	842		48,515		

The number of outstanding option rights and exercise prices have been adjusted to reflect the appropriations of dividends in accordance with the plans.

As of December 31, 2004, information on outstanding and exercisable option rights is as follows:

		Options Outstanding Weighted-		Options Exercisable		
		Number	J	W -2-1-4-4	Number	VV 7-2-1-4-3
	Range of	of Outstanding	Average g Remaining	Weighted- Average	of Exercisable	Weighted- Average
		Options			Options	
	Exercise Price	(in	Contractual Life	Exercise Price	(in	Exercise Price
	(NT\$)	Thousands)	(Years)	(NT\$)	Thousands)	(NT\$)
2003 plan	43.8-57.8	12,637	9.34	50.3		
2002 plan	32.8-46.2	51,730	8.09	42.6	10,307	41.7
Total		64,367	8.33	44.1	10,307	41.7

The compensation cost recognized for the year ended December 31, 2004 was zero. Had the Company used the fair value based method to evaluate the options granted, the method, assumptions and pro forma results of the

Company for the year ended December 31, 2004 would have been as follows:

Method:

Assumptions:
Expected dividend yield

Black-Scholes
Model

1.00%

Expected dividend yield

Expected volatility

Risk free interest rate

3.07%-3.85%

Expected life 5 years

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		NT\$
Net income:		
Net income as reported		\$ 92,316,115
Pro forma net income		92,257,355
Earnings per share (EPS)	after income tax:	
Basic EPS as reported		3.97
Pro forma basic EPS		3.97
Diluted EPS as reported		3.97
Pro forma diluted EPS		3.97

The estimated weighted average fair value for the options granted during the year ended December 31, 2004 was NT\$19.73 per option.

16. TREASURY STOCK (COMMON STOCK)

(Shares in Thousand)

	Beginning Shares	Increase/ Dividend	Decrease	Ending Shares
Year ended December 31, 2004				
Reclassification of parent company stock held by				
subsidiaries from long-term investment	40,597	5,676	752	45,521
Repurchase under share buyback plan		124,720	124,720	
	40,597	130,396	125,472	45,521
Year ended December 31, 2003				
Reclassification of parent company stock held by				
subsidiaries from long-term investment	42,001	3,357	4,761	40,597

Proceeds from the sale of treasury stock for the years ended December 31, 2004 and 2003 were NT\$39,906 thousand and NT\$331,945 thousand, respectively. The Company s capital stock held by a subsidiary as an investment is recorded as treasury stock, with the holder having the same rights as other common shareholders. As of December 31, 2004 and 2003, the book value of the treasury stock was NT\$1,595,186 thousand and NT\$1,633,228 thousand, respectively; the market value was NT\$2,241,009 thousand and NT\$2,548,788 thousand,

respectively.

The Company held a special meeting of the board of directors and approved a share buyback plan to repurchase the Company s common shares listed on the TSE during the period from March 24, 2004 to May 23, 2004. The Company repurchased 124,720 thousand common shares for a total of NT\$7,059,798 thousand. All the treasury stock repurchased under the buyback plan was retired on August 16, 2004.

17. EARNINGS PER SHARE

EPS is computed as follows:

	Amounts (N Before Income Tax	Numerator) After Income Tax	Number of Shares (Denominator) (Thousand)	EPS Before Income Tax	(NT\$) After Income Tax
Year ended December 31, 2004	mcome rax	mcome rax	(Thousand)	Tax	Tax
Basic EPS Income available to common shareholders	\$91,778,584	\$ 92,316,115	23,248,682	\$ 3.95	\$ 3.97
Effect of diluted securities stock options			6,404		
Diluted EPS Income available to common shareholders (including effect of diluted potential common stock) Vacar and ad Dagambar 31, 2003	\$ 91,778,584	\$ 92,316,115	23,255,086	\$ 3.95	\$ 3.97
Year ended December 31, 2003					
Net Income Less preferred stock dividends	\$51,028,275 (184,493)	\$ 47,258,700 (184,493)			
Basic EPS Income available to common shareholders	50,843,782	47,074,207	23,327,354	\$ 2.18	\$ 2.02
Effect of diluted potential common stock stock options			9,599		
Diluted EPS Income available to common shareholders (including effect of diluted potential common stock)	\$50,843,782	\$ 47,074,207	23,336,953	\$ 2.18	\$ 2.02

18. RELATED PARTY TRANSACTIONS

The Company engages in business transactions with the following related parties:

- a. Industrial Technology Research Institute (ITRI); the Chairman of the Company is one of its directors
- b. Philips; a major shareholder of the Company
- c. Subsidiaries

TSMC North America

TSMC Europe TSMC Japan

TSMC Shanghai

d. Investees

VIS

SSMC

GUC

VisEra

e. Indirect subsidiaries

WaferTech, LLC (WaferTech)

TSMC Technology, Inc. (TSMC Technology)

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The significant transactions with the aforementioned parties in addition to those disclosed in other notes are summarized as follows:

For the years	2004 Amount	%	2003 Amount	%
Tor the years				
Sales TSMC North America Philips and its affiliates Others	\$ 142,271,732 5,463,565 466,345	55 2	\$ 117,758,911 3,577,054 610,534	57 2
	\$ 148,201,642	57	\$ 121,946,499	59
Purchase WaferTech VIS SSMC TSMC Shanghai	\$ 15,203,047 9,169,602 5,869,123 12,752	34 21 13	\$ 11,433,083 4,910,810 5,519,805	36 15 17
	\$ 30,254,524	68	\$ 21,863,698	68
Manufacturing expenses technical assistance fee (See Note 20a) Philips	\$ 907,047	1	\$ 3,023,741	3
Marketing expenses commission TSMC Japan TSMC Europe	\$ 253,341 202,678	17 14	\$ 215,202 154,262	18 13
	\$ 456,019	31	\$ 369,464	31
General and administrative expense rental expenses GUC	\$ 13,186	2	\$	
Research and development expenses GUC	\$ 11,688		\$	
Sales of property, plant and equipment TSMC Shanghai VIS	\$ 2,969,347 33,974	96 1	\$ 15,125	9
	\$ 3,003,321	97	\$ 15,125	9
Non-operating income and gains SSMC (primarily technical service income, see Note 20e) VIS (primarily technical service income, see Note 20j) VisEra	\$ 364,505 117,760 28,917	5 2	\$ 201,869 251	8
WaferTech	3,267		2,794	

\$ 514,449 7 \$ 204,914

(Continued)

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	2004		2003	
	Amount	%	Amount	%
At end of year				
Receivables				
TSMC North America	\$ 15,526,964	96	\$ 13,946,638	94
Philips and its affiliates	581,487	4	895,063	6
Others	77,632		25,961	
	\$ 16,186,083	100	\$ 14,867,662	100
Other receivables				
TSMC Shanghai	\$ 1,472,880	91	\$	
SSMC	63,701	4		
VIS	47,599	3	118,503	89
Others	33,159	2	14,460	11
	\$ 1,617,339	100	\$ 132,963	100
Payables				
VIS	\$ 1,533,938	48	1,034,074	23
WaferTech	913,107	29	1,184,642	27
Philips and its affiliates	469,494	15	1,579,568	35
SSMC	207,794	6	634,647	14
Others	74,157	2	67,209	1
	\$ 3,198,490	100	\$ 4,500,140	100
Other long-term payables				
Philips and its affiliates	\$ 2,317,972	100	\$	
Deferred credits gain on intercompany				
TSMC Shanghai (disposal of property, plant and				
equipment)	\$ 682,530	100	\$	
Refundable deposits				
VIS	\$		\$ 150,840	85

The terms of sales to related parties are not significantly different from those to third parties. For other related parties transactions, since there are no other similar transactions to follow, the prices are determined in accordance with the related contractual agreements.

19. SIGNIFICANT LONG-TERM OPERATING LEASES

The Company leases land from the Science-Based Industrial Park Administration. These agreements expire on various dates from March 2008 to December 2020. The agreements can be renewed upon their expiration.

Future remaining lease payments are as follows:

Year	Amount
2005	\$ 238,411
2006	238,411
2007	238,411
2008	220,246
2009	214,192
2010 and thereafter	1,422,637

\$2,572,308

20. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The significant commitments and contingencies as of December 31, 2004 are as follows:

- a. On June 20, 2004, the Company and Philips revised the Technical Cooperation Agreement, which was originally signed on May 12, 1997, with an effective date from January 1, 2004 for five years. Upon expiration, this amended **Technical Cooperation Agreement** will be terminated at the expiration date and will not be automatically renewed. Under this amended **Technical Cooperation** Agreement, the Company will pay Philips royalties based on a fixed amounts mutually agreed-on, rather than under certain percentage of the Company s annual net sales. The Company and Philips agree to cross license the patents owned by each party. The Company also obtained through Philips a number of patent cross licenses.
- b. Under a technical cooperation agreement with ITRI, the
 Company shall reserve and allocate up to 35% of certain of its production capacity for use by the Ministry of Economic Affairs (MOEA) or any other party designated by the MOEA.

- c. Under several foundry agreements, the Company shall reserve a portion of its production capacity for certain major customers that have guarantee deposits with the Company. As of December 31, 2004, the Company had a total of US\$12,802 thousand of guarantee deposits.
- d. Under a Shareholders Agreement entered into with Philips and EDB Investments Pte Ltd. on March 30, 1999, the parties formed a joint venture company, SSMC, for the purpose of constructing an integrated circuit foundry in Singapore. As of December 31, 2004, the Company s equity interest in SSMC was 32%. The Company and Philips committed to buy specific percentages of the production capacity of SSMC. If any party defaults on the commitment and the capacity utilization of SSMC falls below a specific percentage of its total capacity, the defaulting party is required to compensate SSMC for all related unavoidable costs.
- e. The Company provides technical services to SSMC under a **Technical Cooperation Agreement** (the Agreement) entered into on May 12, 1999. The Company receives compensation for such services computed at a specific percentage of net selling price of certain products sold by SSMC. The Agreement shall remain in force for ten years and may be automatically renewed for successive periods of five years each unless pre-terminated by either party under certain conditions.
- f. Under a Technology Transfer Agreement (TTA) with National

Semiconductor Corporation (National) entered into on June 27, 2000, the Company shall receive payments for the licensing of certain technology to National. The agreement was to remain in force for ten years and could be automatically renewed for successive periods of two years thereafter unless either party gives notice for early termination under certain conditions. In January 2003, the Company and National entered into a Termination Agreement whereby the TTA was terminated for convenience. Under the Termination Agreement, the Company will be relieved of any further obligation to transfer any additional

technology. In addition, the Company granted National an option to request the transfer of certain technologies under the same terms and conditions as the terminated TTA. The option will expire in January 2008.

- g. Beginning in 2001, the Company entered into several licensing arrangements for certain semiconductor patents. The terms of the contracts range from five to ten years with payments to be made in the form of royalties over the term of the related contracts. The Company has recorded the related amounts as a liability with the corresponding amounts recorded as deferred charges which are amortized and charged to cost of sales on a straight-line basis over the estimated life of the technology or the term of the contract, whichever is shorter.
- h. In November 2002, the Company entered into an Amended and Restated Joint Technology Cooperation Agreement with Philips, Motorola, Inc. and STMicroelectronics to jointly develop 90-nm to 65-nm advanced CMOS Logic and e-DRAM technologies. The Company also agreed to align 0.12 micron CMOS Logic technology to enhance its foundry business opportunities. The Company will contribute process technologies and share a portion of the costs associated with this joint development project.
- i. In December 2003, the Company entered into a Technology Development and License Agreement with Motorola, Inc. to jointly develop 65-nm SOI (silicon on insulator) technology. The Company will also license related 90-nm SOI technology from Motorola, Inc. Any intellectual properties arising out of the co-development project shall be jointly owned by the parties. In accordance with the agreement, the Company will pay royalties to Motorola, Inc. and will share a portion of the costs associated with the joint development project.
- j. The Company provides a technology transfer to VIS under a Manufacturing License and Technology Transfer Agreement entered into in August 2004. The Company receives compensation for such technology transfer in the form of royalty payments from VIS computed at specific percentages of net selling price of certain products sold by VIS. VIS agreed to reserve its certain capacity to manufacture for the Company certain products at prior as agreed by the parties.
- k. Amounts available under unused letters of credit as of December 31, 2004 were NT\$6,480 thousand, US\$204 thousand and SG\$85 thousand.
- 1. The Company provided guarantees on loans amounting to US\$60,000 thousand and US\$40,000 thousand for TSMC Development, Inc. (TSMC Development) and TSMC North America, respectively.
- m. TSMC, TSMC North America and WaferTech filed a series of lawsuits in late 2003 and 2004 in both state and federal courts in California and with the U.S. International Trade Commission against Semiconductor Manufacturing International Corporation (SMIC), SMIC (Shanghai) and SMIC Americas. The lawsuits alleged that SMIC companies infringed multiple TSMC patents and misappropriated TSMC s trade secrets. These suits have been settled out of court on January 30, 2005. As part of the agreement, SMIC will pay TSMC US\$175 million over six years to resolve TSMC s patent infringement and trade secret claims.

21. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the SFB for the Company and its investees:

- a. Financing provided: Please see Table 1 attached;
- b. Endorsement/guarantee provided: Please see Table 2 attached;

- c. Marketable securities held: Please see Table 3 attached:
- d. Marketable securities acquired and disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Please see Table 4 attached;
- e. Acquisition of individual real estate at costs of at least NT\$100 million or 20% of the paid-in capital: Please see Table 5 attached;
- f. Disposal of individual real estate at prices of at least NT\$100 million or 20% of the paid-in capital: None;
- g. Total purchase from or sale to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please see Table 6 attached;
- h. Receivable from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please see Table 7 attached;
- i. Names, locations, and related information of investees of which the Company exercises significant influence: Please see Table 8 attached;
- j. Financial instrument transactions:
 - 1) Derivative financial instruments

The Company entered into derivative financial instrument transactions for the years ended December 31, 2004 and 2003 to manage exposures related to foreign exchange rate and interest rate fluctuations. Certain information on these contracts is as follows:

a) Outstanding forward exchange contracts as of December 31, 2004 and 2003 are as follows:

Financial Instruments 2004	Currency	Maturity Date	A	ontract mount housands)
Sell Sell 2003	US\$/NT\$ US\$/EUR	January 2005 to March 2005 January 2005	US\$ US\$	733,000 159,081
Sell Buy Buy	US\$/NT\$ EUR/US\$ JPY/US\$	January 2004 to July 2004 January 2004 January 2004	US\$ EUR JPY	1,805,000 7,500 748,405

As of December 31, 2004 and 2003, receivables from forward exchange contracts (included in the other financial assets account) aggregate approximately NT\$392,534 thousand, and NT\$76,385 thousand; payables from forward exchange contracts (included in the other current liabilities account) aggregate approximately NT\$59 thousand and NT\$174,018 thousand.

b) Cross currency swaps

Outstanding cross currency swap contracts as of December 31, 2004 are as follows:

	Contract	Range of	Range of
		Interest	Interest
	Amount	Rate	Rate
	(in		
Maturity Date	Thousands)	Paid	Received
January 2005 to June 2005	US\$ 1,420,000	1.28%-2.72%	0.49%-1.17%

As of December 31, 2004, receivables from the cross currency swap contracts (included in the other financial assets account) was approximately NT\$761,030 thousand.

Net exchange gain or loss arising from forward exchange contracts and cross currency swap contracts was recognized in the foreign exchange loss, net account and the difference in interest was recorded in interest income or expense.

c) Interest rate swaps

Outstanding contracts as of December 31, 2004 and 2003 were as follows:

Contract Date 2004	Period	Aı	ontract nount nousands)
September 2003	September 2003 to December 2005	NT\$	500,000
October 2003	October 2003 to December 2005	NT\$	500,000
October 2003	October 2003 to December 2005	NT\$	500,000
October 2003	October 2003 to December 2005	NT\$	500,000
October 2003	October 2003 to December 2005	NT\$	500,000
November 2003	November 2003 to December 2005	NT\$	500,000
<u>2003</u>			
September 2003	September 2003 to December 2005	NT\$	500,000
October 2003	October 2003 to December 2005	NT\$	500,000
October 2003	October 2003 to December 2005	NT\$	500,000
October 2003	October 2003 to December 2005	NT\$	500,000
October 2003	October 2003 to December 2005	NT\$	500,000
November 2003	November 2003 to December 2005	NT\$	500,000
July 1999	July 1999 to June 2004	US\$	2,857

d) Option contracts

During 2004, the Company did not enter into any foreign currency option contracts.

There were no outstanding option contracts as of December 31, 2003. The Company entered into

foreign currency option contracts for hedging purposes; therefore, the related premiums and the foreign exchange gain or loss are recognized in the foreign exchange loss, net account.

e) Transaction risk

- i) Credit risk. Credit risk represents the positive net settlement amount of those contracts with positive fair values at the balance sheet date. The positive net settlement amount represents the loss incurred by the Company if the counter-parties breached the contracts. The banks, which are the counter-parties to the foregoing derivative financial instruments, are reputable financial institutions. Management believes its exposure related to the potential default by those counter-parties is low.
- ii) Market price risk. All derivative financial instruments are intended as hedges for fluctuations in foreign exchange rates and interest rates. Gains or losses from these hedging instruments are likely to be offset by gains or losses from the hedged items. Interest rate risks are also controlled as the expected cost of capital is fixed. Thus, market price risks are believed to be low.
- iii) Cash flow risk and the amount and period of future cash needs.

As of December 31, 2004, the Company s future cash needs for outstanding forward exchange contracts and cross currency swap contracts are as follows:

	Inflow	Outflow
Term	(In Thousands)	(In Thousands)
Within one year	NT\$ 69,761,484	US\$ 2,312,081
	EUR 118,500	

The Company has sufficient operating capital to meet the above cash needs. In addition, there will be corresponding cash inflow for the cash outflow. Therefore, the cash flow risk is low.

2) Fair values of financial instruments were as follows:

	2004		2003		
	Carrying Amount (In Tho	Fair Value ousands)	Carrying Amount (In Tho	Fair Value usands)	
Non-derivative financial instruments					
Assets Short-term investments, net Long-term investments	\$ 52,979,095	\$ 52,979,095	\$ 12,559,019	\$ 12,703,444	
(securities with market price) Liabilities	20,572,150	23,657,754	4,077,198	10,465,676	
Bonds payable (including current portion)	30,000,000	30,607,341	35,000,000	35,850,377	
Derivative financial instruments					
Forward exchange contracts (buy) Forward exchange contracts			2,351	3,037	
(sell)	391,975	317,090	(99,984)	40,638	

Cross currency swap contracts 761,030 760,012
Interest rate swap contracts 4,361 (22,714) 2,093
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The above financial instruments do not include cash and cash equivalents, receivables, other financial assets, payables, and payable to contractors and equipment suppliers. The carrying amounts of the aforementioned instruments reported in the balance sheet approximate their fair values.

The above financial instruments also exclude refundable deposits, guarantee deposits, long-term investments that do not have quoted market prices as well as other long-term payables. The future cash inflow and outflow of the deposits approximate their fair values. Some of long-term investments do not have quoted market prices; therefore, fair values for those long-term investments are not shown above. The fair value of other long-term payables is determined using the discounted value of expected cash flows, which approximates the carrying value.

Fair values of financial instruments were determined as follows:

- a) Fair value of short-term and publicly traded long-term investments is based on quoted market prices.
- b) The fair value of bonds payable is the quoted market value.
- c) Fair value of derivative financial instruments is the amount receivable from or payable to the counter-party if the contracts were terminated on the balance sheet date.

k. Information on investment in Mainland China

- 1) The name of the investee company in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, ratio of ownership, equity in the net gain or net loss, ending balance, amount received as earnings distributions from the investment, and the limitation on investment: Please see Table 9 attached.
- 2) Significant direct or indirect transactions with the investee company, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: Please see Note 18.

22. SEGMENT FINANCIAL INFORMATION

a. Gross export sales

Area	2004	2003
Americas	\$113,948,320	\$ 103,600,081
Asia and others	91,057,215	63,349,186
Europe	19,084,530	11,706,059
	\$ 224 090 065	\$ 178 655 326

The export sales information is based on amounts billed to customers within the area.

b. Major customers representing at least 10% of net total sales:

In 2004, there is no customer accounted for at least 10% of the Company s total sales. The Company only has one customer that accounts for at least 10% of its total sales in 2003. The sales to such customer amounted to \$ 21,893,320 thousand and \$31,220,104 thousand in 2004 and 2003, representing 8% and 15% of its total sales, respectively.

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TABLE 1

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD. AND INVESTEES

FINANCING PROVIDED FOR THE YEAR ENDED DECEMBER 31, 2004 (Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

				Maximum Balance for the	Ending					Financin Limit	Financing ngCompany Financing
	Financing		Financial Statement		Balance (US\$ in	Inter dsi n	Type of Æ rwin Note	Reasons foli gct ish ort-term		for Each t &ar rowir	Amount Limits ng (US\$ in
D.	Name	Counter-party	Account	Thousand)	Thousand)	`		ountFinancing		a lGo mpar	yThousand)
	TSMC	TSMC	Other					Operating			
	International	Development		\$ 1,915,020 (US\$60,000) (2 \$	S capital	\$ \$		\$ 31,532,982 (US\$987,968 (Note 2)
		TSMC	Other								`
		Technology	receivables	319,170 (US\$10,000)							
	TSMC	TSMC	Other					Operating			ļ
	Partners	Development	receivables	2,553,360 (US\$80,000) (2	capital		N/A	(Note 3)

Note 1: The No. 2 represents necessary for short-term financing.

Note 2: Not exceeding the issued capital of the Company.

Note 3: Generally not exceeding the issued capital of the Company, unless approved by all members of the board.

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TABLE 2

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD. AND INVESTEES

ENDORSEMENT/GUARANTEE PROVIDED FOR THE YEAR ENDED DECEMBER 31, 2004

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

				Maximum	Ratio of Accumulated ValueAmount of of Collateral			
	Counter	Nature of		Balance for the Year	EndingCollateral to Maxi Net Equity BalanceProperty of the lateral			
Endorsement/ rantee Provider Company	Name TSMC	Relationship (Note 2)	Limits on Each Counter-party s Endorsement/Guarantee Amounts	(US\$ in Thousand)	(US\$ in	Plant Latest andFinancial uipn Statt ement		
Company	Development	3	Not exceed 10% of the net worth of the Company, and also limiting to the total capital issued of the endorsement/guarantee company, unless otherwise approved by Board of Directors.	\$ 1,915,020 (US\$60,000)			\$ 99,7	
	TSMC North America	2		1,276,680 (US\$40,000)				
	WaferTech	3	(14,043,480 (US\$440,000)				

Note 1: 25% of the net worth of the Company as of December 31, 2004.

Note 2: The No. 2 represents a subsidiary in which the Company holds directly over 50% of the equity interest.

The No. 3 represents an investee in which the Company holds directly and indirectly over 50% of the equity interest.

TABLE 3

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD. AND INVESTEES

MARKETABLE SECURITIES HELD DECEMBER 31, 2004

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

]	December	31, 200		ket Value
						arrying Value	Percenta		or et Asset Value
	Marketable Securities	Relationship with	Financial Stateme	enShares/Units (In	(US\$ in	of	_	US\$ in
any Name	Type and Name	the Company	Account	Thousand)	Th	ousand) ()wnersh	ip Th	ousand)
ny	Government bonds								
	2003 Government		Short-term						
	Bond Series A		investment	\$	9	1,207,409) N/A	\$	1,202,028
	United States Treas		Short-term						
	NTS		investment	J	J S \$	192,357	/ N/A	US\$	191,824
	2003 Government		Long-term						
	Bond Series I		investment			3,397,081	N/A		3,393,982
	2004 Government		Long-term			2 2 40 572	NT/A		0.050.070
	Bond Series A		investment			2,349,573	8 N/A		2,352,973
	2004 Government		Long-term			2 002 025	7 NT/A		2 002 025
	Bond Series E		investment			3,893,827	N/A		3,892,025
	2004 Kaohsiung		I and tame						
	Municipal Bond Series A		Long-term investment			620,000) N/A		620,000
	Series A		mvestment			020,000) 1\/A		020,000
	Bonds under		Short-term						
	repurchase agreement		investment			249,449	N/A		251,593
	Bond funds								
			Short-term						
	JF Taiwan Bond Fund		investment	78,698		1,153,209	N/A		1,169,406
	ABN AMRO Bond		Short-term						
	Fund		investment	134,906		1,956,175	N/A		1,978,785
	JF Taiwan First Bond		Short-term						
	Fund		investment	84,886		1,151,463	N/A		1,162,632
	INVESCO R.O.C.		Short-term						
	Bond A Fund		investment	76,705		1,101,911	N/A		1,111,932
	Dresdner Bond DAM		Short-term						
	Fund		investment	80,833		900,000) N/A		910,904
			Short-term						
	Barits Bond Fund		investment	76,640		900,000) N/A		907,765

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Shinkong Chi Shin		Short-term					
Bond Fund		investment	151,594	2,100,000	N/A	2,115,554	
ABN AMRO Select		Short-term					
Bond Fund		investment	18,235	200,000	N/A	201,183	
		Short-term					
NITC Bond Fund		investment	3,764	600,000	N/A	602,703	
HSBC NTD Money		Short-term					
Management Fund		investment	41,568	600,000	N/A	601,958	
Ctools							
<u>Stock</u>		Short-term					
Taiwan Mask Corp.		investment	1,787	6,528		27,552	
raiwan wask corp.		Long-term	1,707	0,328		21,332	
TSMC International	Subsidiary	investment	987,968	23,778,997	100	23,778,997	
15Wie international	Subsidiary	Long-term	707,700	23,110,771	100	23,110,771	
VIS	Investee	investment	409,532	5,401,982	28	8,493,692	
2		Long-term	,	-,,		2, 1, 2, 0, 2	
TSMC Partners	Subsidiary	investment	300	3,908,356	100	3,908,356	
	•	Long-term					
SSMC	Investee	investment	382	3,290,888	32	3,290,888	
	Subsidiary	Long-term	11,000	502,242	100	1,179,352	T
		investment					st
							N
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							fı
TOMO N							C
TSMC North America		Τ ,					V
CUC	I	Long-term	20.040	201.626	47	410 272	
GUC	Investee	investment Long-term	39,040	391,626	47	418,272	
TSMC Japan	Subsidiary	investment	6	102,572	100	102,572	
15WC Japan	Substatary	Long-term	O	102,372	100	102,372	
VisEra	Investee	investment	5,100	59,116	25	59,116	
Violita	III (estec	Long-term	2,100	25,110	25	37,110	
TSMC Europe	Subsidiary	investment		25,439	100	25,439	
United Industrial Gases	,	Long-term		-,		-,	
Co., Ltd.		investment	16,783	193,584	10	284,036	
Shin-Etsu Handotai		Long-term					
Taiwan Co., Ltd.		investment	10,500	105,000	7	170,940	
					((Continued)	

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					December	4 Market	
					Carrying Value		Value or Net Asset Value
	M1-4-1-1-C4	D-1-42	E::-1 C4-4	Ch/II4		ercentag	,
	Marketable Securities	Relationship with	Financiai Staten	ne mn ares/Unit (In	s (US\$ in	of	(US\$ in
Company Name	Type and Name	the Company	Account	,	Thousand)O	wnerchi	nThousand)
Company Name	W.K. Technology Fund	the company	Long-term	i nousanu)	Thousand) O	WHCI SIII	p i nousana)
	IV		investment	5,000 \$	50,000	2	\$ 55,146
	Hontung Venture		Long-term	3,000 4	50,000	_	Ψ 33,140
	Capital Co., Ltd.		investment	8,392	83,916	10	53,571
	Globaltop Partner I		Long-term	0,372	03,710	10	33,371
	Venture Capital Corp.		investment	5,000	50,000	1	49,909
	venture Capital Corp.		mvestment	3,000	30,000	1	47,707
	Corporate bonds						
	Taiwan Power		Short-term				
	Company		investment		2,777,798	N/A	2,749,413
			Short-term		_,,,,,,,		_,, ., ,
	Abbott Labs		investment	Ţ	JS\$ 2,732	N/A	US\$ 2,709
			Short-term		_,		_,,,,,
	Abbott Labs		investment	Ţ	JS\$ 1,581	N/A	US\$ 1,587
			Short-term		-,		-,
	Ace Ltd		investment	Ţ	JS\$ 1,046	N/A	US\$ 1,042
	AIG Sunamerica		Short-term		, , , , , , , , , , , , , , , , , , , ,		,-
	Global Fing IX		investment	J	JS\$ 1,032	N/A	US\$ 1,028
	Allstate Finl Global		Short-term		, , , , , , , , , , , , , , , , , , , ,		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
	Fdg LLC		investment	Į	JS\$ 3,171	N/A	US\$ 3,096
			Short-term				
	American Express Co.		investment	Į	JS\$ 3,550	N/A	US\$ 3,503
	American Gen Fin		Short-term				
	Corp.		investment	J	JS\$ 1,768	N/A	US\$ 1,765
	American Gen Fin		Short-term		,,,,,,		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
	Corp. Mtn		investment	Į	JS\$ 3,130	N/A	US\$ 3,087
	American Gen Fin		Short-term		. ,		,
	Corp. Mtn		investment	Ţ	JS\$ 1,058	N/A	US\$ 1,042
	American Honda Fin		Short-term		. ,		,
	Corp. Mtn		investment	Ţ	JS\$ 3,800	N/A	US\$ 3,803
	American Intl Group		Short-term		,		
	Inc. Mtnf		investment	Ţ	JS\$ 3,795	N/A	US\$ 3,795
			Short-term		•		•
	Amgen Inc.		investment	Ţ	JS\$ 3,005	N/A	US\$ 2,991
	Amsouth Bk		Short-term		,		
	Birmingham Ala		investment	Ţ	JS\$ 1,972	N/A	US\$ 1,978
	<u> </u>		Short-term		,		, -
	ANZ Cap Tr I		investment	Ţ	JS\$ 1,012	N/A	US\$ 1,001
	Bank New York Inc.				JS\$ 1,525	N/A	•
					-		•

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	Short-term					
	investment					
	Short-term					
Bank New York Inc.	investment	US\$	3,945	N/Δ	US\$	3,943
Bank Scotland Treas	Short-term	Ουψ	3,773	1 1/1 1	Ουψ	3,773
Sves PLC	investment	US\$	2,715	N/A	US\$	2,717
Bank Utd Houston TX	Short-term	Ουψ	2,113	1 1/ / 1	Ουψ	2,/1/
Mtbn	investment	US\$	580	N/A	US\$	574
Witten	Short-term	Ουψ	200	1 1/ / 1	Ουψ	571
Bear Stearns Cos Inc.	investment	US\$	3,518	N/A	US\$	3,493
Bear Stearns Cos Inc.	Short-term	~ 1	-,	-	~ ∓	2,
Medium Te	investment	US\$	3,105	N/A	US\$	3,105
Berkshire Hathaway	Short-term		- 7	•		- ,
Fin Corp.	investment	US\$	1,498	N/A	US\$	1,494
Bristol Myers Squibb	Short-term		•			,
Co.	investment	US\$	3,819	N/A	US\$	3,788
British			-			
Telecommunications	Short-term					
PLC	investment	US\$	2,104	N/A	US\$	2,091
	Short-term					
Cargill Inc.	investment	US\$	2,120	N/A	US\$	2,079
Chase Manhattan Corp.	Short-term					
New	investment	US\$	1,628	N/A	US\$	1,613
	Short-term					
Cit Group Hldgs Inc.	investment	US\$	3,203	N/A	US\$	3,195
	Short-term					
Citigroup Inc.	investment	US\$	2,000	N/A	US\$	2,002
	Short-term					
Citigroup Inc.	investment	US\$	1,033	N/A	US\$	1,033
	Short-term		- 700	,,	~~~	
Citigroup Inc.	investment	US\$	3,583	N/A	US\$	3,523
~ · · · · · · · · · · · · · ·	Short-term	******	1 (05	37/4	******	1 (10
Colonial Pipeline Co.	investment	US\$	1,625	N/A	US\$	1,612
Compaq Computer	Short-term	******	2.710	37/4	******	2.502
Corp.	investment	US\$	3,719	N/A	US\$	3,593
Consolidated Edison	Short-term	TIOO	2.607	3.T/A	TIOO	2 (10
Co. NY Inc.	investment	US\$	3,687	N/A	US\$	3,618
	Short-term	TIOO	1.060	N T/A	TIOO	1.000
Corestates Cap Corp.	investment	US\$	1,062	N/A	US\$	1,060
Countrywide Fdg Corp.	Short-term	TICO	2 150	NT/A	TICO	2 151
Mtn Countrywide Heme	investment	US\$	2,158	N/A	US\$	2,151
Countrywide Home	Short-term	TICC	5 210	NT/A	TICO	5 157
Lns Inc.	investment	US\$	5,210		US\$	5,157
				(C	ontinued)	

December 31, 2004

Market Value or

Carrying Value

Net Asset Value

Percentage

			I CI CCIII	.s.
Marketable Securities	Relationship with	Financial Stater Shates/Units in	of	(US\$ in
		(In		

	Marketable Securities	Relationship with	Financial State	Mahates/Un(it/S\$ in (In	of	(US\$ in	
Held Company Name	Type and Name	the Company	Account	Thousa Ta ousan a o	vnersł	niphousand)	Note
	Credit Suisse Fb USA		Short-term			_	
	Inc.		investment	US\$ 2,645	N/A	US\$ 2,599	
	Credit Suisse First		Short-term				
	Boston		investment	US\$ 786	N/A	US\$ 779	
	Credit Suisse First		Short-term				
	Boston USA		investment	US\$ 2,249	N/A	US\$ 2,240	
	Daimlerchrysler North		Short-term				
	Amer		investment	US\$ 997	N/A	US\$ 999	
	Daimlerchrysler North		Short-term				
	Amer Hld		investment	US\$ 749	N/A	US\$ 755	
			Short-term				
	Dell Computer Corp.		investment	US\$ 3,054	N/A	US\$ 3,025	
	Den Danske BK		Short-term				
	Aktieselskab		investment	US\$ 2,192	N/A	US\$ 2,166	
	Deutsche Telkom Intl		Short-term				
	Fin BV		investment	US\$ 1,852	N/A	US\$ 1,838	
			Short-term				
	Diageo PLC		investment	US\$ 3,459	N/A	US\$ 3,477	
			Short-term				
	Dow Chem Co.		investment	US\$ 921	N/A	US\$ 911	
			Short-term				
	European Invt Bk		investment	US\$ 8,315	N/A	US\$ 8,236	
	Fifth Third Bk		Short-term				
	Cincinnati OH		investment	US\$ 2,419	N/A	US\$ 2,466	
			Short-term				
	First Data Corp.		investment	US\$ 3,013	N/A	US\$ 2,986	
			Short-term				
	First Un Corp.		investment	US\$ 970	N/A	US\$ 965	
	Fleet Finl Group Inc.		Short-term				
	New		investment	US\$ 494	N/A	US\$ 493	
	Fleet Finl Corp Inc.		Short-term				
	New		investment	US\$ 975	N/A	US\$ 962	
			Short-term				
	Ford Mtr Cr Co.		investment	US\$ 1,542	N/A	US\$ 1,535	
			Short-term				
	FPL Group Cap Inc.		investment	US\$ 1,001	N/A	US\$ 990	
			Short-term				
	FPL Group Cap Inc.		investment	US\$ 860		US\$ 846	
				US\$ 3,467	N/A	US\$ 3,455	

General Elec Cap Corp.	Short-term		
Mtn	investment		
General Elec Cap Corp.	Short-term		
Mtn	investment	US\$ 1,040	N/A US\$ 1,040
General Elec Cap Corp.	Short-term	03\$ 1,040	1VA 05\$1,040
Mtn	investment	US\$ 3,886	N/A US\$ 3,878
IVICII	Short-term	03\$ 3,880	1VA 03\$3,676
Genworth Finl Inc.	investment	US\$ 3,412	N/A US\$ 3,408
Goldman Sachs Group	Short-term	03\$ 5,412	1VA 03\$3,400
Inc. Mtn	investment	US\$ 3,505	N/A US\$ 3,494
Goldman Sachs Group	Short-term	03\$ 3,303	1VA US\$ 5,494
LP	investment	US\$ 1,637	N/A US\$ 1,599
Goldman Sachs Group	Short-term	03\$ 1,037	IVA US\$ 1,399
LP	investment	US\$ 1,100	N/A 11001075
LF	Short-term	03\$ 1,100	N/A US\$ 1,075
Greenpoint Finl Corp.	investment	US\$ 974	N/A US\$ 972
Greenpoint Fini Corp.	Short-term	US\$ 9/4	N/A US\$ 9/2
CTE Com		US\$ 2,134	N/A US\$ 2,109
GTE Corp. Hancock John Global	investment Short-term	US\$ 2,134	N/A US\$ 2,109
		1100 1 002	NIA LICO DOC
Fdg Mtn Hartford Finl Svcs	investment Short-term	US\$ 1,003	N/A US\$ 986
		US\$ 765	N/A US\$ 758
Group Inc. Hartford Finl Svcs	investment	US\$ 765	N/A US\$ 758
	Short-term	US\$ 296	NIA LICO 206
Group Inc.	investment	US\$ 296	N/A US\$ 296
Heller Finl Inc.	Short-term	IIC¢ 1 171	N/A 1100 1 162
Heller Fini Inc.	investment	US\$ 1,171	N/A US\$ 1,163
Hanshay Foods Com	Short-term	11001607	NIA TICC 1 COC
Hershey Foods Corp.	investment	US\$ 1,627	N/A US\$ 1,606
II1-44 De al1 Ce	Short-term	1100 2 272	NI/A 1100 2 205
Hewlett Packard Co.	investment	US\$ 3,373	N/A US\$ 3,305
Hanasanall Inc	Short-term	11002 201	NI/A 1100 2 210
Honeywell Inc.	investment	US\$ 3,284	N/A US\$ 3,218
Harris 11E. Com	Short-term	110¢ 520	NIA LIGO 500
Household Fin Corp.	investment	US\$ 529	N/A US\$ 522
Harris 11E's Com	Short-term	1100 2 002	NI/A 1100 2 005
Household Fin Corp.	investment	US\$ 2,993	N/A US\$ 2,985
Household Fin Corp.	Short-term	11002 542	NI/A 1100 2 510
Mtn Bk Ent	investment	US\$ 3,542	N/A US\$ 3,510
HCDC HCA L. N.	Short-term	11001154	NI/A TIOO 1 124
HSBC USA Inc. New	investment	US\$ 1,154	N/A US\$ 1,134
Huntin ston Notl Dl-	Short-term	11002 002	NIA LIGG 2 000
Huntington Natl Bk	investment	US\$ 3,003	N/A US\$ 3,000
Huntington Natl Bk	Short-term	1100 2 054	NI/A 1100 2 0 C 1
Columbus OH	investment	US\$ 2,954	N/A US\$ 2,961
INC David	Short-term	110001114	NI/A 1100 2 112
ING Bank	investment	US\$ 2,114	N/A US\$ 2,113
INC Co. L'f. Inc Inc. If	Short-term	11002.012	NI/A 1100 2 007
ING Sec Life Ins Ingslf	investment	US\$ 3,012	N/A US\$ 3,007
Intl Bk For Recon +	Short-term	110¢ 5 000	NI/A TIOO 5 100
Dev	investment	US\$ 5,232	N/A US\$ 5,102
JP Morgan Chase + Co.		US\$ 1,043	N/A US\$ 1,039

Short-term
investment
Short-term

Jackson Natl Life

Global Fdg investment US\$ 1,036 N/A US\$ 1,032 Jackson Natl Life Short-term

Global Fdg S investment US\$ 2,998 N/A US\$ 2,988

(Continued)

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December 31, 2004

Market Value or

Carrying

Net Asset Value

Value

				Pe	rcentage
	Marketable Securities I	Relationship with	Financial States	Sibates/UnitsS\$ in	of (US\$ in
				(In	
Held Company Name	Type and Name	the Company	Account	Thousa Td)ousan ()v	vnershiphousand) Note
			Short-term		
	JP Morgan Chase + Co.		investment	US\$ 3,663	N/A US\$ 3,629
	Keycorp Mtn Book		Short-term		
	Entry		investment	US\$ 3,500	N/A US\$ 3,502
			Short-term		
	KFW Intl Fin Inc.		investment	US\$ 5,104	N/A US\$ 5,027
			Short-term		
	Kraft Foods Inc.		investment	US\$ 773	N/A US\$ 765
			Short-term		
	Kraft Foods Inc.		investment	US\$ 1,037	N/A US\$ 1,036
	Lehman Brothers		Short-term		
	Hldgs Inc.		investment	US\$ 1,163	N/A US\$ 1,162
	Lehman Brothers		Short-term		
	Hldgs Inc.		investment	US\$ 3,705	N/A US\$ 3,634
	Lehman Brothers		Short-term		
	Hldgs Inc.		investment	US\$ 2,171	N/A US\$ 2,154
			Short-term		
	Lilly Eli + Co.		investment	US\$ 3,750	N/A US\$ 3,749
			Short-term		
	Lincoln Natl Corp. In		investment	US\$ 519	N/A US\$ 518
			Short-term		
	Merita Bk Ltd NY Brh		investment	US\$ 538	N/A US\$ 533
	Merrill Lynch + Co.		Short-term		
	Inc.		investment	US\$ 3,486	N/A US\$ 3,481
	Metropolitan Life		Short-term		
	Global Mtn		investment	US\$ 1,907	N/A US\$ 1,910
	Monumental Global		Short-term		
	Fdg II		investment	US\$ 2,500	N/A US\$ 2,501
	Monumental Global		Short-term		
	Fdg II		investment	US\$ 1,534	N/A US\$ 1,516
	Monumental Global		Short-term		
	Fdg II 2002A		investment	US\$ 1,045	N/A US\$ 1,034
			Short-term	_	
	Morgan Stanley		investment	US\$ 2,136	N/A US\$ 2,128
	Morgan Stanley Group		Short-term	****	77/4 77/4 C 150
	Inc.		investment	US\$ 3,638	N/A US\$ 3,628
	Morgan Stanley Group		Short-term	****	**
	Inc.		investment	US\$ 1,050	N/A US\$ 1,048

US\$ 1,433 N/A US\$ 1,422

National Westminster	Short-term			
Bk PLC	investment			
DR I LC	Short-term			
Nationsbank Corp.	investment	US\$ 3,644	N/A	US\$ 3,549
rationsbank Corp.	Short-term	Ουφ 5,044	1 1/11	O 5 φ 5,5 + 7
Nationwide Bldg Soc	investment	US\$ 3,457	N/A	US\$ 3,477
Nationwide Life Global	Short-term	O 5 φ 5, 1 5 /	11//1	O 5 φ 5, τ 7 7
Mtn	investment	US\$ 1,463	NI/A	US\$ 1,469
Pepsico Inc. Mtn Book	Short-term	03\$ 1,403	11//1	03\$ 1,409
-	investment	US\$ 3,818	NI/A	US\$ 3,817
Entry	Short-term	03\$ 3,010	IWA	US\$ 5,617
DNC Eda Cam		1100 1 000	NT/A	TICC 1 075
PNC Fdg Corp.	investment	US\$ 1,080	IN/A	US\$ 1,075
Popular North Amer	Short-term	T100 2 0 42	NT/A	T100 2 022
Inc. Mtn	investment	US\$ 3,042	N/A	US\$ 3,022
D 11.41	Short-term	T100 0 054	NT/A	TICO 2 01 4
Premark Intl Inc.	investment	US\$ 2,954	N/A	US\$ 2,914
Pricoa Global Fdg I	Short-term	11000 0 505	27/4	TTG# 2 502
Mtn	investment	US\$ 3,507	N/A	US\$ 3,503
Pricoa Global Fdg I	Short-term			
Mtn	investment	US\$ 3,050	N/A	US\$ 3,047
Principal Life Global	Short-term	****		
Fdg I Gl	investment	US\$ 3,168	N/A	US\$ 3,102
Protective Life Secd	Short-term			
Trs	investment	US\$ 2,920	N/A	US\$ 2,969
Prudential Ins Co.	Short-term			
Amer	investment	US\$ 2,648	N/A	US\$ 2,610
Reinsurance Group	Short-term			
Amer Inc.	investment	US\$ 2,091	N/A	US\$ 2,089
Royal Bk Scotland	Short-term			
Group PLC	investment	US\$ 1,563	N/A	US\$ 1,547
Royal Bk Scotland	Short-term			
Group PLC	investment	US\$ 564	N/A	US\$ 558
Royal Bk Scotland	Short-term			
Group PLC	investment	US\$ 369	N/A	US\$ 364
	Short-term			
Safeco Corp.	investment	US\$ 765	N/A	US\$ 763
Salomon Smith Barney	Short-term			
Hldgs Inc.	investment	US\$ 3,160	N/A	US\$3,100
	Short-term			
Sara Lee Corp.	investment	US\$ 1,596	N/A	US\$ 1,601
SBC Communications	Short-term			
Inc.	investment	US\$ 3,681	N/A	US\$ 3,617
SBC Communications	Short-term			
Inc.	investment	US\$ 2,251	N/A	US\$ 2,245
Scotland Intl Fin B V	Short-term			
144A	investment	US\$ 1,533	N/A	US\$ 1,532
Shell Finance	Short-term			
(UK) PLC	investment	US\$ 3,604	N/A	US\$ 3,553
•	Short-term	,		,
SLM Corp.	investment	US\$ 500	N/A	US\$ 501
-		US\$ 2,950		US\$ 2,985
		•		

SLM Corp. Medium

Term Nts

SP Powerassets Ltd

Short-term

Short-term

Global investment US\$ 991 N/A US\$ 992

Short-term

Suntrust Bks Inc. investment US\$ 1,062 N/A US\$ 1,060

(Continued)

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					Decemb	er 31,	2004		
					rying alue		Va Net	arket lue or t Asset 'alue	
					Pe	rcenta	ge		
	Marketable Securities	Relationship with	Financial State	mantes/Unit.€US (In		of	_	S\$ in	
ld Company Name	Type and Name	the Company	Account	ThousandThou	usand)Ov	wnersh	ipTho	usand)	N
- '	Swedbank Sparbanken		Short-term				-		
	Svenge AB		investment	US\$	1,084	N/A	US\$	1,067	
			Short-term						
	TIAA Global Mkts Inc.		investment	US\$	519	N/A	US\$	514	
	Tribune Co. Med Trm		Short-term						
	Nts		investment	US\$	2,943	N/A	US\$	2,965	
			Short-term						
	Union Planters		investment	US\$	2,755	N/A	US\$	2,704	
	Unitedhealth Group		Short-term						
	Inc.		investment	US\$	3,119	N/A	US\$	3,097	
	US Bk Natl Assn		Short-term						
	Cincinnati OH		investment	US\$	2,669	N/A	US\$	2,687	
	Virginia Elec + Pwr		Short-term						
	Co.		investment	US\$	2,884	N/A	US\$	2,838	
	Vodafone Group PLC		Short-term						
	New		investment	US\$	2,559	N/A	US\$	2,561	
			Short-term						
	Wachovia Corp.		investment	US\$	3,720	N/A	US\$	3,600	
	Wal Mart Cda Venture		Short-term						
	Corp.		investment	US\$	3,670	N/A	US\$	3,602	
	Washington Mut Fin		Short-term						
	Corp.		investment	US\$	4,768	N/A	US\$	4,689	
			Short-term						
	Washington Mut Inc.		investment	US\$	4,735	N/A	US\$	4,682	
			Short-term						
	Washington Post Co.		investment	US\$	3,182	N/A	US\$	3,180	
			Short-term						
	Wells Fargo + Co. New		investment	US\$	3,697	N/A	US\$	3,631	
	Westfield Cap Corp.		Short-term						
	Ltd		investment	US\$	1,999	N/A	US\$	1,999	
	China Steel		Long-term						
	Corporation		investment	2,	,978,804	N/A	2	2,977,695	
	Taiwan Power		Long-term						
	Company		investment		915,276	N/A		914,582	
	Nan Ya Plastics		Long-term						
	Corporation		investment		407,526	N/A		407,484	
	Formosa Plastics		Long-term						
	Corporation		investment		405,485	N/A		405,322	
					202 595	NI/Δ		200.000	

200,000

202,595 N/A

Agency bonds	Formosa Petrochemical	Long-term					
Short-term investment USS 3,466 N/A USS 3,462	Corporation	investment					
Short-term investment USS 3,466 N/A USS 3,462							
Federal Home Ln Bks	Agency bonds						
Short-term investment US\$ 2,532 N/A US\$ 2,520							
Federal Home Ln Bks	Fed Hm Ln Pc		US\$	3,466	N/A	US\$	3,462
Short-term Investment Short-term Corp Investment US\$ 9,997 N/A US\$ 13,946 Short-term Corp Investment US\$ 9,997 N/A US\$ 13,946 Short-term Corp Investment US\$ 9,997 N/A US\$ 9,943 Sho							
Federal Home Ln Bks	Federal Home Ln Bks		US\$	2,532	N/A	US\$	2,520
Short-term Investment Short-term Sho							
Federal Home Ln Bks	Federal Home Ln Bks		US\$	1,042	N/A	US\$	1,024
Short-term Federal Home Ln Bks Short-term Corp investment US\$ 3,388 N/A US\$ 3,496 Short-term Corp investment US\$ 3,388 N/A US\$ 3,491 Short-term Corp investment US\$ 3,388 N/A US\$ 3,491 Short-term Corp investment US\$ 3,388 N/A US\$ 3,491 Short-term Corp investment US\$ 3,997 N/A US\$ 3,993 N/A US\$ 3,993 N/A US\$ 3,994 Short-term Corp investment US\$ 3,997 N/A US\$ 3,998 Short-term Corp investment US\$ 3,998 N/A US\$ 3,998							
Federal Home Ln Bks	Federal Home Ln Bks		US\$	4,927	N/A	US\$	4,947
Short-term Investment Inv							
Federal Home Ln Bks	Federal Home Ln Bks		US\$	7,962	N/A	US\$	7,939
Short-term Investment Inv		Short-term					
Federal Home Ln Bks	Federal Home Ln Bks		US\$	7,014	N/A	US\$	6,924
Short-term Investment US\$ 4,948 N/A US\$ 4,944		Short-term					
Federal Home Ln Bks	Federal Home Ln Bks	investment	US\$	4,936	N/A	US\$	4,949
Short-term Investment Short-term Sho		Short-term					
Federal Home Ln Bks	Federal Home Ln Bks		US\$	4,948	N/A	US\$	4,944
Short-term Sho		Short-term					
Federal Home Ln Bks	Federal Home Ln Bks	investment	US\$	2,454	N/A	US\$	2,468
Short-term Investment Short-term Sho		Short-term					
Federal Home Ln Bks	Federal Home Ln Bks	investment	US\$	7,018	N/A	US\$	7,004
Short-term Short-term US\$ 7,042 N/A US\$ 6,985		Short-term					
Federal Home Ln Bks	Federal Home Ln Bks	investment	US\$	4,996	N/A	US\$	4,973
Short-term Investment Short-term Sho		Short-term					
Federal Home Ln Bks investment Short-term US\$ 6,098 N/A US\$ 6,084	Federal Home Ln Bks	investment	US\$	7,042	N/A	US\$	6,985
Short-term US\$ 2,909 N/A US\$ 2,907		Short-term					
Federal Home Ln Bks investment US\$ 2,909 N/A US\$ 2,907	Federal Home Ln Bks	investment	US\$	6,098	N/A	US\$	6,084
Short-term Short-term US\$ 13,953 N/A US\$ 13,898 Short-term Short-term US\$ 13,983 N/A US\$ 13,946 Short-term Short-term US\$ 13,981 N/A US\$ 13,946 Short-term US\$ 13,981 N/A US\$ 13,946 Short-term US\$ 13,981 N/A US\$ 13,946 Short-term US\$ 6,978 N/A US\$ 13,946 Short-term US\$ 6,978 N/A US\$ 6,928 Short-term US\$ 3,388 N/A US\$ 3,419 Short-term US\$ 3,388 N/A US\$ 3,419 Short-term US\$ 4,953 N/A US\$ 4,941 Short-term US\$ 9,997 N/A US\$ 9,943 Short-term US\$ 9,997 N/A US\$ 9,943 Short-term US\$ 9,997 N/A US\$ 9,943 Short-term US\$ 9,997 N/A US\$ 9,993 Short-term 0,997 Short-term 0,997		Short-term					
Federal Home Ln Bks investment Short-term US\$ 13,953 N/A US\$ 13,898 Federal Home Ln Bks investment Short-term US\$ 13,983 N/A US\$ 13,946 Federal Home Ln Bks investment US\$ 13,981 N/A US\$ 13,946 Federal Home Ln Mtg Short-term US\$ 6,978 N/A US\$ 6,928 Federal Home Ln Mtg Short-term US\$ 3,388 N/A US\$ 3,419 Federal Home Ln Mtg Short-term US\$ 4,953 N/A US\$ 4,941 Federal Home Ln Mtg Short-term US\$ 9,997 N/A US\$ 9,943 Federal Home Ln Mtg Short-term US\$ 9,997 N/A US\$ 9,943 Federal Home Ln Mtg Short-term US\$ 9,98 N/A US\$ 993 Federal Home Ln Mtg Short-term US\$ 9,98 N/A US\$ 993 Federal Home Ln Mtg Short-term US\$ 9,98 N/A US\$ 993 Federal Home Ln Mtg Short-term US\$ 4,933 N/A US\$ 4,936	Federal Home Ln Bks	investment	US\$	2,909	N/A	US\$	2,907
Short-term		Short-term					
Federal Home Ln Bks investment Short-term Federal Home Ln Bks investment US\$ 13,983 N/A US\$ 13,946 Federal Home Ln Bks investment US\$ 13,981 N/A US\$ 13,946 Federal Home Ln Mtg Short-term Corp investment US\$ 6,978 N/A US\$ 6,928 Federal Home Ln Mtg Short-term Corp. investment US\$ 3,388 N/A US\$ 3,419 Federal Home Ln Mtg Short-term Corp investment US\$ 4,953 N/A US\$ 4,941 Federal Home Ln Mtg Short-term Corp. investment US\$ 9,997 N/A US\$ 9,943 Federal Home Ln Mtg Short-term Corp. investment US\$ 9,997 N/A US\$ 9,943 Federal Home Ln Mtg Short-term Corp. investment US\$ 998 N/A US\$ 993 Federal Home Ln Mtg Short-term Corp. investment US\$ 4,933 N/A US\$ 4,936	Federal Home Ln Bks	investment	US\$	13,953	N/A	US\$	13,898
Short-term		Short-term					
Federal Home Ln Bks Federal Home Ln Mtg Short-term Corp investment Corp. Federal Home Ln Mtg Corp investment US\$ 4,953 N/A US\$ 4,941 Federal Home Ln Mtg Corp. Federal Home Ln Mtg Corp. investment US\$ 9,997 N/A US\$ 9,943 Federal Home Ln Mtg Corp. Federal Home Ln Mtg Corp. investment US\$ 998 N/A US\$ 993 Federal Home Ln Mtg Corp. Federal Home Ln Mtg Short-term Corp. Federal Home Ln Mtg Corp. Federal Home Ln Mtg Short-term Corp. Federal Home Ln Mtg Short-term Corp.	Federal Home Ln Bks	investment	US\$	13,983	N/A	US\$	13,946
Federal Home Ln Mtg Corp investment Short-term Corp. investment Corp investment US\$ 3,388 N/A US\$ 3,419 Federal Home Ln Mtg Short-term Corp investment US\$ 4,953 N/A US\$ 4,941 Federal Home Ln Mtg Corp. investment US\$ 9,997 N/A US\$ 9,943 Federal Home Ln Mtg Corp. investment US\$ 9,997 N/A US\$ 9,943 Federal Home Ln Mtg Corp. investment US\$ 9,943 N/A US\$ 993 Federal Home Ln Mtg Corp. investment US\$ 9,943 N/A US\$ 993 Federal Home Ln Mtg Corp. investment US\$ 9,943 N/A US\$ 9,943		Short-term					
Corp investment US\$ 6,978 N/A US\$ 6,928 Federal Home Ln Mtg Short-term Corp. investment US\$ 3,388 N/A US\$ 3,419 Federal Home Ln Mtg Short-term Corp investment US\$ 4,953 N/A US\$ 4,941 Federal Home Ln Mtg Short-term Corp. investment US\$ 9,997 N/A US\$ 9,943 Federal Home Ln Mtg Short-term Corp. investment US\$ 9,997 N/A US\$ 9,943 Federal Home Ln Mtg Short-term Corp. investment US\$ 998 N/A US\$ 993 Federal Home Ln Mtg Short-term Corp. investment US\$ 998 N/A US\$ 993 Federal Home Ln Mtg Short-term Corp. investment US\$ 4,933 N/A US\$ 4,936	Federal Home Ln Bks	investment	US\$	13,981	N/A	US\$	13,946
Federal Home Ln Mtg Corp. investment Federal Home Ln Mtg Corp investment Corp investment Corp investment Federal Home Ln Mtg Corp. investment Corp. investment Corp. investment Corp. investment Federal Home Ln Mtg Corp. investment US\$ 9,997 N/A US\$ 9,943 Federal Home Ln Mtg Corp. investment US\$ 998 N/A US\$ 993 Federal Home Ln Mtg Corp. investment US\$ 4,933 N/A US\$ 4,936	Federal Home Ln Mtg	Short-term					
Corp. investment US\$ 3,388 N/A US\$ 3,419 Federal Home Ln Mtg Corp investment US\$ 4,953 N/A US\$ 4,941 Federal Home Ln Mtg Corp. investment US\$ 9,997 N/A US\$ 9,943 Federal Home Ln Mtg Corp. investment US\$ 998 N/A US\$ 993 Federal Home Ln Mtg Corp. investment US\$ 998 N/A US\$ 993 Federal Home Ln Mtg Corp. investment US\$ 4,933 N/A US\$ 4,936	Corp	investment	US\$	6,978	N/A	US\$	6,928
Federal Home Ln Mtg Corp investment US\$ 4,953 N/A US\$ 4,941 Federal Home Ln Mtg Corp. investment US\$ 9,997 N/A US\$ 9,943 Federal Home Ln Mtg Corp. investment US\$ 998 N/A US\$ 993 Federal Home Ln Mtg Corp. investment US\$ 998 N/A US\$ 993 Federal Home Ln Mtg Corp. investment US\$ 4,933 N/A US\$ 4,936	Federal Home Ln Mtg	Short-term					
Corp investment US\$ 4,953 N/A US\$ 4,941 Federal Home Ln Mtg Corp. investment US\$ 9,997 N/A US\$ 9,943 Federal Home Ln Mtg Corp. investment US\$ 998 N/A US\$ 993 Federal Home Ln Mtg Corp. investment US\$ 998 N/A US\$ 993 Federal Home Ln Mtg Corp. investment US\$ 4,933 N/A US\$ 4,936	Corp.	investment	US\$	3,388	N/A	US\$	3,419
Federal Home Ln Mtg Corp. investment US\$ 9,997 N/A US\$ 9,943 Federal Home Ln Mtg Corp. investment US\$ 998 N/A US\$ 993 Federal Home Ln Mtg Short-term Corp. investment US\$ 998 N/A US\$ 993 Federal Home Ln Mtg Corp. investment US\$ 4,933 N/A US\$ 4,936	Federal Home Ln Mtg	Short-term					
Corp. investment US\$ 9,997 N/A US\$ 9,943 Federal Home Ln Mtg Corp. investment US\$ 998 N/A US\$ 993 Federal Home Ln Mtg Short-term Corp. investment US\$ 4,933 N/A US\$ 4,936	Corp	investment	US\$	4,953	N/A	US\$	4,941
Federal Home Ln Mtg Corp. investment Short-term Corp. US\$ 998 N/A US\$ 993 Federal Home Ln Mtg Short-term Corp. investment US\$ 4,933 N/A US\$ 4,936	Federal Home Ln Mtg	Short-term					
Corp. investment US\$ 998 N/A US\$ 993 Federal Home Ln Mtg Corp. investment US\$ 4,933 N/A US\$ 4,936	Corp.	investment	US\$	9,997	N/A	US\$	9,943
Federal Home Ln Mtg Corp. Short-term US\$ 4,933 N/A US\$ 4,936	Federal Home Ln Mtg	Short-term					
Corp. investment US\$ 4,933 N/A US\$ 4,936	Corp.	investment	US\$	998	N/A	US\$	993
	Federal Home Ln Mtg	Short-term					
US\$ 4,930 N/A US\$ 4,938	Corp.	investment	US\$	4,933	N/A	US\$	4,936
			US\$	4,930	N/A	US\$	4,938

Federal Home Ln Mtg

Corp. Mtn

Federal Home Loan

Short-term

Short-term

Mtg Assn investment US\$ 4,847 N/A US\$ 4,891

(Continued)

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December	31, 2004
	Market
	Value or
Carrying	Net Asset
Value	Value

Percentage

	Marketable Securities	Relationship with	Financial State		of	(US\$ in	
Held Company Name	Type and Name	the Company	Account	(In Thousan th)ousand)	wnord	ni T housand) Not
Held Company Name	Federal Home Loan	the Company	Short-term	i nousan a jousana <i>y</i>	wher si	n p nousanu) 1100
	Mtg Corp.		investment	US\$ 4,903	N/A	US\$ 4,943	3
	with corp.		Short-term	Ουφ 1,703	1 1/7 1	ουφ 1,51.	9
	Federal Natl Mtg Assn		investment	US\$ 5,270	N/A	US\$ 5,23°	7
	1 0001011 (00111108 1 10011		Short-term	0.54 0,270	1,712	0.54 0,20	•
	Federal Natl Mtg Assn		investment	US\$ 6,940	N/A	US\$ 6,93°	7
	C		Short-term	,		. ,	
	Federal Natl Mtg Assn		investment	US\$ 6,903	N/A	US\$ 6,91	7
			Short-term				
	Federal Natl Mtg Assn		investment	US\$ 4,981	N/A	US\$ 4,953	3
			Short-term				
	Federal Natl Mtg Assn		investment	US\$ 6,997	N/A	US\$ 6,983	3
	Federal Natl Mtg Assn		Short-term				
	Mtn		investment	US\$ 15,787	N/A	US\$ 15,798	8
	Federal Natl Mtg Assn		Short-term				
	Mtn		investment	US\$ 7,000	N/A	US\$ 6,970	6
			Short-term				
	Freddie Mac		investment	US\$ 4,929	N/A	US\$ 4,934	4
	Fed Hm Ln Pc Pool		Short-term				
	E89857		investment	US\$ 2,535	N/A	US\$ 2,53	1
	Fed Hm Ln Pc Pool		Short-term				
	G11295		investment	US\$ 2,277	N/A	US\$ 2,273	3
	Federal Home Ln Mtg		Short-term				
	Corp.		investment	US\$ 6,096	N/A	US\$ 6,073	5
	Federal Home Ln Mtg		Short-term				
	Corp.		investment	US\$ 4,435	N/A	US\$ 4,440	0
	Federal Home Ln Mtg		Short-term				
	Corp.		investment	US\$ 3,558	N/A	US\$ 3,539	9
	Federal Home Ln Mtg		Short-term				
	Corp.		investment	US\$ 3,645	N/A	US\$ 3,613	5
			Short-term				
	Federal Natl Mtg Assn		investment	US\$ 4,242	N/A	US\$ 4,188	8
			Short-term				
	Federal Natl Mtg Assn		investment	US\$ 2,141	N/A	US\$ 2,120	6
	.		Short-term	****		*****	^
	Federal Natl Mtg Assn		investment	US\$ 4,765	N/A	US\$ 4,719	9
	Federal Natl Mtg Assn		Short-term	****	****	TTO: 0 / :	
	Gtd		investment	US\$ 3,486		US\$ 3,446	
	FNMA Pool 685116			US\$ 1,003	N/A	US\$ 1,002	2

	Short-term					
	investment					
	Short-term					
FNMA Pool 725095	investment	US\$	2,008	N/A	US\$	2,003
	Short-term		,			,
FNMA Pool 790828	investment	US\$	4,807	N/A	US\$	4,773
	Short-term		,			,
FNMA Pool 793932	investment	US\$	994	N/A	US\$	994
	Short-term					
FNMA Pool 794040	investment	US\$	1,021	N/A	US\$	1,020
111221111111111111111111111111111111111	Short-term	0.54	1,021	- "	СБФ	1,020
FNMA Pool 795548	investment	US\$	977	N/A	US\$	975
111111111001770010	Short-term	СБФ	,,,	1 1/2 1	СБФ	7,0
FNMA Pool 806642	investment	2211	2,006	N/A	2211	2,004
11(1)1111001000012	Short-term	СБФ	2,000	1 1/7 1	СБФ	2,001
GNMA II Pool 081150	investment	US\$	999	N/A	US\$	997
GIVINI II I OOI OOI I 30	Short-term	СБФ		11//1	Ουψ	771
GNMA II Pool 081153	investment	2211	3,789	N/A	2211	3,766
Government Natl Mtg	Short-term	ОЗФ	3,707	11//1	ОЗФ	3,700
Assn	investment	1100	1,734	NI/A	TICC	1,700
Assii	mvestment	USΦ	1,734	11/71	ОЗФ	1,700
Corporate issued						
asset-backed securities						
	Short-term					
Aegis Asset Backed Secs Tr	investment	1100	2,000	NI/A	TICC	2.004
Secs II	Short-term	USA	2,000	IV/A	OSÞ	2,004
Asson Fad II I I C		1100	4,955	NI/A	TICC	4.062
Aesop Fed II LLC	investment	USA	4,933	IV/A	OSÞ	4,963
Accor Fod HII C	Short-term	TICO	1.012	NT/A	TICO	1 000
Assop Fed II LLC	investment	022	1,912	N/A	022	1,888
American Express Cr	Short-term	TICO	2 445	NT/A	TIOO	2.427
Account Ma	investment	022	3,445	N/A	022	3,427
American Home Mtg	Short-term	TICO	0.40	NT/A	TIOO	0.40
Invt Tr	investment	US\$	949	N/A	US\$	949
Americredit	Short-term	TIOO	2 002	NT/A	TIOO	1 000
Automobile Receiv	investment	022	2,002	N/A	022	1,998
Americredit	Short-term	TIOO	1.055	NT/A	TIOO	1.040
Automobile Rec Tr	investment	022	1,055	N/A	022	1,048
Americredit	Short-term	TIGA	2 000	27/4	TIGA	1 000
Automobile Rec Tr	investment	US\$	2,000	N/A	US\$	1,990
Americredit	Short-term	***	4 0 40	27/1	****	
Automobile Receivb	investment	US\$	4,949	N/A	US\$	4,912
Atlantic City Ele Trns	Short-term	***	0.0.6	27/1	****	000
Fdg LLC	investment	US\$	926	N/A	US\$	923
Banc Amer Coml Mtg	Short-term	+				
Inc.	investment	US\$	5,364	N/A	US\$	5,315
Banc Amer Mtg Secs	Short-term					
Inc.	investment	US\$	4,030	N/A	US\$	4,006
Bank of Amer Lease	Short-term					
Equip Tr	investment	US\$	4,023	N/A	US\$	3,995
	Short-term					
Bear Stearns Alt A Tr	investment	US\$	1,478	N/A	US\$	1,489

Bear Stearns Asset	Short-term		
Backed Secs	investment	US\$ 2,000	N/A US\$ 2,000
	Short-term		
BMW Veh Owner Tr	investment	US\$ 4,978	N/A US\$ 4,941
			(Continued)
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December 31, 2004

Market Value or

Carrying Value Net Asset Value

Percentage

	Marketable Securities	Relationship with	Financial State	nShates/Units/S\$ in (In	of	(US	S\$ in	
Held Company Name	Type and Name	the Company	Account	Thousand)	wnersl	nipThou	ısand)	Note
	California Infr +		Short-term					
	Economic Dev		investment	US\$ 4,298	N/A	US\$	4,230	
	California Infras +		Short-term					
	Economic		investment	US\$ 6,126	N/A	US\$	6,064	
	California		Short-term					
	Infrastructure Dev		investment	US\$ 5,089	N/A	US\$	5,035	
	Capital Auto		Short-term					
	Receivables Asset		investment	US\$ 4,018	N/A	US\$	3,992	
	Capital One Auto Fin		Short-term					
	Tr		investment	US\$ 319	N/A	US\$	318	
	Capital One Auto Fin		Short-term					
	Tr		investment	US\$ 1,147	N/A	US\$	1,145	
	Capital One Auto Fin		Short-term					
	Tr		investment	US\$ 3,000	N/A	US\$	2,989	
	Capital One Multi		Short-term					
	Asset Execut		investment	US\$ 4,957	N/A	US\$	4,977	
	Caterpillar Finl Asset		Short-term					
	Tr		investment	US\$ 10,008	N/A	US\$	9,923	
	Centex Home Equity		Short-term					
	Ln Tr		investment	US\$ 3,500	N/A	US\$	3,493	
			Short-term					
	Cit Equip Coll Tr		investment	US\$ 4,999	N/A	US\$	4,991	
	Citibank Cr Card		Short-term					
	Issuance Tr		investment	US\$ 4,959	N/A	US\$	4,965	
			Short-term					
	Citicorp Mtg Secs		investment	US\$ 2,364	N/A	US\$	2,363	
			Short-term					
	CNH Equip Tr		investment	US\$ 5,000	N/A	US\$	4,952	
			Short-term					
	Comm 2004 Htl 1		investment	US\$ 4,600	N/A	US\$	4,607	
	Credit Suisse First		Short-term					
	Boston Mtg		investment	US\$ 4,209	N/A	US\$	4,178	
			Short-term					
	CWABS Inc.		investment	US\$ 1,647	N/A	US\$	1,662	
			Short-term					
	CWABS Inc.		investment	US\$ 1,903	N/A	US\$	1,907	
			Short-term					
	CWABS Inc.		investment	US\$ 1,907	N/A	US\$	1,912	
	CWABS Inc.			US\$ 2,000	N/A	US\$	1,997	

	Short-term		
	investment		
	Short-term		
CWABS Inc.	investment	US\$ 5,000	N/A US\$ 5,055
	Short-term		,
CWABS Inc.	investment	US\$ 3,500	N/A US\$ 3,541
	Short-term	, - , - , ,	
CWALT Inc.	investment	US\$ 4,292	N/A US\$ 4,277
C WIEI III.	Short-term	υσφ 1,2,2	1011 050 1,277
CWABS Inc.	investment	US\$ 2,317	N/A US\$ 2,298
CWADS IIIc.	Short-term	Οθφ 2,317	10/11 Ο5Φ 2,270
CWABS Inc.	investment	US\$ 4,040	N/A US\$ 4,040
	Short-term	03\$ 4,040	1VA 05\$ 4,040
Daimlerchrysler Auto		110¢ 4.001	NI/A 1100 4070
Tr Deinsland malan Assta	investment	US\$ 4,991	N/A US\$ 4,970
Daimlerchrysler Auto	Short-term	11C0 4.002	NI/A TIGO 4.070
Tr	investment	US\$ 4,982	N/A US\$ 4,970
Daimlerchrysler Auto	Short-term		
Tr	investment	US\$ 4,897	N/A US\$ 4,893
Detroit Edison	Short-term		
Securitization	investment	US\$ 674	N/A US\$ 671
	Short-term		
Fifth Third Auto Tr	investment	US\$ 3,000	N/A US\$ 2,999
Finance Amer Mtg Ln	Short-term		
Tr	investment	US\$ 985	N/A US\$ 986
First Franklin Mtg Ln	Short-term		
Tr	investment	US\$ 2,002	N/A US\$ 2,006
	Short-term	,	,
First Horizon Abs Tr	investment	US\$ 2,000	N/A US\$ 2,000
First Union Lehman	Short-term	-,,,,,	
Bros Mtg Tr	investment	US\$ 3,567	N/A US\$ 3,534
First USA Credit Cr	Short-term	υυφ 3,307	14/11 Ουψ 3,334
Master Tr	investment	US\$ 5,011	N/A US\$ 5,008
Waster 11	Short-term	03\$ 3,011	1VA 05\$ 5,000
Fond Cn Auto Overnon Tn		1100 10 000	N/A 1100 10 026
Ford Cr Auto Owner Tr	investment	US\$ 10,999	N/A US\$ 10,936
C ' M DIC	Short-term	1100 5000	NI/A TIGO 5 000
Granite Mtgs PLC	investment	US\$ 5,000	N/A US\$ 5,000
	Short-term	TICO 2040	N/A 1100 0.070
GS Auto Ln Tr	investment	US\$ 2,948	N/A US\$ 2,970
	Short-term		
GS Mtg Secs Corp.	investment	US\$ 2,944	N/A US\$ 2,944
Harley Davidson	Short-term		
Motorcycle Tr	investment	US\$ 3,417	N/A US\$ 3,400
Harley Davidson	Short-term		
Motorcycle Tr	investment	US\$ 5,999	N/A US\$ 5,938
	Short-term		
Holmes Fing No 8 PLC	investment	US\$ 5,001	N/A US\$ 5,052
Honda Auto	Short-term		
Receivables	investment	US\$ 5,000	N/A US\$ 4,991
Household Automotive	Short-term	. ,	. , -
Tr	investment	US\$ 513	N/A US\$ 511
		US\$ 3,500	N/A US\$ 3,468
		υυφ <i>5,500</i>	1.711 Ουφ υ,που

Hyundai Auto Short-term Receivables Tr investment

Short-term

IMPAC Cmb Tr investment US\$ 1,414 N/A US\$ 1,413

Short-term

IMPAC Cmb Tr investment US\$ 988 N/A US\$ 988

(Continued)

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December 31, 2004

Market

Value or Carrying Net Asset

Value

Value

Percentage

				Pei	rcenta	ıge	
	Marketable Securities	Relationship with	Financial States	Mahates/UnitsS\$ in	of	(US\$ in	
				(In			
Held Company Name	v <u>-</u>	the Company	Account	Thousa Td)ousan O)w	nersł	niphousand)	Note
	IMPAC Secd Assets		Short-term				
	Corp.		investment	US\$ 3,570	N/A	US\$ 3,566	
	Long Beach Accep		Short-term				
	Auto Receivab		investment	US\$ 2,526	N/A	US\$ 2,502	
	Merrill Lynch Mtg Invs		Short-term				
	Inc.		investment	US\$ 1,460	N/A	US\$ 1,460	
	Merrill Lynch Mtg Invs		Short-term				
	Inc.		investment	US\$ 1,500	N/A	US\$ 1,502	
	Monumentl Global Fdg		Short-term				
	II		investment	US\$ 1,000	N/A	US\$ 1,001	
	National City Auto		Short-term				
	Receivables		investment	US\$ 1,206	N/A	US\$ 1,207	
	Navistar finl 2003 A		Short-term				
	Owner Tr		investment	US\$ 4,928	N/A	US\$ 4,889	
	Nissan Auto		Short-term				
	Receivables		investment	US\$ 7,000	N/A	US\$ 6,958	
	Nissan Auto		Short-term				
	Receivables Own Tr		investment	US\$ 4,999	N/A	US\$ 4,993	
	Nissan Auto		Short-term				
	Receivables Owner		investment	US\$ 4,853	N/A	US\$ 4,872	
	ONYX Accep Owner		Short-term				
	Tr		investment	US\$ 963	N/A	US\$ 961	
	ONYX Accep Owner		Short-term				
	Tr		investment	US\$ 4,913	N/A	US\$ 4,933	
	Providian Gateway		Short-term				
	Owner Tr		investment	US\$ 4,204	N/A	US\$ 4,201	
	Providian Gateway		Short-term				
	Owner Tr		investment	US\$ 3,992	N/A	US\$ 3,982	
	Reliant Energy		Short-term				
	Transition Bd		investment	US\$ 5,185	N/A	US\$ 5,117	
	Residential Asset Mtg		Short-term				
	Prods		investment	US\$ 3,731	N/A	US\$ 3,672	
	Residential Asset Mtg		Short-term				
	Prods		investment	US\$ 3,000	N/A	US\$ 2,980	
	Residential Fdg Mtg		Short-term				
	Secs I Inc.		investment	US\$ 3,659	N/A	US\$ 3,631	
			Short-term				
	Sequoia Mtg Tr		investment	US\$ 2,504	N/A	US\$ 2,513	
	C ' 14 T			TTOO 1 0 CO	TALA	TTOO 1 055	

Sequoia Mtg Tr

US\$ 1,960 N/A US\$ 1,955

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	Short-term investment		
	Short-term		
Sequoia Mtg Tr	investment	US\$ 1,488	N/A US\$ 1,486
Sequola Mig 11	Short-term	Ο5φ 1,400	17/1 Ουφ 1,400
Sequoia Mtg Tr	investment	US\$ 2,000	N/A US\$ 2,000
Sequenting II	Short-term	C 5	1,711 050 2,000
Sequoia Mtg Tr	investment	US\$ 3,500	N/A US\$ 3,500
Structured Adj Rate	Short-term	. ,	. ,
Mtg Ln Tr	investment	US\$ 3,037	N/A US\$ 3,031
Structured Asset Secs	Short-term		
Corp.	investment	US\$ 1,403	N/A US\$ 1,394
Thoornburg Mtg Secs	Short-term		
Tr	investment	US\$ 1,921	N/A US\$ 1,923
Toyota Auto	Short-term		
Receivables 2003B	investment	US\$ 4,970	N/A US\$ 4,930
Triad Auto Receivables	Short-term		
Tr	investment	US\$ 5,042	N/A US\$ 4,997
TXU Elec Delivery	Short-term		
Transition	investment	US\$ 7,736	N/A US\$ 7,715
	Short-term		
USAA Auto Owner Tr	investment	US\$ 4,000	N/A US\$ 3,991
Wachovia Auto Owner	Short-term		
Tr	investment	US\$ 6,000	N/A US\$ 5,991
Wachovia Auto Owner	Short-term		
Tr	investment	US\$ 4,999	N/A US\$ 4,995
WFS Financial Owner	Short-term		
Trust	investment	US\$ 5,008	N/A US\$ 4,989
WFS Finl 2004 2	Short-term		
Owner Tr	investment	US\$ 4,994	N/A US\$ 4,992
WFS Finl 2004 4	Short-term		
Owner Tr	investment	US\$ 5,399	N/A US\$ 5,342
	Short-term		
Whole Auto Ln Tr	investment	US\$ 5,967	N/A US\$ 5,966
	Short-term	*****	
Whole Auto Ln Tr	investment	US\$ 4,000	N/A US\$ 3,969
****	Short-term	******	774 7750 0 0 C
Whole Auto Ln Tr	investment	US\$ 3,000	N/A US\$ 2,964
World Omni Auto	Short-term		
Receivables Tr	investment	US\$ 5,963	N/A US\$ 5,906
	C1		
	Short-term	1104 2 007	NIA LIGHA OOZ
Commercial papers	investment	US\$ 2,997	N/A US\$ 2,997
	Chart tama		
Componets issued notes	Short-term	IIC¢ 1 000	NIA TICO 1 OOO
Corporate issued notes	investment	US\$ 1,999	N/A US\$ 1,999
			(Continued)

					Decembe	r 31, 200	Market		
					Carrying Value		Value or Net Asset Value		
					I	Percenta	ige		
	Marketable Securities	Relationship with	Financial Statem	e ıS thares/Uni (In	ts (US\$ in	of	(US\$ in		
d Company Name	Type and Name	the Company	Account	Thousand) Thousand))wnersh	nipThousand)	N	
	1 . 6 . 1		Short-term		TIGO 01 11	4 27/4	110¢ 01 11		
	Money market funds		investment		US\$ 21,112	ł N/A	US\$ 21,114	1	
	Equity Horizon Venture Fund I, L.P.		Long-term investment		246,485	5 N/A	246,485	5	
	Crimson Asia Capital		Long-term		,		,		
	Ltd., L.P.		investment		43,649	N/A	43,649)	
			~-						
IC - North	TCMC at a als	Donant commons	Short-term	1 / 1 / 1	677 110		606.661	1	
erica	TSMC stock	Parent company	investment	14,151	677,110	,	696,661	L	
			Short-term						
Cherng	TSMC stock	Parent company	investment	15,670	458,564	1	771,451	1	
D	TOMO 4 1	D	Short-term	15.700	450.510		772 007	,	
Ruey	TSMC stock	Parent company	investment	15,700	459,512	2	772,897	/	
IC International	Money market fund								
			Short-term						
	BOA Fund		investment	30,300	US\$ 30,300) N/A	US\$ 30,300)	
	G. 1								
	<u>Stock</u>		Lang tarm						
	InveStar	Subsidiary	Long-term investment	24 320	US\$ 34,514	1 97	US\$ 34,514	1	
	III vestai	Substatuty	Long-term	21,320	ουφ 31,31	. ,,	ουφ 51,51	•	
	InveStar II	Subsidiary	investment	51,300	US\$ 34,534	1 97	US\$ 34,534	4	
			Long-term						
	TSMC Development	Subsidiary	investment	1	US\$ 603,993	3 100	US\$ 603,993	3	
	TOMO T 1 1	0 1 '1'	Long-term	1	110¢ 5.54	1 100	1100 554	4	
	TSMC Technology	Subsidiary	investment Long-term	1	US\$ 5,544	100	US\$ 5,544	+	
	3DFX Interactive Inc.		investment	68					
			Long-term						
IC Development	WaferTech stock	Subsidiary	investment		US\$ 484,060) 99	US\$ 484,060)	
G.									
Star	Common stock			(00	TICO CO	7	1100 1 270	1	
				682	US\$ 67	1	US\$ 1,370	J	

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RichTek Technology	Short-term						
Corp.	investment						
Advanced Power	Short-term						
Electronics Corp.	investment	1,108	US\$	502		US\$	697
Broadtek Electronics	Short-term	1,100	Cυψ	202		υυψ	0,7
Corp.	investment	869	US\$	275		US\$	225
Monolithic Power	Short-term	007	Cυψ	_,,		υυψ	
Systems, Inc.	investment	1,975	US\$	1,567		US\$	19,910
SiRF Technology	Short-term	1,2 / 0	Cυψ	1,007		υυψ	17,710
Holdings, Inc.	investment	90	US\$	393		US\$	1,157
Broadtek Electronics	Long-term	70	ОБФ	373		СБФ	1,157
Corp.	investment	145	US\$	46		US\$	38
Programmable	Long-term	115	ОБФ	10		СБФ	50
Microelectronics	investment	575	US\$	208	1	US\$	208
(Taiwan), Corp.	Long-term	313	Ουψ	200	1	СБФ	200
Global Testing Corp.	investment	13,268	2211	5,670	9	US\$	5,670
RichTek Technology	Long-term	13,200	Ουψ	3,070		СБФ	3,070
Corp.	investment	842	US\$	83	1	US\$	1,692
Signia Technologies,	Long-term	042	Ουψ	03	1	СБФ	1,002
Inc.	investment	701	US\$	202	3	US\$	202
Incentia Design	Long-term	701	Ουψ	202	3	Ουψ	202
Systems, Inc.	investment	365	US\$	92	1	US\$	92
Advanced Power	Long-term	303	Ουψ	72	1	СБФ)
Electronics Corp.	investment	1,123	2211	508	2	US\$	706
Capella Microsystems	Long-term	1,123	Ουψ	300	_	СБФ	700
(Taiwan), Inc.	investment	530	US\$	154	4	US\$	154
(Tarwaii), IIIC.	mvestment	330	Ουψ	134	7	Ουψ	134
Preferred stock							
Integrated Memory	Long-term						
Logic, Inc.	investment	1,831	US\$	1,221	12	US\$	1,221
	Long-term	,		•			,
Sensory, Inc.	investment	1,404	US\$	125	6	US\$	125
• /	Long-term	,					
Sonics, Inc.	investment	2,686	US\$	3,530	4	US\$	3,530
NanoAmp Solutions,	Long-term	•		•			,
Inc.	investment	541	US\$	853	2	US\$	853
	Long-term					·	
Memsic, Inc.	investment	2,727	US\$	1,500	10	US\$	1,500
		•				ntinue	

December 31, 2004

						rrying alue	-, - v	Val Net	arket lue or Asset alue	
						Per	cent	age		
	Marketable Securities	Relationship with	Financial Statem	e ß thares/Uni	ts (U	S\$ in	of	(U	S\$ in	
				(In						
ld Company Name	Type and Name	the Company	Account	Thousand) Tho	usan d) w	ners	hipho	ısand)	N
	D. Cl. of the T		Long-term	1.064	TIOO	7.41	2	TIOO	7.41	
	Reflectivity, Inc.		investment	1,064	US\$	741	2	US\$	741	
	ID II '		Long-term	1 000	TIOO	40.4	2	TIOO	40.4	
	IP Unity		investment	1,008	US\$	494	2	US\$	494	
	T		Long-term	1 750	TICO	471	2	TIOO	471	
	Tropian, Inc.		investment	1,758	US\$	471	3	US\$	471	
eStar II	Common stock									
	RichTek Technology		Short-term							
	Corp.		investment	321	US\$	184		US\$	645	
	Monolithic Power		Short-term					,		
	Systems, Inc.		investment	864	US\$	2,081		US\$	8,716	
	eChannel Option		Long-term			,			,	
	Holding, Inc.		investment	358	US\$	251	4	US\$	251	
	eLCOS Microdisplay		Long-term							
	Technology, Ltd.		investment	270	US\$	27	1	US\$	27	
	Signia Technologies,		Long-term							
	Inc.		investment	351	US\$	101	1	US\$	101	
	Procoat Technology,		Long-term							
	Inc.		investment	5,123	US\$	1,940	10	US\$	1,940	
	RichTek Technology		Long-term							
	Corp.		investment	395	US\$	226	1	US\$	794	
	Programmable		Long-term							
	Microelectronics		investment	177	US\$	50		US\$	50	
	(Taiwan), Inc.									
	Auden Technology		Long-term							
	MFG. Co., Ltd.		investment	953	US\$	738	4	US\$	738	
			Long-term							
	GeoVision, Inc.		investment	471	US\$	127	1	US\$	127	
	EoNex Technologies,		Long-term							
	Inc.		investment	55	US\$	3,048	5	US\$	3,048	
	Conwise Technology		Long-term							
	Corporation, Ltd.		investment	2,800	US\$	490	14	US\$	490	
	EON Technology,		Long-term							
	Corp.		investment	3,276	US\$	1,175	8	US\$	1,175	
	Goyatek Technology,		Long-term							
	Corp.		investment	2,088	US\$	545	7	US\$	545	
	Trendchip		Long-term							
	Technologies Corp.		investment	2,000	US\$	861	5	US\$	861	

3							
Ralink Technology	Long-term						
(Taiwan), Inc.	investment	1,833	US\$	791	3	US\$	791
Silicon Data	Long-term						
International Co., Inc.	investment	2,000	US\$	204	3	US\$	204
Capella Microsystems	Long-term						
(Taiwan), Inc.	investment	419	US\$	122	3	US\$	122
Preferred stock							
	Long-term						
Memsic, Inc.	investment	2,289	US\$	1,560	8	US\$	1,560
eLCOS Microdisplay	Long-term						
Technology, Ltd.	investment	2,667	US\$	3,500	15	US\$	3,500
NanoAmp Solutions,	Long-term						
Inc.	investment	375	US\$	1,500	1	US\$	1,500
Advanced Analogic	Long-term						
Technology, Inc.	investment	948	US\$	1,261	2	US\$	1,261
	Long-term						
Sonics, Inc.	investment	1,582	US\$	3,082	5	US\$	3,082
	Long-term						
Reflectivity, Inc.	investment	4,255	US\$	2,205	5	US\$	2,205
	Long-term						
Tropian, Inc.	investment	1,464	US\$	393	2	US\$	393
Kilopass Technologies,	Long-term						
Inc.	investment	3,887	US\$	2,000	19	US\$	2,000
	Long-term						
FangTek, Inc.	investment	6,806	US\$	3,250	34	US\$	3,250
Alchip Technologies	Long-term						
Limited	investment	2,579	US\$	2,950	18	US\$	2,950
Common stock							
Global Investment	Long-term						
Holding, Inc.	investment	10,000		100,000	6	1	100,000
RichWave Technology	Long-term						
Corp.	investment	2,600	US\$	867	13	US\$	867
NetLogic	Long-term						
Microsystems, Inc.	investment	113	US\$	1,388	1	US\$	1,388
<u>Preferred stock</u>							
Quake Technologies,	Long-term						
Inc.	investment	601	US\$	450	1	US\$	450
	Long-term						
Pixim, Inc.	investment	1,721	US\$	2,382	3	US\$	2,382
	Long-term						
Newport Opticom, Inc.	investment	962	US\$	250	6	US\$	250
Ikanos	Long-term						
Communication, Inc.	investment	7,446	US\$	3,125		US\$	3,125
					(C	ontinu	ed)

erging Alliance

					December 31, 2004				
					Car	rying alue	ŕ	Ma Val Net	urket ue or Asset alue
						Pe	rcenta	ge	
	Marketable Securities	Relationship with	Financial Statem	ne Sih ares/Un (In	its(US	S\$ in	of	(US	S\$ in
Company Name	Type and Name	the Company	Account	Thousand	d)Thou	ısand() v	vnersh	i F hou	ısand)
			Long-term						
	Quicksilver Technology, Inc.		investment	1,049	US\$		4	US\$	
			Long-term						
	Mosaic Systems, Inc.		investment	2,481	US\$	12	6	US\$	12
			Long-term						
	Zenesis Technologies, Inc.		investment	1,204	US\$	699	4	US\$	699
			Long-term						
	Reflectivity, Inc.		investment	4,848	US\$	2,479	4	US\$	2,479
			Long-term						
	Teknovus, Inc.		investment	5,556	US\$	1,000	3	US\$	1,000
			Long-term						
	Miradia, Inc. (Formerly XHP		investment	3,040	US\$	1,000	4	US\$	1,000
	Microsystems, Inc.)		Long-term						
	Axiom Microdevices, Inc.		investment	1,000	US\$	1,000	5	US\$	1,000
			Long-term						
	Optichron, Inc.		investment	714	US\$	1,000	6	US\$	1,000
			Long-term						
	Audience, Inc.		investment	1,654	US\$	250	2	US\$	250
			Long-term						
	Next IO, Inc.		investment	800	US\$	500	2	US\$	500
			Long-term						
	NuCORE Technology Inc.		investment	2,254	US\$	1,455	2	US\$	1,455
	Centrality Communications,		Long-term						
	Inc.		investment	809	US\$	1,000	2	US\$	1,000
			Long-term						
	Layer N Networks, Inc.		investment	1,905	US\$	1,000	2	US\$	1,000
F II	Common stock		_						
			Long-term						
	Yobon Technologies, Inc.		investment	1,675	US\$	787	17	US\$	787
			Long-term						
	Sentelic, Corp.		investment	600	US\$	1,022	15	US\$	1,022
			Long-term			_			_
	Ivyon Technology, Inc.		investment	200	US\$	775	10	US\$	775
	<u>Preferred stock</u>		_						
	_		Long-term						
	Powerprecise Solutions, Inc.		investment	258	US\$	250	3	US\$	250
			Long-term						_
	Tzero Technologies, Inc.		investment	244	US\$	500	2	US\$	500

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Miradia, Inc.		Long-term investment	1,809	US\$ 1,600	2	US\$ 1,600
Agelia Technologies, Inc.		Long-term investment Long-term	1,149	US\$ 1,000	2	US\$ 1,000
Audience, Inc.		investment Long-term	531	US\$ 102	1	US\$ 102
Axiom Microdevices, Inc.		investment Long-term	686	US\$ 700	5	US\$ 700
Next IO, Inc.		investment	216	US\$ 182		US\$ 182
Bond funds						
		Short-term				
Grand Cathay		investment	3,608	45,543	N/A	45,544
		Short-term				
TIIM		investment	703	9,698	N/A	9,698
		Short-term				
Polaris De Li		investment	1,550	22,800	N/A	22,800
		Short-term				
EnTrust Kirin		investment	2,106	22,697	N/A	22,698
		Short-term				
E. Sun New Era		investment	1,920	20,313	N/A	20,314
		Short-term				
Jih Sun		investment	772	10,262	N/A	10,262
		Short-term				
EnTrust Phoenix		investment	2,081	30,563	N/A	30,564
		Short-term				
Transcend Fortune		investment	1,936	22,947	N/A	22,948
Stock funds		a.				
		Short-term				
TIIM DaLi		investment	296	5,000	N/A	4,474
UPAMC Global Select Fund		Short-term				
of Funds		investment	336	3,364	N/A	3,378
		Short-term				
Sheng Hua 9966 Balance		investment	300	3,000	N/A	3,011
Stock		τ .				
Global Unichip Corporation	0.1.11	Long-term	100	2.27.5	100	2 277
NA	Subsidiary	investment	100	3,375	100	3,375
	- 48	S -				

TABLE 4

Disposa

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD, AND INVESTEES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2004 (Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Beginning Balance

Acquisition

			Shares/Units Amount Shares/Units Amount					Amount	
				d) (US\$ in			Shares/Units	Amount (US\$ in	
inancial Statement		Nature of	(1 HVUSAII	Thousand)			(Thousand)		
Account	Counter-party		p	Thousand)		i nousanu)	(Thousand)	i nousanu)	
nort-term vestment	BOA		40,000	\$1,359,120 (US\$) 40,000		\$	40,000	\$1,359,120 (US\$) 40,000	
nort-term vestment	Goldman Sachs		20,000	679,560 (US\$) 20,000	ı		20,000	679,560 (US\$) 20,000	
nort-term	JF Asset		34,343	500,000	68,021	1,000,000	23,666	350,000	
vestment	Management (Taiwan) Ltd.								
nort-term vestment	ABN AMRO		34,794	500,000	165,257	2,400,000	0 65,145	950,000	
nort-term vestment	ABN AMRO				18,235	200,000)		
ort-term vestment	JF Asset Management				110,580	1,500,000	25,694	350,000	
nort-term vestment	(Taiwan) Ltd. INVESCO Asset				93,975	1,350,000	0 17,270	250,000	
nort-term	Management Taiwan Allianz				80,833	900,000	n		
vestment	Dresdner Securities Investment Consulting Co.,				60,633	900,000	J		
nort-term	Ltd. Barits				76,640	900,000)		
vestment	Securities Investment Trust Co., Ltd.								
nort-term vestment	Shinkong Investment				151,594	2,100,000)		

	Trust Co., Ltd.					
nort-term	National		3,764	600,000		
vestment	Investment		,	,		
	Trust Co., Ltd.					
ort-term	HSBC Asset		41,568	600,000		
vestment	Management					
	(Taiwan) Ltd.					
ort-term	Chung Shing	1,800,000		2,577,163	4,127,714	
vestment	Bills Finance					
	Corp. and					
	several					
	financial					
	institutions					
ort-term	Chung Shing	1,422,197			1,427,762	
vestment	Bills Finance					
	Corp. and					
	several					
	financial					
	institutions					
ort-term	BNP and	3,157,331			3,169,750	
estment	several					
	financial					
	institutions					
ort-term	BNP and	3,113,066			3,133,875	
vestment	several					
	financial					
	institutions					
ort-term	BNP and			2,023,206	2,031,500	
vestment	several					
	financial					
	institutions			1 207 400		
ort-term	BNP and			1,207,409		
vestment	several					
	financial					
	institutions		TI	rg¢ 600.200	1100 506 160	TICO
ort-term			U	JS\$ 699,398	US\$ 506,162	US\$
vestment	FCB and			3,402,213		
ong-term vestment	several			3,402,213		
vestilient	financial					
	institutions					
ong-term	China Bills			2,349,573		
vestment	Finance Corp.			2,547,575		
vestillent	and several					
	financial					
	institutions					
ng-term	BNP and			3,890,925		
estment	several			2,070,722		
· Collingin	financial					

institutions

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ong-term vestment	KGI Securities Co., Ltd. and several financial institutions		620,000			
nort-term	KGI Securities	2,	777,798			
vestment nort-term	Co., Ltd.	US\$	3,171			
vestment 10rt-term vestment		US\$	3,550			
nort-term		US\$	3,503	US\$	3,504	US\$
vestment 10rt-term vestment		US\$	3,130			
vestiliellt						

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(Continued)

			Beginning	Balance	Acquis	sition		Disp
			Shares/Units	Amount	Shares/Units	Amount		Amoun
I Financial Statement Account	Counter-party	Nature of Relationship	(Thousand)	(US\$ in Thousand)	(Thousand)	(US\$ in Thousand)	Shares/Units (Thousand)	*
Short-term	1 0	•						
investment				\$		US\$3,702		
Short-term						. ,		
investment						US\$3,509		US\$3,50
Short-term						. ,		. ,
investment						US\$3,750		US\$3,7:
Short-term						0.040,.00		
investment						US\$3,800		
Short-term						0040,000		
investment						US\$3,795		
Short-term						Ο Ο Φ Ο , 17 Ο Ο		
investment						US\$3,005		
Short-term						Ουψυ,000		
investment						US\$3,945		
Short-term						Ουψυ,,,,13		
investment						US\$3,693		US\$3,69
Short-term						0343,073		0343,0
investment						US\$3,805		US\$3,8
Short-term						0345,605		0343,0
investment						US\$3,518		
Short-term						0343,316		
investment						US\$3,105		
Short-term						03\$3,103		
						11002 010		
investment						US\$3,819		
Short-term						11002 277		TIOO2 O
investment						US\$3,277		US\$3,2
Short-term						11002 027		11002 7
investment						US\$3,837		US\$3,79
Short-term						11002 202		
investment						US\$3,203		
Short-term						11002 502		
investment						US\$3,583		
Short-term						11002 710		
investment						US\$3,719		
Short-term						11042 607		
investment						US\$3,687		
Short-term						11000 504		TIC#2 5
investment						US\$3,534		US\$3,5
Short-term						11005 210		
investment						US\$5,210		TIGAS
						US\$3,177		US\$3,18

Short-term		
investment		
Short-term	**************************************	
investment	US\$3,054	
Short-term	11002 450	
investment	US\$3,459	
Short-term	US\$8,315	
investment	US\$0,313	
Short-term investment	US\$4,237	
Short-term	03\$4,237	
investment	US\$4,847	
Short-term	Ουψτ,υτ7	
investment	US\$3,013	
Short-term	Ο5φ5,015	
investment	US\$3,507	US\$3,49
Short-term		0040,1
investment	US\$3,467	
Short-term		
investment	US\$3,886	
Short-term		
investment	US\$3,412	
Short-term		
investment	US\$3,505	
Short-term		
investment	US\$3,820	
Short-term		
investment	US\$3,373	
Short-term		
investment	US\$3,284	
Short-term	XXX.00.710	110¢0 (
investment	US\$3,712	US\$3,63
Short-term	11002 540	
investment	US\$3,542	
Short-term	US\$3,003	
investment Short-term	03\$3,003	
investment	US\$3,012	
Short-term	Ο5φ5,012	
investment	US\$5,232	
Short-term	Ο 5 φ 5,232	
investment	US\$3,638	US\$3,60
Short-term	0545,050	2545,0
investment	US\$3,128	
Short-term		
investment	US\$3,663	
Short-term		
investment	US\$3,500	
Short-term		
investment	US\$5,104	

US\$3,3

US\$3,417

Short-term		
investment		
Short-term		
investment	US\$3,705	
Short-term		
investment	US\$3,750	
Short-term		
investment	US\$3,497	US\$3,49
Short-term		
investment	US\$3,486	
A Short-term	***********	
investment	US\$3,129	
Short-term		
investment	US\$5,741	
Short-term	**************************************	11000 T
investment	US\$4,763	US\$3,71
Short-term	T1000 644	
investment	US\$3,644	
Short-term	11000 455	
investment	US\$3,457	
Short-term	110¢2 412	
investment	US\$3,413	
Short-term	11C#2 010	
investment	US\$3,818	
Short-term	11002 042	
investment	US\$3,042	
Short-term	11002 507	
investment	US\$3,507	(0 1)
		(Continued)

Beginning Balance

Acquisition

			3 0		-				-
			Shares/Units	Amount	Shares/Units	Am	ount		Amoun
inancial Statement		Nature of	(Thousand)	(US\$ in Thousand)	(Thousand)		S\$ in sand)	Shares/Units (Thousand)	(US\$ in
Account	Counter-party			Tilousullu)		11100	.surra,	(Inousuna)	THOUSUIT
hort-term				\$		US\$	3,050		
vestment									
hort-term						US\$	3,168		
ivestment									
hort-term						US\$	3,160		
ivestment									
hort-term						US\$	3,681		
vestment									
hort-term						US\$	3,604		
vestment									
hort-term						US\$	3,631		US\$3,13
vestment									
hort-term						US\$	3,119		
vestment						+			
hort-term						US\$	3,177		US\$3,13
vestment									
hort-term						US\$	3,172		US\$3,1
vestment						***	2 = 20		
hort-term						US\$	3,720		
vestment						***	2 (=0		
hort-term						US\$	3,670		
vestment						TIGA	4.760		
hort-term						US\$	4,768		
vestment						TIOO	4.725		
hort-term						US\$	4,735		
vestment						TIOO	2.102		
hort-term						US\$	3,182		
estment						TIOO	2.607		
hort-term						US\$	3,697		
vestment	CI CI.					2.0	07.420		
ong-term	Chung Shing					2,9	997,430		
vestment	Bills Finance								
4	Corp.					C	050 (46		
ong-term	BNP and					9	950,646		
vestment	several								
	financial								
ana tau	institutions						100 520		
ong-term	Chung Shing					4	108,538		
ivestment	Bills Finance								
	Corp.						106 245		
						4	106,245		

Disp

ong-term ivestment	Chung Shing Bills Finance			
110001110111	Corp.			
ong-term	Chung Shing		202,980	
ivestment	Bills Finance			
	Corp.			
hort-term		US\$	6,096	
vestment		7.70¢		
hort-term		US\$	4,725	
ivestment		TICA	2.550	
hort-term ivestment		US\$	3,558	
hort-term		US\$	5,861	
vestment		СБФ	3,001	
hort-term		US\$	3,393	
ivestment				
hort-term		US\$	6,130	
ivestment				
hort-term		US\$	6,371	
ivestment hort-term		US\$	7,000	
ivestment		USĢ	7,000	
hort-term		US\$	5,014	
vestment			-,	
hort-term		US\$	3,817	
vestment				
hort-term		US\$	4,829	US\$4,82
vestment		T T C A	4 450	
hort-term		US\$	4,473	
ivestment hort-term		US\$	3,466	
ivestment		03\$	3,400	
hort-term		US\$	5,210	US\$4,1:
vestment			- , -	/ /
hort-term		US\$	4,927	
vestment				
hort-term		US\$	14,938	US\$6,9
vestment		ПОФ	7.014	
hort-term ivestment		US\$	7,014	
hort-term		US\$	4,936	
vestment		СБФ	1,230	
hort-term		US\$	9,956	US\$9,90
vestment			·	·
hort-term		US\$	5,264	US\$5,28
vestment				
hort-term		US\$	4,948	
vestment		TICO	7.010	
hort-term ivestment		US\$	7,018	
ivestillellt				

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hort-term		US\$	9,993	US\$5,0
vestment				
hort-term		US\$	7,042	
vestment				
hort-term		US\$	6,098	
vestment				
hort-term		US\$	13,953	
vestment				
hort-term		US\$	13,983	
vestment				
hort-term		US\$	13,981	
vestment				
hort-term		US\$	6,978	
vestment				
hort-term		US\$	3,388	
vestment				
hort-term		US\$	4,907	US\$4,9
vestment		***	4.0.50	
hort-term		US\$	4,953	
vestment		***	0.00=	
hort-term		US\$	9,997	
vestment		TIOO	0.071	TIGAO O
hort-term		US\$	9,971	US\$9,9
vestment		***	11.001	*****
hort-term		US\$	11,984	US\$10,9

vestment

(Continued)

Beginning Balance

Acquisition

			Shares/Units (Thousand)	(US\$ in	Shares/Units (Thousand)	(US\$ in	Shares/Units	·
inancial Statement		Nature of		Thousand)		Thousand)	(Thousand)	
Account nort-term	Counter-party	Kelauonsnip		\$	2	US\$4,933		T \$
vestment				Ψ		$OO\phi = 0.00$		Ψ
ort-term						US\$4,930	j	'
vestment						οοψ -,,		'
ort-term						US\$4,903	r	'
vestment								'
ort-term						US\$11,036		US\$10,997 U
vestment								'
ort-term						US\$10,496		US\$10,430 U
vestment								'
ort-term						US\$5,270		ľ
vestment								
ort-term						US\$4,982		US\$4,983
vestment						71C0 C 0.4C		!
nort-term						US\$6,940		!
vestment						11004.065	,	11004.020
nort-term						US\$4,867		US\$4,938
vestment						110¢6 003		ı
ort-term						US\$6,903		,
vestment 10rt-term						US\$4,981		,
vestment						$Oo\phi$		ı
ort-term						US\$6,997	, /	ı
vestment						Ουψο, > > .		,
ort-term						US\$4,993	ı	US\$4,993
vestment						,) — + <i>)</i>
nort-term						US\$5,000	,	,
vestment								!
nort-term						US\$15,787		J
vestment								J
nort-term						US\$4,929		!
vestment								
ort-term						US\$16,000		US\$16,000 U
vestment								
iort-term						US\$4,955	I	
vestment								
nort-term						US\$3,445		
vestment								
nort-term						US\$4,949		
vestment								

Dispos

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Lugai i iiiig	. IAIVVAIVO			

nort-term	US\$5,503	
vestment	11564.020	
nort-term vestment	US\$4,030	
nort-term	US\$4,023	
vestment	254 1,025	
nort-term	US\$4,978	
vestment		
nort-term	US\$4,298	
vestment	11000 202	
nort-term vestment	US\$8,383	
nort-term	US\$7,419	
vestment		
nort-term	US\$4,627	
vestment		
nort-term	US\$3,093	US\$3,072
vestment	Y1004.055	
nort-term	US\$4,957	
vestment nort-term	US\$5,032	US\$5,000
vestment	03\$3,032	03\$3,000
nort-term	US\$10,008	
vestment	. ,	
nort-term	US\$3,500	
vestment		
nort-term	US\$4,999	
vestment	11544.050	
nort-term vestment	US\$4,959	
nort-term	US\$5,000	
vestment	22,2,333	
nort-term	US\$4,600	
vestment		
nort-term	US\$5,000	
vestment	**************************************	
nort-term	US\$5,000	
vestment nort-term	US\$3,500	
vestment	03\$3,300	
nort-term	US\$4,718	
vestment		
nort-term	US\$3,129	
vestment		
nort-term	US\$4,040	
vestment	11004 001	
nort-term vestment	US\$4,991	
nort-term	US\$4,982	
vestment	25\$1,702	
	US\$4,897	

nort-term		
vestment		
nort-term	US\$4,177	
vestment		
nort-term	US\$5,011	
vestment		
nort-term	US\$10,999	
vestment		
nort-term	US\$4,000	US\$4,003
vestment		
nort-term	US\$5,000	
vestment	*****	
nort-term	US\$4,000	
vestment	**************************************	
nort-term	US\$4,000	
vestment	ΤΙ ΩΦ Σ 000	
nort-term	US\$5,999	
vestment	11005 001	
nort-term	US\$5,001	
vestment		(0 1)
		(Continued)

- 52 -

				Beginning Balance	Acquis	sition	Disp
			;	Shares/UnitsAmount	Shares/Units	Amount	Amount
Type and	Financial Statement Account	Counter-party	Nature of		(Thousand)		hares/Units(US\$ in ThousandThousand)
	Short-term	counter party		\$		US\$ 5,000	0 \$
	investment			·		, ,	·
es Tr	Short-term					US\$ 3,500	0
	investment					·	
	Short-term					US\$ 4,000	0
	investment						
[Short-term					US\$ 3,500	0
	investment						
ner Tr	Short-term					US\$ 4,928	8
	investment						
	Short-term					US\$ 7,000	0
	investment						
Owner	Short-term					US\$ 4,999	9
	investment						
Owner	Short-term					US\$ 4,853	3
	investment						
	Short-term					US\$ 4,913	3
	investment						
С	Short-term					US\$ 5,102	2 US\$5,036 U
	investment						
er Tr	Short-term					US\$ 4,204	4
_	investment					****	
er Tr	Short-term					US\$ 3,992	2
. .	investment					*****	_
n Bd	Short-term					US\$ 5,185	5
,	investment					110h 2 56	
ods	Short-term					US\$ 3,766	6
T T	investment					TICO 2 04	7
s I Inc	Short-term					US\$ 3,947	1
	investment					110¢ 2.500	0
	Short-term					US\$ 3,500	U
Ln Tr	investment Short-term					US\$ 3,058	0
	investment					03\$ 3,036	o
2003 B	Short-term					US\$ 4,970	0
2003 D	investment					υυψ 7, //	
[r	Short-term					US\$ 5,042	2
. 1	investment					ουψ <i>3</i> ,0 1 2	~
sition	Short-term					US\$ 8,009	9
[investment					υ υ υ υ υ υ υ υ υ υ υ υ υ υ υ υ υ υ υ	-
1						US\$ 4,000	0

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	Short-term							
	investment							
r	Short-term					US\$ 6,00	0	
	investment							
r	Short-term					US\$ 4,99	9	
	investment							
ust	Short-term					US\$ 5,00	8	
	investment							
Tr	Short-term					US\$ 3,90	4	
	investment							
Tr	Short-term					US\$ 4,99	4	
	investment							
Tr	Short-term					US\$ 5,39	9	
	investment							
	Short-term					US\$ 5,96	7	
	investment							
	Short-term					US\$ 4,00	0	
	investment							
ables Tr	Short-term					US\$ 5,96	3	
	investment							
ables Tr	Short-term					US\$ 5,00	0	US\$4,986
	investment					+		
	Short-term					US\$21,11	4	
	investment							
p.	Short-term		947	US\$	121		1,595	US\$6,783
ρ.	investment		717	СБψ	121		1,373	Ο 5 φο, 7 ο 5
Inc.	Short-term		1,205	US\$3	593		1,205	US\$8,972
1110.	investment		1,200	ΟΒΨΟ	,0,0		1,200	СБФ0,> 72
ns, Inc.	Short-term		2,521	US\$2	000		546	US\$4,318
, 1110.	investment		2,021	υ 5 Ψ 2	,		2.0	254 1,210
	G1		465	TIOO	246		7.00	11000 004
p.	Short-term		465	US\$	340		768	US\$3,394

Note: The ending balance included the recognition of the investment income (loss) by the equity method, the cumulative translation adjustments and the bond premium or discount amortization amount.

investment

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD. AND INVESTEES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2004

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

m			Natu		n 4• e	P. L. 1.C	,	
Transaction		Countan nanty				Related Count Transfer Date		D
Amount	Payment Term	1 0	Kelauon	N/A	-	N/A		
\$1,484,370	By the construction progress	Branch (U.S.A.)		N/A	N/A	N/A	N/A	Pub
420,168	By the construction progress	` /		N/A	N/A	N/A	N/A	Pub
224,800	By the construction progress	Allis Electric Co., Ltd.		N/A	N/A	N/A	N/A	Pub
340,307	By the construction progress	United Industry gas Corp.,	Ltd.	N/A	N/A	N/A	N/A	Pub
116,181	By the construction progress	United Industry gas Corp.,	Ltd.	N/A	N/A	N/A	N/A	Pub
133,092	By the construction progress	BOC EDWARDS, CMS		N/A	N/A	N/A	N/A	Pub
165,208	By the construction progress	Organo Corporation		N/A	N/A	N/A	N/A	Pub
225,744	By the construction progress	Marketech International Co	orp.	N/A	N/A	N/A	N/A	Pub
100,767	By the construction progress	Kanto Chemical Co., Inc.		N/A	N/A	N/A	N/A	Pub
466,833	By the construction progress	United Integrated Services Ltd.	Co.,	N/A	N/A	N/A	N/A	Pub
300,000	By the construction progress		Co.,	N/A	N/A	N/A	N/A	Pub
122,969	By the construction progress		orp.	N/A	N/A	N/A	N/A	Pub
185,984	By the construction progress	Marketech International Co	orp.	N/A	N/A	N/A	N/A	Pub
182,060	By the construction progress	Marketech International Co	orp.	N/A	N/A	N/A	N/A	Pub
105,299	By the construction progress	IDC Taiwan, Inc., Taiwan Branch (U.S.A.)		N/A	N/A	N/A	N/A	Pub

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD. AND INVESTEES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2004

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

				ansact %	ion Details	Abnorm	al Transaction
		Purchase/		to			
ed Party	Nature of Relationship	Sale	Amount	Total	Payment Terms	Unit Price	Payment Terr
North America	Subsidiary	Sales	\$142,271,732	55	Net 30 days after invoice date	None	None
d its affiliates	Major shareholder	Sales	5,463,565	2	Net 30 days after monthly closing	None	None
	Investee	Sales	371,546		Net 30 days after monthly closing	None	None
h	Subsidiary	Purchases	15,203,047	34	Net 30 days after monthly closing	None	None
	Investee	Purchases	9,169,602	13	Net 30 days after monthly closing	None	None
	Investee	Purchases	5,869,123	21	Net 30 days after monthly closing	None	None
			4	55 -			

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD. AND INVESTEES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2004

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Overdue

			Ending			
Re	lated Party	Nature of Relationship	Balance	Turnover Rate	Amount	Action Taken
SMC	North America	Subsidiary	\$15,526,964	38 days	\$5,044,202	
SMC	Shanghai	Subsidiary	1,473,365	(Note 1)	145,146	Accelerate demand on account receivable
hilips	and its affiliates	Major shareholder	581,487	49 days	7,136	

Note 1: The ending balance is generated mainly from the sales of machinery, so it is not applicable for the calculation of the turnover rate.

Balance as of December

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD, AND INVESTEES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE

DECEMBER 31, 2004

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

				Dalance	200	4
		Original l	nvestment			
		Amount		Percentage		
		December	December			Carryi
		31,	31,	Shares	of	Valu
Location	Main Businesses and Products	2004	2003	(Thousand	yners	hip (Note
caSan Jose, California, U.S.A.	Sales and marketing of integrated circuits and semiconductor devices	\$ 333,178	\$ 333,178	11,000	100	\$ 502,
Amsterdam, the Netherlands	Marketing activities	15,749	15,749		100	25,
Yokohama, Japan	Marketing activities	83,760	83,760	6	100	102,
Shanghai, China	Manufacturing and marketing of integrated circuits and semiconductor devices	9,187,962	1,890,952		100	8,113,
Hsin-Chu, Taiwan	Research, design, development, manufacture, packaging, testing and sale of memory integrated circuits, LSI, VLSI and related parts	8,119,816	8,119,816	409,532	28	5,401,
Tortola, British Virgin Islands	Providing investment in companies involved in the design, manufacture, and other related business in the semiconductor industry	31,445,780	31,445,780	987,968	100	23,778,
Taipei, Taiwan	Investment activities	300,000	300,000		36	50,
Taipei, Taiwan	Investment activities	300,000	300,000		36	49,
Tortola, British Virgin Islands	Investment activities	10,350	10,350	300	100	3,908,
Singapore	Fabrication and supply of integrated circuits	6,408,190	6,408,190	382	32	3,290,
Cayman Islands	Investing in new start-up technology companies	1,447,957	1,179,690		99	823,
Hsin-Chu, Taiwan	Researching, developing, manufacturing, testing and marketing of integrated circuits	409,920	409,920	39,040	47	391,
Hsin-Chu, Taiwan	Manufacturing, material wholesaling and retailing of electronic spare parts	51,000	51,000	5,100	25	59,
Cayman Islands	Investing in new start-up technology companies	332,412			98	329,

Note 1: The treasury stock is deducted from the carrying value.

Note 2: The gains or losses on disposal of the stocks held by subsidiaries (treated as treasury stocks) and the paid-in capital from cash dividend distributed by parent company are excluded.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD. AND INVESTEES

INFORMATION OF INVESTMENT IN MAINLAND CHINA DECEMBER 31, 2004

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	Total Amount		Accumulated Outflow of Investment from Taiwan as		Accumulated Outflow of Investment from Taiwan as		
	of Paid-in		of	Investment Flows	of		
	Capital		January 1, 2004	Outflow	December 31,	Percentage of Inv Ownership	
Main Businesses and Products	(RMB in Thousand)	Investment Type	(US\$ in Thousand)	(US\$ in Thousand) Inflo	2004 (US\$ in	in (
Manufacturing and marketing of integrated circuits and semiconductor devices	(RMB2,284,355)	` ′	\$1,890,952 (US\$56,000)		\$9,187,962 (US\$276,000)	100% \$(7	
Accumulated Investi Mainland China as of December	Inve		ounts Authorized b mmission, MOEA	•	nit on Investment	t	

Mainland China as of December 31, 2004 (US\$ in Thousand)	Investment Amounts Authorized by Investment Commission, MOEA (US\$ in Thousand)	Upper Limit on Investment (US\$ in Thousand)		
\$9,187,962	\$ 11,841,207	\$ 11,841,207		
(US\$276,000)	(US\$371,000)	(US\$371,000)		

Note 1: Direct investment in TSMC (Shanghai) US\$276,000 thousand.

any

Note 2: Amount was recognized based on the audited financial statements.

Taiwan Semiconductor Manufacturing Company Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2004 and 2003 and Independent Auditors Report

INDEPENDENT AUDITORS REPORT

The Board of Directors and the Shareholders Taiwan Semiconductor Manufacturing Company Ltd.

We have audited the accompanying consolidated balance sheets of Taiwan Semiconductor Manufacturing Company Ltd. and subsidiaries (the Company) as of December 31, 2004 and 2003, and the related consolidated statements of income, changes in shareholders equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants, and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Taiwan Semiconductor Manufacturing Company Ltd. and subsidiaries as of December 31, 2004 and 2003, and the results of their operations and their cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and generally accepted accounting principles in the Republic of China.

January 13, 2005 (January 30, 2005 as to Note 22m)

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdiction. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors report and financial statements shall prevail.

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2004 AND 2003

(In Thousands of New Taiwan Dollars, Except Par Value)

	2004		2003	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 2, 3 and 4)	\$ 74,302,351	15	\$ 102,988,896	26
Short-term investments, net (Notes 2 and 4)	54,107,951	11	13,611,536	3
Receivables from related parties (Note 20)	654,377		920,444	
Notes receivable	2,942		9,893	
Accounts receivable	31,211,481	7	28,495,269	7
Allowance for doubtful receivables (Note 2)	(982,843)		(1,020,398)	
Allowance for sales returns and others (Note 2)	(3,342,450)	(1)	(2,135,843)	
Other receivables from related parties (Note 20)	141,578		131,731	
Other financial assets (Notes 2 and 23)	2,212,371		1,373,705	
Inventories, net (Notes 2 and 5)	15,555,937	3	12,135,324	3
Deferred income tax assets, net (Notes 2 and 14)	8,917,986	2	8,398,205	2
Prepaid expenses and other current assets	1,667,401		1,632,908	
Total current assets	184,449,082	37	166,541,670	41
LONG-TERM INVESTMENTS (Notes 2, 6, 18 and 23)				
Equity method	9,143,612	2	7,255,239	2
Cost method	3,266,330	1	3,492,775	1
Long-term bonds	15,170,167	3	, ,	
Other investments	10,521,740	2		
Total long-term investments	38,101,849	8	10,748,014	3
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 7, 10 and 20)				
Cost				
Land and land improvements	803,508		855,394	
Buildings	97,882,699	19	79,778,533	20
Machinery and equipment	433,130,364	87	371,315,729	91
Office equipment	8,538,225	2	7,457,538	2
Leased assets	566,243		726,585	
Total cost	540,921,039	108	460,133,779	113

Accumulated depreciation Advance payments and construction in progress	(331,253,866) 49,244,153	(66) 10	(275,013,069) 26,733,553	(68) 7
Net property, plant and equipment	258,911,326	52	211,854,263	52
GOODWILL (Note 2)	7,115,510	1	8,720,917	2
OTHER ASSETS				
Deferred charges, net (Notes 2, 8 and 22)	8,992,452	2	7,992,016	2
Deferred income tax assets, net (Notes 2 and 14)	1,649,979		1,111,367	
Refundable deposits (Note 20)	106,448		199,522	
Others	127,445		232,762	
Total other assets	10,876,324	2	9,535,667	2
TOTAL	\$ 499,454,091	100	\$ 407,400,531	100
	2004		2003	
	Amount	01	A 4	%
LIABILITIES AND SHAREHOLDERS EQUITY	Amount	%	Amount	%
_	Amount	%	Amount	70
CURRENT LIABILITIES		%		70
CURRENT LIABILITIES Short-term bank loans (Note 9)	\$ 383,004		\$ 407,736	
CURRENT LIABILITIES Short-term bank loans (Note 9) Payables to related parties (Note 20)	\$ 383,004 2,217,815	1	\$ 407,736 3,248,289	1
CURRENT LIABILITIES Short-term bank loans (Note 9) Payables to related parties (Note 20) Accounts payable Payable to contractors and equipment suppliers	\$ 383,004		\$ 407,736	
CURRENT LIABILITIES Short-term bank loans (Note 9) Payables to related parties (Note 20) Accounts payable Payable to contractors and equipment suppliers Accrued expenses and other current liabilities (Notes 2, 12	\$ 383,004 2,217,815 7,264,419 33,427,702	1 2 6	\$ 407,736 3,248,289 6,438,604 7,232,103	1 2 2
CURRENT LIABILITIES Short-term bank loans (Note 9) Payables to related parties (Note 20) Accounts payable Payable to contractors and equipment suppliers	\$ 383,004 2,217,815 7,264,419	1 2	\$ 407,736 3,248,289 6,438,604	1 2
CURRENT LIABILITIES Short-term bank loans (Note 9) Payables to related parties (Note 20) Accounts payable Payable to contractors and equipment suppliers Accrued expenses and other current liabilities (Notes 2, 12 and 22)	\$ 383,004 2,217,815 7,264,419 33,427,702 10,126,368	1 2 6	\$ 407,736 3,248,289 6,438,604 7,232,103 8,094,191	1 2 2 2
CURRENT LIABILITIES Short-term bank loans (Note 9) Payables to related parties (Note 20) Accounts payable Payable to contractors and equipment suppliers Accrued expenses and other current liabilities (Notes 2, 12 and 22) Current portion of bonds payable (Note 11) Total current liabilities LONG-TERM LIABILITIES	\$ 383,004 2,217,815 7,264,419 33,427,702 10,126,368 10,500,000	1 2 6 2 2	\$ 407,736 3,248,289 6,438,604 7,232,103 8,094,191 5,000,000	1 2 2 2
CURRENT LIABILITIES Short-term bank loans (Note 9) Payables to related parties (Note 20) Accounts payable Payable to contractors and equipment suppliers Accrued expenses and other current liabilities (Notes 2, 12 and 22) Current portion of bonds payable (Note 11) Total current liabilities LONG-TERM LIABILITIES Long-term bank loans (Note 10)	\$ 383,004 2,217,815 7,264,419 33,427,702 10,126,368 10,500,000 63,919,308	1 2 6 2 2	\$ 407,736 3,248,289 6,438,604 7,232,103 8,094,191 5,000,000 30,420,923	1 2 2 2 1 8
CURRENT LIABILITIES Short-term bank loans (Note 9) Payables to related parties (Note 20) Accounts payable Payable to contractors and equipment suppliers Accrued expenses and other current liabilities (Notes 2, 12 and 22) Current portion of bonds payable (Note 11) Total current liabilities LONG-TERM LIABILITIES Long-term bank loans (Note 10) Bonds payables (Note 11)	\$ 383,004 2,217,815 7,264,419 33,427,702 10,126,368 10,500,000 63,919,308 1,915,020 19,500,000	1 2 6 2 2 13	\$ 407,736 3,248,289 6,438,604 7,232,103 8,094,191 5,000,000 30,420,923 8,800,302 30,000,000	1 2 2 2 1 8
CURRENT LIABILITIES Short-term bank loans (Note 9) Payables to related parties (Note 20) Accounts payable Payable to contractors and equipment suppliers Accrued expenses and other current liabilities (Notes 2, 12 and 22) Current portion of bonds payable (Note 11) Total current liabilities LONG-TERM LIABILITIES Long-term bank loans (Note 10) Bonds payables (Note 11) Other long-term payables (Note 12)	\$ 383,004 2,217,815 7,264,419 33,427,702 10,126,368 10,500,000 63,919,308 1,915,020 19,500,000 7,964,975	1 2 6 2 2 2	\$ 407,736 3,248,289 6,438,604 7,232,103 8,094,191 5,000,000 30,420,923	1 2 2 2 1 8
CURRENT LIABILITIES Short-term bank loans (Note 9) Payables to related parties (Note 20) Accounts payable Payable to contractors and equipment suppliers Accrued expenses and other current liabilities (Notes 2, 12 and 22) Current portion of bonds payable (Note 11) Total current liabilities LONG-TERM LIABILITIES Long-term bank loans (Note 10) Bonds payables (Note 11) Other long-term payables (Note 12) Other payables to related parties (Notes 20 and 22)	\$ 383,004 2,217,815 7,264,419 33,427,702 10,126,368 10,500,000 63,919,308 1,915,020 19,500,000 7,964,975 2,317,972	1 2 6 2 2 13	\$ 407,736 3,248,289 6,438,604 7,232,103 8,094,191 5,000,000 30,420,923 8,800,302 30,000,000 3,300,829	1 2 2 2 1 8
CURRENT LIABILITIES Short-term bank loans (Note 9) Payables to related parties (Note 20) Accounts payable Payable to contractors and equipment suppliers Accrued expenses and other current liabilities (Notes 2, 12 and 22) Current portion of bonds payable (Note 11) Total current liabilities LONG-TERM LIABILITIES Long-term bank loans (Note 10) Bonds payables (Note 11) Other long-term payables (Note 12)	\$ 383,004 2,217,815 7,264,419 33,427,702 10,126,368 10,500,000 63,919,308 1,915,020 19,500,000 7,964,975	1 2 6 2 2 13	\$ 407,736 3,248,289 6,438,604 7,232,103 8,094,191 5,000,000 30,420,923 8,800,302 30,000,000	1 2 2 2 1 8

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OTHER LIABILITIES				
Accrued pension cost (Notes 2 and 13)	3,101,707	1	2,601,450	1
Guarantee deposits (Note 22)	412,881		763,889	
Others	714,949		1,483,245	
Total other liabilities	4,229,537	1	4,848,584	1
MINORITY INTEREST IN SUBSIDIARIES (Note 2)	75,737		88,999	
Total liabilities	100,488,792	20	78,186,222	19
SHAREHOLDERS EQUITY (Notes 2 and 16)				
Capital stock \$10 par value				
Authorized: 24,600,000 thousand shares				
Issued: 23,251,964 thousand shares in 2004 and 20,266,619				
thousands shares in 2003	232,519,637	47	202,666,189	50
Capital surplus	56,537,259	11	56,855,885	14
Retained earnings:				
Appropriated as legal reserve	25,528,007	5	20,802,137	5
Appropriated as special reserve			68,945	
Unappropriated earnings	88,202,009	18	50,229,008	12
Others:			(25)	
Unrealized loss on long-term investments (Note 2)	(2.22(.427)	(1)	(35)	
Cumulative translation adjustments (Note 2) Treasury stock (at cost) 45,521 thousand shares in 2004 and	(2,226,427)	(1)	225,408	
40,597 thousand shares in 2003 (Notes 2 and 18)	(1,595,186)		(1,633,228)	
Total shareholders equity	398,965,299	80	329,214,309	81
TOTAL	\$499,454,091	100	\$407,400,531	100

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

(In Thousands of New Taiwan Dollars, Except Consolidated Earnings Per Share)

	2004		2003		
GROSS SALES (Notes 2 and 20)	Amount \$ 261,947,351	%	Amount \$ 207,279,137	%	
SALES RETURNS AND ALLOWANCES (Note 2)	(4,734,733)		(4,282,325)		
NET SALES (Note 24)	257,212,618	100	202,996,812	100	
COST OF SALES (Notes 15 and 20)	141,393,435	55	128,113,334	63	
GROSS PROFIT	115,819,183	45	74,883,478	37	
OPERATING EXPENSES (Notes 15, 20 and 24)					
Research and development	12,516,434	5	12,712,695	6	
General and administrative	11,454,374	4	8,199,965	4	
Marketing	3,366,701	1	2,670,237	2	
Total operating expenses	27,337,509	10	23,582,897	12	
INCOME FROM OPERATIONS	88,481,674	35	51,300,581	25	
NON-OPERATING INCOME AND GAINS (Note 24) Investment income recognized by equity method, net (Notes					
2 and 6)	2,094,137	1			
Interest (Notes 2 and 23)	1,858,359	1	888,107	1	
Gain on sales of investments, net (Note 2)	914,541		3,538,081	2	
Technical service income (Notes 20 and 22)	423,804		209,764		
Gain on disposal of property, plant and equipment (Note 2)	242,785		438,809		
Other (Note 20)	556,598		594,551		
Total non-operating income and gains	6,090,224	2	5,669,312	3	
NON-OPERATING EXPENSES AND LOSSES (Note 24) Interest (Notes 2, 7 and 23)	1,528,908	1	1,891,009	1	

Foreign exchange loss, net (Notes 2 and 23)	382,164	755,100	1	
Loss on impairment of long-term investments (Note 2)	350,608	652,718		
Loss on disposal of property, plant and equipment (Note 2)	131,148	374,126		
Unrealized valuation loss of short-term investments (Note				
2)	75,212			
Loss on impairment of property, plant and equipment and				
idle assets (Note 2)		1,506,199	1	
(Contin				

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

(In Thousands of New Taiwan Dollars, Except Consolidated Earnings Per Share)

		2004			2003	
	Amou		%	Amou		%
Investment loss recognized by equity method, net (Notes 2 and 6) Other	\$ 138	,271		\$ 294, 317,	•	
Total non-operating expenses and losses	2,606	1	5,791	,248	3	
INCOME BEFORE INCOME TAX AND MINORITY INTEREST (Note 24)	91,965,587 36			51,178	,645	25
INCOME TAX BENEFIT (EXPENSE) (Notes 2 and 14)	363,426			(3,922,	,957)	(2)
INCOME BEFORE MINORITY INTEREST	92,329,013 36			47,255,688		23
MINORITY INTEREST IN LOSS (INCOME) OF SUBSIDIARIES (Notes 2 and 24)	(12	,898)		3.	,012	
CONSOLIDATED NET INCOME	\$ 92,316	,115	36	\$ 47,258.	,700	23
	Income Before Income Tax and Minority Interest		olidated Income	Income Before Income Tax and Minority Interest		solidated Income
CONSOLIDATED EARNINGS PER SHARE (NT\$, Note 19)	mterest	Net	income	interest	Nei	mcome
Basic earnings per share	\$ 3.96	\$	3.97	\$ 2.19	\$	2.02
Diluted earnings per share	\$ 3.95	\$	3.97	\$ 2.19	\$	2.02
					(C	oncluded)

(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

(In Thousands of New Taiwan Dollars)

ock	ock Issued Comm Shares (Thousand)	on Stock Amount	Capital Surplus	Legal Reserve		ned Earnings Unappropriated Earnings	Total	Unrealized Loss on Long-term Investments	
,000,000	18,622,887	\$ 186,228,867	\$ 57,004,789	\$ 18,641,108	\$	\$ 22,151,089	\$ 40,792,197	\$ (194,283)	\$ 945,
,000,000)									
				2,161,029		(2,161,029)			
					68,945	(68,945)			
	153,901	1,539,013				(1,539,013)	(1,539,013)	
						(455,000)	(455,000))	
	1,489,831	14,898,309				(14,898,309)	(14,898,309)	
						(58,485)	(58,485)	
						47,258,700	47,258,700		
			(158,924)						

							194,248	
								(719,
		10.000						
		10,020						
20,266,619	202,666,189	56,855,885	20,802,137	68,945	50,229,008	71,100,090	(35)	225,4
			4,725,870		(4,725,870)			
			, ,	(68,945)	68,945			
					(681,628)	(681,628)		
272,651	2,726,514				(2,726,514)	(2,726,514)		
					(184,493)	(184,493)		
					(12,159,971)	(12,159,971)		
2,837,327	28,373,267				(28,373,267)	(28,373,267)		

(127,805)

92,316,115

(127,805)

92,316,115

34,059

35

(2,451,

87 867 2,757

22,781

1,864

 $(124,720) \qquad (1,247,200) \qquad (380,087)$

23,251,964 \$232,519,637 \$56,537,259 \$25,528,007 \$

(5,432,511) (5,432,511)

\$ 88,202,009 \$113,730,016 \$

The accompanying notes are an integral part of the consolidated financial statements.

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\$ (2,226,

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

(In Thousands of New Taiwan Dollars)

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$ 92,316,115	\$ 47,258,700
Adjustments to reconcile consolidated net income to net cash provided by		
operating activities:		
Depreciation and amortization	69,818,457	69,161,317
Deferred income taxes	(1,058,393)	3,665,383
Investment loss (income) recognized by equity method, net	(2,094,137)	294,244
Amortization of premium/discount of long-term bond investments	28,673	
Loss on impairment of property, plant and equipment, and idle assets		1,506,199
Loss on impairment of long-term investments	350,608	652,718
Gain on sales of long-term investments, net	(85,203)	(78,694)
Gain on disposal of property, plant and equipment, net	(111,637)	(64,683)
Accrued pension cost	500,257	389,890
Minority interest in income (loss) of subsidiaries	12,898	(3,012)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables from related parties	266,067	(544,764)
Notes receivable	6,951	50,347
Accounts receivable	(2,716,212)	(8,964,567)
Allowance for doubtful receivables	(37,555)	87,405
Allowance for sales returns and others	1,206,607	(236,672)
Inventories, net	(3,420,613)	(933,878)
Other receivables from related parties	(9,847)	(67,752)
Other financial assets	(777,100)	(347,161)
Prepaid expenses and other current assets	(34,493)	605,001
Increase (decrease) in:		
Payables to related parties	(1,499,968)	1,472,140
Accounts payable	825,815	1,300,012
Accrued expenses and other current liabilities	(336,385)	834,941
Net cash provided by operating activities	153,150,905	116,037,114
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in short-term investments, net	(43,554,878)	(13,326,339)
	(43,334,676)	(13,320,339)
Acquisitions of:	(23,054,379)	(1 /12 225)
Long-term investments Property, plant and aguinment	(81,094,557)	(1,412,335) (37,870,907)
Property, plant and equipment	(01,094,337)	(37,670,907)
Proceeds from disposal of: Long-term investments	165 242	505 702
Long-term investments	165,243	505,702

Property, plant, and equipment	1,812,633	177,312
Increase in deferred charges	(2,405,673)	(2,138,087)
Decrease in refundable deposits	93,074	357,744
		(Continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

(In Thousands of New Taiwan Dollars)

	2004	2003
Decrease in other assets	\$ 51,604	\$ 4,610
Decrease in minority interest in subsidiaries	(26,160)	(3,487)
Decrease in inmoney interest in substantiles	(20,100)	(3,407)
Net cash used in investing activities	(148,013,093)	(53,705,787)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid for common stock	(12,137,190)	
Repurchase of treasury stock	(7,059,798)	
Repayments on:	,	
Long-term bank loans	(6,656,152)	(8,915,557)
Bonds payable	(5,000,000)	(4,000,000)
Short-term bank loans		(309,807)
Cash bonus paid to employees	(681,628)	
Decrease in guarantee deposits	(351,008)	(631,177)
Cash dividends paid for preferred stock	(184,493)	(455,000)
Remuneration paid to directors and supervisors	(127,805)	(58,485)
Proceeds from:		
Disposal of treasury stock	39,906	300,284
Issuance of stock arising from exercising stock options	3,624	
Redemption of preferred stock		(13,000,000)
Net cash used in financing activities	(32,154,544)	(27,069,742)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(27,016,732)	35,261,585
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,669,813)	(62,893)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	102,988,896	67,790,204
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 74,302,351	\$ 102,988,896
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION Interest paid (excluding the amount capitalized of NT\$278,334 thousand and NT\$139,516 thousand in 2004 and 2003, respectively, Note 7)	\$ 1,470,333	\$ 1,982,594

Income tax paid \$ 389,189 \$ 218,954

(Continued)

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CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

(In Thousands of New Taiwan Dollars)

		2004	2003
NONCASH INVESTING AND FINANCING ACTIVITIES Current portion of bonds payable	\$ 1	10,500,000	\$5,000,000
Current portion of other payables to related parties (under payables to related parties)	\$	492,022	\$
Current portion of other long-term payables (under accrued expenses and other current liabilities)	\$	1,505,345	\$ 1,591,972
Reclassification of long-term investments to short-term investments	\$	343,950	\$ 140,984
Reclassification of short-term investments to long-term investments	\$	3,402,413	\$
			(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

Taiwan Semiconductor Manufacturing Company Ltd. (TSMC), a Republic of China (R.O.C.) corporation, was incorporated as a venture among the Government of the R.O.C., acting through the Development Fund of the Executive Yuan; Philips Electronics N.V. and certain of its affiliates (Philips); and certain other private investors. On September 5, 1994, its shares were listed on the Taiwan Stock Exchange (TSE). On October 8, 1997, TSMC listed some of its shares of stock on the New York Stock Exchange (NYSE) in the form of American Depositary Shares (ADSs).

TSMC is engaged mainly in the manufacturing, selling, packaging, testing and computer-aided designing of integrated circuits and other semiconductor devices, and the manufacturing of masks.

TSMC has six direct wholly-owned subsidiaries: TSMC International Investment Ltd. (TSMC International), TSMC North America (TSMC North America), Taiwan Semiconductor Manufacturing Company Europe B.V. (TSMC Europe), TSMC Japan K. K. (TSMC Japan), TSMC (Shanghai) Company Limited (TSMC Shanghai and TSMC Partners, Ltd. (TSMC Partners). In addition, TSMC has the following consolidating subsidiaries: a 99.5% owned subsidiary, Emerging Alliance Fund, L.P. (Emerging Alliance), a 98% owned subsidiary, VentureTech Alliance Fund II, L.P. (VTAF II, a newly established entity in 2004) and two 36% owned affiliates Chi Cherng Investment Co., Ltd. (Chi Cherng, which is 36% owned by TSMC and 64% owned by Hsin Ruey Investment Co., Ltd.) and Hsin Ruey Investment Co., Ltd. (Hsin Ruey, which is 36% owned by TSMC and 64% owned by Chi Cherng). TSMC International has two wholly-owned subsidiaries TSMC Development, Inc. (TSMC Development) and TSMC Technology, Inc. (TSMC Technology), and two 97% owned subsidiaries - InveStar Semiconductor Development Fund, Inc. (II) LDC (InveStar II). TSMC Development has a 99.996% owned subsidiary, WaferTech, LLC (WaferTech).

The following diagram presents information regarding the relationship and ownership percentages among TSMC and its consolidated subsidiaries as of December 31, 2004:

TSMC North America is engaged in the sales and marketing of integrated circuits and semiconductor devices. TSMC Europe and TSMC Japan are engaged mainly in marketing activities. TSMC Technology is engaged mainly in engineering support activities. TSMC Shanghai is engaged in the manufacturing and marketing of integrated circuits and other semiconductor devices. TSMC Partners, TSMC Development, Chi Cherng and Hsin Ruey are engaged in investing activities. TSMC International is engaged in providing investment in companies involved in the design, manufacture, and other related business in the semiconductor industry. Emerging Alliance, VTAF II, InveStar and InveStar II are engaged in investing in new start-up technology companies. WaferTech is engaged in the manufacturing, selling, testing and computer-aided designing of integrated circuits and other semiconductor devices.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements are presented in conformity with Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the R.O.C.

For the convenience of readers, the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the R.O.C. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language financial statements shall prevail.

Significant accounting policies are summarized as follows:

Consolidation

TSMC consolidates the accounts of all majority (directly and indirectly) owned subsidiaries. All significant intercompany balances and transactions have been eliminated.

The consolidated financial statements include, as of and for the years ended December 31, 2004 and 2003, the accounts of TSMC, TSMC North America, TSMC Europe, TSMC Japan, TSMC Shanghai, TSMC Partners, Emerging Alliance, VTAF II, Chi Cherng, Hsin Ruey and TSMC International and its subsidiaries, InveStar, InveStar II, TSMC Development (including WaferTech) and TSMC Technology.

TSMC and the foregoing subsidiaries are hereinafter referred to collectively as the Company .

Minority interests in WaferTech (0.004%), Emerging Alliance (0.5%), VTAF II (2%), InveStar (3%) and InveStar II (3%) are presented separately in the consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with the aforementioned guidelines and principles requires management to make reasonable assumptions and estimates of matters that are inherently uncertain. The actual results may differ from management s estimates.

Classification of Current and Noncurrent Assets and Liabilities

Current assets are those expected to be converted to cash, sold or consumed within one year from the balance sheet date. Current liabilities are obligations due on demand within one year from the balance sheet date. Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

Cash Equivalents

Government bonds under repurchase agreements and notes acquired with maturities less than three months from the date of purchase are classified as cash equivalents.

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Short-term Investments

Short-term investments primarily consist of corporate bonds, asset-backed securities, bond funds, agency bonds, government bonds and others.

Short-term investments are recorded at historical cost and are carried at the lower of cost or market value as of the balance sheet date. An allowance for decline in value is provided and is charged to current earnings when the aggregate carrying value of the investments exceeds the aggregate market value. A reversal of the allowance is recorded for a subsequent recovery of the market value.

The cost of funds and listed stocks sold are counted for using the weighted-average method; whereas the other securities are accounted for using the specific identification method.

The market value of funds is determined using the net asset value of the funds at the end of the year, and the market value of listed stocks is determined using the average-closing price of the listed stocks for the last month of the year. The others are determined using the average of bid and ask prices as of the balance sheet date.

Cash dividends are recorded as investment income in the current year.

Allowance for Doubtful Receivables

An allowance for doubtful receivable is provided based on a review of the collectibility of accounts receivables. The Company determines the amount of allowance for doubtful accounts by examining the historical collection experience and current trends in the credit quality of its customers as well as its internal credit policies.

Revenue Recognition and Allowance for Sales Returns and Others

The Company recognizes net sales when the earnings process is complete, as evidenced by an agreement with the customer, transfer of title and acceptance have occurred, if applicable, a fixed or determinable price and the collectibility is reasonably assured. Allowance for sales returns and pricing discounts is estimated based on historical experience and any known factors that would affect the allowance. Such provisions are deducted from sales in the year the products are sold and the estimated related costs are deducted from cost of sales.

Sales are determined using the fair value taking into account related sales discounts agreed to by the Company and its customers. Sales agreements typically provide that payment is due 30 days from invoice date for a majority of the customers and 30 to 45 days after the end of the month in which the sales occur for some customers. Since the receivables from sales are collectible within one year and such transactions are frequent, the fair value of receivables is equivalent to the nominal amount of cash received.

Inventories

Inventories are stated at the lower of cost or market value. Inventories are recorded at standard cost and adjusted to the approximate weighted-average cost at the end of the year. Market value represents net replacement cost for raw materials, supplies and spare parts. Market value represents net realizable value for finished goods and work in process. The Company assesses the impact of changing technology on its inventory on hand and writes off inventories that are considered obsolete. Ending inventories are evaluated for estimated excess quantities and obsolescence based on demand forecast within a specific time horizon, generally 180 days or less, and the estimated losses on scrap and slow-moving items are recognized in the allowance for losses.

Long-term Investments

Investments in companies wherein the Company exercises significant influence on the operating and financial policy decisions are accounted for using the equity method of accounting. The Company s proportionate share in the net income or net loss of investee companies is recognized in the investment income/loss recognized by equity method, net account. When equity investments are made, the difference, if any, between the cost of investment and the Company s proportionate share of investee s net equity is amortized using the straight-line method over five years and is recorded in the investment income/loss recognized by equity method, net account.

When the Company subscribes to additional investee shares at a percentage different from its existing equity interest, the resulting carrying amount of the investment in the investee differs from the amount of Company s proportionate share in the investee s net equity. The Company records such difference as an adjustment to long-term investments with the corresponding amount charged or credited to capital surplus.

Investments in companies wherein the Company does not exercise significant influence are recorded at historical cost. Cash dividends are recognized as investment income in the year received but are accounted for as reductions in the carrying amount of the long-term investments if the dividends are received in the same year that the related investments are acquired. Stock dividends are recorded as an increase in the number of shares held and do not affect investment income or the carrying amount of the investment. An allowance is recognized for any decline in the market value of investments with readily ascertainable fair market value with the corresponding amount recorded as an unrealized loss, a component of shareholders—equity. A reversal of the allowance will result from a subsequent recovery of the market value of such investments. The carrying amounts of investments whose fair market values are not readily ascertainable are reduced to reflect an other-than-temporary decline in their values, with the related impairment loss charged to income.

Investments in foreign mutual funds are stated at the lower of aggregate cost or net asset value. An allowance is recognized when the net assets value of the funds is lower than their cost, with the corresponding amount recorded as a reduction to shareholders equity. A reversal of the allowance will result from a subsequent recovery of the net asset value.

The costs of stocks and mutual funds sold are determined using the weighted-average method.

Investments in long-term bonds are stated at amortized cost. The discount or premium is amortized over the duration period using the interest method, and recorded as an adjustment to interest income.

When investments in publicly-traded stocks are reclassified from short-term investments to long-term investments or from long-term investments to short-term investments, the Company recognizes a loss to the extent, if any, that the market value of such investments is lower than the carrying amount, and the market value becomes the new basis.

If an investee company recognizes an unrealized loss on its long-term investments using the lower-of-cost-or-market method, the Company also recognizes a corresponding unrealized loss in proportion to its ownership percentage in the investee company and records the amount as a component of its shareholders equity.

Gains or losses on sales from the Company to investee companies accounted for using the equity method are deferred in proportion to the Company s ownership percentage in the investee companies until realized through transactions with third parties. The entire amount of the gains or losses on sales to majority-owned subsidiaries is deferred until such gains or losses are realized through the subsequent sales of the related products to third parties.

Gains or losses on sales from investee companies to the Company are deferred in proportion to the Company s ownership percentages in the investee companies until realized through transactions with third parties.

If an investee s functional currency is a foreign currency, translation adjustments will result from the process of translating the investee s financial statements into the reporting currency of the Company. Such adjustments are accumulated and reported as a separate component of shareholders equity.

Property, Plant and Equipment, Assets Leased to Others, Leased Assets and Idle Assets

Property, plant and equipment and assets leased to others are stated at cost less accumulated depreciation. When impairment is determined, the related assets are stated at the lower of fair value or book value. Idle assets are stated at the lower of net realizable value or book value. Significant additions, renewals and betterments incurred during the construction period are capitalized. Maintenance and repairs are expensed in the year incurred. Interest expense incurred for the project during the purchase and construction period is also capitalized. Properties covered by agreements qualifying as capital leases are carried at the lower of the leased equipment s market value or the present value of the minimum lease payments at the inception date of the lease.

Depreciation is computed using the straight-line method over the following estimated service lives: land improvements 20 years; buildings 10 to 20 years; machinery and equipment 5 to 10 years; office equipment 3 to 15 years; and leased assets 20 years.

Upon sale or disposal of property, plant and equipment, the related cost and accumulated depreciation are removed from the corresponding accounts, with any gain or loss credited or charged to non-operating income or expenses in the year of sale or disposal.

Goodwill

Goodwill represents the excess of the consideration paid for acquisition over the fair market value of identifiable net assets acquired and acquisition costs. Goodwill is amortized using the straight-line method over the estimated life of 10 years.

Deferred Charges

Deferred charges consist of technology license fees, software and system design costs and other charges. The amounts are amortized as follows: technology license fees—the shorter of the estimated life of the technology or the term of the technology transfer contract, software and system design costs and other charges—3 or 5 years.

Pension Costs

TSMC records net periodic pension costs on the basis of actuarial calculations. Unrecognized net transition obligation and unrecognized net gains or losses are amortized over 25 years.

Income Tax

The Company uses an inter-period tax allocation method for income tax. Deferred income tax assets and liabilities are recognized for the tax effects of temporary differences, unused tax credits, and net operating loss carryforwards. Valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. A deferred tax asset or liability is classified as current or non-current in accordance with the classification of its related asset or liability. However, if a deferred tax asset or liability does not relate to an asset or

liability in the financial statements, then it is classified as either current or noncurrent based on the expected length of time before it is realized or settled.

Any tax credits arising from the purchases of machinery, equipment and technology, research and development expenditures, personnel training, and investments in important technology-based enterprises are recognized using the flow-through method.

Adjustments to prior years tax liabilities are added to or deducted from the current year s tax provision.

Income taxes on unappropriated earnings (excluding earnings from foreign consolidating subsidiaries) of 10% are expensed in the year of shareholder approval which is the year subsequent to the year the earnings are generated.

Stock-based Compensation

Employee stock option plans that are amended or have options granted on or after January 1, 2004 must be accounted for by the interpretations issued by the Accounting Research and Development Foundation. The Company adopted the intrinsic value method and any compensation cost determined using this method is charged to expense over the employee vesting period.

Treasury Stock

When the Company repurchases its outstanding common stock, the cost of the reacquired stock is recorded as treasury stock as a reduction to shareholders—equity. When the Company retires treasury stock, the treasury stock account is reduced and the common stock as well as the capital surplus—additional paid-in capital are reversed in proportionate to the equity percentage of the retirement. When the book value of the treasury stock exceeds the sum of the par value and additional paid-in capital, the difference is charged to capital surplus—treasury stock and to retained earnings for any remaining amount. The Company—s stock held by its subsidiaries is also treated as treasury stock and reclassified from long-term investments to treasury stock. The cash dividends received by the subsidiaries from the Company are recorded under capital surplus—treasury stock.

Foreign-Currency Transactions

Foreign currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Exchange gains or losses derived from foreign currency transactions or monetary assets and liabilities denominated in foreign currencies are recognized in current income. At the end of each year, assets and liabilities denominated in foreign currencies are revalued at the prevailing exchange rates with the resulting gains or losses recognized in current income.

Derivative Financial Instruments

The Company enters into foreign currency forward contracts to manage currency exposures in cash flow and in foreign-currency-denominated assets and liabilities. The contracts are recorded in New Taiwan dollars at the current rate of exchange of the contract date. The differences in the New Taiwan dollar amounts translated using the spot rates and the amounts translated using the contracted forward rates on the contract date are amortized over the terms of the forward contracts using the straight-line method. At the end of each year, the receivables or payables arising from forward contracts are restated using the prevailing spot rates at the balance sheet date with the resulting differences charged to income. In addition, the receivables and payables related to the forward contracts of the same counter party are netted with the resulting amount presented as either an asset or a liability. Any resulting gain or loss upon settlement is credited or charged to income in the year of settlement.

The Company enters into cross-currency swap contracts to manage currencies exposures on foreign currency denominated assets and liabilities. The principal amount is recorded using the spot rates at the contract date. The differences in the New Taiwan dollar amounts translated using the spot rates and the amounts translated using the contracted rates on the contract date are amortized over the terms of the contracts using the straight-line method. At the end of each year, the receivables or payables arising from cross-currency swap contracts are restated using the prevailing spot rate with the resulting differences charged to income. In addition, the receivables and payables related to the contracts are netted with the resulting amount presented as either an asset or a liability. The difference in interest computed pursuant to the contracts on each settlement date or the balance sheet date is recorded as an adjustment to the interest income or expense associated with the hedged items. Any resulting gain or loss upon settlement is credited or charged to income in the year of settlement.

The Company enters into interest rate swap contracts to manage exposures to changes in interest rates on existing assets or liabilities. These transactions are accounted for on an accrual basis, in which the cash settlement receivable or payable is recorded as an adjustment to interest income or expense associated with the hedged items.

The premiums paid for the foreign currency option contracts entered into for hedging purposes are amortized and charged to income on a straight-line basis over the term of the related contract. Any resulting gain upon exercise settlement is credited or charged to income in the year of exercise.

Translation of Foreign-currency Financial Statements

R.O.C. SFAS No. 14, Accounting for Foreign-Currency Transactions, applies to foreign subsidiaries that use the local foreign currency as their functional currency. The financial statements of foreign subsidiaries are translated into New Taiwan dollars at the following exchange rates: Assets and liabilities current rate on balance sheet date; shareholders equity historical rate; income and expenses average rate during the year. The resulting translation adjustment is recorded as a separate component of shareholders equity.

Reclassifications

Certain accounts in the consolidated financial statements as of and for the year ended December 31, 2003 have been reclassified to conform to the consolidated financial statements as of and for the year ended December 31, 2004.

3. CASH AND CASH EQUIVALENTS

2004	2003
\$ 54,608,985	\$ 97,041,537
19,215,153	5,947,359
478,213	
\$74,302,351	\$ 102,988,896
	\$ 54,608,985 19,215,153

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4. SHORT-TERM INVESTMENTS

	2004	2003
Corporate bonds	\$ 13,554,598	\$
Corporate issued asset-backed securities	11,766,877	
Bond funds	10,662,758	1,000,000
Agency bonds	8,633,889	
Government bonds	7,346,858	7,692,595
Money market funds	1,640,973	3,068,213
Government bonds acquired under repurchase agreements	249,449	1,800,000
Listed stocks	168,299	50,728
Commercial papers	95,666	
Corporate issued notes	63,796	
	54,183,163	13,611,536
Allowance for valuation losses	(75,212)	
	\$ 54,107,951	\$ 13,611,536
Market value	\$ 54,990,545	\$ 14,054,511

The Company entered into investment management agreements with three well-known financial institutions (fund managers) to manage investment portfolios for the Company. In accordance with the investment guidelines and terms in these agreements, the securities invested by the fund managers cannot be below a pre-defined credit rating. As of December 31, 2004, the Company had investment portfolios with these fund managers that aggregated to an original amount of US\$1,200,000 thousand. The investment portfolios included securities such as corporate bonds, asset-backed securities, agency bonds, government bonds and others. Securities acquired with maturities less than three months from the date of purchase were reclassified as cash equivalents.

5. INVENTORIES, NET

2004	2003
\$ 3,526,036	\$ 2,881,499
11,437,466	9,100,199
993,151	465,745
1,176,735	1,052,075
17,133,388	13,499,518
(1,577,451)	(1,364,194)
\$ 15,555,937	\$ 12,135,324
	\$ 3,526,036 11,437,466 993,151 1,176,735 17,133,388 (1,577,451)

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6. LONG-TERM INVESTMENTS

	2004		2003		
	Carrying Amount	% of Owner- ship	Carrying Amount	% of Owner- ship	
Equity method Vanguard International Semiconductor Corporation (VIS) Systems on Silicon Manufacturing Company Pte Ltd.	\$ 5,401,982	28	\$ 4,077,198	28	
(SSMC)	3,290,888	32	2,759,376	32	
Global UniChip Corporation (GUC)	391,626	47	368,434	47	
VisEra Technologies Company Ltd. (VisEra)	59,116	25	50,231	25	
	9,143,612		7,255,239		
Cost method Common stocks					
Publicly traded stocks	71,832		26,728		
Non-publicly traded stocks	1,226,499		1,156,769		
Preferred stocks	1,677,865		2,038,662		
Funds	290,134		270,616		
	3,266,330		3,492,775		
Long-term bonds					
Government bonds Corporate bonds	10,260,481				
China Steel Corporation	2,978,804				
Taiwan Power Company	915,276				
Nan Ya Plastics Corporation	407,526				
Formosa Plastics Corporation	405,485				
Formosa Petrochemical Corporation	202,595				
	15,170,167				
Other investments	10,521,740				
	\$ 38,101,849		\$10,748,014		

On January 8, 2003, TSMC s investee, VIS, issued 600,000 thousand shares of common stock at a price of NT\$7 per share of which TSMC purchased a total of 230,882 thousand shares. VIS reduced its capital on August 11, 2004 in order to decrease its accumulated deficit. The number of shares of VIS held by TSMC after the capital reduction declined from 787,016 thousand shares to 409,532 thousand shares. TSMC s ownership percentage remained the same.

For the years ended December 31, 2004 and 2003, net investment income and loss recognized from the equity method investees was NT\$2,094,137 thousand and NT\$294,244 thousand, respectively. The carrying amounts of investments accounted for under the equity method and the related investment income or losses were determined

based on the audited financial statements of the investees as of and for the same periods as the Company.

As of December 31, 2004, other investments consist of the following:

	Nominal Amount	Carrying Amount	Range of Interest Rates	Maturity Date
Step-up callable deposits				
Domestic bank	\$ 2,000,000	\$ 2,007,681	2.05%-2.20%	July 2007 to August 2007
Foreign bank	2,138,340	2,152,394	1.44%-4.75%	June 2007 to August 2007
Callable range accrual deposits				
-				September 2009 to
Foreign bank	6,383,400	6,414,151	(See below)	December 2009
	\$ 10,521,740	\$ 10,574,226		

During the year ended December 31, 2004, the Company deposited funds into structured-time deposits with the following terms:

The interest rate of the step-up callable deposits is determined by the Company and the related banks.

The amount of interest earned by the Company for the callable range accrual deposits is based on a pre-defined range as determined by the 3-month or 6-month LIBOR rate plus an agreed upon rate ranging between 2.1% and 3.45%. Based on the terms of the deposits, if the 3-month or 6-month LIBOR rate moves outside of the pre-defined range, the interest paid to the Company is at a minimum rate of 1.5%. Under the term of the contracts, the bank has the right to cancel the contracts prior to the maturity date.

Deposits that reside in banks located in Hong Kong and Singapore amounted to NT\$2,553,360 thousand and NT\$638,340 thousand, respectively.

7. PROPERTY, PLANT AND EQUIPMENT

Accumulated depreciation consisted of the following:

	2004	2003
Land improvements	\$ 172,484	\$ 154,062
Buildings	38,160,322	31,665,779
Machinery and equipment	287,204,368	238,392,296
Office equipment	5,683,577	4,800,932
Leased assets	33,115	
	\$ 331,253,866	\$ 275,013,069

Information on the status of the expansion or construction plans of TSMC s manufacturing facilities as of December 31, 2004 is as follows:

		Expected
Estimated	Accumulated	Date of

Construction/Expansion Plan

Fab 12 expansion

Total Cost Exp(\$58,744,200 \$ 45

ExpendituresCommencement \$ 41,870,300 January 2005

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Interest expense for the years ended December 31, 2004 and 2003 was NT\$1,807,242 thousand and NT\$2,030,525 thousand, respectively (before deducting capitalized amounts of NT\$278,334 thousand in 2004 and NT\$139,516 thousand in 2003, respectively). The interest rates used for purposes of calculating the capitalized amounts were 1.89% to 2.89% and 1.77% to 5.283% in 2004 and 2003, respectively.

The Company entered into agreements to lease certain buildings that qualify as capital leases. The term of the lease is from December 2003 to December 2013.

8. DEFERRED CHARGES, NET

	2004	2003
Technology license fees	\$6,534,899	\$ 5,084,684
Software and system design costs	2,213,636	2,719,199
Other	243,917	188,133
	\$ 8,992,452	\$7,992,016

9. SHORT-TERM BANK LOANS

	2004	2003
Unsecured loan in U.S. dollars:		
US\$12,000 thousand, repayable by June 2006, annual interest at 2.80% and 1.52% in		
2004 and 2003, respectively	\$ 383,004	\$407,736

10. LONG-TERM BANK LOANS

	2004	2003
Unsecured loan:		
US\$60,000 thousand, repayable by December 2006, annual interest at 2.475% and		
1.56% in 2004 and 2003, respectively	\$1,915,020	\$ 2,038,680
Secured loan:		
US\$199,000 thousand; annual interest at 1.8275% in 2003		6,761,622
	\$ 1,915,020	\$8,800,302

As of December 31, 2004, all the assets of WaferTech with a carrying amount of approximately NT\$15,955,936 thousand (US\$499,920 thousand) were pledged for the secured loan. WaferTech is required to maintain compliance with certain financial covenants defined in the agreement. As of December 31, 2004, WaferTech was in compliance with all such financial covenants. Under the unsecured loan agreement, the Company is required maintain compliance with certain financial covenants which, if violated, could result in payment of the obligation prior to the originally scheduled payment date. The Company was in compliance with the financial covenants as of December 31, 2004.

11. BONDS PAYABLE

	2004	2003
Domestic unsecured bonds:		
Issued in December 2000 and repayable in December 2005 and 2007 in two		
equal payments, 5.25% and 5.36% interest payable annually, respectively	\$ 15,000,000	\$ 15,000,000
Issued in January 2002 and repayable in January 2007, 2009 and 2012 in three		
equal payments, 2.6%, 2.75% and 3.00% interest payable annually, respectively	15,000,000	15,000,000
Issued in October 1999 and repayable in October 2004, 5.95% interest payable		
annually		5,000,000
	\$ 30,000,000	\$ 35,000,000

As of December 31, 2004, future principal repayments for the Company s bonds are as follows:

Year of Repayment	Amount
2005	\$ 10,500,000
2007	7,000,000
2009	8,000,000
2010 and thereafter	4,500,000
	\$ 30,000,000

12. OTHER LONG-TERM PAYABLES

	2004	2003
Payables for acquisition of property, plant and equipment (Note 22k)	\$6,030,007	\$
Payables for royalties	3,440,313	4,892,801
	9,470,320	4,892,801
Less current portion	1,505,345	1,591,972
	\$7,964,975	\$ 3,300,829

TSMC entered into several license arrangements for certain semiconductor-related patents. Future minimum payments under the agreements as of December 31, 2004 are as follows:

Year	Amount
2005	\$ 1,505,345
2006	466,786
2007	446,838
2008	255,336
2009 and thereafter	766,008

\$3,440,313

The current portion of other long-term payables is recorded in the accrued expenses and other current liabilities account.

13. PENSION PLAN

TSMC has a defined benefit pension plan for all regular employees that provides benefits based on the employee s length of service and average monthly salary and wages for the six-month period prior to retirement. TSMC contributes an amount equal to 2% of salaries and wages paid each month to a pension fund (the Fund). The Fund is administered by a pension fund monitoring committee (the Committee) and deposited in the Committee s name in the Central Trust of China.

Information on the pension plan is summarized as follows:

a. Components of net periodic pension cost

	2004	2003
Service cost	\$ 632,594	\$ 502,116
Interest cost	128,315	109,671
Projected return on plan assets	(41,925)	(41,154)
Amortization	8,300	2,409
Net periodic pension cost	\$ 727,284	\$ 573,042

b. Reconciliation of the funded status of the plan and accrued pension cost

		2004		2003
Benefit obligation Vested benefit obligation	\$	67,104	\$	21,895
Nonvested benefit obligation	Ψ	2,704,251		2,184,593
Accumulated benefit obligation		2,771,355		2,206,488
Additional benefits based on future salaries		2,132,721		1,752,208
Projected benefit obligation		4,904,076		3,958,696
Fair value of plan assets		(1,447,540)	(1,207,264)
Funded status		3,456,536		2,751,432
Unrecognized net transitional obligation	(132,791)		(141,091)	
Unrecognized net loss		(222,549)		(10,090)
Accrued pension cost	\$	3,101,196	\$	2,600,251
Vested benefit	\$	76,003	\$	22,261
c. Actuarial assumptions				
Discount rated used in determining present values		3.25%		3.25%
Future salary increase rate		3.00%		3.00%
Expected rate of return on plan assets		3.25%		3.25%
d. Contributions to the Fund	\$	226,339	\$	181,106
e. Payments from the Fund	\$	1,446	\$	3,490

14. INCOME TAX

a. A reconciliation of income tax on income before income tax and minority interest at the statutory rate and income tax expense is as follows:

	2004	2003
Income tax based on income before income tax and minority interest at the		
statutory rate	\$ (24,685,380)	\$ (12,881,547)
Tax-exempt income	14,712,500	5,255,750
Temporary and permanent differences	186,719	732,681
Current income tax on income before income tax credits	\$ (9,786,161)	\$ (6,893,116)

b. Income tax benefit (expense) consists of:

	2004	2003
Current income tax on income before income tax credits	\$ (9,786,161)	\$ (6,893,116)
Additional 10% income tax on unappropriated earnings	(823,932)	(1,273,482)
Income tax credits	10,470,862	7,917,070
Other income tax	(555,588)	(7,988)
Net change in deferred income tax assets and liabilities		
Net operating loss carryforwards	(1,652,983)	535,725
Investment tax credits	234,690	(917,759)
Temporary differences	1,131,331	(300,848)
Net change in valuation allowance of deferred income tax assets	1,345,355	(2,982,501)
Adjustment of prior years taxes	(148)	(58)
Income tax benefit (expense)	\$ 363,426	\$ (3,922,957)

c. Deferred income tax assets (liabilities) consist of the following:

Current	2004	2003
Investment tax credits	\$ 8,849,000	\$ 8,322,000
Temporary differences	319,717	385,221
Valuation allowance	(250,731	(309,016)
	\$ 8,917,986	\$ 8,398,205
Noncurrent		
Net operating loss carryforwards	\$ 6,735,080	\$ 8,388,063
Investment tax credits	17,035,584	17,327,894
Temporary differences	(7,760,152	(8,956,987)
Valuation allowance	(14,360,533	(15,647,603)
	\$ 1,649,979	\$ 1,111,367

d. Integrated income tax information:

The balances of the imputation credit account (ICA) of the TSMC as of December 31, 2004 and 2003 were zero and NT\$2,832 thousand, respectively.

The expected and actual creditable ratio of TSMC for distribution of earnings of 2004 and 2003 was zero and 0.03%, respectively.

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The imputation credits allocated to the shareholders are based on the balance as of the date of dividend distribution. The expected creditable ratio for distribution of earnings of 2004 may be adjusted when the allocation of the imputation credits is made.

- e. TSMC s earnings generated prior to December 31, 1997 have been appropriated.
- f. As of December 31, 2004, TSMC s investment tax credits consisted of the following:

Regulation	Items	(Total Creditable Amounts	C	temaining Creditable Amounts	Expiry Year
Statute for Upgrading	Purchase of machinery and					
Industries	equipment	\$	4,448,442	\$		2004
			3,819,937		116,189	2005
			4,886,439		4,886,439	2006
			4,140,462		4,140,462	2007
			6,309,182		6,309,182	2008
		\$	23,604,462	\$	15,452,272	
Statute for Upgrading	Research and development					
Industries	expenditures	\$	2,270,013	\$		2004
			3,147,071		3,147,071	2005
			3,342,952		3,342,952	2006
			1,976,913		1,976,913	2007
			1,843,800		1,843,800	2008
		\$	12,580,749	\$	10,310,736	
Statute for Upgrading	Personnel training					
Industries		\$	48,659	\$		2004
			29,448		29,448	2005
			27,312		27,312	2006
			26,780		26,780	2007
		\$	132,199	\$	83,540	
Statute for Upgrading	Investments in important					
Industries	technology-based enterprises	\$	38,036	\$	38,036	2005

g. As of December 31, 2004, the net operating loss carryforwards were generated from WaferTech, TSMC Development and TSMC Technology and will expire at various dates through 2024.

Tax-Exemption Period

h. The sales generated from the following expansion and construction of TSMC s manufacturing plants are exempt from income tax:

Construction of Fab 6	2001 to 2004
Construction of Fab 8 - module B	2002 to 2005
Expansion of Fab 2 - modules A and B, Fab 3, Fab 4, Fab 5 and Fab 6	2003 to 2006
Construction of Fab 12	2004 to 2007

i. The tax authorities have examined income tax returns of TSMC through 2000. However, TSMC is contesting the assessment of the tax authority for 1992 and 1998. TSMC believes that any additional assessment will not have a material adverse effect on TSMC.

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15. LABOR COST, DEPRECIATION AND AMORTIZATION EXPENSES

	Year Ended December 31, 2004 Classified			Year En	ded December Classified	31, 2003
		as			as	
	Classified as	Operating		Classified as	Operating	
	Cost of	operating		Cost of	operating	
	Sales	Expenses	Total	Sales	Expenses	Total
Labor cost						
Salary	\$10,719,632	\$ 5,886,769	\$ 16,606,401	\$ 9,014,068	\$ 4,647,912	\$13,661,980
Labor and health						
insurance	572,210	320,785	892,995	476,687	245,357	722,044
Pension	472,329	271,186	743,515	379,845	193,718	573,563
Other	430,777	531,876	962,653	339,500	304,398	643,898
	\$ 12,194,948	\$ 7,010,616	\$ 19,205,564	\$ 10,210,100	\$ 5,391,385	\$ 15,601,485
Depreciation	\$61,703,792	\$ 2,563,408	\$ 64,267,200	\$61,988,138	\$ 2,398,768	\$64,386,906
Amortization	\$ 2,496,827	\$ 3,052,160	\$ 5,548,987	\$ 1,385,594	\$ 3,367,462	\$ 4,753,056

16. SHAREHOLDERS EQUITY

Common Stock, Capital Surplus and Earnings

TSMC has issued a total of 668,351 thousand ADSs which are traded on the NYSE as of December 31, 2004. The number of common shares represented by the ADSs is 3,341,754 thousand shares (one ADS represents five common shares).

Capital surplus can only be used to offset a deficit under the Company Law of the R.O.C. However, the capital surplus generated from donations and the excess of the issue price over the par value of capital stock (including the stock issued for new capital, mergers, convertible bonds and the surplus arising from treasury stock transactions) may be appropriated as stock dividends restricted to a certain percentage based on shareholders ownership.

As of December 31, 2004 and 2003, the capital surplus consisted of the following:

	2004	2003
From merger	\$ 24,003,546	\$ 24,132,297
Additional paid-in capital	23,051,675	23,172,550
From long-term investments	121,354	87,295
From convertible bonds	9,360,424	9,410,632
Donations	55	55
Treasury stock	205	53,056
Total	\$ 56,537,259	\$ 56,855,885

TSMC s Articles of Incorporation, as revised on December 21, 2004, provide that the following shall be appropriated from annual earnings to the extent that the annual earnings exceed any cumulative deficit:

- a. 10% legal reserve; until the amount of total legal reserve equals the TSMC s paid-in capital;
- b. Special reserve in accordance with relevant laws or regulations;
- c. Remuneration to directors and supervisors and bonuses to employees at 0.3% and at least 1% of the remainder, respectively. Individuals eligible for the employee bonuses may include employees of affiliated companies as approved by the board of directors or a representative of the board of directors;
- d. The appropriation of any remaining balance shall be approved by the shareholders.

Dividends may be distributed by way of cash dividend or stock dividend at the discretion of TSMC. As the operation of TSMC is at a steady growth stage, distribution of profits shall be made preferably by way of cash dividend. Distribution of profits may also be made by way of stock dividend; provided however, the ratio for stock dividend shall not exceed 50% of total distribution.

Any appropriations of net income are recorded in the financial statements in the year of shareholder approval.

An appropriation for legal reserve is required until the reserve equals the aggregate par value of TSMC s issued capital stock. The reserve can only be used to offset a deficit or be distributed as a stock dividend up to 50% of the reserve balance when the reserve balance has reached 50% of the aggregate par value of the issued capital stock of TSMC.

A special reserve equivalent to the net debit balance of the other components of shareholder s equity (for example, unrealized loss on long-term investments and cumulative translation adjustments, but excluding treasury stock), shall be made from unappropriated earnings pursuant to existing regulations promulgated by the R.O.C. Securities and Futures Bureau (SFB). Any special reserve appropriated may be reversed to the extent that the net debit balance of the related account reverses.

The appropriations of the earnings of 2003 and 2002 were approved in the shareholders meeting on May 11, 2004 and June 3, 2003, respectively. The appropriations and dividend per share are as follows:

	Appropriatio	Appropriation of Earnings		l Per VT\$)	Share
	For Fiscal	For Fiscal For Fiscal		F	For 'iscal Year
	Year 2003	Year 2002	2003	2	2002
Legal reserve	\$ 4,725,870	\$ 2,161,029			
Special reserve	(68,945)	68,945			
Bonus paid to employees in cash	681,628				
Bonus paid to employees in stock	2,726,514	1,539,013			
Preferred stock dividend in cash	184,493	455,000	\$ 0.35	\$	0.35
Common stock dividend in cash	12,159,971		0.60		
Common stock dividend in stock	28,373,267	14,898,309	1.41		0.80
Remuneration to directors and supervisors in ca	ash 127,805	58,485			
	\$ 48,910,603	\$19,180,781			

The amount of the above appropriation of earnings for 2003 and 2002 is consistent with the resolution of the meetings of board of directors on February 17, 2004 and March 4, 2003, respectively. However, the Company Law of the R.O.C. states TSMC, as a holder of treasury stock shall not participate in the appropriations of earnings. Therefore, the actual cash dividend per share and stock dividend per share are slightly more than those in the aforementioned resolution. If the above employee bonus paid in stock had been paid in cash and all of the bonus to employees and remuneration to directors and supervisors had been charged against income for 2003 and 2002, the after income tax basic earnings per share for the years ended December 31, 2003 and 2002 would have decreased from NT\$2.33 to NT\$2.15 and NT\$ 1.14 to NT\$1.05, respectively. The shares distributed as a bonus to employees represented 1.35% and 0.83% of TSMC s total outstanding common shares as of December 31, 2003 and 2002, respectively.

As of January 13, 2005, the board of directors of TSMC has not resolved the appropriation for earnings of 2004.

The above information about the appropriations of bonus to employees and remuneration to directors and supervisors is available at Market Observation System website.

Under the Integrated Income Tax System that became effective on January 1, 1998, the R.O.C. resident shareholders are allowed a tax credit for their proportionate share of the income tax paid by TSMC on earnings generated since January 1, 1998.

Preferred Stock

TSMC issued 1,300,000 thousand shares of unlisted Series A preferred stock to certain investors on November 29, 2000. All of the preferred stock was redeemed at par value and retired on May 29, 2003. Under TSMC s Articles of Incorporation, TSMC is no longer authorized to issue preferred stock.

The preferred shareholders had the following rights and the related terms and conditions prior to redemption:

Preferred shareholders

- a. Are entitled to receive cumulative cash dividends at an annual rate of 3.5%.
- b. Are not entitled to receive any common stock dividends (whether declared out of unappropriated earnings or capital surplus).
- c. Have priority over the holders of common shares to the assets of TSMC available for distribution to shareholders upon liquidation or dissolution; however, the pre-emptive rights to the assets shall not exceed the issue price of the shares.
- d. Have voting rights similar to that of the holders of common shares.
- e. Have no right to convert their shares into common shares. The preferred shares are to be redeemed within thirty months from their issuance. The preferred shareholders have the aforementioned rights and TSMC s related obligations remain the same until the preferred shares are redeemed by TSMC.

17. STOCK-BASED COMPENSATION PLANS

Stock Option Plans

TSMC s Employee Stock Option Plans, the 2003 Plan and the 2002 Plan, were approved on October 29, 2003 and June 25, 2002, respectively. The maximum number of units authorized to be granted under 2003 Plan and the 2002 Plan is 120,000 thousand and 100,000 thousand, respectively, with each unit representing one common share of stock. The option rights may be granted to qualified employees of TSMC or any of its domestic or foreign subsidiaries, in which TSMC s shareholding with voting rights, directly or indirectly, is more than fifty percent (50%). The option rights of both plans are valid for ten years and exercisable at certain percentages subsequent to the second anniversary of the grant date. Under the terms of the plans, stock option rights are granted at an exercise price equal to the closing price of TSMC s common shares listed on the TSE on the date of grant. Under the 2003 Plan and the 2002 Plan, units that were never granted, or had been granted and subsequently cancelled were expired as of December 31, 2004.

On November 2, 2004, the board of directors of TSMC approved the 2004 Plan, in which the maximum number of units authorized to be granted is 11,000 thousand, with each unit representing one common share of stock. The option rights may be granted to qualified employees of TSMC or any of its domestic or foreign subsidiaries, in which TSMC s shareholding with voting rights, directly or indirectly, is more than fifty percent (50%). The option rights of the plans are valid for ten years and exercisable at certain percentages subsequent to the second anniversary of the grant date. Under the terms of the plan, stock option rights are granted at an exercise price equal to the closing price of TSMC s common shares listed on the TSE on the date of grant. The 2004 plan was approved by Bureau of Monetary Affairs, Financial Supervisory Commission of the R.O.C. on January 6, 2005.

Information on outstanding stock options for the years ended December 31, 2004 and 2003 is as follows:

	2003	2002 Plan			
	Number of Outstanding Stock Option Rights (in	Weighted-Average Exercise Price	Number of Outstanding Stock Option Rights (in	Weighted-Average Exercise Prices	
Year ended December 31, 2004	Thousands)	(NT\$)	Thousands)	(NT\$)	
Beginning outstanding balance Options granted Options exercised Options cancelled	842 13,199 (1,404)	57.8 49.9 50.9	48,515 7,201 (87) (3,899)	42.7 42.6 41.8 44.2	
Ending outstanding balance	12,637		51,730		
Year ended December 31, 2003					
Beginning outstanding balance Options granted Options cancelled	843 (1)	66.5 66.5	19,369 32,031 (2,885)	48.6 50.3 48.7	
Ending outstanding balance	842		48,515		

The number of outstanding option rights and exercise prices have been adjusted to reflect the appropriations of dividends in accordance with the plans.

As of December 31, 2004, information on outstanding and exercisable option rights is as follows:

Options Outstanding		Options Exercisable
Weighted-		
Average	Weighted-	Weighted-

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		Number of				Number of	
	Range of		g Remaining	Ave	erage	Exercisable Options	Average
	Exercise	(in	Contractual Life	P	ercise rice	(in	Exercise Price
2003 Plan	Price (NT\$) \$ 43.8-\$57.8	Thousands) 12,637	(Years) 9.34	(N \$	T\$) 50.3	Thousands)	(NT\$) \$
2002 Plan	\$ 32.8-\$46.2	51,730	8.09	Ψ	42.6	10,307	41.7
		64,367	8.33		44.1	10,307	41.7
		-27-					

The compensation cost recognized for the year ended December 31, 2004 was zero. Had the Company used the fair value based method to evaluate the options granted, the method, assumptions and pro forma results of the Company for the year ended December 31, 2004 would have been as follows:

		В	lack-Scholes
Method:			Model
Assumptions:			
Expected dividend yield			1.00%
Expected volatility			43.77%-46.15%
Risk free interest rate			3.07%-3.85%
Expected life			5 years
Net income:			
Net income as reported		\$	92,316,115
Pro forma net income			92,257,355
E (EDG)	c. ·		NT\$
Earnings per share (EPS)	after income tax:		2.07
Basic EPS as reported			3.97
Pro forma basic EPS			3.97
Diluted EPS as reported			3.97
Pro forma diluted EPS			3.97

The estimated weighted average fair value for the options granted during the year ended December 31, 2004 was NT\$19.73 per option.

In 1996, WaferTech adopted an Executive Incentive Plan, which was amended in 1997. According to the 1997 amendment, the Board of Directors of WaferTech approved the Senior Executive Incentive Plan and the Employee Incentive Plan (the WaferTech Plans) under which officers, key employees and non-employee directors may be granted stock option rights. The WaferTech Plans provide for 15,150 thousand option rights available for grant. For option rights granted to date, the option purchase price was equal to or exceeded the fair market value at the date of grant. The options will expire if not exercised at specified dates ranging from May 2006 and June 2011. In December 2000, WaferTech implemented a Stock Option Buyback Program (Buyback). The Buyback program provides employees with the right to sell back to WaferTech all vested stock options and outstanding ownership interests granted under the WaferTech Plans. As of December 31, 2004, the outstanding and exercisable stock options were 134 thousand and 133 thousand, respectively, and US\$616 thousand was accrued in connection with the Buyback program.

Stock Appreciation Rights

In December 2000, WaferTech and TSMC North America implemented a stock appreciation rights program (Appreciation). The Appreciation plan is designed to provide employees with a long-term incentive plan that tracks the appreciation of TSMC common stock through Stock Appreciation Rights (SARs). SARs provide each participant the right to receive, upon exercise, an amount in cash from WaferTech and TSMC North America that is the excess of the market price of TSMC common stock on TSE on the date of exercise over the exercise price. As of December 31, 2004, WaferTech and TSMC North America accrued US\$381 thousand and US\$1,360 thousand, respectively, in connection with the Appreciation. During 2002, benefits under the Appreciation plan for TSMC North America were replaced by the stock option plans aforementioned.

18. TREASURY STOCK (COMMON STOCK)

(Shares in Thousand)

	Beginning Shares	Increase/ Dividend	Decrease	Ending Shares
Year ended December 31, 2004				
Reclassification of parent company stock held by subsidiaries from long-term investments Repurchase under share buyback plan	40,597	5,676 124,720	752 124,720	45,521
	40,597	130,396	125,472	45,521
Year ended December 31, 2003 Reclassification of parent company stock held by				
subsidiaries from long-term investments	42,001	3,357	4,761	40,597

Proceeds from the sale of treasury stock for the years ended December 31, 2004 and 2003 were NT\$39,906 thousand and NT\$331,945 thousand, respectively. TSMC s capital stock held by a subsidiary as an investment is recorded as treasury stock, with the holder having the same rights as other common shareholders. As of December 31, 2004 and 2003, the book value of the treasury stock was NT\$1,595,186 thousand and NT\$1,633,228 thousand, respectively; the market value was NT\$2,241,009 thousand and NT\$2,548,788 thousand, respectively.

TSMC held a special meeting of the board of directors and approved a share buyback plan to repurchase TSMC s common shares listed on the TSE during the period from March 24, 2004 to May 23, 2004. TSMC repurchased 124,720 thousand common shares for a total of NT\$7,059,798 thousand. All the treasury stock repurchased under the buyback plan was retired on August 16, 2004.

19. CONSOLIDATED EARNINGS PER SHARE (EPS)

EPS is computed as follows:

				EP	2 (N12)
				Income	
	Amounts (Numerator)		Before	
	Income				
	Before		Number of	Income	
				Tax	
	Income Tax		Shares	and	Consolidated
	and				
	Minority	Consolidated	(Denominator)	Minority	Net
	Interest	Net Income	(Thousand)	Interest	Income
Year ended December 31, 2004					
Tour chaca Becciniser 51, 200 .					
Tem ended Determine 51, 2001					
Basic EPS					
Basic EPS	\$ 91,965,587	\$ 92,316,115	23,248,682	\$ 3.96	\$ 3.97

FDC (NITE)

Effect of diluted securities stock options

6,404

Diluted EPS Income available to common shareholders (including effect of diluted potential common stock)

\$91,965,587

\$ 92,316,115

23,255,086

\$ 3.95

3.97

\$

(Continued)

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				EP Income	S (NT\$))
		Numerator)		Before		
	Income Before		Number of	Income Tax		
	Income Tax and		Shares	and	Consol	idated
	Minority Interest	Consolidated Net Income	(Denominator) (Thousand)	Minority Interest	No Inco	
Year ended December 31, 2003			,			
Net income	\$51,178,645	\$ 47,258,700				
Less preferred stock dividends	(184,493)	(184,493)				
Basic EPS						
Income available to common						
shareholders	50,994,152	47,074,207	23,327,354	\$ 2.19	\$	2.02
Effect of diluted potential common						
stock stock options			9,599			
Diluted EPS						
Income available to common						
shareholders (including effect of	Φ.50.004.153	ф. 4 7 0 7 4 2 0 7	22 226 652	A. 2.1 0	ф	2.02
diluted potential common stock)	\$ 50,994,152	\$ 47,074,207	23,336,953	\$ 2.19	\$	2.02

20. RELATED PARTY TRANSACTIONS

The significant transactions with related parties in addition to those disclosed in other notes are summarized as follows:

- a. Industrial Technology Research Institute (ITRI), the Chairman of TSMC is one it its directors
- b. Philips, a major shareholder of TSMC
- c. Investees of the TSMC

VIS SSMC GUC

VisEra

2004		2003		
Amount	%	Amount	%	

For the years

Sales

Philips and its affiliates Others	\$ 5,463,565 458,999	2	\$ 3,577,054 610,534	2
	\$ 5,922,564	2	\$ 4,187,588	2
Purchase				
VIS	\$ 9,169,602	21	\$ 4,910,810	15
SSMC	5,869,123	13	5,519,805	17
	\$ 15,038,725	34	\$ 10,430,615	32

(Continued)

		2004			2003	
Manufacturing expenses technical assistance fee (Note 22a)		mount 907,047	% 1		Amount 3,023,741	% 3
	•	,			-,,	_
Philips						
General and administrative expenses rental expenses GUC	\$	13,186	2	\$		
Research and development expenses GUC	\$	11,688		\$		
Proceeds from disposal of property, plant and equipment VIS	\$	33,974	2	\$	15,125	9
Non-operating income and gains SSMC (primarily technical service income, see Note 22e) VIS (primarily technical service income, see Note 22j) VisEra	\$	364,505 117,760 28,917	6 2	\$	201,869 251	4
	\$	511,182	8	\$	202,120	4
At December 31 Receivables Philips and its affiliates	\$	581,487	89	\$	895,063	97
Others		72,890	11		25,381	3
	\$	654,377	100	\$	920,444	100
Other receivables SSMC VIS	\$	63,701 47,599	45 34	\$	13,228 118,503	10 90
VisEra		30,278	21		110,303	90
	\$	141,578	100	\$	131,731	100
Payables VIS	\$ 1,	,533,938	69	\$	1,034,074	32
Philips and its affiliates SSMC GUC		469,494 207,794 6,589	21 10		1,579,568 634,647	49 19
	\$ 2.	,217,815	100	\$:	3,248,289	100

Other long-term payables Philips and its affiliates		\$2,317,972	100	\$	
Refundable deposits VIS		\$		\$ 150,840	76
	-31-				

The terms of sales to related parties are not significantly different from those to third parties. For other related parties transactions, since there are no other similar transactions to follow, the prices are determined in accordance with the related contractual agreements.

21. SIGNIFICANT LONG-TERM OPERATING LEASES

TSMC leases land from the Science-Based Industrial Park Administration. These agreements expire on various dates from March 2008 to December 2020. The agreements can be renewed upon their expiration.

TSMC North America leases its office premises and certain equipment under non-cancelable operating agreements. TSMC - Europe and TSMC Japan entered into lease agreements for their office premises. The leases will expire between 2005 and 2010. The agreements can be renewed upon their expiration.

As of December 31, 2004, future remaining lease payments are as follows:

Year	Amount
2005	\$ 354,259
2006	352,988
2007	340,748
2008	325,563
2009	322,534
2010 and thereafter	1,513,025

\$3,209,117

22. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The significant commitments and contingencies of the Company as of December 31, 2004 are as follows:

- a. On June 20, 2004, TSMC and Philips revised the Technical Cooperation Agreement, which was originally signed on May 12, 1997, with an effective date from January 1, 2004 for five years. Upon expiration, this amended Technical Cooperation Agreement will be terminated at the expiration date and will not be automatically renewed. Under this amended Technical Cooperation Agreement, TSMC will pay Philips royalties based on fixed amounts mutually agreed-on, rather than under certain percentage of TSMC s annual net sales. TSMC and Philips also agree to cross license the patents owned by each party. TSMC also obtained through Philips a number of patent cross licenses.
- b. Under a technical cooperation agreement with ITRI, TSMC shall reserve and allocate up to 35% of certain of its production capacity for use by the Ministry of Economic Affairs (MOEA) or any other party designated by the MOEA.
- c. Under several foundry agreements, TSMC shall reserve a portion of its production capacity for certain major customers that have guarantee deposits with TSMC. As of December 31, 2004, TSMC had a total of US\$12,802 thousand of guarantee deposits.
- d. Under a Shareholders Agreement entered into with Philips and EDB Investments Pte Ltd. on March 30, 1999, the parties formed a joint venture company, SSMC, for the purpose of constructing an integrated circuit foundry in Singapore. As of December 31, 2004, TSMC sequity interest in SSMC was 32%. TSMC and Philips

committed to buy specific percentages of the production capacity of SSMC. If any party defaults on the commitment and the capacity utilization of SSMC falls below a specific percentage of its total capacity, the defaulting party is required to compensate SSMC for all related unavoidable costs.

- e. TSMC provides technical services to SSMC under a Technical Cooperation Agreement (the Agreement) entered into on May 12, 1999. TSMC receives compensation for such services computed at a specific percentage of net selling price of certain products sold by SSMC. The Agreement shall remain in force for ten years and may be automatically renewed for successive periods of five years each unless pre-terminated by either party under certain conditions.
- f. Under a Technology Transfer Agreement (TTA) with National Semiconductor Corporation (National) entered into on June 27, 2000, TSMC shall receive payments for the licensing of certain technology to National. The agreement was to remain in force for ten years and could be automatically renewed for successive periods of two years thereafter unless either party gives notice for early termination under certain conditions. In January 2003, TSMC and National entered into a Termination Agreement whereby the TTA was terminated for convenience. Under the Termination Agreement, TSMC will be relieved of any further obligation to transfer any additional technology. In addition, TSMC granted National an option to request the transfer of certain technologies under the same terms and conditions as the terminated TTA. The option will expire in January 2008.
- g. Beginning in 2001, TSMC entered into several licensing arrangements for certain semiconductor patents. The terms of the contracts range from five to ten years with payments to be made in the form of royalties over the term of the related contracts. TSMC has recorded the related amounts as a liability with the corresponding amounts recorded as deferred charges which are amortized and charged to cost of sales on a straight-line basis over the estimated life of the technology or the term of the contract, whichever is shorter.
- h. In November 2002, TSMC entered into an Amended and Restated Joint Technology Cooperation Agreement with Philips, Motorola, Inc. and STMicroelectronics to jointly develop 90-nm to 65-nm advanced CMOS Logic and e-DRAM technologies. TSMC also agreed to align 0.12 micron CMOS Logic technology to enhance its foundry business opportunities. TSMC will contribute process technologies and share a portion of the costs associated with this joint development project.
- i. In December 2003, TSMC entered into a Technology Development and License Agreement with Motorola, Inc. to jointly develop 65-nm SOI (silicon on insulator) technology. TSMC will also license related 90-nm SOI technology from Motorola, Inc. Any intellectual properties arising out of the co-development project shall be jointly owned by the parties. In accordance with the agreement, TSMC will pay royalties to Motorola, Inc. and will share a portion of the costs associated with the joint development project.
- j. TSMC provides a technology transfer to VIS under a Manufacturing License and Technology Transfer Agreement entered into in August 2004. TSMC receives compensation for such technology transfer in the form of royalty payments from VIS computed at specific percentages of net selling price of certain products sold by VIS. VIS agreed to reserve its certain capacity to manufacture for TSMC certain products at prior as agreed by the parties.
- k. Under an agreement signed with a certain company, TSMC Shanghai has the obligation to purchase certain assets within a specified period at the price agreed upon by both parties. TSMC Shanghai will compensate the other party in case of a breach of the agreement.
- 1. Amounts available under unused letters of credit as of December 31, 2004 were NT\$6,480 thousand, US\$1,282 thousand and SG\$85 thousand. Among the unused letters of credit, TSMC North America has an outstanding irrevocable standby letter of credit for US\$1,078 thousand. The standby letter of credit was entered into as security to the landlord of TSMC North America s office spaces in San Jose, California. The standby letter of credit will expire in October, 2005.

m. The Company filed a series of lawsuits in late 2003 and 2004 in both state and federal courts in California and with the U.S. International Trade Commission against Semiconductor Manufacturing International Corporation (SMIC), SMIC (Shanghai), and SMIC Americas. The lawsuits alleged that SMIC companies infringed multiple patents of the Company and misappropriated the Company s trade secrets. These suits have been settled out of court on January 30, 2005. As part of the agreement, SMIC will pay TSMC US\$175 million over six years to resolve the Company s patent infringement and trade secret claims.

23. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the SFB for the Company and its investees:

- a. Financing provided: Please see Table 1 attached;
- b. Endorsement/guarantee provided: Please see Table 2 attached;
- c. Marketable securities held: Please see Table 3 attached:
- d. Marketable securities acquired and disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Please see Table 4 attached;
- e. Acquisition of individual real estate properties at costs of at least NT\$100 million or 20% of the paid-in capital: Please see Table 5 attached;
- f. Disposal of individual real estate properties at prices of at least NT\$100 million or 20% of the paid-in capital: None;
- g. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the capital: Please see Table 6 attached;
- h. Receivable from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please see Table 7 attached;
- i. Names, locations, and related information of investees of which the Company exercises significant influence: Please see Table 8 attached:
- j. Financial instrument transactions:
 - 1) Derivative financial instruments

The Company entered into derivative financial instrument transactions for the years ended December 31, 2004 and 2003 to manage exposures related to foreign exchange rate and interest rate fluctuations. Certain information on these contracts is as follows:

a) Outstanding forward exchange contracts as of December 31, 2004 and 2003 are as follows:

Financial
Instruments Currency Maturity Date
2004

Contract Amount (in Thousands)

Sell		January 2005 to March 2005	US\$	733,000
Sell	US\$/EUR	January 2005	US\$	159,081 Continued)

			\mathbf{C}	ontract
Financi	ial		A	mount
Instrum	ents Currency	Maturity Date	(in T	housands)
<u>2003</u>				
Sell	US\$/NT\$	January 2004 to July 2004	US\$	1,805,000
Buy	EUR/US\$	January 2004	EUR	7,500
Buy	JPY/US\$	January 2004	JPY	748,405

As of December 31, 2004 and 2003, receivables from forward exchange contracts (included in the other financial assets account) aggregate to approximately NT\$392,534 thousand, and NT\$76,385 thousand, respectively; payables from forward exchange contracts (included in the other current liabilities account) aggregate to approximately NT\$559 thousand and NT\$174,018 thousand, respectively.

b) Cross currency swaps

Outstanding cross currency swap contracts as of December 31, 2004 are as follows:

			Range of
	Contract		Interest
	Amount	Range of	Rate
		Interest Rate	
Maturity Date	(in Thousands)	Paid	Received
January 2005 to June 2005	US\$ 1,420,000	1.28%-2.72%	0.49%-1.17%

As of December 31, 2004, receivables from the cross currency swap contracts (included in the other financial assets account) were approximately NT\$761,030 thousand.

Net exchange gain or loss arising from forward exchange contracts and cross currency swap contracts was recognized in the foreign exchange loss, net account and the difference in interest was recorded in interest income or expense.

c) Interest rate swaps

Outstanding contracts as of December 31, 2004 and 2003 were as follows:

Contract Date 2004			
September 2003	September 2003 to December 2005	\$	500,000
October 2003	October 2003 to December 2005	·	500,000
October 2003	October 2003 to December 2005		500,000
October 2003	October 2003 to December 2005		500,000
October 2003	October 2003 to December 2005		500,000
November 2003	November 2003 to December 2005		500,000
			(Continued)

Contract Data	Period	Aı	ontract mount
Contract Date 2003	Period	(111 111	nousands)
September 2003	September 2003 to December 2005	\$	500,000
October 2003	October 2003 to December 2005		500,000
October 2003	October 2003 to December 2005		500,000
October 2003	October 2003 to December 2005		500,000
October 2003	October 2003 to December 2005		500,000
November 2003	November 2003 to December 2005		500,000
July 1999	July 1999 to June 2004	US\$	2,857

d) Option contracts

During 2004, the Company did not enter into any foreign currency option contracts.

There were no outstanding option contracts as of December 31, 2003. The Company entered into foreign currency option contracts for hedging purposes; therefore, the related premiums and the foreign exchange gain or loss are recognized in the foreign exchange loss, net account.

e) Transaction risk

- i) Credit risk. Credit risk represents the positive net settlement amount of those contracts with positive fair values at the balance sheet date. The positive net settlement amount represents the loss incurred by the Company if the counter-parties breached the contracts. The banks, which are the counter-parties to the foregoing derivative financial instruments, are reputable financial institutions. Management believes its exposure related to the potential default by those counter-parties is low.
- ii) Market price risk. All derivative financial instruments are intended as hedges for fluctuations in foreign exchange rates and interest rates. Gains or losses from these hedging instruments are likely to be offset by gains or losses from the hedged items. Interest rate risks are also controlled as the expected cost of capital is fixed. Thus, market price risks are believed to be low.
- iii) Cash flow risk and the amount and period of future cash needs.

As of December 31, 2004, the Company s future cash needs for outstanding forward exchange contracts and cross currency swap contracts are as follows:

	Inflow	Outflow		
	(In	(In		
Term	Thousands)	Thousands)		
Within one year	\$ 69,761,484	US\$ 2,312,081		
	EUR 118,500			

The Company has sufficient operating capital to meet the above cash needs. In addition, there will be corresponding cash inflow for the cash outflow. Therefore, the cash flow risk is low.

2) Fair values of financial instruments were as follows:

	2004		2003		
	Carrying		Carrying		
	Amount	Fair Value	Amount	Fair Value	
	(In Tho	usands)	(In Tho	usands)	
Non-derivative financial instruments					
Assets					
Short-term investments, net	\$ 54,107,951	\$ 54,990,545	\$ 13,611,536	\$ 14,054,511	
Long-term investments (securities with	40.,107,501	\$ C 1,22 0,0 10	Ψ 10,011,000	ψ 1 1,00 1,011	
market price)	31,165,721	34,265,072	4,103,926	10,976,671	
Liabilities					
Bonds payable (including current portion)	30,000,000	30,607,341	35,000,000	35,850,377	
<u>Derivative financial instruments</u>					
Forward exchange contracts (buy)			2,351	3,037	
Forward exchange contracts (sell)	391,975	317,090	(99,984)	40,638	
Cross currency swap contracts	761,030	760,012	(22,201)	10,020	
Interest rate swap contracts	4,361	(22,714)		2,093	
r	1,000	(,,)		_,-,-	

The above financial instruments do not include cash and cash equivalents, receivables, other financial assets, payables, and payable to contractors and equipment suppliers. The carrying amounts of the aforementioned instruments reported in the balance sheet approximate their fair values.

The above financial instruments also exclude refundable deposits, guarantee deposits, long-term investments that do not have quoted market prices as well as other long-term payables. The future cash inflow and outflow of the deposits approximate their fair values. Some of long-term investments do not have quoted market prices; therefore, fair values for those long-term investments are not shown above. The fair value of other long-term payables is determined using the discounted value of expected cash flows, which approximates the carrying value.

Fair values of financial instruments were determined as follows:

- a) Fair value of short-term and publicly traded long-term investments is based on quoted market prices.
- b) The fair value of bonds payable is the quoted market value.
- c) Fair value of derivative financial instruments is the amount receivable from or payable to the counter-party if the contracts were terminated on the balance sheet date.

k. Information on investment in Mainland China

1) The name of the investee company in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, ratio of ownership, equity in the net gain or net loss, ending balance, amount received as earnings distributions from the investment, and the limitation on investment: Please see Table 9 attached.

2) Significant direct or indirect transactions with the investee company, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: Please see Note 20.

24. SEGMENT FINANCIAL INFORMATION

a. Geographic information:

	Overseas	Taiwan	Adjustments and Elimination	Consolidated
2004 Sales to unaffiliated customers Transfers between geographic areas	\$ 143,801,130 15,657,797	\$ 113,411,488 142,580,939	\$ (158,238,736)	\$ 257,212,618
Total sales	\$ 159,458,927	\$ 255,992,427	\$ (158,238,736)	\$ 257,212,618
Gross profit	\$ 6,173,780	\$ 110,160,584	\$ (515,181)	\$ 115,819,183
Operating expenses Non-operating income and gains Non-operating expenses and losses				(27,337,509) 6,090,224 (2,606,311)
Income before income tax and minority interest				\$ 91,965,587
Minority interest in income of subsidiaries				\$ 12,898
Identifiable assets	\$ 89,000,906	\$416,076,665	\$ (43,725,329)	\$ 461,352,242
Long-term investments				38,101,849
Total assets				\$ 499,454,091
2003				
Sales to unaffiliated customers Transfers between geographic areas	\$ 118,851,382 11,494,868	\$ 84,145,430 117,758,911	\$ (129,253,779)	\$ 202,996,812
Total sales	\$ 130,346,250	\$ 201,904,341	\$ (129,253,779)	\$ 202,996,812
Gross profit	\$ 2,392,944	\$ 72,891,637	\$ (401,103)	\$ 74,883,478
Operating expenses				(23,582,897)

Non-operating income and gains Non-operating expenses and losses	5,669,312 (5,791,248)
Income before income tax and minority interest	\$ 51,178,645
Minority interest in loss of subsidiaries	\$ 3,012
	(Continued)
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			Adjustments and	
	Overseas	Taiwan	Elimination	Consolidated
Identifiable assets	\$ 52,276,269	\$ 358,451,509	\$ (14,075,261)	\$ 396,652,517
Long-term investments				10,748,014
Total assets				\$407,400,531

b. Gross export sales

The export sales information is determined based on billed regions. Gross export sales for the years ended December 31, 2004 and 2003 were NT\$92,455,415 thousand and NT\$59,868,104 thousand, respectively. There were no export sales to a region that accounted for more than 10% of the Company s total sales.

c. Major customer

In 2004, there is no customer accounted for at least 10% of the Company s total sales. The Company only has one customer that accounts for at least 10% of its total sales in 2003. The sales to such customer amounted to \$21,893,320 thousand and \$31,220,104 thousand in 2004 and 2003, representing 8% and 15% of its total sales, respectively.

TABLE 1

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD. AND SUBSIDIARIES

FINANCING PROVIDED FOR THE YEAR ENDED DECEMBER 31, 2004 (Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

									Financing
								nancir	O
			Maximum					Limit	Company's
			Balance		1	Type Reasons	3	for	Financing
		Financial	for	Ending		of for		Each	Amount
				J		Allow	ance		
		Statement	the Period	Balance	Interdsin	Eirachiligeatí atafic	G ollat &a	trowi	ng Limits
			(US\$ in	(US\$ in	(1	Note Ba	ıd		(US\$ in
No.	Financing Name	ter-partyAccount	Thousand)	Thousand)	Rate	A)nToimatstDe	bitteMalGe	mpar	nyThousand)
1	TSMC	TSMOGer receivables	\$ 1,915,020	\$1,915,020	1.50%	Operating \$	\$	N/A	\$31,532,982
	International	Development				capital			
		•	(US\$60,000)	(US\$60,000))	-			(US\$987,968)
									(Note 2)
		TSMOGer receivables	319,170						
		Technology							
		<i>.</i>	(US\$10,000)						
2	TSMC Partners	TSMOther receivables	2,553,360	2,553,360	1.50%	O perating		N/A	(Note 3)
		Development				capital			,
		1	(US\$80,000)	(US\$80,000))	1			

Note 1: The No. 2 represents necessary for short-term financing.

Note 2: Not exceeding the issued capital of the Company.

Note 3: Generally not exceeding the issued capital of the Company, unless approved by all members of the board.

TABLE 2

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED FOR THE YEAR ENDED DECEMBER 31, 2004

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

		Counter-party		Pro	Ratio of Accumulated Amount of ValueCollateral of to Net opertyEquity	Maximum
		NatureCon	unter-parfylæximum Balance for			lateral/Guarantee
	Endorsement/		plorsement/he Year Guarantee (US\$ in		Latest llater\lancial and	Amounts Allowable
No.	Guarantee Provider		Amounts Thousand)		iipm Sta tement	(Note 1)
0		TSMC 3	Not \$ 1,915,020	\$ 1,915,020		
	The Company	Development	exceed 10% (US\$60,000) of the net worth of the Company, and also limiting to the total capital issued of the endorsement/guarante company, unless otherwise approved by Board	(US\$60,000)		

of Directors.

TSMC 2 1,276,680 1,276,680 0.32%

North America

(US\$40,000) (US\$40,000)

WaferTech 3 14,043,480

(US\$440,000)

Note 1: 25% of the net worth of the Company as of December 31, 2004.

Note 2: The No. 2 represents a subsidiary in which the Company holds directly over 50% of the equity interest. The No. 3 represents an investee in which the Company holds directly and indirectly over 50% of the equity interest.

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TABLE 3

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD DECEMBER 31, 2004

ABN AMRO Select Bond Fund

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

December 31, 2004

			G	D	Market V
Relationship with	Financial Statem		Carrying Value	Percenta of	Asset V
		`	(US\$ in		(US\$
ne the Company	Account	of)	*	Ownersh	` '
	Short-term				
	investment	\$	1,207,40	9 N/A	\$ 1,20
	Short-term				
	investment	U	IS\$ 192,35	7 N/A	US\$ 19
	Long-term				
	investment		3,397,08	1 N/A	3,39
	Long-term				
	investment		2,349,57	3 N/A	2,35
	Long-term				
	investment		3,893,82	7 N/A	3,89
	Long-term				
	investment		620,00	0 N/A	62
	Short-term				
	investment		249,44	9 N/A	25
		78,698	1,153,20	9 N/A	1,16
		134,906	1,956,17	5 N/A	1,97
		84,886	1,151,46	3 N/A	1,16
	Short-term				
		76,705	1,101,91	1 N/A	1,11
	Short-term				
	investment	80,833	900,00	0 N/A	91
	Short-term				
	investment	76,640	900,00	0 N/A	90
	Short-term				
	investment	151,594	2,100,00	0 N/A	2,11
	_	Short-term investment Long-term investment Long-term investment Long-term investment Long-term investment Long-term investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term	Short-term investment Short-term investment Long-term investment Long-term investment Long-term investment Long-term investment Short-term investment Short-term investment 134,906 Short-term investment 84,886 Short-term investment 76,705 Short-term investment 80,833 Short-term investment Short-term investment Short-term investment investment Short-term	Relationship with Financial Statementhares/Units (In Thousands of) Thousands (US\$ in Thousand)	CIn Thousands CUS\$ in Thousand) Ownersh

200,000 N/A

18,235

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NITC Bond Fund HSBC NTD Money Management Fund		Short-term investment Short-term investment Short-term investment	3,764 41,568	600,000 600,000	N/A N/A	60 60
Stock						
Taiwan Mask Corp.		Short-term				
1		investment	1,787	6,528		2
TSMC International	Subsidiary	Long-term				
	_	investment	987,968	23,778,997	100	23,77
VIS	Investee	Long-term	400.522	7 401 002	20	0.40
TICLACE De America	C-1: 4: a.m.	investment	409,532	5,401,982	28	8,49
TSMC Partners	Subsidiary	Long-term investment	300	3,908,356	100	3,90
SSMC	Investee	Long-term	300	3,900,330	100	3,50
SSIVIC	mvesice	investment	382	3,290,888	32	3,29
TSMC - North America	Subsidiary	Long-term	502	3,270,000	32	٥,ــ
	~	investment				
			11,000	502,242	100	1,17
GUC	Investee	Long-term				
	_	investment	39,040	391,626	47	41
TSMC - Japan	Subsidiary	Long-term		100 550	100	10
77' T	T	investment	6	102,572	100	10
VisEra	Investee	Long-term	5,100	50 116	25	5
TSMC - Europe	Subsidiary	investment Long-term	3,100	59,116	23	J
13MC - Europe	Substataty	investment		25,439	100	2
United Industrial Gases Co., Ltd.		Long-term		23,737	100	-
		investment	16,783	193,584	10	28
Shin-Etsu Handotai Taiwan Co., Ltd.		Long-term	•	,		
		investment	10,500	105,000	7	17
				(C	ontinued)
		-42-				

Ma Value

					Carrying Percen		tage	
		Relationship with	Financial Statem		• •	of	Asset (US	
Name	Marketable Securities Type and Name	the Company	Account	*	Thousand) O	wnersh	•	
	W.K. Technology Fund IV	1 0	Long-term	,	,		•	
	<i>2.</i>		investment	5,000 \$	50,000	2	\$	
	Hontung Venture Capital Co., Ltd.		Long-term	,	,			
			investment	8,392	83,916	10		
	Globaltop Partner I Venture Capital Corp.		Long-term					
			investment	5,000	50,000	1		
	Corporate bonds							
	Taiwan Power Company		Short-term					
			investment		2,777,798	N/A	2,7	
	Abbott Labs		Short-term					
			investment	U	S\$ 2,732	N/A	US\$	
	Abbott Labs		Short-term					
			investment	US	S\$ 1,581	N/A	US\$	
	Ace Ltd		Short-term					
			investment	U	S\$ 1,046	N/A	US\$	
	AIG Sunamerica Global Fing IX		Short-term					
			investment	U	S\$ 1,032	N/A	US\$	
	Allstate Finl Global Fdg LLC		Short-term					
			investment	U	S\$ 3,171	N/A	US\$	
	American Express Co.		Short-term					
			investment	U	S\$ 3,550	N/A	US\$	
	American Gen Fin Corp.		Short-term					
			investment	U	S\$ 1,768	N/A	US\$	
	American Gen Fin Corp. Mtn		Short-term					
			investment	U	S\$ 3,130	N/A	US\$	
	American Gen Fin Corp. Mtn		Short-term					
			investment	U	S\$ 1,058	N/A	US\$	
	American Honda Fin Corp. Mtn		Short-term					
			investment	U	S\$ 3,800	N/A	US\$	
	American Intl Group Inc. Mtnf		Short-term					
			investment	U	S\$ 3,795	N/A	US\$	
	Amgen Inc.		Short-term					
			investment	U	S\$ 3,005	N/A	US\$	
	Amsouth Bk Birmingham Ala		Short-term					
			investment	U	S\$ 1,972	N/A	US\$	
	ANZ Cap Tr I		Short-term					
			investment	U	S\$ 1,012	N/A	US\$	
	Bank New York Inc.		Short-term					
			investment		S\$ 1,525		US\$	
	Bank New York Inc.			U	S\$ 3,945	N/A	US\$	

	Short-term			
	investment			
Bank Scotland Treas Svcs PLC	Short-term			
	investment	US\$	2,715	N/A US\$
Bank Utd Houston TX Mtbn	Short-term		,	•
	investment	US\$	580	N/A US\$
Bear Stearns Cos Inc.	Short-term			
	investment	US\$	3,518	N/A US\$
Bear Stearns Cos Inc. Medium Te	Short-term			
	investment	US\$	3,105	N/A US\$
Berkshire Hathaway Fin Corp.	Short-term			
	investment	US\$	1,498	N/A US\$
Bristol Myers Squibb Co.	Short-term			
	investment	US\$	3,819	N/A US\$
British Telecommunications PLC	Short-term			
	investment	US\$	2,104	N/A US\$
Cargill Inc.	Short-term			
	investment	US\$	2,120	N/A US\$
Chase Manhattan Corp. New	Short-term			
	investment	US\$	1,628	N/A US\$
Cit Group Hldgs Inc.	Short-term			
	investment	US\$	3,203	N/A US\$
Citigroup Inc.	Short-term			
	investment	US\$	2,000	N/A US\$
Citigroup Inc.	Short-term			
	investment	US\$	1,033	N/A US\$
Citigroup Inc.	Short-term			
	investment	US\$	3,583	N/A US\$
Colonial Pipeline Co.	Short-term			
	investment	US\$	1,625	N/A US\$
Compaq Computer Corp.	Short-term			
	investment	US\$	3,719	N/A US\$
Consolidated Edison Co. NY Inc.	Short-term			
	investment	US\$	3,687	N/A US\$
Corestates Cap Corp.	Short-term			
	investment	US\$	1,062	N/A US\$
Countrywide Fdg Corp. Mtn	Short-term			
	investment	US\$	2,158	N/A US\$
Countrywide Home Lns Inc.	Short-term			
	investment	US\$	5,210	N/A US\$
			(Cont	inued)

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Market

Value or Net

Carryingercentage Asset
Relationship with Financial States hates/Univalue of Value

		Relationship with	Financial State	enHartes/Unitsalue (In (US\$ in	of	Value (US\$ in
mpany Name	Marketable Securities Type and Name	the Company	Account	Thousa Td)ousan ()v	wnersł	ıiphousand
	Credit Suisse Fb USA Inc.		Short-term			-
			investment	US\$ 2,645	N/A	US\$ 2,599
	Credit Suisse First Boston		Short-term			ļ
			investment	US\$ 786	N/A	US\$ 779
	Credit Suisse First Boston USA		Short-term			ļ
			investment	US\$ 2,249	N/A	US\$ 2,240
	Daimlerchrysler North Amer		Short-term			,
	•		investment	US\$ 997	N/A	US\$ 999
	Daimlerchrysler North Amer Hld		Short-term			!
	•		investment	US\$ 749	N/A	US\$ 755
	Dell Computer Corp.		Short-term			
	20		investment	US\$ 3,054	N/A	US\$ 3,025
	Den Danske BK Aktieselskab		Short-term	,	±	0.2, .,
	202		investment	US\$ 2,192	N/A	US\$ 2,160
	Deutsche Telkom Intl Fin BV		Short-term	 , ,	*	004-,
	Deutselle Telkolli IIII I III I I		investment	US\$ 1,852	N/A	US\$ 1,838
	Diageo PLC		Short-term	O S + 2,222	1 1/1 -	υυψ 1,01
	Diagootic		investment	US\$ 3,459	N/A	US\$ 3,47
	Dow Chem Co.		Short-term	O D T D 7	1 1/1 -	υυψυ,
	Dow Chem Co.		investment	US\$ 921	N/A	US\$ 91
	European Invt Bk		Short-term	Ο Ο Ψ / 2 1	1 1/1 =	Ουψ ΣΙ
	European myt Dk		investment	US\$ 8,315	N/A	US\$ 8,230
	Fifth Third Bk Cincinnati OH		Short-term	Ουψ 0,212	11//1	υυψ υ,Δυ.
	I'llui Illiu Dr Cinciiniau (11		investment	US\$ 2,419	N/A	US\$ 2,460
	First Data Corp.		Short-term	U Ο Ψ 2, τ 1 >	11//1	U ω ψ ω , τ ω
	First Data Corp.		investment	US\$ 3,013	NI/A	US\$ 2,980
	First IIn Com		Short-term	US\$ 3,013	11/73	US\$ 2,700
	First Un Corp.			118¢ 070	NT/A	TICE 06
	Elect Elel Come Inc. Navy		investment	US\$ 970	IV/A	US\$ 965
	Fleet Finl Group Inc. New		Short-term	TTC# 404	NT/A	TTO# 40
	THE STAGE TENT		investment	US\$ 494	N/A	US\$ 493
	Fleet Finl Corp Inc. New		Short-term	110h 075	***/A	770h 00
	~ ~		investment	US\$ 975	N/A	US\$ 962
	Ford Mtr Cr Co.		Short-term	770 A 540		
			investment	US\$ 1,542	N/A	US\$ 1,53
	FPL Group Cap Inc.		Short-term			
			investment	US\$ 1,001	N/A	US\$ 99
	FPL Group Cap Inc.		Short-term			
			investment	US\$ 860	N/A	US\$ 84
	General Elec Cap Corp. Mtn		Short-term			
			investment	US\$ 3,467	N/A	US\$ 3,45

General Elec Cap Corp. Mtn	Short-term	1100 1 040	NI/A TICC 1 OA
Consul Elea Con Com Mtu	investment	US\$ 1,040	N/A US\$ 1,040
General Elec Cap Corp. Mtn	Short-term	1100 2 006	NIA TICE 2 076
Comments E'allie	investment	US\$ 3,886	N/A US\$ 3,878
Genworth Finl Inc.	Short-term	1100 2 412	NIA TICE 2 406
Calling Carla Community Man	investment	US\$ 3,412	N/A US\$ 3,408
Goldman Sachs Group Inc. Mtn	Short-term	1100 2 505	NIA TICE 2 40
	investment	US\$ 3,505	N/A US\$ 3,494
Goldman Sachs Group LP	Short-term	1100 1 627	NI/A TIOO 1 500
	investment	US\$ 1,637	N/A US\$ 1,599
Goldman Sachs Group LP	Short-term	TICO 1 100	NI/A 1100 1 07/
	investment	US\$ 1,100	N/A US\$ 1,075
Greenpoint Finl Corp.	Short-term	****** O=4	>**** *****
amp a	investment	US\$ 974	N/A US\$ 972
GTE Corp.	Short-term		
	investment	US\$ 2,134	N/A US\$ 2,109
Hancock John Global Fdg Mtn	Short-term	*******	>**** ***** 00
	investment	US\$ 1,003	N/A US\$ 980
Hartford Finl Svcs Group Inc.	Short-term		
	investment	US\$ 765	N/A US\$ 758
Hartford Finl Svcs Group Inc.	Short-term		
	investment	US\$ 296	N/A US\$ 290
Heller Finl Inc.	Short-term		
	investment	US\$ 1,171	N/A US\$ 1,163
Hershey Foods Corp.	Short-term		
	investment	US\$ 1,627	N/A US\$ 1,600
Hewlett Packard Co.	Short-term		
	investment	US\$ 3,373	N/A US\$ 3,305
Honeywell Inc.	Short-term		
	investment	US\$ 3,284	N/A US\$ 3,218
Household Fin Corp.	Short-term		
	investment	US\$ 529	N/A US\$ 522
Household Fin Corp.	Short-term		
	investment	US\$ 2,993	N/A US\$ 2,985
Household Fin Corp. Mtn Bk Ent	Short-term		
	investment	US\$ 3,542	N/A US\$ 3,510
HSBC USA Inc. New	Short-term		
	investment	US\$ 1,154	N/A US\$ 1,134
Huntington Natl Bk	Short-term		
	investment	US\$ 3,003	N/A US\$ 3,000
Huntington Natl Bk Columbus OH	Short-term		
	investment	US\$ 2,954	N/A US\$ 2,961
ING Bank	Short-term		
	investment	US\$ 2,114	N/A US\$ 2,113
ING Sec Life Ins Ingslf	Short-term		
	investment	US\$ 3,012	N/A US\$ 3,00°
Intl Bk For Recon + Dev	Short-term		
	investment	US\$ 5,232	N/A US\$ 5,102
JP Morgan Chase + Co.	Short-term		
	investment	US\$ 1,043	N/A US\$ 1,039
Jackson Natl Life Global Fdg		US\$ 1,036	N/A US\$ 1,032

Short-term investment Short-term investment

Jackson Natl Life Global Fdg S

stment US\$ 2,998 N/A US\$ 2,988 (Continued)

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Market

Value or

Net Carryin**P**ercentage Asset

				Carryin g erce			_		
		Relationship with	Financial State				of		lue
				,	(US				\$ in
mpany Name	Marketable Securities Type and Name	the Company	Account	Thousa	ı T&)ou	san ()	wnersl	niþhou	sano
	JP Morgan Chase + Co.		Short-term						
			investment		US\$	3,663	N/A	US\$	3,62
	Keycorp Mtn Book Entry		Short-term						
			investment		US\$	3,500	N/A	US\$	3,50
	KFW Intl Fin Inc.		Short-term						
			investment		US\$	5,104	N/A	US\$	5,02
	Kraft Foods Inc.		Short-term						
			investment		US\$	773	N/A	US\$	76
	Kraft Foods Inc.		Short-term						
			investment		US\$	1,037	N/A	US\$	1,03
	Lehman Brothers Hldgs Inc.		Short-term						
			investment		US\$	1,163	N/A	US\$	1,16
	Lehman Brothers Hldgs Inc.		Short-term						
			investment		US\$	3,705	N/A	US\$	3,63
	Lehman Brothers Hldgs Inc.		Short-term						
			investment		US\$	2,171	N/A	US\$	2,15
	Lilly Eli + Co.		Short-term						
			investment		US\$	3,750	N/A	US\$	3,74
	Lincoln Natl Corp. In		Short-term						
			investment		US\$	519	N/A	US\$	51
	Merita Bk Ltd NY Brh		Short-term						
			investment		US\$	538	N/A	US\$	53
	Merrill Lynch + Co. Inc.		Short-term						
			investment		US\$	3,486	N/A	US\$	3,48
	Metropolitan Life Global Mtn		Short-term						
			investment		US\$	1,907	N/A	US\$	1,91
	Monumental Global Fdg II		Short-term						
			investment		US\$	2,500	N/A	US\$	2,50
	Monumental Global Fdg II		Short-term						
			investment		US\$	1,534	N/A	US\$	1,51
	Monumental Global Fdg II 2002A		Short-term						
			investment		US\$	1,045	N/A	US\$	1,03
	Morgan Stanley		Short-term						
			investment		US\$	2,136	N/A	US\$	2,12
	Morgan Stanley Group Inc.		Short-term						
			investment		US\$	3,638	N/A	US\$	3,62
	Morgan Stanley Group Inc.		Short-term						
	_		investment		US\$	1,050	N/A	US\$	1,04
	National Westminster Bk PLC		Short-term						
			investment		US\$	1,433	N/A	US\$	1,42
						•			

Nationsbank Corp.	Short-term	1100 2 644	NT/A	1100 2 EA
NT 2	investment	US\$ 3,644	N/A	US\$ 3,549
Nationwide Bldg Soc	Short-term	1100 0 457	***/A	TTOO 2 477
N	investment	US\$ 3,457	N/A	US\$ 3,47
Nationwide Life Global Mtn	Short-term	710h 1 460	3.T/A	TTOO 1 400
P	investment	US\$ 1,463	N/A	US\$ 1,469
Pepsico Inc. Mtn Book Entry	Short-term	******	3.T/A	TTO 0 0 10
	investment	US\$ 3,818	N/A	US\$ 3,817
PNC Fdg Corp.	Short-term	***************************************	/	
	investment	US\$ 1,080	N/A	US\$ 1,075
Popular North Amer Inc. Mtn	Short-term	******	/	
	investment	US\$ 3,042	N/A	US\$ 3,022
Premark Intl Inc.	Short-term			
	investment	US\$ 2,954	N/A	US\$ 2,914
Pricoa Global Fdg I Mtn	Short-term			
	investment	US\$ 3,507	N/A	US\$ 3,503
Pricoa Global Fdg I Mtn	Short-term			
	investment	US\$ 3,050	N/A	US\$ 3,047
Principal Life Global Fdg I Gl	Short-term			
	investment	US\$ 3,168	N/A	US\$ 3,102
Protective Life Secd Trs	Short-term			
	investment	US\$ 2,920	N/A	US\$ 2,969
Prudential Ins Co. Amer	Short-term			
	investment	US\$ 2,648	N/A	US\$ 2,610
Reinsurance Group Amer Inc.	Short-term			
	investment	US\$ 2,091	N/A	US\$ 2,089
Royal Bk Scotland Group PLC	Short-term			
	investment	US\$ 1,563	N/A	US\$ 1,547
Royal Bk Scotland Group PLC	Short-term			
	investment	US\$ 564	N/A	US\$ 558
Royal Bk Scotland Group PLC	Short-term			
•	investment	US\$ 369	N/A	US\$ 364
Safeco Corp.	Short-term			
•	investment	US\$ 765	N/A	US\$ 763
Salomon Smith Barney Hldgs Inc.	Short-term	, .		,
, ,	investment	US\$ 3,160	N/A	US\$ 3,100
Sara Lee Corp.	Short-term	, - , 0		, -,-0
· · · · · · · · · · · · · · · · · · ·	investment	US\$ 1,596	N/A	US\$ 1,60
SBC Communications Inc.	Short-term	234 1,270	- 1,7 - 1	224 1,00
550 Communications inc.	investment	US\$ 3,681	N/A	US\$ 3,617
SBC Communications Inc.	Short-term	υ ο φυ ο σ,001	1 1/ / 1	υυψυ,01
SEC Communications inc.	investment	US\$ 2,251	N/Δ	US\$ 2,245
Scotland Intl Fin B V 144A	Short-term	O 3 φ 2,23 1	11/71	υυψ 2,24 .
Scouand IIII I'II D V 174A	investment	US\$ 1,533	NT/A	1100 1 520
Shall Finance (LIV) DLC		US\$ 1,333	IN/A	US\$ 1,532
Shell Finance (UK) PLC	Short-term	11002604	NT/A	11000 55
CI M Com	investment	US\$ 3,604	IN/A	US\$ 3,553
SLM Corp.	Short-term	110¢ 500	NT/A	T100 50
01.14.G 14.15 T 17	investment	US\$ 500	N/A	US\$ 50
SLM Corp. Medium Term Nts	Short-term	****		***** -
	investment	US\$ 2,950		US\$ 2,985
SP Powerassets Ltd Global		US\$ 991	N/A	US\$ 992

Short-term investment Short-term

Suntrust Bks Inc. Short-term

investment Swedbank Sparbanken Svenge AB Short-term

investment US\$ 1,084 N/A US\$ 1,066

(Continued)

US\$ 1,062 N/A US\$ 1,060

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Mark Value or

Carrying Percentage

1					Carrying Percentage		ıge
		Relationship with	Financial State		Value US\$ in	of	Asset Va (US\$ i
any Name	Marketable Securities Type and Name	the Company	Account	,	•	wnersł	,
wily 1 (will)	TIAA Global Mkts Inc.	one company	Short-term	1110 41841104, 110		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	пр тпо шош
	THAT GOOD THE INC.		investment	US\$	519	N/A	US\$
	Tribune Co. Med Trm Nts		Short-term		= -1	± = .	0.54
	210 010 010 010 010 010 010 010 010 010		investment	US\$	2,943	N/A	US\$
	Union Planters		Short-term		— y= =		
	<u> </u>		investment	US\$	2,755	N/A	US\$
	Unitedhealth Group Inc.		Short-term		,		,
	r		investment	US\$	3,119	N/A	US\$
	US Bk Natl Assn Cincinnati OH		Short-term	,	÷ ,		
İ			investment	US\$	2,669	N/A	US\$
	Virginia Elec + Pwr Co.		Short-term		,		
İ	·		investment	US\$	2,884	N/A	US\$
	Vodafone Group PLC New		Short-term	•	- ,	=	J = 1,
İ	, oamene zeer		investment	US\$	2,559	N/A	US\$
	Wachovia Corp.		Short-term		,		
<u>i</u>			investment	US\$	3,720	N/A	US\$
<u>i</u>	Wal Mart Cda Venture Corp.		Short-term	•	- ,	=	J = 1,
	1		investment	US\$	3,670	N/A	US\$
	Washington Mut Fin Corp.		Short-term		- /		- ·- ·
			investment	US\$	4,768	N/A	US\$ 4
	Washington Mut Inc.		Short-term				- · !
	V		investment	US\$	4,735	N/A	US\$ 4
	Washington Post Co.		Short-term		•		
	6		investment	US\$	3,182	N/A	US\$
	Wells Fargo + Co. New		Short-term		•		
			investment	US\$	3,697	N/A	US\$
i	Westfield Cap Corp. Ltd		Short-term		•		
i			investment	US\$	1,999	N/A	US\$
<u> </u>	China Steel Corporation		Long-term				
İ			investment	2	2,978,804	N/A	2,97
	Taiwan Power Company		Long-term		, .		
i			investment		915,276	N/A	914
	Nan Ya Plastics Corporation		Long-term				
	•		investment		407,526	N/A	40′
	Formosa Plastics Corporation		Long-term				
	-		investment		405,485	N/A	40:
	Formosa Petrochemical Corporation		Long-term		•		
	-		investment		202,595	N/A	200
	Agency bonds						
	Fed Hm Ln Pc			US\$	3,466	N/A	US\$

Federal Home Ln Bks investment Short-term	
	A US\$
investment US\$ 2,532 N/ Federal Home Ln Bks Short-term	1 03\$
	A US\$
Federal Home Ln Bks Short-term	1 03\$
	A US\$
Federal Home Ln Bks Short-term	1 030
	A US\$
Federal Home Ln Bks Short-term	1 030
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Federal Home Ln Bks Short-term	ι ουψ .
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Federal Home Ln Bks Short-term	Ι Ο Ο Φ
	A US\$
Federal Home Ln Bks Short-term	1 Ουφ
	A US\$
Federal Home Ln Bks Short-term	1 000
	A US\$
Federal Home Ln Bks Short-term	
	A US\$
Federal Home Ln Bks Short-term	
investment US\$ 2,909 No	A US\$
Federal Home Ln Bks Short-term	
investment US\$ 13,953 No	A US\$ 1.
Federal Home Ln Bks Short-term	
investment US\$ 13,983 N	A US\$ 1.
Federal Home Ln Bks Short-term	
investment US\$ 13,981 N	A US\$ 1.
Federal Home Ln Mtg Corp Short-term	
investment US\$ 6,978 N	A US\$
Federal Home Ln Mtg Corp. Short-term	
	A US\$
Federal Home Ln Mtg Corp Short-term	
	A US\$
Federal Home Ln Mtg Corp. Short-term	
·	A US\$
Federal Home Ln Mtg Corp. Short-term	
	A US\$
Federal Home Ln Mtg Corp. Short-term	
	A US\$
Federal Home Ln Mtg Corp. Mtn Short-term	. TTG
	A US\$
Federal Home Loan Mtg Assn Short-term	A TIOO
	A US\$
Federal Home Loan Mtg Corp. US\$ 4,903 N	A US\$

Short-term investment

(Continued)

Market

Value of Net

CarryingPercentage Asset

		Relationship with	Financial State	enShates/UnitValue (In (US\$ in	of		alue S\$ in
mpany Name	Marketable Securities Type and Name	the Company	Account	, ,	wnersł		
]	Federal Natl Mtg Assn		Short-term	•		•	I
I	C		investment	US\$ 5,270	N/A	US\$	5,2
ı	Federal Natl Mtg Assn		Short-term				
	C		investment	US\$ 6,940	N/A	US\$	6,9
I	Federal Natl Mtg Assn		Short-term				ľ
			investment	US\$ 6,903	N/A	US\$	6,9
	Federal Natl Mtg Assn		Short-term				ľ
			investment	US\$ 4,981	N/A	US\$	4,9.
	Federal Natl Mtg Assn		Short-term				ľ
			investment	US\$ 6,997	N/A	US\$	6,9
	Federal Natl Mtg Assn Mtn		Short-term				ľ
			investment	US\$ 15,787	N/A	US\$	15,75
	Federal Natl Mtg Assn Mtn		Short-term				ľ
			investment	US\$ 7,000	N/A	US\$	6,9
	Freddie Mac		Short-term				ľ
			investment	US\$ 4,929	N/A	US\$	4,9
	Fed Hm Ln Pc Pool E89857		Short-term				ı
			investment	US\$ 2,535	N/A	US\$	2,5
	Fed Hm Ln Pc Pool G11295		Short-term				I
I			investment	US\$ 2,277	N/A	US\$	2,2
	Federal Home Ln Mtg Corp.		Short-term				
	- -		investment	US\$ 6,096	N/A	US\$	6,0
	Federal Home Ln Mtg Corp.		Short-term				
	- -		investment	US\$ 4,435	N/A	US\$	4,4
	Federal Home Ln Mtg Corp.		Short-term				
	- -		investment	US\$ 3,558	N/A	US\$	3,5
	Federal Home Ln Mtg Corp.		Short-term				
	- -		investment	US\$ 3,645	N/A	US\$	3,6
	Federal Natl Mtg Assn		Short-term				
			investment	US\$ 4,242	N/A	US\$	4,1
	Federal Natl Mtg Assn		Short-term				
			investment	US\$ 2,141	N/A	US\$	2,1
	Federal Natl Mtg Assn		Short-term				
			investment	US\$ 4,765	N/A	US\$	4,7
	Federal Natl Mtg Assn Gtd		Short-term				
	C		investment	US\$ 3,486	N/A	US\$	3,4
	FNMA Pool 685116		Short-term				
			investment	US\$ 1,003	N/A	US\$	1,0
	FNMA Pool 725095		Short-term				
			investment	US\$ 2,008	N/A	US\$	2,0

						,
FNMA Pool 790828	Short-term	IIGΦ	4.007	27/4	τιαφ	. 7
TRACE D. 1.500000	investment	US\$	4,807	N/A	US\$	4,7
FNMA Pool 793932	Short-term	TIOO	20.4			20
77.61 7 170.4040	investment	US\$	994	N/A	US\$	99
FNMA Pool 794040	Short-term	TICO	1 001	3.T/A	τταφ	1.0
TODA D. 1505540	investment	N 20	1,021	N/A	US\$	1,0.
FNMA Pool 795548	Short-term	TICO	077	NT/A	TICO	0
77.7 1006640	investment	US\$	977	N/A	US\$	91
FNMA Pool 806642	Short-term	TIOO	2 006	37/A	TTOO	2.00
CODE W.D. 1001150	investment	O22	2,006	N/A	US\$	2,00
GNMA II Pool 081150	Short-term	τιαφ	200	3. T/A	TTOO	20
1001150	investment	US\$	999	N/A	US\$	99
GNMA II Pool 081153	Short-term	TIOO	- =00	~~/ 4	- -	- 7
	investment	U22	3,789	N/A	US\$	3,70
Government Natl Mtg Assn	Short-term	TIOO	2 4		an	. 7
	investment	US\$	1,734	N/A	US\$	1,70
Corporate issued asset-backed securities						
Aegis Asset Backed Secs Tr	Short-term					ļ
	investment	US\$	2,000	N/A	US\$	2,00
Aesop Fed II LLC	Short-term		•			1
1	investment	US\$	4,955	N/A	US\$	4,90
Aesop Fed II LLC	Short-term		,			•
r	investment	US\$	1,912	N/A	US\$	1,88
American Express Cr Account Ma	Short-term				- .,	- /
Almonoum Zilpross Colorina	investment	US\$	3,445	N/A	US\$	3,42
American Home Mtg Invt Tr	Short-term		Σ,.	*	·	- ,
7 Minoritoria 220-10 22-10 22-10	investment	US\$	949	N/A	US\$	94
Americredit Automobile Receiv	Short-term		-		.	
Allientoted Automobile 2000.	investment	US\$	2,002	N/A	US\$	1.99
Americredit Automobile Rec Tr	Short-term	,	4, 00-	1 1/-	C.C.,	1,-
Allionorous Automoone 200 2	investment	US\$	1,055	N/A	US\$	1.04
Americredit Automobile Rec Tr	Short-term		1,000	1 1/-	C . ,	1,~
Allienterout rations one rec 11	investment	IIS\$	2,000	N/A	HS\$	1 9
Americredit Automobile Receivb	Short-term	UUΨ	2,000	1 1/1 -	OO_{Ψ}	1,/
Allicheteuit Automobile Receivo	investment	IIS\$	4,949	N/A	US\$	49
Atlantic City Elc Trns Fdg LLC	Short-term	Ουψ	4,,,,,,	14/13	$O_{D_{\Psi}}$	т,,
Attained City Ele Tino Fug LLC	investment	US\$	926	NI/A	US\$	92
Banc Amer Coml Mtg Inc.	Short-term	OD_{Ψ}	720	14/17	$O_{O_{\Psi}}$	7
Banc Amer Comi iving me.		2211	5,364	NI/A	US\$	5 3
Dana Aman Mta Casa Ina	investment Short-term	Ουφ	J,J∪ +	11/73	USψ	ر, ک
Banc Amer Mtg Secs Inc.	Short-term investment	1100	4 020	NT/A	ттеф	4.00
P. 1 CA I man Davin To	investment	USÞ	4,030	IN/A	US\$	4,00
Bank of Amer Lease Equip Tr	Short-term	TICO	4.003	NT/A	ττοφ	2.00
S C A TO A FE	investment	∩ 2⊅	4,023	N/A	US\$	3,9;
Bear Stearns Alt A Tr	Short-term	TICO	1 470	3.T/A	τταφ	1 40
= ~	investment	O22	1,478	N/A	US\$	1,40
Bear Stearns Asset Backed Secs	Short-term	TIOO	- 220	~~/ 4	a d	- 00
_	investment	US\$	2,000	N/A	US\$	2,00
BMW Veh Owner Tr	Short-term	= = = =	~~	4	-· +	
	investment		4,978		US\$	
California Infr + Economic Dev		US\$	4,298	N/A	US\$	4,2

Short-term investment

(Continued)

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Market

Value of Net

CarryingPercentage Asset

		Relationship with	Financial State	erShates/UnitValue (In (US\$ in	of		alue S\$ in
mpany Name	Marketable Securities Type and Name	the Company	Account	Thousand)	wnersh	ıi F hot	ısan
	California Infras + Economic		Short-term				
			investment	US\$ 6,126	N/A	US\$	6,00
	California Infrastructure Dev		Short-term				
			investment	US\$ 5,089	N/A	US\$	5,03
	Capital Auto Receivables Asset		Short-term				
	-		investment	US\$ 4,018	N/A	US\$	3,99
	Capital One Auto Fin Tr		Short-term				
	•		investment	US\$ 319	N/A	US\$	3
	Capital One Auto Fin Tr		Short-term				
	•		investment	US\$ 1,147	N/A	US\$	1,14
	Capital One Auto Fin Tr		Short-term				
	•		investment	US\$ 3,000	N/A	US\$	2,9
	Capital One Multi Asset Execut		Short-term				
	•		investment	US\$ 4,957	N/A	US\$	4,9
	Caterpillar Finl Asset Tr		Short-term				
	1		investment	US\$ 10,008	N/A	US\$	9,9
	Centex Home Equity Ln Tr		Short-term	·			
	1 7		investment	US\$ 3,500	N/A	US\$	3,49
	Cit Equip Coll Tr		Short-term	•		•	
	1 1		investment	US\$ 4,999	N/A	US\$	4,99
	Citibank Cr Card Issuance Tr		Short-term	•		•	
			investment	US\$ 4,959	N/A	US\$	4,90
	Citicorp Mtg Secs		Short-term	•		•	
			investment	US\$ 2,364	N/A	US\$	2,30
	CNH Equip Tr		Short-term	•		•	
	1. 1		investment	US\$ 5,000	N/A	US\$	4,95
	Comm 2004 Htl 1		Short-term	- ,		- · ·	ĺ
			investment	US\$ 4,600	N/A	US\$	4,60
	Credit Suisse First Boston Mtg		Short-term	- ,		- · ·	,
	0.000		investment	US\$ 4,209	N/A	US\$	4.1
	CWABS Inc.		Short-term	- ,			-,
	O 12 22 2222		investment	US\$ 1,647	N/A	US\$	1.60
	CWABS Inc.		Short-term	- , , -			-,-
	CWIES IIIC.		investment	US\$ 1,903	N/A	US\$	1.90
	CWABS Inc.		Short-term	- ,			- ,-
	CWIDS IIIC.		investment	US\$ 1,907	N/A	US\$	1.9
	CWABS Inc.		Short-term	ουψ 1,,, υ.	1 1/1 -	Oυψ	1,7
	CWIDS IIIC.		investment	US\$ 2,000	N/A	US\$	1 90
	CWABS Inc.		Short-term	Ο5φ 2,000	1 1/1 1	Ουφ	1,//
1	CW/IDS IIIC.		investment	US\$ 5,000	N/A	US\$	5.04
			mvestment	05\$ 5,000	11//1	ОЗФ	5,0.

CWABS Inc.	Short-term	110¢ 2.500	NIA LIGO 25
CWALT Inc.	investment	US\$ 3,500	N/A US\$ 3,5
CWALT IIIC.	Short-term investment	US\$ 4,292	N/A US\$ 4,2
CWABS Inc.	Short-term	03\$ 4,292	IV/A US\$ 4,2
CWADS IIIC.	investment	US\$ 2,317	N/A US\$ 2,2
CWABS Inc.	Short-term	Ο5φ 2,517	1V/A 05\$ 2,2
CWADS IIIC.	investment	US\$ 4,040	N/A US\$ 4,0
Daimlerchrysler Auto Tr	Short-term	υσφ 1,010	10/11 ΟΒΦ 1,0
Daninorem yold: 11dio 11	investment	US\$ 4,991	N/A US\$ 4,9
Daimlerchrysler Auto Tr	Short-term	ουφ .,,,,,	1,112 0.54 1,5
,,	investment	US\$ 4,982	N/A US\$ 4,9
Daimlerchrysler Auto Tr	Short-term	/- /	, , , , , , , , , , , , , , , ,
·	investment	US\$ 4,897	N/A US\$ 4,8
Detroit Edison Securitization	Short-term	,	,
	investment	US\$ 674	N/A US\$ 6
Fifth Third Auto Tr	Short-term		
	investment	US\$ 3,000	N/A US\$ 2,9
Finance Amer Mtg Ln Tr	Short-term		
	investment	US\$ 985	N/A US\$ 9
First Franklin Mtg Ln Tr	Short-term		
	investment	US\$ 2,002	N/A US\$ 2,0
First Horizon Abs Tr	Short-term		
	investment	US\$ 2,000	N/A US\$ 2,0
First Union Lehman Bros Mtg Tr	Short-term		
	investment	US\$ 3,567	N/A US\$ 3,5
First USA Credit Cr Master Tr	Short-term		
	investment	US\$ 5,011	N/A US\$ 5,0
Ford Cr Auto Owner Tr	Short-term	************	77/1 77GA 10 0
	investment	US\$ 10,999	N/A US\$ 10,9
Granite Mtgs PLC	Short-term	TIGA 5 000	NIA IIGA FO
CC Assta I is The	investment	US\$ 5,000	N/A US\$ 5,0
GS Auto Ln Tr	Short-term	1100 2040	NI/A LICO 20
CS Mta Saas Cam	investment	US\$ 2,948	N/A US\$ 2,9
GS Mtg Secs Corp.	Short-term	US\$ 2,944	N/A US\$ 2,9
Harley Davidson Motorcycle Tr	investment Short-term	03\$ 2,944	N/A US\$ 2,9
Trailey Davidson Wotorcycle 11	investment	US\$ 3,417	N/A US\$ 3,4
Harley Davidson Motorcycle Tr	Short-term	υσφ 3,417	10/11 Ο Ο Φ Ο , ¬
Trailey Davidson Wotorcycle 11	investment	US\$ 5,999	N/A US\$ 5,9
Holmes Fing No 8 PLC	Short-term	υοφ 3,,,,,	10/11 Ουψ 3,5
Tiomics Ting I to 0 T Ze	investment	US\$ 5,001	N/A US\$ 5,0
Honda Auto Receivables	Short-term	υ υ υ υ υ υ υ υ υ υ υ υ υ υ υ υ υ υ υ	1,11 054 0,0
	investment	US\$ 5,000	N/A US\$ 4,9
Household Automotive Tr	Short-term	, ,	. ,
	investment	US\$ 513	N/A US\$ 5
Hyundai Auto Receivables Tr	Short-term		
•	investment	US\$ 3,500	N/A US\$ 3,4
IMPAC Cmb Tr	Short-term		ŕ
	investment	US\$ 1,414	N/A US\$ 1,4
IMPAC Cmb Tr		US\$ 988	N/A US\$ 9

Short-term investment Short-term investment

IMPAC Secd Assets Corp.

US\$ 3,570 N/A US\$ 3,50 (Continued)

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Market

Value or Net

Carryingercentage Asset

		Relationship with	Financial State	enShares/UniVsalue (In (US\$ in	of	Value (US\$ in
mpany Name	Marketable Securities Type and Name	the Company	Account	Thousa Thousan Ov	wnersł	,
_	Long Beach Accep Auto Receivab		Short-term			
	_		investment	US\$ 2,526	N/A	US\$ 2,502
	Merrill Lynch Mtg Invs Inc.		Short-term			!
	•		investment	US\$ 1,460	N/A	US\$ 1,460
	Merrill Lynch Mtg Invs Inc.		Short-term			!
	-		investment	US\$ 1,500	N/A	US\$ 1,502
	Monumentl Global Fdg II		Short-term			ļ
	-		investment	US\$ 1,000	N/A	US\$ 1,00
	National City Auto Receivables		Short-term			!
	•		investment	US\$ 1,206	N/A	US\$ 1,20
	Navistar finl 2003 A Owner Tr		Short-term			ļ
			investment	US\$ 4,928	N/A	US\$ 4,889
	Nissan Auto Receivables		Short-term			ļ
			investment	US\$ 7,000	N/A	US\$ 6,958
	Nissan Auto Receivables Own Tr		Short-term			•
			investment	US\$ 4,999	N/A	US\$ 4,993
	Nissan Auto Receivables Owner		Short-term			
			investment	US\$ 4,853	N/A	US\$ 4,872
	ONYX Accep Owner Tr		Short-term			
	1		investment	US\$ 963	N/A	US\$ 96
	ONYX Accep Owner Tr		Short-term	•	•	
	51		investment	US\$4,913	N/A	US\$ 4,933
	Providian Gateway Owner Tr		Short-term			- " • •
	<u>, , , , , , , , , , , , , , , , , , , </u>		investment	US\$ 4,204	N/A	US\$ 4,20
	Providian Gateway Owner Tr		Short-term		•	,
	2 10 · 2000 - 20		investment	US\$ 3,992	N/A	US\$ 3,982
	Reliant Energy Transition Bd		Short-term	,	±	0 = 1, . ,
	Tomanic Energy Transcript		investment	US\$ 5,185	N/A	US\$ 5,117
	Residential Asset Mtg Prods		Short-term	 ,-,	*	004.,
	100100111111111111111111111111111111111		investment	US\$ 3,731	N/A	US\$ 3,672
	Residential Asset Mtg Prods		Short-term	 , -,	* "	0 0 0 0 1 1
	Rosidoniai 1 15500 1.115 2 2 2 2 2		investment	US\$ 3,000	N/A	US\$ 2,980
	Residential Fdg Mtg Secs I Inc.		Short-term	 , -,	* "	0 0 0 0 0 0 0 0 0 0
	Rosidonida I ag 1.2.5 sees		investment	US\$ 3,659	N/A	US\$ 3,63
	Sequoia Mtg Tr		Short-term	 , -,	* "	0 0 0 0 1 1
	Sequera Wig II		investment	US\$ 2,504	N/A	US\$ 2,51
	Sequoia Mtg Tr		Short-term	○○	1 1/	υ υ φ - ,ε
	Sequoia ivita 11		investment	US\$ 1,960	N/A	US\$ 1,95
	Sequoia Mtg Tr		Short-term	Ουψ 1,700	1 1/1 1	υ υψ 1,72.
	Sequoia Witg 11		investment	US\$ 1,488	NI/A	US\$ 1,480
			mvesument	$O_{D\Psi}$ 1, τ_{OO}	11/17	$OS\Phi 1, TOO$

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Sequoia Mtg Tr	Short-term		
	investment	US\$ 2,000	N/A US\$ 2,00
Sequoia Mtg Tr	Short-term		
	investment	US\$ 3,500	N/A US\$ 3,50
Structured Adj Rate Mtg Ln Tr	Short-term		
· · ·	investment	US\$ 3,037	N/A US\$ 3,03
Structured Asset Secs Corp.	Short-term		
	investment	US\$ 1,403	N/A US\$ 1,39
Thoornburg Mtg Secs Tr	Short-term		
	investment	US\$ 1,921	N/A US\$ 1,92
Toyota Auto Receivables 2003B	Short-term		
	investment	US\$ 4,970	N/A US\$ 4,93
Triad Auto Receivables Tr	Short-term		
	investment	US\$ 5,042	N/A US\$ 4,99
TXU Elec Delivery Transition	Short-term		
	investment	US\$ 7,736	N/A US\$7,71
USAA Auto Owner Tr	Short-term		
	investment	US\$ 4,000	N/A US\$ 3,99
Wachovia Auto Owner Tr	Short-term		
	investment	US\$ 6,000	N/A US\$ 5,99
Wachovia Auto Owner Tr	Short-term		
	investment	US\$ 4,999	N/A US\$ 4,99
WFS Financial Owner Trust	Short-term		
	investment	US\$ 5,008	N/A US\$ 4,98
WFS Finl 2004 2 Owner Tr	Short-term	*****	7774 7784 4 00
WEG E: 12004 4 0	investment	US\$ 4,994	N/A US\$ 4,99
WFS Finl 2004 4 Owner Tr	Short-term	T100 5 200	NIA LIGATON
XXI 1 A . I . T	investment	US\$ 5,399	N/A US\$ 5,34
Whole Auto Ln Tr	Short-term	110¢ 5 067	NIA LIGHT OC
Wilson Assault of The	investment	US\$ 5,967	N/A US\$ 5,96
Whole Auto Ln Tr	Short-term	1100 4 000	NIA LICE 2 OC
Whole Auto La Ta	investment	US\$ 4,000	N/A US\$ 3,96
Whole Auto Ln Tr	Short-term	11C# 2 000	NIA LIGEO OC
World Owni Auto Boosinghing To	investment	US\$ 3,000	N/A US\$ 2,96
World Omni Auto Receivables Tr	Short-term	1100 5 062	NIA TICE CO.
	investment	US\$ 5,963	N/A US\$ 5,90
Commercial papers	Short-term		
	investment	US\$ 2,997	N/A US\$ 2,99
Corporate issued notes	Short-term		
	investment	US\$ 1,999	N/A US\$ 1,99
		(Co	ntinued)

December 31, 2004

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		Relationship with	Financial Statemen	thares/Uni		ryingPe alue	rcenta of	ge Asset
		-		(In	(US	S\$ in		(US
ny Name	Marketable Securities Type and Name	the Company		Thousands	s)Thou	ısand)Ov	vnersh	ipThou
	Money market funds		Short-term					
			investment		US\$	21,114	N/A	US\$ 2
	Equity							
	Horizon Venture Fund I, L.P.		Long-term					
			investment		2	246,485	N/A	24
	Crimson Asia Capital Ltd., L.P.		Long-term					
	_		investment			43,649	N/A	4
	TSMC stock	Parent company	Short-term					
th America	a	_ •	investment	14,151	6	577,110		69
	TSMC stock	Parent company	Short-term					
			investment	15,670	4	158,564		7
	TSMC stock	Parent company	Short-term					
		r J	investment	15,700	4	159,512		7
ational	Money market fund							
	BOA Fund		Short-term					
			investment	30,300	US\$	30,300	N/A	US\$
	Stock							
	InveStar	Subsidiary	Long-term					
			investment	24,320	US\$	34,514	97	US\$
	InveStar II	Subsidiary	Long-term					
			investment	51,300	US\$	34,534	97	US\$
	TSMC Development	Subsidiary	Long-term					
			investment	1	US\$6	603,993	100	US\$ 60
	TSMC Technology	Subsidiary	Long-term					
			investment	1	US\$	5,544	100	US\$
	3DFX Interactive Inc.		Long-term					
			investment	68				
	WaferTech stock	Subsidiary	Long-term					
opment			investment		US\$4	184,060	99	US\$ 48
	Common stock							
	D' 1 T 1 T 1 C		C1					

Short-term

investment

RichTek Technology Corp.

67

US\$

682 US\$

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5 5						
Advanced Power Electronics Corp.	Short-term					
•	investment	1,108	US\$	502		US\$
Broadtek Electronics Corp.	Short-term					
·	investment	869	US\$	275		US\$
Monolithic Power Systems, Inc.	Short-term					
	investment	1,975	US\$	1,567		US\$
SiRF Technology Holdings, Inc.	Short-term					
	investment	90	US\$	393		US\$
Broadtek Electronics Corp.	Long-term					
	investment	145	US\$	46		US\$
Programmable Microelectronics						
(Taiwan), Corp.	Long-term					
	investment	575	US\$	208	1	US\$
Global Testing Corp.	Long-term					
	investment	13,268	US\$	5,670	9	US\$
RichTek Technology Corp.	Long-term					
	investment	842	US\$	83	1	US\$
Signia Technologies, Inc.	Long-term					
	investment	701	US\$	202	3	US\$
Incentia Design Systems, Inc.	Long-term					
	investment	365	US\$	92	1	US\$
Advanced Power Electronics Corp.	Long-term					
	investment	1,123	US\$	508	2	US\$
Capella Microsystems (Taiwan), Inc.	Long-term					
	investment	530	US\$	154	4	US\$
Preferred stock						
Integrated Memory Logic, Inc.	Long-term					
	investment	1,831	US\$	1,221	12	US\$
Sensory, Inc.	Long-term	,		,		
•	investment	1,404	US\$	125	6	US\$
Sonics, Inc.	Long-term	,				
	investment	2,686	US\$	3,530	4	US\$
NanoAmp Solutions, Inc.	Long-term					
•	investment	541	US\$	853	2	US\$
Memsic, Inc.	Long-term					
	investment	2,727	US\$	1,500	10	US\$
Reflectivity, Inc.	Long-term					
•	investment	1,064	US\$	741	2	US\$
				(Contin	nued)	

December 31, 2004

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							cent	age
		Relationship with	Financial Statem	ne ß thares/Uni (In		alue S\$ in	of	Asset \(\text{US}\)
any Name	Marketable Securities Type and Name	the Company	Account	Thousand	s)Thou	usan d) w	ners	hiphous
	IP Unity		Long-term					-
	•		investment	1,008	US\$	494	2	US\$
	Tropian, Inc.		Long-term					
	-		investment	1,758	US\$	471	3	US\$
	Common stock							
	RichTek Technology Corp.		Short-term					
			investment	321	US\$	184		US\$
	Monolithic Power Systems, Inc.		Short-term					
			investment	864	US\$	2,081		US\$
	eChannel Option Holding, Inc.		Long-term					
			investment	358	US\$	251	4	US\$
	eLCOS Microdisplay Technology, Ltd.		Long-term					
			investment	270	US\$	27	1	US\$
	Signia Technologies, Inc.		Long-term					
			investment	351	US\$	101	1	US\$
	Procoat Technology, Inc.		Long-term					
			investment	5,123	US\$	1,940	10	US\$
	RichTek Technology Corp.		Long-term					
			investment	395	US\$	226	1	US\$
	Programmable Microelectronics							
	(Taiwan), Inc.		Long-term					
			investment	177	US\$	50		US\$
	Auden Technology MFG. Co., Ltd.		Long-term					
			investment	953	US\$	738	4	US\$
	GeoVision, Inc.		Long-term					
			investment	471	US\$	127	1	US\$
	EoNex Technologies, Inc.		Long-term					
			investment	55	US\$	3,048	5	US\$
	Conwise Technology Corporation, Ltd.		Long-term					
			investment	2,800	US\$	490	14	US\$
	EON Technology, Corp.		Long-term					
			investment	3,276	US\$	1,175	8	US\$
	Goyatek Technology, Corp.		Long-term					
			investment	2,088	US\$	545	7	US\$
	Trendchip Technologies Corp.		Long-term					
			investment	2,000	US\$	861	5	US\$
	Ralink Technology (Taiwan), Inc.		Long-term					
			investment	1,833	US\$	791	3	US\$
	Silicon Data International Co., Inc.			2,000	US\$	204	3	US\$
				-, 0			_	

	Long-term					
	investment					
Capella Microsystems (Taiwan), Inc.	Long-term	410	T T C) (h	100	2	TTOO
	investment	419	US\$	122	3	US\$
Preferred stock						
Memsic, Inc.	Long-term				_	
	investment	2,289	US\$	1,560	8	US\$
eLCOS Microdisplay Technology, Ltd.	Long-term				_	
-	investment	2,667	US\$	3,500	15	US\$
NanoAmp Solutions, Inc.	Long-term	255			_	
	investment	375	US\$	1,500	1	US\$
Advanced Analogic Technology, Inc.	Long-term	0.40			_	
	investment	948	US\$	1,261	2	US\$
Sonics, Inc.	Long-term	4.500		- 200	_	
	investment	1,582	US\$	3,082	5	US\$
Reflectivity, Inc.	Long-term				_	
_	investment	4,255	US\$	2,205	5	US\$
Tropian, Inc.	Long-term				•	~+
	investment	1,464	US\$	393	2	US\$
Kilopass Technologies, Inc.	Long-term	2 00=		- 200		
	investment	3,887	US\$	2,000	19	US\$
FangTek, Inc.	Long-term	6.006			2.4	
	investment	6,806	US\$	3,250	34	US\$
Alchip Technologies Limited	Long-term	2.550		- 250		
	investment	2,579	US\$	2,950	18	US\$
Common stock						
Global Investment Holding, Inc.	Long-term					
	investment	10,000	1	100,000	6	10
RichWave Technology Corp.	Long-term					
	investment	2,600	US\$	867	13	US\$
NetLogic Microsystems, Inc.	Long-term					
	investment	113	US\$	1,388	1	US\$
Preferred stock						
Quake Technologies, Inc.	Long-term					
(investment	601	US\$	450	1	US\$
Pixim, Inc.	Long-term					•
	investment	1,721	US\$	2,382	3	US\$
Newport Opticom, Inc.	Long-term	,-	- ,	-,	-	
Trompert opacom,	investment	962	US\$	250	6	US\$
T	Long-term	/ -	004	200	~	054
Ikanos Communication, Inc.						
Ikanos Communication, Inc.	investment	7,446	US\$	3,125	3	US\$

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December 31, 2004

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		Relationship with	Financial Stater		nits V	'alue	of	V	/alı
Nome	Managed Alexandria Committee Type and Name	the Company	Aggaunt	(In	•	S\$ in	awal		JS\$
pany Name	Marketable Securities Type and Name	the Company	Account	Thousand	IST NO	usanay	wnersi	11 p no	us
	Quicksilver Technology, Inc.		Long-term	1.040		TICO	1		
	Maria Caratanaa Ina		investment	1,049		US\$-	4		
	Mosaic Systems, Inc.		Long-term	2 401	TICO	10	6	TICO	,
			investment	2,481	US\$	12	6	US\$	
	Zenesis Technologies, Inc.		Long-term	1.004	* T C A			7.104	_
			investment	1,204	US\$	699	4	US\$,
i	Reflectivity, Inc.		Long-term						
			investment	4,848	US\$	2,479	4	US\$	2
İ	Teknovus, Inc.		Long-term						
İ			investment	5,556	US\$	1,000	3	US\$, 1
	Miradia, Inc. (Formerly XHP								
İ	Microsystems, Inc.)		Long-term						
İ			investment	3,040	US\$	1,000	4	US\$, 1
İ	Axiom Microdevices, Inc.		Long-term						
			investment	1,000	US\$	1,000	5	US\$, 1
	Optichron, Inc.		Long-term						
	•		investment	714	US\$	1,000	6	US\$, 1
	Audience, Inc.		Long-term						
	•		investment	1,654	US\$	250	2	US\$	j
	Next IO, Inc.		Long-term						
			investment	800	US\$	500	2	US\$,
	NuCORE Technology Inc.		Long-term						
	2,40		investment	2,254	US\$	1,455	2	US\$, 1
	Centrality Communications, Inc.		Long-term	,	-	-,		~	
	,		investment	809	US\$	1,000	2	US\$: 1
	Layer N Networks, Inc.		Long-term	~	C	1,000	_	C ~ .,	-
	Layer it itemories, me.		investment	1.905	US\$	5 1,000	2	US\$: 1
			III V CSUITICITE	1,700	C S 4	1,000	_	USG	-
	Common stock								
	Yobon Technologies, Inc.		Long-term						
	1000ii 100iiioiogica, me.		investment	1 675	US\$	787	17	US\$	2
	Sentelic, Corp.		Long-term	1,075	υυφ	101	1 /	υοψ	
	Senienc, Corp.		~	600	2211	5 1,022	15	US\$, 1
	Lear Technology Inc		investment	UUU	υσφ	1,044	13	USΨ	J
	Ivyon Technology, Inc.		Long-term investment	200	US\$	775	10	US\$	
			mvestment	200	Ουψ	115	10	Ουψ	
	Preferred stock								
İ	Powerprecise Solutions, Inc.		Long-term						
İ	1		investment	258	US\$	250	3	US\$	j
	Tzero Technologies, Inc.				US\$			US\$	
	Tzero Technologies, inc.			244	Ουψ	300	2	ОБф	

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		Long-term				
		investment				
Miradia, Inc.		Long-term	1 000	****** 1 COO	2	7.7.C.
		investment	1,809	US\$ 1,600	2	US\$ 1
Agelia Technologies, Inc.		Long-term	1 140	110¢ 1000	2	TTOO 1
, v		investment	1,149	US\$ 1,000	2	US\$ 1
Audience, Inc.		Long-term	501	770¢ 100	1	7.7.C.A
		investment	531	US\$ 102	1	US\$
Axiom Microdevices, Inc.		Long-term			_	
		investment	686	US\$ 700	5	US\$
Next IO, Inc.		Long-term				
		investment	216	US\$ 182		US\$
Bond funds						
Grand Cathay		Short-term				
		investment	3,608	45,543	N/A	45
TIIM		Short-term				
		investment	703	9,698	N/A	9
Polaris De Li		Short-term				
		investment	1,550	22,800	N/A	22
EnTrust Kirin		Short-term				
		investment	2,106	22,697	N/A	22
E. Sun New Era		Short-term	•			
		investment	1,920	20,313	N/A	20
Jih Sun		Short-term	,	,		
		investment	772	10,262	N/A	10
EnTrust Phoenix		Short-term		, -	= 1.	
		investment	2,081	30,563	N/A	30
Transcend Fortune		Short-term	-,	~ ~ ,- ~ -		
Transcend 1 Stane		investment	1,936	22,947	N/A	22
Stock funds						
TIIM DaLi		Short-term				
THIVI Dali		_	296	5,000	NI/A	1
UPAMC Global Select Fund of Funds		investment Short-term	250	3,000	11/1/1	7
UPAING Global Scient Fully of Fullys		investment	336	3,364	N/A	2
Chang Hua 0066 Dalanga			330	3,304	11/71	5
Sheng Hua 9966 Balance		Short-term	200	2 000	NT/A	2
		investment	300	3,000	N/A	3
Stock						
Global Unichip Corporation - NA	Subsidiary	Long-term				
		investment	100	3,375	100	3
	-52-					

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD. AND SUBSIDIARIES

Beginning Balance

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2004

Acquisition

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

			O	0	•				, P 0,
ial Statement Account	Counter-party	Nature of Relationship	Shares/ Units Thousand	Amount (US\$ in) Thousand)	Shares/ Units (Thousand)	Amount (US\$ in Thousand)	Shares/ Units (Thousand)	Amount (US\$ in Thousand)	,
rm investment	BOA		40,000	\$ 1,359,120 (US 40,000)		\$	40,000	\$ 1,359,120 (US 40,000)	
rm investment	Goldman Sachs		20,000	679,560 (US 20,000)			20,000	679,560 (US 20,000)	
rm investment	JF Asset Management								
rm investment	(Taiwan) Ltd.		34,343	500,000	68,021	1,000,000	23,666	350,000	
			34,794	500,000	165,257	2,400,000	65,145	950,000	
rm investment	ABN AMRO				18,235	200,000)		
rm investment	Management					·			
rm investment	(Taiwan) Ltd. INVESCO Asset				110,580	1,500,000	25,694	350,000	
rm investment	Management Taiwan				93,975	1,350,000	17,270	250,000	
	Dresdner Securities Investment Consulting Co.,								
rm investment	Ltd.				80,833	900,000)		
rm investment	•				76,640	900,000)		
rm investment	Investment Trust Co., Ltd.				151,594 3,764	2,100,000 600,000			

TABLE 4

Disposal

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	9	•							
	National								
	Investment								
	Trust Co., Ltd.								
rm investment									
	Management								
	(Taiwan) Ltd.			41,568	600,000				
rm investment									
	Bills Finance								
	Corp. and								
	several								
	financial								
	institutions		1,800,000		2,577,163		4,127,714		4
rm investment	Chung Shing								
	Bills Finance								
	Corp. and								
	several								
	financial								
	institutions		1,422,197				1,427,762		
rm investment							, ,		
	several								
	financial								
	institutions		3,157,331				3,169,750		
rm investment	BNP and								
	several								
	financial								
	institutions		3,113,066				3,133,875		
rm investment	BNP and								
	several								
	financial								
	institutions				2,023,206		2,031,500		,
rm investment	BNP and								
	several								
	financial								
	institutions				1,207,409				
rm investment					US\$ 699,398	US\$	506,162	2211	
rm investment					054 077,370	ОБФ	300,102	Ουψ	
	several								
	financial								
_	institutions				3,402,213				
rm investment									
	Finance Corp.								
	and several								
	financial								
	institutions				2,349,573				
rm investment					3,890,925				
	several								

financial

rm investment	institutions KGI Securities Co., Ltd. and several financial institutions		(520,000			
rm investment	KGI Securities						
	Co., Ltd.		2,7	777,798			
rm investment			HΩΦ	0.171			
			US\$	3,171			
rm investment			US\$	3,550			
rm investment			¥ταφ	2.502	TIGO	2.504	TIGA
			US\$	3,503	US\$	3,504	US\$
rm investment			HΩΦ	2 120			
			US\$	3,130			
rm investment			TICO	2.702			
rm investment			US\$	3,702			
rin investment			US\$	3,509	US\$	3,509	1100
rm investment			USĢ	3,309	USA	3,309	OSÞ
IIII IIIVESTIICIIT			US\$	3,750	US\$	3,755	2211
rm investment			ОЗФ	3,730	ОЗФ	3,733	Ουψ
iii iii vestiiielit			US\$	3,800			
						(Continued)	
						(Continued)	

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Beginning Balance

Acquisition

			Dog	5 2	110401			2015]	Carr
ancial Statement Account	Counter-party	Nature of Relationship	Shares/ Units (Thousand)	Amount (US\$ in Thousand)	Shares/ Units (Thousand)	Amount (US\$ in Thousand)	Shares/ Units (Thousand)	Amount (US\$ in Thousand)	Val (US
rt-term									
estment				\$		US\$ 3,795		\$	\$
rt-term									
estment						US\$ 3,005			
rt-term						110¢ 2 045			
estment						US\$ 3,945			
rt-term						US\$ 3,693		US\$ 3,695	TICC
estment rt-term						03\$ 3,093		03\$ 3,093	ОЗ Ф.
estment						US\$ 3,805		US\$ 3,816	US\$
rt-term						Ουφ 5,005		Ο5ψ 5,010	Оυψ.
estment						US\$ 3,518			
rt-term						, - ,			
estment						US\$ 3,105			
rt-term									
estment						US\$ 3,819			
rt-term									
estment						US\$ 3,277		US\$ 3,280	US\$
rt-term						*****		*****	*****
estment						US\$ 3,837		US\$ 3,795	US\$
rt-term						110¢ 2 202			
estment						US\$ 3,203			
rt-term						US\$ 3,583			
estment rt-term						03\$ 3,383			
estment						US\$ 3,719			
rt-term						Ουφ 3,717			
estment						US\$ 3,687			
rt-term						. ,			
estment						US\$ 3,534		US\$ 3,540	US\$
rt-term									
estment						US\$ 5,210			
rt-term									
estment						US\$ 3,177		US\$ 3,188	US\$
rt-term						*****			
estment						US\$ 3,054			
rt-term						110¢ 2 450			
estment						US\$ 3,459			
rt-term						1100 0 215			
estment						US\$ 8,315			
rt-term estment						US\$ 4,237			
						US\$ 4,847			
						O 5 ψ T, O T /			
i									

Disposal

rt-term			
estment			
rt-term	110¢ 2 012		
estment rt-term	US\$ 3,013		
estment	US\$ 3,507	US\$ 3,498	US\$ 3
rt-term	- 1- 1 - 1 - 1		
estment	US\$ 3,467		
rt-term			
estment	US\$ 3,886		
rt-term extment	US\$ 3,412		
estment rt-term	US\$ 3,412		
estment	US\$ 3,505		
ort-term	• •		
estment	US\$ 3,820		
rt-term	7794 2 2 7 2		
estment	US\$ 3,373		
rt-term estment	US\$ 3,284		
estment rt-term	Οθφ <i>3</i> ,20 1		
estment	US\$ 3,712	US\$ 3,633	US\$ 3
rt-term	• •		
estment	US\$ 3,542		
rt-term	7734 2 000		
estment	US\$ 3,003		
ort-term estment	US\$ 3,012		
rt-term	Ο Sφ <i>3</i> ,012		
estment	US\$ 5,232		
rt-term	• •		
estment	US\$ 3,638	US\$ 3,601	US\$ 3
rt-term	778# 2 120		
estment	US\$ 3,128		
rt-term estment	US\$ 3,663		
rt-term	Ο Sψ 3,003		
estment	US\$ 3,500		
rt-term			
estment	US\$ 5,104		
ort-term	1100 0 A17	770¢ 2 201	7.70¢ 4
estment	US\$ 3,417	US\$ 3,381	US\$.
ort-term estment	US\$ 3,705		
rt-term	Ουψ 5,705		
estment	US\$ 3,750		
rt-term			
estment	US\$ 3,497	US\$ 3,498	US\$ 3
rt-term	777 2 40 C		
estment	US\$ 3,486		
	US\$ 3,129		

rt-term

	- 54 -	
		(Continued)
estment	US\$ 3,681	(Continued)
rt-term		
estment	US\$ 3,160	
ort-term	• •	
estment	US\$ 3,168	
rt-term	O3\$ 3,030	
ort-term estment	US\$ 3,050	
estment	US\$ 3,507	
ort-term		
estment	US\$ 3,042	
ort-term		
estment	US\$ 3,818	
estinent ort-term	O3\$ 3,413	
ort-term estment	US\$ 3,413	
estment	US\$ 3,457	
ort-term		
estment	US\$ 3,644	
ort-term	34 1,732	054 0,710 054 0
estment	US\$ 4,763	US\$ 3,713 US\$ 3
estment ort-term	08\$ 3,741	
ort-term	US\$ 5,741	
estment		

			Beginning Balance		Acq	Acquisition			Dispos		
ncial Statement Account -term investment	Counter-party	Nature of Relationship	Shares/ Units (Thousand)	Amount (US\$ in Thousand)	Shares/ Units (Thousand)	J)	mount JS\$ in ousand)	Shares/ Units (Thousand)	(U	ount S\$ in isand)	Ca (I The
term mvestmem				\$		US\$	3,604		\$		\$
term investment						US\$	3,631		US\$	3,131	US
term investment						****	2.110				
term investment						US\$ US\$	3,119 3,177		US\$	3,135	US
term investment						US\$	3,172			3,175	
term investment						US\$	3,720		СБФ	3,173	CD.
term investment						СБФ	3,720				
						US\$	3,670				
term investment						US\$	4,768				
term investment						US\$	4,735				
term investment						US\$	3,182				
term investment						US\$	3,697				
term investment	Chung Shing					Ουψ	3,077				
	Bills Finance										
	Corp.					2	,997,430				
term investment						_	.,,,,,,,,,				
	several										
	financial										
	institutions						950,646				
term investment							•				
	Bills Finance										
	Corp.						408,538				
term investment	-										
	Bills Finance										
	Corp.						406,245				
term investment	Chung Shing										
	Bills Finance										
	Corp.						202,980				
term investment											
						US\$	6,096				
term investment						•	,				
						US\$	4,725				
term investment							•				
						US\$	3,558				
term investment						US\$	5,861				
term investment						US\$	3,393				

term investment	US\$	6,130		
term investment	TIGO	6.071		
tama :maaatmaant	US\$	6,371		
term investment	US\$	7,000		
term investment	US\$	5,014		
term investment	US\$	3,817		
term investment	$CS\psi$	3,017		
term investment	US\$	4,829	US\$ 4,829	US
term investment		1,025	υσφ 1,02 <i>)</i>	CD.
ioni investment	US\$	4,473		
term investment	US\$	3,466		
term investment	US\$	5,210	US\$ 4,153	US
term investment	US\$	4,927	05¢ 1,100	
term investment	US\$	14,938	US\$ 6,980	US
term investment	US\$	7,014	224 0,700	
term investment	US\$	4,936		
term investment	US\$	9,956	US\$ 9,967	US
term investment	US\$	5,264	US\$ 5,286	
term investment	US\$	4,948	υσφ υ, 2 00	
term investment	US\$	7,018		
term investment	US\$	9,993	US\$ 5,000	US
term investment	US\$	7,042	254 2,000	
term investment	US\$	6,098		
term investment	US\$	13,953		
term investment	US\$	13,983		
term investment	US\$	13,981		
term investment		15,701		
	US\$	6,978		
term investment		0,770		
	US\$	3,388		
term investment		0,000		
	US\$	4,907	US\$ 4,981	US
term investment		1,72 0 1	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	- ~
	US\$	4,953		
term investment		.,,,,,		
······································	US\$	9,997		
term investment		2,22.		
	US\$	9,971	US\$ 9,942	US
term investment		<i>></i> ,> <i>i</i> 1	υσφ	
	US\$	11,984	US\$10,965	US
term investment		11,50.	05410,700	
	US\$	4,933		
term investment		1,755		
in the sument	US\$	4,930		
term investment		1,,,,,		
	US\$	4,903		
term investment	US\$	11,036	US\$ 10,997	US
term investment	US\$	10,496	US\$ 10,430	
	Эδψ	10,170	(Continued)	
			(Commuca)	

			Beginning Balance		Acqu	isition			sal	
inancial Statement Account	t Counter-party	Nature of y Relationship	Shares/ Units (Thousand)	Amount (US\$ in) Thousand)	Shares/ Units) (Thousand)	Amount (US\$ in) Thousand)	Shares/ Units) (Thousand)	(US	ount S\$ in ısand)	Ca V (U The
hort-term ivestment				\$		US\$ 5,270	n.	\$		\$
hort-term				ψ		U3φ 3,210	,	Ψ		Ψ
vestment						US\$ 4,982) .	US\$	4,983	US
hort-term						Ουψ .,,	,	OSÇ	1,200	
vestment						US\$ 6,940	.)			
hort-term						C + - ,-				
ivestment						US\$ 4,867	7	US\$	4,938	US
hort-term						,		- ·- ·	- 7* -	-
ivestment						US\$ 6,903	3			
hort-term										Į
vestment						US\$ 4,981	1			
hort-term										
ivestment						US\$ 6,997	1			
hort-term										
ivestment						US\$ 4,993	3	US\$	4,993	US
hort-term										
ivestment						US\$ 5,000)			ŀ
hort-term										
ivestment						US\$ 15,787	1			
hort-term										
ivestment						US\$ 4,929	,			
hort-term						==== 4 C 000				7.70
ivestment						US\$ 16,000)	US\$ 1	16,000	US
hort-term ivestment						US\$ 4,955	5			
hort-term						υ υψ ¬,,,,,,	,			
ivestment						US\$ 3,445	5			
hort-term						Ουψ 2,	,			
ivestment						US\$ 4,949	.			
hort-term						004 ,				
ivestment						US\$ 5,503	3			
hort-term										
ivestment						US\$ 4,030	J			
hort-term										
ivestment						US\$ 4,023	3			
hort-term										
ivestment						US\$ 4,978	3			
1										

hort-term	1100 4 200	
ivestment	US\$ 4,298	
hort-term	118\$ 9.393	
ivestment hort-term	US\$ 8,383	
ivestment	US\$ 7,419	
hort-term	ου 7,117	
ivestment	US\$ 4,627	
hort-term	.,027	
ivestment	US\$ 3,093 U	JS\$ 3,072 US\$
hort-term	. ,	. ,
ivestment	US\$ 4,957	
hort-term		
ivestment	US\$ 5,032 U	JS\$ 5,000 US\$
hort-term		
ivestment	US\$ 10,008	
hort-term		
ivestment	US\$ 3,500	
hort-term	11gh 4000	
ivestment	US\$ 4,999	
hort-term	1154 4050	
ivestment hort-term	US\$ 4,959	
ivestment	US\$ 5,000	
hort-term	Ο5φ 3,000	
ivestment	US\$ 4,600	
hort-term	,	
ivestment	US\$ 5,000	
hort-term		
ivestment	US\$ 5,000	
hort-term		
ivestment	US\$ 3,500	
hort-term		
ivestment	US\$ 4,718	
hort-term	110¢ 2.120	
ivestment	US\$ 3,129	
hort-term vestment	US\$ 4,040	
ivestment hort-term	03\$ 4,040	
ivestment	US\$ 4,991	
hort-term	Ο5ψ 1 ,221	
ivestment	US\$ 4,982	
hort-term	954 1,702	
ivestment	US\$ 4,897	
hort-term		
ivestment	US\$ 4,177	
hort-term		
ivestment	US\$ 5,011	
hort-term		
ivestment	US\$ 10,999	
	US\$ 4,000 U	JS\$ 4,003 US\$

hort-term	
ivestment	
hort-term	
ivestment	US\$ 5,000
hort-term	
ivestment	US\$ 4,000
hort-term	
ivestment	US\$ 4,000
hort-term	
ivestment	US\$ 5,999
hort-term	
ivestment	US\$ 5,001
hort-term	
ivestment	US\$ 5,000
hort-term	
ivestment	US\$ 3,500
hort-term	
ivestment	US\$ 4,000
hort-term	
ivestment	US\$ 3,500
hort-term	
ivestment	US\$ 4,928
hort-term	
ivestment	US\$ 7,000
	(Continued)

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				Beginni	ing Balance	Acqu	isition	ı			Di	isposal
												Carry
ies		Counter-party	Nature of Relationship	Shares/ Units Thousand	(US\$ in	Shares/ Units (Thousand)	(US	S\$ in	Units	(US	ount S\$ in usand)	Val (US\$ Thous
r	Short-term investment				\$		US\$	4,999)	•	\$	\$
	Short-term investment						US\$	4,853	3			
r	Short-term investment											
	Short-term investment							4,913				
	Short-term investment						US\$	5,102		US\$	5,036	US\$
	Short-term investment	·					US\$	4,204	ł			ľ
							US\$	3,992	2			
	Short-term investment						US\$	5,185	5			
g	Short-term investment						US\$	3,766	ó			
	Short-term investment							3,947				
	Short-term investment							3,500				
	Short-term investment						US\$	3,058	3			
	Short-term investment						US\$	4,970)			
les	Short-term investment											
	Short-term investment	•						5,042				
Γr	Short-term investment							8,009 4,000				
	Short-term investment											
er	Short-term investment							6,000				
er	Short-term investment	L					US\$	4,999)			
	Short-term investment						US\$	5,008	}			
							US\$	3,904	4			
	Short-term investment						US\$	4,994	1			
	Short-term investment						US\$	5,399)			
	Short-term investment							5,967				

Short-term investment Short-term investment				US\$	4,000				
Short-term investment				US\$	5,963				
				US\$	5,000		US\$	4,986	US\$
Short-term investment				US\$ 2	21,114				
Short-term investment	947	US\$	121			1 505	2211	6,783	2211
Short-term investment			3,593					8,972	
Short-term investment	·		2,000					4,318	
	2,321	ОЗФ	2,000			540	ОЗФ	7,310	OBO
Short-term investment	465	US\$	346			768	US\$	3,394	US\$

Note: The ending balance included the recognition of the investment income (loss) by the equity method, the cumulative translation adjustments and the bond premium or discount amortization amount.

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TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2004

progress

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

insaction			Nature of			Related Count	
mount	Payment Term	<u> </u>	Relationship		-	Transfer Date	
,484,370	By the construction	IDC Taiwan, Inc., Taiwan Branch (U.S.A.)		N/A	N/A	N/A	N/A
420,168	progress By the construction	CHRIST AG		N/A	N/A	N/A	N/A
224,800	construction	Allis Electric Co., Ltd.		N/A	N/A	N/A	N/A
340,307	By the construction	United Industry gas Corp., Ltd.		N/A	N/A	N/A	N/A
116,181	construction	United Industry gas Corp., Ltd.		N/A	N/A	N/A	N/A
133,092	progress By the construction	BOC EDWARDS, CMS		N/A	N/A	N/A	N/A
165,208	progress By the construction	Organo Corporation		N/A	N/A	N/A	N/A
225,744	progress By the construction	Marketech International Corp.		N/A	N/A	N/A	N/A
100,767	progress By the construction	Kanto Chemical Co., Inc.		N/A	N/A	N/A	N/A
466,833	By the construction	United Integrated Services Co., Ltd.		N/A	N/A	N/A	N/A
300,000	progress By the construction	United Integrated Services Co., Ltd.		N/A	N/A	N/A	N/A
122,969	progress By the construction	Marketech International Corp.		N/A	N/A	N/A	N/A

185,984	construction	Marketech International Corp.	N/A	N/A	N/A	N/A
182,060	By the construction	Marketech International Corp.	N/A	N/A	N/A	N/A
105,299	progress By the construction progress	IDC Taiwan, Inc., Taiwan Branch (U.S.A.)	N/A	N/A	N/A	N/A
	progress					

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TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD, AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2004

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

		Transaction Details % Purchase/ to					al Transaction	,
Party North	Nature of Relationship	Sale	Amount	Tota	l Payment Terms	Unit Price	Payment Terms	
1101111	Subsidiary	Sales	\$142,271,732	55	Net 30 days after invoice date	None	None	\$1
nd its	·				•			
	Major shareholder	Sales	5,463,565	2	Net 30 days after monthly closing	None	None	
i	Investee	Sales	371,546	-	Net 30 days after monthly closing	None	None	
ch	Subsidiary	Purchases	15,203,047	34	Net 30 days after monthly closing	None	None	
1	Investee	Purchases	9,169,602	13	Net 30 days after monthly closing	None	None	i
i	Investee	Purchases	5,869,123	21	Net 30 days after monthly closing	None	None	

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2004

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

					Ov	verdue	Amount Received in Subsequent	
N T	D 1 4 1D 4		Ending	T D 4		A 4° 70° 1	•	
mpany	TSMC North	Nature of Relationship	Balance	Turnover Rate	Amount	Action Taken	Period	D
	America	Subsidiary	\$15,526,964	38 days	\$5,044,202	Accelerate demand on	\$6,013,414	\$
	TSMC	Culaidia	1 472 265	(Nata)	145 146	account		
	Shanghai Philips and its	Subsidiary	1,473,365	(Note)	145,146	receivables		
	affiliates	Major shareholder	581,487	49 days	7,136		13,726	

Note: The ending balance is generated mainly from the sales of machinery, so it is not applicable for the calculation of the turnover rate.

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TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES

SIGNIFICANT INFLUENCE

DECEMBER 31, 2004

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

			_	Investment ount		Balance as of December 31, 2004 PercentageCarrying			
tee Company	Location	Main Businesses and Products	December 31, 2004	December 31, 2003	Shares	of	Value hip (Note 1)	Net Inco (Loss) the Investo	
North Americ	aSan Jose, California,	Sales and marketing of integrated circuits and					•		
Europe	U.S.A. Amsterdam, the	semiconductor devices Marketing activities	\$ 333,178	\$ 333,178	11,000	100	\$ 502,242	\$ 120,5	
Japan	Netherlands Yokohama,	Marketing activities	15,749	15,749)	100	25,439	2	
Shanghai	Japan Shanghai, China	Manufacturing and marketing of integrated circuits and	83,760	83,760	6	100	102,572	2,9	
	Hsin-Chu, Taiwan	semiconductor devices Research, design, development, manufacture, packaging, testing and sale of memory integrated circuits, LSI, VLSI and related	9,187,962	1,890,952	2	100	8,113,511	(727,0	
International	Tortola, British Virgin Islands	parts Providing investment in companies involved in the design, manufacture, and other related business in the	8,119,816	8,119,816	,	28	5,401,982	4,706,6	
rng	Taipei,	semiconductor industry Investment activities	31,445,780	31,445,780	·	100	23,778,997	2,598,1	
iey	Taiwan Taipei, Taiwan	Investment activities	300,000 300,000	300,000		36 36	50,570 49,823	21,3 21,8	
Partners	Tortola, British Virgin	Investment activities	300,000	300,000	1	30	49,823	21,0	
	Islands Singapore	Fabrication and supply of	10,350	10,350	300	100	3,908,356	43,1	
	Singapore	integrated circuits	6,408,190	6,408,190	382	32	3,290,888	2,288,7	

ng Alliance	Cayman	Investing in new start-up						
	Islands	technology						
		companies	1,447,957	1,179,690		99	823,232	(97,7
	Hsin-Chu,	Researching, developing,						
	Taiwan	manufacturing, testing and						
		marketing of integrated circuits	409,920	409,920	39,040	47	391,626	30,4
	Hsin-Chu,	Manufacturing, material						
	Taiwan	wholesaling and retailing of						
		electronic spare parts	51,000	51,000	5,100	25	59,116	35,5
I	Cayman	Investing in new start-up						
	Islands	technology						
		companies	332,412			98	329,968	18,3

Note 2: The gains or losses on disposal of the stocks held by subsidiaries (treated as treasury stocks) and the paid-in capital from cash dividend distributed by parent company are excluded.

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Note 1: The treasury stock is deducted from the carrying value.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD. AND SUBSIDIARIES

INFORMATION OF INVESTMENT IN MAINLAND CHINA DECEMBER 31, 2004

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	Accumulated Outflow of Total Investment Amount from Taiwan of Paid-in as of Investme		Investment l	Accumulated Outflow of Investment from Taiwan nt Flows as of			C		
	Capital		January 1,	Outflow		Pe December 31,	ercenta; of	ige Investment	
			- ,			Ownership Gain			Dec
ain Businesses and	(RMB in	Investment	2004 (US\$ in	(US\$ in		2004 (US\$ in	in	(Loss)	ļ
Products	Thousand)	Type	Thousand)	Thousand)	Inflow	Thousand) In	vestme	ent(Note 2)	2
nufacturing and									
rketing of									
egrated circuits and	\$9,187,962		\$1,890,952	\$7,297,010		\$9,187,962			
niconductor devices	(RMB2,284,355)	(Note 1)	(US\$56,000)	(US\$220,000) S	\$	(US\$276,000)	100%	\$(727,036)	\$8,1

Investment Amounts Authorized by	
Investment Commission, MOEA	Upper Limit on Investment
(US\$ in Thousand)	(US\$ in Thousand)
\$11,841,207	\$11,841,207
(US\$371,000)	(US\$371,000)
	Investment Commission, MOEA (US\$ in Thousand) \$11,841,207

Note 1: Direct investment in TSMC (Shanghai) US\$276,000 thousand.

Note 2: Amount was recognized based on the audited financial statements.

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Taiwan Semiconductor Manufacturing Company Ltd. and Affiliates

Combined Financial Statements for the Year Ended December 31, 2004 and Independent Accountants Review Report

REPRESENTATION LETTER

The combined balance sheet as of December 31, 2004 and the combined statement of income for the year ended December 31, 2004 of Taiwan Semiconductor Manufacturing Company Ltd. and affiliates were prepared in conformity with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, relevant regulations and accounting principles generally accepted in the Republic of China.

No misrepresentations were made and no important matters were concealed in the preparation of the combined financial statements of Taiwan Semiconductor Manufacturing Company Ltd.

Very truly yours,

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD.

Ву	
/s/ Morris Chang	
MORRIS CHANG Chairman	

January 13, 2005 (January 30, 2005 as to Note 23o)

INDEPENDENT ACCOUNTANTS REVIEW REPORT

The Board of Directors and Shareholders Taiwan Semiconductor Manufacturing Company Ltd.

We have reviewed the combined balance sheet as of December 31, 2004 and the related combined statement of income for the year then ended of Taiwan Semiconductor Manufacturing Company Ltd. and affiliates. Our review was made in accordance with the Guidelines for the Review of Combined Financial Statements of Affiliates. It is substantially less in scope than an examination in accordance with auditing standards generally accepted in the Republic of China (R.O.C.), the objective of which is the expression of an opinion regarding the combined balance sheet and the combined statement of income taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the combined balance sheet and the combined statement of income referred to above in order for them to be in conformity with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises in the R.O.C., and the R.O.C. regulations governing the preparation of financial statements of public company and generally accepted accounting principles in the R.O.C.

January 13, 2005 (January 30, 2005 as to Note 23o)

Notice to Readers

The accompanying combined financial statements are intended only to present the combined financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdiction. The standards, procedures and practices to audit such combined financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the accountants—review report and the accompanying combined financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language accountants—review report and combined financial statements shall prevail.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD. AND AFFILIATES

COMBINED BALANCE SHEET

DECEMBER 31, 2004

(In Thousands of New Taiwan Dollars, Except Par Value)

(Reviewed, Not Audited)

CURRENT ASSETS Cash and cash equivalents (Notes 2, 4 and 5) \$ 74,5	31,410 15
Cash and cash equivalents (Notes 2, 4 and 5) \$ 74.5	
	03,642 11
	77,818
	14,746
·	74,596 6
	86,360)
	42,450) (1)
	11,300
	29,551 1
Inventories, net (Notes 2 and 6) 15,6	49,596 3
Deferred income tax assets, net (Notes 2 and 15) 8,9	17,986 2
Prepaid expenses and other current assets (Note 2) 1,7	51,699
Total current assets 185,5	33,534 37
LONG-TERM INVESTMENTS (Notes 2, 7, 19 and 24)	
Equity method 8,6	92,870 2
Cost method 3,2	66,330 1
Long-term bonds 15,1	70,167 3
Other investments 10,5	21,740 2
Total long-term investments 37,6	51,107 8
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 8, 11 and 21)	
Cost	
*	03,508
	86,317 20
· · · · · · · · · · · · · · · · · · ·	68,964 86
	51,372 2
Leased assets 5	66,243
Other equipment 1	52,133
Total cost 541,3	28,537 108
	23,140) (66)
Advance payments and construction in progress 49,2	47,068 10
Net property, plant and equipment 259,2	52,465 52
GOODWILL (Note 2) 7,0	88,864 1

OTHER ASSETS Deformed charges not (Notes 2, 0 and 22)	0.218.000	2
Deferred charges, net (Notes 2, 9 and 23) Deferred income tax assets, net (Notes 2 and 15)	9,218,900 1,649,979	2
Refundable deposits	106,952	
Others (Note 8)	175,830	
Total other assets	11,151,661	2
TOTAL	\$ 500,677,631	100
LIA DIL VELEGAND CHA DENIOL DEDG. FOLLIEN		67
LIABILITIES AND SHAREHOLDERS EQUITY CURRENT LIABILITIES	Amount	%
Short-term bank loans (Note 10)	\$ 383,004	
Payables to related parties (Note 21)	2,241,748	
Accounts payable	7,583,723	2
Payables to contractors and equipment suppliers	33,437,308	7
Accrued expenses and other current liabilities (Notes 2, 13 and 23)	10,325,040	2
Current portion of long-term liabilities (Notes 11 and 12)	10,505,489	2
Total current liabilities	64,476,312	13
LONG-TERM LIABILITIES		
Long-term bank loans (Note 11)	1,926,735	
Bonds payables (Note 12)	19,500,000	4
Other long-term payables (Note 13)	7,964,975	2
Other payables to related parties (Notes 21 and 23)	2,317,972	
Liability under capital lease (Notes 2 and 8)	566,243	
Total long-term liabilities	32,275,925	6
OTHER LIABILITIES		
Accrued pension cost (Notes 2 and 14)	3,113,552	1
Guarantee deposits (Note 23)	412,881	
Others	714,949	
Total other liabilities	4,241,382	1
MINORITY INTEREST IN AFFILIATES (Note 2)	718,713	
Total liabilities	101,712,332	20
SHAREHOLDERS EQUITY (Notes 2 and 17) Capital stock \$10 par value Authorized: 24 600 000 thousand shares		
Authorized: 24,600,000 thousand shares Issued: 23,251,964 thousand shares	222 510 627	46
Capital surplus	232,519,637 56,537,259	40 11
Retained earnings:	30,337,439	11
Appropriated as legal reserve	25,528,007	5
Unappropriated earnings	88,202,009	18
Onappropriated curinings	00,202,007	10

Cumulative translation adjustments (Note 2) (2,226,427) Treasury stock (at cost) 45,521 thousand shares (Notes 2 and 19) (1,595,186)

Total shareholders equity 398,965,299 80

TOTAL \$500,677,631 100

The accompanying notes are an integral part of the combined financial statements.

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TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD. AND AFFILIATES

COMBINED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2004

(In Thousands of New Taiwan Dollars, Except Combined Earnings Per Share)

(Reviewed, Not Audited)

GROSS SALES (Notes 2 and 21) SALES RETURNS AND ALLOWANCES (Note 2)	Amount \$ 264,348,362 (4,737,127)	%
NET SALES (Note 25) COST OF SALES (Notes 16 and 21)	259,611,235 143,375,116	100 55
GROSS PROFIT	116,236,119	45
OPERATING EXPENSES (Notes 16, 21 and 25) Research and development General and administrative Marketing	12,703,145 11,542,135 3,403,503	5 5 1
Total operating expenses	27,648,783	11
INCOME FROM OPERATIONS	88,587,336	34
NON-OPERATING INCOME AND GAINS (Note 25) Investment income recognized by equity method, net (Notes 2 and 7) Interest (Notes 2 and 24) Gain on sales of investments, net (Note 2) Technical service income (Notes 21 and 23) Gain on disposal of property, plant and equipment (Note 2) Other (Note 21)	2,061,973 1,860,614 922,650 423,804 247,021 527,952	1 1
Total non-operating income and gains	6,044,014	2
NON-OPERATING EXPENSES AND LOSSES (Note 25) Interest (Notes 2, 8 and 24) Foreign exchange loss, net (Notes 2 and 24) Loss on impairment of long-term investments (Note 2) Loss on disposal of property, plant and equipment (Note 2) Unrealized valuation loss of short-term investments (Note 2) Other	1,528,908 390,858 350,608 131,779 75,708 134,247	1
Total non-operating expenses and losses	2,612,108	1

(Continued)

		Amount		%
INCOME BEFORE INCOME TAX AND MINORITY INTEREST (Note 25)		\$ 92,019,242		
INCOME TAX BENEFIT (Notes 2 and 15)		352,453	3	
INCOME BEFORE MINORITY INTEREST		92,371,693		35
MINORITY INTEREST IN INCOME OF AFFILIATES (Notes 2 and 25)	RITY INTEREST IN INCOME OF AFFILIATES (Notes 2 and 25) (55,58)			
COMBINED NET INCOME	\$ 92,316,11: Income Before Income Tax and Minority Interest		5 35	
]	nbined Net come
COMBINED EARNINGS PER SHARE (NT\$, Note 20)				
Basic earnings per share	\$	3.96	\$	3.97
Diluted earnings per share	\$	3.96	\$	3.97

The accompanying notes are an integral part of the combined financial statements.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS (Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise) (Reviewed, Not Audited)

1. GENERAL

Taiwan Semiconductor Manufacturing Company Ltd. (TSMC), a Republic of China (R.O.C.) corporation, was incorporated as a venture among the Government of the R.O.C., acting through the Development Fund of the Executive Yuan; Philips Electronics N.V. and certain of its affiliates (Philips); and certain other private investors. On September 5, 1994, its shares were listed on the Taiwan Stock Exchange (TSE). On October 8, 1997, TSMC listed some of its shares of stock on the New York Stock Exchange (NYSE) in the form of American Depositary Shares (ADSs).

TSMC is engaged mainly in the manufacturing, selling, packaging, testing and computer-aided designing of integrated circuits and other semiconductor devices, and the manufacturing of masks.

TSMC has six direct wholly-owned subsidiaries: TSMC International Investment Ltd. (TSMC International), TSMC North America (TSMC North America), Taiwan Semiconductor Manufacturing Company Europe B.V. (TSMC Europe), TSMC Japan K. K. (TSMC Japan), TSMC (Shanghai) Company Limited (TSMC Shanghai) and TSMC Partners, Ltd. (TSMC Partners). In addition, TSMC has the following consolidating subsidiaries: a 99.5% owned subsidiary, Emerging Alliance Fund, L.P. (Emerging Alliance), a 98% owned subsidiary, VentureTech Alliance Fund II, L.P. (VTAF II) and two 36% owned affiliates Chi Cherng Investment Co., Ltd. (Chi Cherng, which is 36% owned by TSMC and 64% owned by Hsin Ruey Investment Co., Ltd.) and Hsin Ruey Investment Co., Ltd. (Hsin Ruey, which is 36% owned by TSMC and 64% owned by Chi Cherng). TSMC International has two wholly-owned subsidiaries TSMC Development, Inc. (TSMC Development) and TSMC Technology, Inc. (TSMC Technology), and two 97% owned subsidiaries InveStar Semiconductor Development Fund, Inc. (II) LDC (InveStar II). TSMC Development has a 99.996% owned subsidiary, WaferTech, LLC (WaferTech). TSMC has two affiliates over which TSMC exercises significant influence: a 47% owned affiliate, Global UniChip Corporation (GUC), and a 25% owned affiliate, VisEra Technologies Co., Ltd. (VisEra). GUC has a wholly-owned subsidiary, Global Unichip Corp. NA (GUC NA).

The following diagram presents information regarding the relationship and ownership percentages among TSMC and its affiliates as of December 31, 2004:

TSMC North America is engaged in the sales and marketing of integrated circuits and semiconductor devices. TSMC Europe and TSMC Japan are engaged mainly in marketing activities. TSMC Technology is engaged mainly in engineering support activities. TSMC Shanghai is engaged in the manufacturing and marketing of integrated circuits and other semiconductor devices. TSMC Partners, TSMC Development, Chi Cherng and Hsin Ruey are engaged in investing activities. TSMC International is engaged in providing investment in companies involved in the design, manufacture, and other related business in the semiconductor industry. Emerging Alliance, VTAF II, InveStar and InveStar II are engaged in investing in new start-up technology companies. WaferTech is engaged in the manufacturing, selling, testing and computer-aided designing of integrated circuits and other semiconductor devices. GUC is engaged in the researching, developing, manufacturing, testing and marketing of integrated circuits. VisEra is engaged in the manufacturing, material wholesaling and retailing of electronic spare parts. GUC NA is engaged in providing consulting services for products in the North America region.

2. SIGNIFICANT ACCOUNTING POLICIES

The combined financial statements are presented in conformity with Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises in the R.O.C. and regulations governing the preparation of financial statements of public companies and generally accepted accounting principles in the R.O.C.

For the convenience of readers, the accompanying combined financial statements have been translated into English from the original Chinese version prepared and used in the R.O.C. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language financial statements shall prevail.

Significant accounting policies are summarized as follows:

Combination

All significant intercompany balances and transactions have been eliminated in the combined financial statements. The combined financial statements include, as of and for the year ended December 31, 2004, the accounts of all directly and indirectly majority owned subsidiaries of TSMC, and the accounts of GUC, GUC NA and VisEra that TSMC exercises significant influence on. TSMC and the foregoing affiliates are hereinafter referred to collectively as the Company .

Minority interests in the aforementioned affiliates are presented separately in the combined financial statements.

Use of Estimates

The preparation of financial statements in conformity with the aforementioned regulations and principles requires management to make reasonable assumptions and estimates of matters that are inherently uncertain. The actual results may differ from management s estimates.

Classification of Current and Noncurrent Assets and Liabilities

Current assets are those expected to be converted to cash, sold or consumed within one year from the balance sheet date. Current liabilities are obligations due on demand within one year from the balance sheet date. Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

Cash Equivalents

Government bonds under repurchase agreements and notes acquired with maturities less than three months from the date of purchase are classified as cash equivalents.

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Short-term Investments

Short-term investments primarily consist of corporate bonds, asset-backed securities, bond and stock funds, agency bonds, government bonds and others.

Short-term investments are recorded at historical cost and are carried at the lower of cost or market value as of the balance sheet date. An allowance for decline in value is provided and is charged to current earnings when the aggregate carrying value of the investments exceeds the aggregate market value. A reversal of the allowance is recorded for a subsequent recovery of the market value.

The cost of funds and listed stocks sold are accounted for using the weighted-average method; whereas the other securities are accounted for using the specific identification method.

The market value of funds is determined using the net asset value of the funds at the end of the year, and the market value of listed stocks is determined using the average-closing price of the listed stocks for the last month of the year. The others are determined using the average of bid and ask prices as of the balance sheet date.

Cash dividends are recorded as investment income in the current year.

Allowance for Doubtful Receivables

Allowances for doubtful receivables are provided based on a review of the collectibility of accounts receivables. The Company determines the amount of allowance for doubtful accounts by examining the historical collection experience and current trends in the credit quality of its customers as well as its internal credit policies.

Revenue Recognition and Allowance for Sales Returns and Others

The Company recognizes net sales when the earnings process is complete, as evidenced by an agreement with the customer, transfer of title and acceptance have occurred or services provided, if applicable, a fixed or determinable price and the collectibility is reasonably assured. Allowance for sales returns and pricing discounts is estimated based on historical experience and any known factors that would affect the allowance. Such provisions are deducted from sales in the year the products are sold and the estimated related costs are deducted from cost of sales.

Sales are determined using the fair value taking into account related sales discounts agreed to by the Company and its customers. Sales agreements typically provide that payment is due 30 days from invoice date for a majority of the customers and 30 to 45 days after the end of the month in which the sales occur for some customers. Since the receivables from sales are collectible within one year and such transactions are frequent, the fair value of receivables is equivalent to the nominal amount of cash received.

Inventories

Inventories are stated at the lower of cost or market value. Inventories are recorded using the weighted-average cost method, or recorded at standard cost and adjusted to the approximate weighted-average cost at the end of the year. Market value represents net replacement cost for raw materials, supplies and spare parts. Market value represents net realizable value for finished goods and work in process. The Company assesses the impact of changing technology on its inventory on hand and writes off inventories that are considered obsolete. Ending inventories are evaluated for estimated excess quantities and obsolescence based on demand forecast within a specific time horizon, generally 180 days or less, and the estimated losses on scrap and slow-moving items are

recognized in the allowance for losses.

Long-term Investments

Investments in companies wherein the Company exercises significant influence on the operating and financial policy decisions are accounted for using the equity method of accounting. The Company s proportionate share in the net income or net loss of investee companies is recognized in the investment income/loss recognized by equity method, net account. When equity investments are made, the difference, if any, between the cost of investment and the Company s proportionate share of investee s net equity is amortized using the straight-line method over five years and is recorded in the investment income/loss recognized by equity method, net account.

When the Company subscribes to additional investee shares at a percentage different from its existing equity interest, the resulting carrying amount of the investment in the investee differs from the amount of Company s proportionate share in the investee s net equity. The Company records such difference as an adjustment to long-term investments with the corresponding amount charged or credited to capital surplus.

Investments in companies wherein the Company does not exercise significant influence are recorded at historical cost. Cash dividends are recognized as investment income in the year received but are accounted for as reductions in the carrying amount of the long-term investments if the dividends are received in the same year that the related investments are acquired. Stock dividends are recorded as an increase in the number of shares held and do not affect investment income or the carrying amount of the investment. An allowance is recognized for any decline in the market value of investments with readily ascertainable fair market value with the corresponding amount recorded as an unrealized loss, a component of shareholders—equity. A reversal of the allowance will result from a subsequent recovery of the market value of such investments. The carrying amounts of investments whose fair market values are not readily ascertainable are reduced to reflect an other-than-temporary decline in their values, with the related impairment loss charged to income.

Investments in foreign mutual funds are stated at the lower of aggregate cost or net asset value. An allowance is recognized when the net assets value of the funds is lower than their cost, with the corresponding amount recorded as a reduction to shareholders—equity. A reversal of the allowance will result from a subsequent recovery of the net asset value.

The costs of stocks and mutual funds sold are determined using the weighted-average method.

Investments in long-term bonds are stated at amortized cost. The discount or premium is amortized over the duration period using the interest method, and recorded as an adjustment to interest income.

When investments in publicly-traded stocks are reclassified from short-term investments to long-term investments or from long-term investments to short-term investments, the Company recognizes a loss to the extent, if any, that the market value of such investments is lower than the carrying amount, and the market value becomes the new basis.

If an investee company recognizes an unrealized loss on its long-term investments using the lower-of-cost-or-market method, the Company also recognizes a corresponding unrealized loss in proportion to its ownership percentage in the investee company and records the amount as a component of its shareholders equity.

Gains or losses on sales from the Company to investee companies accounted for using the equity method are deferred in proportion to the Company s ownership percentage in the investee companies until realized through transactions with third parties. The entire amount of the gains or losses on sales to majority-owned subsidiaries is deferred until such gains or losses are realized through the subsequent sales of the related products to third parties.

Gains or losses on sales from investee companies to the Company are deferred in proportion to the Company s ownership percentages in the investee companies until realized through transactions with third parties.

If an investee s functional currency is a foreign currency, translation adjustments will result from the process of translating the investee s financial statements into the reporting currency of the Company. Such adjustments are accumulated and reported as a separate component of shareholders equity.

Property, Plant and Equipment, Assets Leased to Others, Leased Assets and Idle Assets

Property, plant and equipment and assets leased to others are stated at cost less accumulated depreciation. When impairment is determined, the related assets are stated at the lower of fair value or book value. Idle assets are stated at the lower of net realizable value or book value. Significant additions, renewals and betterments incurred during the construction period are capitalized. Maintenance and repairs are expensed in the year incurred. Interest expense incurred for the project during the purchase and construction period is also capitalized. Properties covered by agreements qualifying as capital leases are carried at the lower of the leased equipment s market value or the present value of the minimum lease payments at the inception date of the lease.

Depreciation is computed using the straight-line method over the following estimated service lives: land improvements 20 years; buildings 10 to 50 years; machinery and equipment 3 to 10 years; office equipment 3 to 15 years; leased assets 20 years and other equipment 3 to 10 years.

Upon sale or disposal of property, plant and equipment, the related cost and accumulated depreciation are removed from the corresponding accounts, with any gain or loss credited or charged to non-operating income or expenses in the year of sale or disposal.

Goodwill

Goodwill represents the excess of the consideration paid for acquisition over the fair market value of identifiable net assets acquired and acquisition costs. Goodwill is amortized using the straight-line method over the estimated life of 10 years.

Deferred Charges

Deferred charges consist of technology license fees, software and system design costs and other charges. The amounts are amortized as follows: technology license fees the shorter of the estimated life of the technology or the term of the technology transfer contract, software and system design costs and other charges 2 or 5 years.

Pension Costs

Net periodic pension costs are recorded based on actuarial calculations. The unrecognized net gains or losses and unrecognized net transition obligation are amortized over 25 years or over the remaining service period of the employees.

Income Tax

The Company uses an inter-period tax allocation method for income tax. Deferred income tax assets and liabilities are recognized for the tax effects of temporary differences, unused tax credits, and net operating

loss carryforwards. Valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. A deferred tax asset or liability is classified as current or non-current in accordance with the classification of its related asset or liability. However, if a deferred tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or noncurrent based on the expected length of time before it is realized or settled.

Any tax credits arising from the purchases of machinery, equipment and technology, research and development expenditures, personnel training, and investments in important technology-based enterprises are recognized using the flow-through method.

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Adjustments to prior years tax liabilities are added to or deducted from the current year s tax provision.

Income taxes on unappropriated earnings (excluding earnings from foreign combined affiliates) of 10% are expensed in the year of shareholder approval which is the year subsequent to the year the earnings are generated.

Stock-based Compensation

Employee stock option plans that are amended or have options granted on or after January 1, 2004 must be accounted for by the interpretations issued by the Accounting Research and Development Foundation. The Company adopted the intrinsic value method and any compensation cost determined using this method is charged to expense over the employee vesting period.

Treasury Stock

When the Company repurchases its outstanding common stock, the cost of the reacquired stock is recorded as treasury stock as a reduction to shareholders—equity. When the Company retires treasury stock, the treasury stock account is reduced and the common stock as well as the capital surplus-additional paid-in capital are reversed in proportionate to the equity percentage of the retirement. When the book value of the treasury stock exceeds the sum of the par value and additional paid-in capital, the difference is charged to capital surplus - treasury stock and to retained earnings for any remaining amount. The Company s stock held by its subsidiaries is also treated as treasury stock and reclassified from long-term investments to treasury stock. The cash dividends received by the subsidiaries from the Company are recorded under capital surplus—treasury stock.

Foreign-currency Transactions

Foreign currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Exchange gains or losses derived from foreign currency transactions or monetary assets and liabilities denominated in foreign currencies are recognized in current income. At the end of each year, assets and liabilities denominated in foreign currencies are revalued at the prevailing exchange rates with the resulting gains or losses recognized in current income.

Derivative Financial Instruments

The Company enters into foreign currency forward contracts to manage currency exposures in cash flow and in foreign-currency-denominated assets and liabilities. The contracts are recorded in New Taiwan dollars at the current rate of exchange of the contract date. The differences in the New Taiwan dollar amounts translated using the spot rates and the amounts translated using the contracted forward rates on the contract date are amortized over the terms of the forward contracts using the straight-line method. At the end of each year, the receivables or payables arising from forward contracts are restated using the prevailing spot rates at the balance sheet date with the resulting differences charged to income. In addition, the receivables and payables related to the forward contracts of the same counter party are netted with the resulting amount presented as either an asset or a liability. Any resulting gain or loss upon settlement is credited or charged to income in the year of settlement.

The Company enters into cross-currency swap contracts to manage currencies exposures on foreign currency denominated assets and liabilities. The principal amount is recorded using the spot rates at the contract date. The differences in the New Taiwan dollar amounts translated using the spot rates and the amounts translated using the contracted rates on the contract date are amortized over the terms of the contracts using the straight-line method. At the end of each year, the receivables or payables arising from cross-currency swap contracts are restated using the prevailing spot rate with the resulting differences charged to income. In addition, the receivables and payables

related to the contracts are netted with the resulting amount presented as either an asset or a liability. The difference in interest computed pursuant to the contracts on each settlement date or the balance sheet date is recorded as an adjustment to the interest

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income or expense associated with the hedged items. Any resulting gain or loss upon settlement is credited or charged to income in the year of settlement.

The Company enters into interest rate swap contracts to manage exposures to changes in interest rates on existing assets or liabilities. These transactions are accounted for on an accrual basis, in which the cash settlement receivable or payable is recorded as an adjustment to interest income or expense associated with the hedged items.

Translation of Foreign-currency Financial Statements

R.O.C. SFAS No. 14, Accounting for Foreign-currency Transactions, applies to foreign subsidiaries that use the local foreign currency as their functional currency. The financial statements of foreign subsidiaries are translated into New Taiwan dollars at the following exchange rates: Assets and liabilities—current rate on balance sheet date; shareholders—equity—historical rate; income and expenses—average rate during the year. The resulting translation adjustment is recorded as a separate component of shareholders—equity.

3. SIGNIFICANT ELIMINATION ENTRIES

Significant transactions and balances with affiliates that have been eliminated upon combination are as follows:

Company	Account	Amount	Trans	action Entity
TSMC	Payables to related parties	\$ 913,107	WaferTo	ech
		23,091	TSMC	Europe
		21,978	TSMC	Japan
		12,591	TSMC	Shanghai
		8,027	TSMC 7	Гесhnology
		6,589	GUC	
		1,881	TSMC	North America
	Deferred credits gain on intercompany	682,530	TSMC	Shanghai
	Receivables from related parties	15,526,964	TSMC	North America
		56,436	GUC	
		4,285	WaferTo	ech
		458	TSMC	Shanghai
	Other receivables from related parties	1,472,880	TSMC	Shanghai
		30,278	VisEra	
		2,881	TSMC 7	Гесhnology
	Sales	142,271,732	TSMC	North America
		371,546	GUC	
		6,535	WaferTo	ech
		811	TSMC	Shanghai
	Purchases	15,203,047	WaferTo	ech
		12,752	TSMC	Shanghai
	Research and development expenses	11,688	GUC	
	General and administrative expenses rent	13,186	GUC	
	Marketing expenses commissions	253,341	TSMC	Japan
		202,678	TSMC	Europe
				(Continued)

Company	Account	Amount		Transaction Entity
	Other non-operating income and gains	\$ 28	,917	VisEra
	, ,	3	,267	WaferTech
TSMC				TSMC
International	Other receivables	1,915	,020	Development
		30	,931	TSMC
	Interest receivable			Development
	Deferred revenue	630	,271	TSMC Technology
	Interest income	8	,919	TSMC Technology
		30	,656	TSMC
	Interest income			Development
TSMC				
Partners	Other receivables	9,795	,268	TSMC International
		2,553	,360	TSMC
	Other receivables			Development
		41	,242	TSMC
	Interest receivable			Development
	Deferred revenue	8,631	,210	TSMC International
		40	,875	TSMC
	Interest income			Development
TSMC				
Technology	Accounts receivable	2	,129	WaferTech
	Management service income	14	,832	WaferTech
GUC	Accrued expenses	1	,103	GUC NA
	Operating expenses	8	,680	GUC NA
TSMC				
North				
America	Accounts receivable		3,510	GUC
	Accounts receivable	99	,262	VisEra

4. CASH AND CASH EQUIVALENTS

	2004
Cash and bank deposits	\$ 54,838,044
Government bonds acquired under repurchase agreements	19,215,153
Corporate issued notes	478,213

\$74,531,410

5. SHORT-TERM INVESTMENTS

	2004
Corporate bonds	\$ 13,554,598
Corporate issued asset-backed securities	11,766,877
Bond and stock funds	10,858,945
Agency bonds	8,633,889

Government bonds	7,346,858
Money market funds	1,640,973
Government bonds acquired under repurchase agreements	249,449
Listed stocks	168,299
Commercial papers	95,666
Corporate issued notes	63,796
	54,379,350
Allowance for valuation losses	(75,708)
	\$ 54,303,642
Market value	\$ 55,186,236
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The Company entered into investment management agreements with three well-known financial institutions (fund managers) to manage investment portfolios for the Company. In accordance with the investment guidelines and terms in these agreements, the securities invested by the fund managers cannot be below a pre-defined credit rating. As of December 31, 2004, the Company had investment portfolios with these fund managers that aggregated to an original amount of US\$1,200,000 thousand. The investment portfolios included securities such as corporate bonds, asset-backed securities, agency bonds, government bonds and others. Securities acquired with maturities less than three months from the date of purchase were reclassified as cash equivalents.

6. INVENTORIES, NET

	2004
Finished goods	\$ 3,547,705
Work in process	11,509,775
Raw materials	993,151
Supplies and spare parts	1,176,735
	17,227,366
Allowance for losses	(1,577,770)

\$15,649,596

2004

7. LONG-TERM INVESTMENTS

	2004	
	Carrying Amount	% of Owner- Ship
Equity method Vanguard International Semiconductor Corporation (VIS) Systems on Silicon Manufacturing Company Pte Ltd. (SSMC)	\$ 5,401,982 3,290,888	28 32

8,692,870

Cost method Common stocks Publicly traded stocks Non-publicly traded stocks Preferred stocks Funds		71,832 1,226,499 1,677,865 290,134 3,266,330
Long-term bonds Government bonds Corporate bonds China Steel Corporation Taiwan Power Company Nan Ya Plastics Corporation Formosa Plastics Corporation Formosa Petrochemical Corporation		10,260,481 2,978,804 915,276 407,526 405,485 202,595
Other investments		15,170,167 10,521,740
	-13-	\$ 37,651,107

VIS reduced its capital on August 11, 2004 in order to decrease its accumulated deficit. The number of shares of VIS held by TSMC after the capital reduction declined from 787,016 thousand shares to 409,532 thousand shares. TSMC s ownership percentage remained the same.

For the year ended December 31, 2004, net investment income recognized from the equity method investees was NT\$2,061,973 thousand. The carrying amounts of investments accounted for under the equity method and the related investment income or losses were determined based on the audited financial statements of the investees as of and for the same periods as the Company.

As of December 31, 2004, other investments consist of the following:

Step-up callable depos	sits	Nominal Amount	Carrying Amount	Range of Interest Rates	Maturity Date
Domestic bank Foreign bank	\$	2,000,000 2,138,340	\$ 2,007,681 2,152,394	2.05%-2.20%	July 2007 to August 2007 June 2007 to August 2007
Callable range accrual	dej	posits			
Foreign bank		6,383,400	6,414,151	(See below)	September 2009 to December 2009
	\$	10,521,740	\$ 10,574,226		

During the year ended December 31, 2004, the Company deposited funds into structured-time deposits with the following terms:

The interest rate of the step-up callable deposits is determined by the Company and the related banks.

The amount of interest earned by the Company for the callable range accrual deposits is based on a pre-defined range as determined by the 3-month or 6-month LIBOR rate plus an agreed upon rate ranging between 2.1% and 3.45%. Based on the terms of the deposits, if the 3-month or 6-month LIBOR rate moves outside of the pre-defined range, the interest paid to the Company is at a minimum rate of 1.5%. Under the term of the contracts, the bank has the right to cancel the contracts prior to the maturity date.

Deposits that reside in banks located in Hong Kong and Singapore amounted to NT\$2,553,360 thousand and NT\$638,340 thousand, respectively.

8. PROPERTY, PLANT AND EQUIPMENT

Accumulated depreciation consisted of the following:

	2007
Land improvements	\$ 172,484
Buildings	38,161,926
Machinery and equipment	287,229,318
Office equipment	5,685,185
Leased assets	33,115
Other equipment	41,112

\$331,323,140

2004

Information on the status of the expansion or construction plans of TSMC s manufacturing facilities as of December 31, 2004 is as follows:

			Expected
	Estimated	Accumulated	Date of
Construction/Expansion Plan	Total Cost	ExpendituresC	ommencement
Fab 12 expansion	\$58,744,200	\$ 41,870,300	January 2005

Interest expense for the year ended December 31, 2004 was NT\$1,807,242 thousand (before deducting capitalized amounts of NT\$278,334 thousand in 2004). The interest rates used for purposes of calculating the capitalized amounts were 1.89% to 2.89% in 2004.

The Company entered into agreements to lease certain buildings that qualify as capital leases. The term of the lease is from December 2003 to December 2013. Certain buildings that are leased to others are accounted for as operating leases. The related carrying amount is recorded as in the Other assets account.

9. DEFERRED CHARGES, NET

	2004
Technology license fees	\$ 6,642,884
Software and system design costs	2,251,709
Others	324,307

\$9,218,900

2004

10. SHORT-TERM BANK LOANS

	2004
Unsecured loan in U.S. dollars:	
US\$12,000 thousand, repayable by June 2006, annual interest at 2.80%	\$ 383,004

11. LONG-TERM BANK LOANS

2004
915,020
10,443
6,761
932,224
5,489
,

\$1,926,735

2004

As of December 31, 2004, all the assets of WaferTech with a carrying amount of approximately NT\$15.955.936 thousand (US\$499,920 thousand) were pledged for the credit line of the secured loan (no secured loan was outstanding as of December 31, 2004). WaferTech is required to maintain compliance with certain financial covenants defined in the agreement. As of December 31, 2004, WaferTech was in compliance with all such financial covenants. Under the unsecured loan agreement, the Company is required maintain compliance with certain financial covenants which, if violated, could result in payment of the obligation prior to the originally scheduled payment date. The Company was in compliance with the financial covenants as of December 31, 2004.

As of December 31, 2004, principal repayments under the Company s long-term bank loans are as follows:

Year of Repayment	Amount
2005	\$ 5,489
2006	1,920,509
2007	4,137
2008	2,089

\$1,932,224

12. BONDS PAYABLE

	2004
Domestic unsecured bonds:	
Issued in December 2000 and repayable in December 2005 and 2007 in two equal payments,	
5.25% and 5.36% interest payable annually, respectively	\$ 15,000,000
Issued in January 2002 and repayable in January 2007, 2009 and 2012 in three equal payments,	
2.6%, 2.75% and 3.00% interest, payable annually, respectively	15,000,000

\$30,000,000

As of December 31, 2004, future principal repayments for the Company s bonds are as follows:

Year of Repayment	Amount
2005	\$ 10,500,000
2007	7,000,000
2009	8,000,000
2010 and thereafter	4,500,000

\$30,000,000

13. OTHER LONG-TERM PAYABLES

	2004
Payables for acquisition of property, plant and equipment (Note 23k)	\$6,030,007
Payables for royalties	3,440,313
	9,470,320
Less current portion	1,505,345

\$7,964,975

TSMC entered into several license arrangements for certain semiconductor-related patents. Future minimum payments under the agreements as of December 31, 2004 are as follows:

Year	Amount
2005	\$ 1,505,345
2006	466,786
2007	446,838
2008	255,336
2009 and thereafter	766,008

\$3,440,313

The current portion of other long-term payables is recorded in the accrued expenses and other current liabilities account.

14. PENSION PLAN

TSMC and GUC have defined benefit plans for all regular employees that provide benefits based on the employee s length of service and average monthly salary and wages for the six-month period prior to retirement and one-month period prior to retirement, respectively.

TSMC and GUC contribute at an amount equal to 2% of salaries and wages paid each month to their respective pension funds (the Funds). The Funds are administered by their respective pension fund monitoring committees (the Committees) and deposited in the Committees name in the Central Trust of China.

Information on the pension plans is summarized as follows:

a. Components of net periodic pension cost

	2004
Service cost	\$ 638,652
Interest cost	129,039
Projected return on plan assets	(42,071)
Amortization	8,829
Net periodic pension cost	\$ 734,449

b. Reconciliation of the funded status of the plans and accrued pension cost

	2004
Benefit obligation	
Vested benefit obligation	\$ 69,424
Nonvested benefit obligation	2,711,898
Accumulated benefit obligation	2,781,322

Additional benefits based on future salaries	2,138,852
Projected benefit obligation Fair value of plan assets	4,920,174 (1,455,148)
Funded status	3,465,026 (Continued)

	Unrecognized net transitional obligation Unrecognized net loss	\$ 2004 (135,516) (216,469)
	Accrued pension cost	\$ 3,113,041
	Vested benefit	\$ 78,579
c.	Actuarial assumptions	
	Discount rated used in determining present values Future salary increase rate Expected rate of return on plan assets	3.25%-3.50% 3.00% 2.50%-3.25%
d.	Contributions to the Funds	\$ 228,523
e.	Payments from the Funds	\$ 1,446

15. INCOME TAX

a. A reconciliation of income tax on income before income tax and minority interest at the statutory rate and income tax expense is as follows:

Income tax based on income before income tax and minority interest at the statutory rate Tax-exempt income Temporary and permanent differences	2004 \$ (24,704,552) 14,712,500 187,005
Current income tax on income before income tax credits	\$ (9,805,047)

b. Income tax benefit consists of:

	2004
Current income tax on income before income tax credits	\$ (9,805,047)
Additional 10% income tax on unappropriated earnings	(823,932)
Net operating loss carryforwards	769
Income tax credits	10,478,158
Other income tax	(555,794)
Net change in deferred income tax assets and liabilities	
Net operating loss carryforwards	(1,656,944)
Investment tax credits	249,932

Temporary differences Net change in valuation allowance of deferred income tax assets Adjustment of prior years taxes	1,132,188 1,333,217 (94)
Income tax benefit	\$ 352,453
	(Continued)
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c. Deferred income tax assets (liabilities) consist of the following:

	2004
Current	Ф. 0.067.207
Investment tax credits	\$ 8,867,307
Net operating loss carryforwards	12,134
Temporary differences	321,478
Valuation allowance	(282,933)
	\$ 8,917,986
Noncurrent	
Net operating loss carryforwards	\$ 6,773,516
Investment tax credits	17,136,517
Temporary differences	(7,757,244)
Valuation allowance	(14,502,810)
	\$ 1,649,979
	\$ 1,049,979

d. Integrated income tax information:

The balance of the imputation credit account (ICA) of the TSMC as of December 31, 2004 was zero.

The expected creditable ratio of TSMC for distribution of earnings of 2004 was zero.

The imputation credits allocated to the shareholders are based on the balance as of the date of dividend distribution. The expected creditable ratio for distribution of earnings of 2004 may be adjusted when the allocation of the imputation credits is made.

- e. TSMC s earnings generated prior to December 31, 1997 have been appropriated.
- f. As of December 31, 2004, the Company s investment tax credits consisted of the following:

Regulation Statute for Upgrading	Items Purchase of machinery and	Total Creditable Amounts	Remaining Creditable Amounts	Expiry Year
Industries	equipment	\$ 4,448,442	\$	2004
		3,819,937	116,189	2005
		4,886,611	4,886,611	2006
		4,140,462	4,140,462	2007
		6,309,182	6,309,182	2008
		\$ 23,604,634	\$ 15,452,444	

Statute for Upgrading	Research and development			
Industries	expenditures	\$ 2,270,013	\$	2004
	_	3,165,378	3,165,378	2005
		3,363,356	3,363,356	2006
		2,015,531	2,015,531	2007
		1,885,311	1,885,311	2008
		\$ 12,699,589	\$ 10,429,576	
			(C	Continued)
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Regulation	Items	Total reditable amounts	Cı	emaining reditable mounts	Expiry Year
Statute for Upgrading	Personnel training	\$ 48,659	\$		2004
Industries		29,448		29,448	2005
		27,358		27,358	2006
		26,962		26,962	2007
		\$ 132,427	\$	83,768	
Statute for Upgrading Industries	Investments in important technology-based enterprises	\$ 38,036	\$	38,036	2005

As of December 31, 2004, the net operating loss carryforwards were generated from WaferTech, TSMC Development, TSMC Technology and GUC and will expire at various dates through 2024.

g. The sales generated from the following expansion and construction of TSMC s manufacturing plants are exempt from income tax:

	Tax-Exemption
	Periods
Construction of Fab 6	2001 to 2004
Construction of Fab 8 - module B	2002 to 2005
Expansion of Fab 2 - modules A and B, Fab 3 and Fab 4, Fab 5 and Fab 6	2003 to 2006
Construction of Fab 12	2004 to 2007

The tax authorities have examined income tax returns of TSMC through 2000. However, TSMC is contesting the assessment of the tax authority for 1992 and 1998. TSMC believes that any additional assessment will not have a material adverse effect on TSMC.

16. LABOR COST, DEPRECIATION AND AMORTIZATION EXPENSE

	Classified			
		as		
	Classified			
	as	Operating		
	Cost of			
	Sales	Expenses	Total	
Labor cost				
Salary	\$ 10,730,104	\$ 6,018,288	\$ 16,748,392	
Labor and health insurance	572,829	328,637	901,466	
Pension	472,918	277,870	750,788	
Other	431,082	537,129	968,211	

For the Year Ended December 31, 2004

	\$12,206,933	\$ 7,161,924	\$ 19,368,857
Depreciation	\$61,705,023	\$ 2,598,009	\$ 64,303,032
Amortization	\$ 2,496,897	\$ 3,111,875	\$ 5,608,772

17. SHAREHOLDERS EQUITY

TSMC has issued a total of 668,351 thousand ADSs which are traded on the NYSE as of December 31, 2004. The number of common shares represented by the ADSs is 3,341,754 thousand shares (one ADS represents five common shares).

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Capital surplus can only be used to offset a deficit under the Company Law of the R.O.C. However, the capital surplus generated from donations and the excess of the issue price over the par value of capital stock (including the stock issued for new capital, mergers, convertible bonds and the surplus arising from treasury stock transactions) may be appropriated as stock dividends restricted to a certain percentage based on shareholders ownership.

As of December 31, 2004, the capital surplus consisted of the following:

	2004
From merger	\$ 24,003,546
Additional paid-in capital	23,051,675
From long-term investments	121,354
From convertible bonds	9,360,424
Donations	55
Treasury stock	205

Total \$56,537,259

TSMC s Articles of Incorporation, as revised on December 21, 2004, provide that the following shall be appropriated from annual earnings to the extent that the annual earnings exceed any cumulative deficit:

- a. 10% legal reserve; until the amount of total legal reserve equals the TSMC s paid-in capital;
- b. Special reserve in accordance with relevant laws or regulations;
- c. Remuneration to directors and supervisors and bonuses to employees at 0.3% and at least 1% of the remainder, respectively. Individuals eligible for the employee bonuses may include employees of affiliated companies as approved by the board of directors or a representative of the board of directors;
- d. The appropriation of any remaining balance shall be approved by the shareholders.

Dividends may be distributed by way of cash dividend or stock dividend at the discretion of TSMC. As the operation of TSMC is at a steady growth stage, distribution of profits shall be made preferably by way of cash dividend. Distribution of profits may also be made by way of stock dividend; provided however, the ratio for stock dividend shall not exceed 50% of total distribution.

Any appropriations of net income are recorded in the financial statements in the year of shareholder approval.

An appropriation for legal reserve is required until the reserve equals the aggregate par value of TSMC s issued capital stock. The reserve can only be used to offset a deficit or be distributed as a stock dividend up to 50% of the reserve balance when the reserve balance has reached 50% of the aggregate par value of the issued capital stock of TSMC.

A special reserve equivalent to the net debit balance of the other components of shareholder s equity (for example, unrealized loss on long-term investments and cumulative translation adjustments, but excluding treasury stock), shall be made from unappropriated earnings pursuant to existing regulations promulgated by the R.O.C. Securities and Futures Bureau (SFB). Any special reserve appropriated may be reversed to the extent that the net debit balance of the related account reverses.

The appropriation of the earnings of 2003 was approved in the shareholders meeting on May 11, 2004. The appropriations and dividend per share are as follows:

	Appropriation of Earnings	Dividend Per Share (NT\$)
Legal reserve	\$ 4,725,870	(1124)
Special reserve	(68,945)	
Bonus paid to employees in cash	681,628	
Bonus paid to employees in stock	2,726,514	
Preferred stock dividend in cash	184,493	\$ 0.35
Common stock dividend in cash	12,159,971	0.60
Common stock dividend in stock	28,373,267	1.41
Remuneration to directors and supervisors in cash	127,805	

\$ 48,910,603

The amount of the above appropriation of earnings for 2003 is consistent with the resolution of the meeting of board of directors on February 17, 2004. However, the Company Law of the R.O.C. states TSMC, as a holder of treasury stock shall not participate in the appropriations of earnings. Therefore, the actual cash dividend per share and stock dividend per share are slightly more than those in the aforementioned resolution. If the above employee bonus paid in stock had been paid in cash and all of the bonus to employees and remuneration to directors and supervisors had been charged against income for 2003, the after income tax basic earnings per share for the year ended December 31, 2003 would have decreased from NT\$2.33 to NT\$2.15. The shares distributed as a bonus to employees represented 1.35% of TSMC s total outstanding common shares as of December 31, 2003.

As of January 13, 2005, the board of directors of TSMC has not resolved the appropriation for earnings of 2004.

The above information about the appropriations of bonus to employees and remuneration to directors and supervisors is available at Market Observation System website.

Under the Integrated Income Tax System that became effective on January 1, 1998, the R.O.C. resident shareholders are allowed a tax credit for their proportionate share of the income tax paid by TSMC on earnings generated since January 1, 1998.

18. STOCK-BASED COMPENSATION PLANS

Stock Option Plans

TSMC s Employee Stock Option Plans, the TSMC 2003 Plan and the TSMC 2002 Plan, were approved on October 29, 2003 and June 25, 2002, respectively. The maximum number of units authorized to be granted under the TSMC 2003 Plan and the TSMC 2002 Plan is 120,000 thousand and 100,000 thousand, respectively, with each unit representing one common share of stock. The option rights may be granted to qualified employees of TSMC or any of its domestic or foreign subsidiaries, in which TSMC s shareholding with voting rights, directly or indirectly, is more than fifty percent (50%). The option rights of both plans are valid for ten years and exercisable at certain percentages subsequent to the second anniversary of the grant date. Under the terms of the plans, stock

option rights are granted at an exercise price equal to the closing price of TSMC s common shares listed on the TSE on the date of grant. Under the TSMC 2003 Plan and the TSMC 2002 Plan, units that were never granted, or had been granted and subsequently cancelled were expired as of December 31, 2004.

GUC s Employee Stock Option Plans, the GUC 2003 Plan and the GUC 2002 Plan, were approved on January 23, 2003 and July 1, 2002, respectively. The maximum number of units authorized to be granted under the GUC 2003 Plan and the GUC 2002 Plan is 7,535 units and 5,000 units, respectively, with each unit representing one thousand common shares of stock. The option rights may be granted to qualified employees of GUC. The option rights of both plans are valid for six years and exercisable at certain percentages subsequent to the second anniversary of the grant date. Under the GUC 2002 Plan and the GUC 2003 Plan, units that were never granted, or had been granted and subsequently cancelled were expired as of December 31, 2004.

On August 16, 2004, GUC s 2004 stock option plan (the GUC 2004 Plan) was approved by the Bureau of Monetary Affairs, Financial Supervisory Commission of the R.O.C. The maximum number of units authorized to be granted is 2,500 units, with each unit representing one thousand common shares of stock. The option rights may be granted to qualified employees of GUC and its subsidiary. The option rights of GUC 2004 plan are valid for six years and exercisable at certain percentages subsequent to the second anniversary of the grant date. As of December 31, 2004, no option rights under the GUC 2004 Plan have been granted.

On November 2, 2004, the board of directors of TSMC approved the 2004 stock option plan (the TSMC 2004 Plan), in which the maximum number of units authorized to be granted is 11,000 thousand, with each unit representing one common share of stock. The option rights may be granted to qualified employees of TSMC or any of its domestic or foreign subsidiaries, in which TSMC s shareholding with voting rights, directly or indirectly, is more than fifty percent (50%). The option rights of the plans are valid for ten years and exercisable at certain percentages subsequent to the second anniversary of the grant date. Under the terms of the plan, stock option rights are granted at an exercise price equal to the closing price of TSMC s common shares listed on the TSE on the date of grant. The TSMC 2004 plan was approved by the Bureau of Monetary Affairs, Financial Supervisory Commission of the R.O.C. on January 6, 2005.

Information on TSMC s outstanding stock options for the year ended December 31, 2004 is as follows:

	TSMC 2003 Plan		TSMC 2	002 Plan
	Number		Number	
	of	Weighted-	of	Weighted-
	Outstanding	Average	Outstanding	Average
	Stock		Stock	
	Option	Exercise	Option	Exercise
	Rights	Price	Rights	Prices
	(in		(in	
	Thousands)	(NT\$)	Thousands)	(NT\$)
Beginning outstanding balance	842	57.8	48,515	42.7
Options granted	13,199	49.9	7,201	42.6
Options exercised			(87)	41.8
Options cancelled	(1,404)	50.9	(3,899)	44.2
Ending outstanding balance	12,637		51,730	

The number of outstanding option rights and exercise prices have been adjusted to reflect the appropriations of dividends in accordance with the above plans.

Information on GUC s outstanding stock options for the year ended December 31, 2004 is as follows:

	GUC 20	GUC 2003 Plan		002 Plan	
		Weighted-	Weighted		
	Number		Number		
	of	Average	of	Average	
	Outstanding	Exercise	Outstanding	Exercise	
	Stock		Stock		
	Option	Price	Option	Prices	
	Rights	(NT\$)	Rights	(NT\$)	
Beginning outstanding balance	2,058	10.5	5,000	10.5	
Options granted	831	10.5			
Ending outstanding balance	2,889		5,000		

As of December 31, 2004, information on outstanding and exercisable option rights is as follows:

		Options Outstanding Weighted-		ding	ï	Options E	Exercisable	
		Number				Number		
		of	Average	We	ighted-	of	Weighted-	
	Range of	Outstanding	g Remaining	Av	erage	Exercisable	Average	
		Options				Options		
	Exercise	(in	Contractual	Ex	ercise	(in	Exercise	
			Life	I	Price		Price	
	Price (NT\$)	Thousands)	(Years)	()	NT\$)	Thousands)	(NT\$)	
TSMC 2003 Plan	\$ 43.8-\$57.8	12,637	9.34	\$	50.3		\$	
TSMC 2002 Plan	\$ 32.8-\$46.2	51,730	8.09		42.6	10,307	41.7	
		64,367	8.33		44.1	10,307	41.7	

		Options Outstanding		Options Exercisab			
				Weighted-		Weighted-	
		Number			Number	•	
	Range of	of	Remaining	Average	of	Average	
	Exercise (Outstanding	g Contractual	Exercise	Exercisable	Exercise	
	Price		Life	Price		Price	
	(NT\$)	Options	(Years)	(NT\$)	Options	(NT\$)	
GUC 2003 Plan	10.5	2,889	4.17-5.42	10.5			
GUC 2002 Plan	10.5	5,000	3.58-4.17	10.5	4,238	10.5	
		7,889	3.58-5.42	10.5	4,238	10.5	

The compensation cost recognized by the Company for the year ended December 31, 2004 was zero. Had the Company used the fair value based method to evaluate the options granted, the method, assumptions and proforma results of the Company for the year ended December 31, 2004 would have been as follows:

	Black-Scholes
Method:	Model
Assumptions:	
Expected dividend yield	0%-1.00%
Expected volatility	38.74%-46.15%
Risk free interest rate	2.56%-3.85%
Expected life	5-6 years
Net income:	
Net income as reported	\$ 92,316,115
Pro forma net income	92,256,103
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		NT\$
Earnings per share (EPS)	after income tax:	
Basic EPS as reported		3.97
Pro forma basic EPS		3.97
Diluted EPS as reported		3.97
Pro forma diluted EPS		3.97

The estimated weighted average fair value for the options granted of TSMC and GUC during the year ended December 31, 2004 was NT\$19.73 and NT\$4.42 per option, respectively.

In 1996, WaferTech adopted an Executive Incentive Plan, which was amended in 1997. According to the 1997 amendment, the Board of Directors of WaferTech approved the Senior Executive Incentive Plan and the Employee Incentive Plan (the WaferTech Plans) under which officers, key employees and non-employee directors may be granted stock option rights. The WaferTech Plans provide for 15,150 thousand option rights available for grant. For option rights granted to date, the option purchase price was equal to or exceeded the fair market value at the date of grant. The options will expire if not exercised at specified dates ranging from May 2006 and June 2011. In December 2000, WaferTech implemented a Stock Option Buyback Program (Buyback). The Buyback program provides employees with the right to sell back to WaferTech all vested stock options and outstanding ownership interests granted under the WaferTech Plans. As of December 31, 2004, the outstanding and exercisable stock options were 134 thousand and 133 thousand, respectively, and US\$616 thousand was accrued in connection with the Buyback program.

Stock Appreciation Rights

In December 2000, WaferTech and TSMC North America implemented a stock appreciation rights program (Appreciation). The Appreciation plan is designed to provide employees with a long-term incentive plan that tracks the appreciation of TSMC common stock through Stock Appreciation Rights (SARs). SARs provide each participant the right to receive, upon exercise, an amount in cash from WaferTech and TSMC North America that is the excess of the market price of TSMC common stock on TSE on the date of exercise over the exercise price. As of December 31, 2004, WaferTech and TSMC North America accrued US\$381 thousand and US\$1,360 thousand, respectively, in connection with the Appreciation. During 2002, benefits under the Appreciation plan for TSMC North America were replaced by the TSMC stock option plans aforementioned.

19. TREASURY STOCK (COMMON STOCK)

			(Shares in T	Thousand)
	Beginning	Increase/		Ending
Year ended December 31, 2004	Shares	Dividend	Decrease	Shares
Reclassification of parent company stock held by subsidiaries				
from long-term investments	40,597	5,676	752	45,521
Repurchase under share buyback plan		124,720	124,720	
	40,597	130,396	125,472	45,521

Proceeds from the sale of treasury stock for the year ended December 31, 2004 were NT\$39,906 thousand. TSMC s capital stock held by a subsidiary as an investment is recorded as treasury stock, with the holder having the same rights as other common shareholders. As of December 31, 2004, the book value of the treasury stock was

NT\$1,595,186 thousand; the market value was NT\$2,241,009 thousand.

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TSMC held a special meeting of the board of directors and approved a share buyback plan to repurchase TSMC s common shares listed on the TSE during the period from March 24, 2004 to May 23, 2004. TSMC repurchased 124,720 thousand common shares for a total of NT\$7,059,798 thousand. All the treasury stock repurchased under the buyback plan was retired on August 16, 2004.

20. EARNINGS PER SHARE

EPS for the year ended December 31, 2004 is computed as follows:

	Amounts (Numerator)			EPS (NT\$)		
	Income Before		Number	Income Before		
	Income		of	Income Tax		
	Tax and Minority Interest	Combined Net Income	Shares (Denominator) (Thousand)	and Minority Interest	Net Income	
Basic EPS Income available to common shareholders	\$ 92,019,242	\$ 92,316,115	23,248,682	\$ 3.96	\$ 3.97	
Effect of diluted securities stock options			6,404			
Diluted earnings per share Income available to common shareholders	\$92,019,242	\$92,316,115	23,255,086	\$ 3.96	\$ 3.97	

21. RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere in the combined financial statements, the following is a summary of significant related party transactions:

- a. Industrial Technology Research Institute (ITRI), the Chairman of TSMC is one of its directors
- b. Philips, a major shareholder of TSMC
- c. Investees of TSMC

VIS SSMC

d. Omnivision International Holding, Ltd. (Omnivision), a shareholder holding a 25% ownership in VisEra

e. Huawei Semiconductor (Shanghai) Co., Ltd. (Huawei), the president of which is the president of VisEra

For the year ended Sales		2004 Amount	%
Philips and its affiliates Omnivision Other	\$	5,463,565 1,969,396 87,453	2
	\$	7,520,414	3
Purchase VIS SSMC Huawei	\$	9,169,602 5,869,123 195,965	21 13
	\$:	15,234,690	34
Manufacturing expenses technical assistance fees Philips (see Note 23a)	\$	907,047	1
Proceeds from disposal of property, plant and equipment VIS	\$	33,974	2
Non-operating income and gains SSMC (primarily technical service income; see Note 23e) VIS (primarily technical service income; see Note 23j)	\$	364,505 117,760	6 2
	\$	482,265	8
At end of the year Receivables Philips and its affiliates Omnivision ITRI	\$	581,487 479,877 16,454	54 44 2
	\$	1,077,818	100
Other Receivables SSMC VIS	\$	63,701 47,599	57 43
	\$	111,300	100
Payables VIS Philips and its affiliates SSMC Huawei	\$	1,533,938 469,494 207,794 30,522	69 21 9 1

		\$ 2,241,748	100
Other long-term payables Philips and its affiliates		\$ 2,317,972	100
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The terms of sales to related parties are not significantly different from those to third parties. For other related parties transactions, since there are no other similar transactions to follow, the prices are determined in accordance with the related contractual agreements.

22. SIGNIFICANT LONG-TERM OPERATING LEASES

TSMC leases land from the SPA. These agreements expire on various dates from March 2008 to December 2020. The agreements can be renewed upon their expiration.

TSMC North America leases its office premises and certain equipment under non-cancelable operating agreements. TSMC - Europe and TSMC Japan entered into lease agreements for their office premises. The leases will expire between 2005 and 2010. The agreements can be renewed upon their expiration.

GUC leases land from the SPA. The agreement will expire in December 2021. The agreement can be renewed upon their expiration.

As of December 31, 2004 future remaining lease payments are as follows:

Year	A	Mount
2005	\$	356,284
2006		355,013
2007		342,773
2008		327,588
2009		324,559
2010 and thereafter	1	,537,325

\$ 3,243,542

23. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The significant commitments and contingencies of the Company as of December 31, 2004 are as follows:

- a. On June 20, 2004, TSMC and Philips revised the Technical Cooperation Agreement, which was originally signed on May 12, 1997, with an effective date from January 1, 2004 for five years. Upon expiration, this amended Technical Cooperation Agreement will be terminated at the expiration date and will not be automatically renewed. Under this amended Technical Cooperation Agreement, TSMC will pay Philips royalties based on fixed amounts mutually agreed-on, rather than under certain percentage of TSMC s annual net sales. TSMC and Philips also agree to cross license the patents owned by each party. TSMC also obtained through Philips a number of patent cross licenses.
- b. Under a technical cooperation agreement with ITRI, TSMC shall reserve and allocate up to 35% of certain of its production capacity for use by the Ministry of Economic Affairs (MOEA) or any other party designated by the MOEA.
- c. Under several foundry agreements, TSMC shall reserve a portion of its production capacity for certain major customers that have guarantee deposits with TSMC. As of December 31, 2004, TSMC had a total of US\$12,802 thousand of guarantee deposits.

- d. Under a Shareholders Agreement entered into with Philips and EDB Investments Pte Ltd. on March 30, 1999, the parties formed a joint venture company, SSMC, for the purpose of constructing an integrated circuit foundry in Singapore. As of December 31, 2004, TSMC s equity interest in SSMC was 32%. TSMC and Philips committed to buy specific percentages of the production capacity of SSMC. If any party defaults on the commitment and the capacity utilization of SSMC falls below a specific percentage of its total capacity, the defaulting party is required to compensate SSMC for all related unavoidable costs.
- e. TSMC provides technical services to SSMC under a Technical Cooperation Agreement (the Agreement) entered into on May 12, 1999. TSMC receives compensation for such services computed at a specific percentage of net selling price of certain products sold by SSMC. The Agreement shall remain in force for ten years and may be automatically renewed for successive periods of five years each unless pre-terminated by either party under certain conditions.
- f. Under a Technology Transfer Agreement (TTA) with National Semiconductor Corporation (National) entered into on June 27, 2000, TSMC shall receive payments for the licensing of certain technology to National. The agreement was to remain in force for ten years and could be automatically renewed for successive periods of two years thereafter unless either party gives notice for early termination under certain conditions. In January 2003, TSMC and National entered into a Termination Agreement whereby the TTA was terminated for convenience. Under the Termination Agreement, TSMC will be relieved of any further obligation to transfer any additional technology. In addition, TSMC granted National an option to request the transfer of certain technologies under the same terms and conditions as the terminated TTA. The option will expire in January 2008.
- g. Beginning in 2001, TSMC entered into several licensing arrangements for certain semiconductor patents. The terms of the contracts range from five to ten years with payments to be made in the form of royalties over the term of the related contracts. TSMC has recorded the related amounts as a liability with the corresponding amounts recorded as deferred charges which are amortized and charged to cost of sales on a straight-line basis over the estimated life of the technology or the term of the contract, whichever is shorter.
- h. In November 2002, TSMC entered into an Amended and Restated Joint Technology Cooperation Agreement with Philips, Motorola, Inc. and STMicroelectronics to jointly develop 90-nm to 65-nm advanced CMOS Logic and e-DRAM technologies. TSMC also agreed to align 0.12 micron CMOS Logic technology to enhance its foundry business opportunities. TSMC will contribute process technologies and share a portion of the costs associated with this joint development project.
- i. In December 2003, TSMC entered into a Technology Development and License Agreement with Motorola, Inc. to jointly develop 65-nm SOI (silicon on insulator) technology. TSMC will also license related 90-nm SOI technology from Motorola, Inc. Any intellectual properties arising out of the co-development project shall be jointly owned by the parties. In accordance with the agreement, TSMC will pay royalties to Motorola, Inc. and will share a portion of the costs associated with the joint development project.
- j. TSMC provides a technology transfer to VIS under a Manufacturing License and Technology Transfer Agreement entered into in August 2004. TSMC receives compensation for such technology transfer in the form of royalty payments from VIS computed at specific percentages of net selling price of certain products sold by VIS. VIS agreed to reserve its certain capacity to manufacture for TSMC certain products at prior as agreed by the parties.
- k. Under an agreement signed with a certain company, TSMC Shanghai has the obligation to purchase certain assets within a specified period at the price agreed upon by both parties. TSMC Shanghai will compensate the

other party in case of a breach of the agreement.

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- 1. GUC entered into a research and development project (DSP core) with the SPA. In accordance with the contract, the SPA provided a NT\$13,522 thousand grant (DSP grants) to GUC during the period of January 2000 to June 2001 for the development of new products. GUC should repay the loan after the accomplishment of the project. In addition, GUC should also pay the SPA a 2% royalty fee based on the sales of the developed products every three months for the subsequent three years, starting from the first date of the product sale. The total royalty should not exceed 60% of the DSP grants.
- m. GUC entered into a research and development project (Platform Development for System-On-a-Chip Integration, Verification and Testing) with the SPA. In accordance with the contract, the SPA provided a NT\$13,923 thousand grant (SOC grants) to GUC during the period of April 2001 to September 2002 for the development of new products. GUC should repay the loan after the accomplishment of the project. In addition, GUC should also pay the SPA a 2% royalty fee based on the sales of the developed products every three months for the subsequent three years, starting from the first date of the product sale. The total royalty should not exceed the 60% of the SOC grants.
- n. Amounts available under unused letters of credit as of December 31, 2004 were NT\$6,480 thousand, US\$1,282 thousand and SG\$85 thousand. Among the unused letters of credit, TSMC North America has an outstanding irrevocable standby letter of credit for US\$1,078 thousand. The standby letter of credit was entered into as security to the landlord of TSMC North America's office spaces in San Jose, California. The standby letter of credit will expire in October, 2005.
- o. The Company filed a series of lawsuits in late 2003 and 2004 in both state and federal courts in California and with the U.S. International Trade Commission against Semiconductor Manufacturing International Corporation (SMIC), SMIC (Shanghai), and SMIC Americas. The lawsuits alleged that SMIC companies infringed multiple patents of the Company and misappropriated the Company s trade secrets. These suits have been settled out of court on January 30, 2005. As part of the agreement, SMIC will pay TSMC US\$175 million over six years to resolve the Company s patent infringement and trade secret claims.

24. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the SFB for the Company and its investees:

- a. Financing provided: Please see Table 1 attached;
- b. Endorsement/guarantee provided: Please see Table 2 attached;
- c. Marketable securities held: Please see Table 3 attached;
- d. Marketable securities acquired and disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Please see Table 4 attached;
- e. Acquisition of individual real estate properties at costs of at least NT\$100 million or 20% of the paid-in capital: Please see Table 5 attached;
- f. Disposal of individual real estate properties at prices of at least NT\$100 million or 20% of the paid-in capital: None;
- g. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the capital: Please see Table 6 attached:

h. Receivable from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please see Table 7 attached;

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- i. Names, locations, and related information of investees of which the Company exercises significant influence: Please see Table 8 attached;
- j. Financial instrument transactions:
 - 1) Derivative financial instruments

The Company entered into derivative financial instrument transactions for the year ended December 31, 2004 to manage exposures related to foreign exchange rate and interest rate fluctuations. Certain information on these contracts is as follows:

a) Outstanding forward exchange contracts as of December 31, 2004 are as follows:

			Co	ntract
Financial			Aı	nount
Instruments	Currency	Maturity Date	(in Th	nousands)
		January 2005 to		
Sell	US\$/NT\$	March 2005	US\$	733,000
Sell	US\$/EUR	January 2005	US\$	159,081

As of December 31, 2004, receivables from forward exchange contracts (included in the other financial assets account) aggregate to approximately NT\$392,534 thousand; payables from forward exchange contracts (included in the other current liabilities account) aggregate to approximately NT\$559 thousand.

b) Cross currency swaps

Outstanding cross currency swap contracts as of December 31, 2004 are as follows:

			Range of
	Contract Amount	Range of	Interest Rate
Maturity Date	(in Thousands)	Interest Rate Paid	Received
January 2005 to June 2005	US\$1,420,000	1.28%-2.72%	0.49%-1.17%

As of December 31, 2004, receivables from the cross currency swap contracts (included in the other financial assets account) were approximately NT\$761,030 thousand.

Net exchange gain or loss arising from forward exchange contracts and cross currency swap contracts was recognized in the foreign exchange loss, net account and the difference in interest was recorded in interest income or expense.

c) Interest rate swaps

Outstanding contracts as of December 31, 2004 were as follows:

		Contract
Contract Date	Period	Amount
September 2003	September 2003 to December 2005	\$ 500,000
October 2003	October 2003 to December 2005	500,000

October 2003	October 2003 to December 2005	500,000
October 2003	October 2003 to December 2005	500,000
October 2003	October 2003 to December 2005	500,000
November 2003	November 2003 to December 2005	500,000

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d) Transaction risk

- i) Credit risk. Credit risk represents the positive net settlement amount of those contracts with positive fair values at the balance sheet date. The positive net settlement amount represents the loss incurred by the Company if the counter-parties breached the contracts. The banks, which are the counter-parties to the foregoing derivative financial instruments, are reputable financial institutions. Management believes its exposure related to the potential default by those counter-parties is low.
- ii) Market price risk. All derivative financial instruments are intended as hedges for fluctuations in foreign exchange rates and interest rates. Gains or losses from these hedging instruments are likely to be offset by gains or losses from the hedged items. Interest rate risks are also controlled as the expected cost of capital is fixed. Thus, market price risks are believed to be low.
- iii) Cash flow risk and the amount and period of future cash needs.

As of December 31, 2004, the Company s future cash needs for outstanding forward exchange contracts and cross currency swap contracts are as follows:

	Inflow	Outflow
Term	(In Thousands)	(In Thousands)
Within one year	\$ 69,761,484	US\$ 2,312,081
	EUR 118,500	

The Company has sufficient operating capital to meet the above cash needs. In addition, there will be corresponding cash inflow for the cash outflow. Therefore, the cash flow risk is low.

2) Fair values of financial instruments were as follows:

	20	04
	Carrying	T . T .
	Amount	Fair Value
Non-derivative financial instruments		
Assets		
Short-term investments, net	\$ 54,303,642	\$ 55,186,236
Long-term investments (securities with market price)	31,165,721	34,265,072
Liabilities		
Bonds payable (including current portion)	30,000,000	30,607,341
<u>Derivative financial instruments</u>		
Forward exchange contracts (sell)	391,975	317,090
Cross currency swap contracts	761,030	760,012
Interest rate swap contracts	4,361	(22,714)

The above financial instruments do not include cash and cash equivalents, receivables, other financial assets, payables, and payable to contractors and equipment suppliers. The carrying amounts of the aforementioned instruments reported in the balance sheet approximate their fair values.

The above financial instruments also exclude refundable deposits, guarantee deposits, long-term investments that do not have quoted market prices as well as other long-term payables. The future cash inflow and outflow of the deposits approximate their fair values. Some of long-term investments do not have quoted market prices; therefore, fair values for those long-term investments are not shown above. The fair value of other long-term payables is determined using the discounted value of expected cash flows, which approximates the carrying value.

Fair values of financial instruments were determined as follows:

- a) Fair value of short-term and publicly traded long-term investments is based on quoted market prices.
- b) The fair value of bonds payable is the quoted market value.
- c) Fair value of derivative financial instruments is the amount receivable from or payable to the counter-party if the contracts were terminated on the balance sheet date.

k. Information on investment in Mainland China

- 1) The name of the investee company in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, ratio of ownership, equity in the net gain or net loss, ending balance, amount received as earnings distributions from the investment, and the limitation on investment: Please see Table 9 attached.
- 2) Significant direct or indirect transactions with the investee company, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: Please see Note 21.

25. SEGMENT FINANCIAL INFORMATION

a. Geographic information for the year ended December 31, 2004:

			Adjustments and	
Sales to unaffiliated customers Transfers between geographic areas	Overseas \$ 142,650,532 16,808,395	Taiwan \$ 116,960,703 142,005,640	Elimination \$ (158,814,035)	Combined \$ 259,611,235
Total sales	\$ 159,458,927	\$ 258,966,343	\$ (158,814,035)	\$ 259,611,235
Gross profit	\$ 6,173,780	\$110,588,670	\$ (526,331)	\$116,236,119
Operating expenses Non-operating income and gains Non-operating expenses and losses				(27,648,783) 6,044,014 (2,612,108)
Income before income tax and minority interest				\$ 92,019,242
Minority interest in income of affiliates				\$ 55,580

(Continued)

			Adjustments and	
Identifiable assets	Overseas \$ 89,451,648	Taiwan \$ 417,993,101	Elimination \$ (44,418,225)	Combined \$ 463,026,524
identifiable assets	\$ 69,431,046	\$417,995,101	\$ (44,418,223)	\$ 403,020,324
Long-term investments				37,651,107
Total assets				\$500,677,631

b. Gross export sales

The export sales information is determined based on billed regions. Gross export sales for the year ended December 31, 2004 were NT\$95,066,154 thousand. There were no export sales to a region that accounted for more than 10% of the Company s total sales.

c. Major customer

The Company has no customer that accounts for more than 10% of its total sales in 2004.

TABLE 1

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD. AND AFFILIATES

FINANCING PROVIDED FOR THE YEAR ENDED DECEMBER 31, 2004 (Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

			Maximum Balance for the	Ending	7	Гуре	Reason&l	lowance	Financing Limit for	g Co Fi
cing		Financial Statement	Period (US\$ in	Balance (US\$ in	Inter Eš ń	of	for c Sho rt-term	for BadColla	Each teral Borrowing	g (
ne	Counter-party	Account	Thousand)	Thousand)	Rate		n T sinancing	DebtItem	ValueCompany	Th
	TSMC Development	Other receivables	\$1,915,020 (US\$60,000)	\$1,915,020 (US\$60,000)	1.50%	2 \$	Operating capital	\$	\$ N/A	\$31 (US
	TSMC Technology	Other receivables	319,170 (US\$10,000)							
	TSMC Development	Other receivables	2,553,360 (US\$80,000)	2,553,360 (US\$80,000)	1.50%	2	Operating capital		N/A	(

Note 1: The No. 2 represents necessary for short-term financing.

Note 2: Not exceeding the issued capital of the Company.

Note 3: Generally not exceeding the issued capital of the Company, unless approved by all members of the board.

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TABLE 2

Ratio

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD. AND AFFILIATES

ENDORSEMENT/GUARANTEE PROVIDED FOR THE YEAR ENDED DECEMBER 31, 2004 (Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

							1	of Accumulate	d
		Counter-party	y	Limits on Each	Maximum			Amount alue of ofCollateral to Net	Maximum
		Nat	tur	e				Equity	
	Endorsement/	O	of	Counter-party's	Balance			ater af t6o lla pert k atest	nteral/Guara Amounts
	Guarantee		ions Vote	ship Endorsement/	for the Year	Ending Balance		arHinancial nd	Allowable
0.	Provider	,		Guarantee Amounts	(US\$ in Thousand)	(US\$ in Thousand	d) uij	p isiterte ment	(Note 1)
0	1 2	TSMC 3	11 (0	Not exceed 10% of the net worth of the Company, and also limiting to the total capital issued of the endorsement/guarantee company, unless otherwise approved by Board of Directors.	\$1,915,020 (US\$ 60,000)	\$1,915,020 (US\$ 60,000)	\$	0.48%	\$99,741,325
		TSMC North 2 America WaferTech 3		Joint of Directors.	1,276,680 (US\$ 40,000) 14,043,480 (US\$ 440,000)	1,276,680 (US\$ 40,000)		0.32%	

Note 1: 25% of the net worth of the Company as of December 31, 2004.

0

Note 2: The No. 2 represents a subsidiary in which the Company holds directly over 50% of the equity interest.

The No. 3 represents an investee in which the Company holds directly and indirectly over 50% of the equity interest.

TABLE 3

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD. AND AFFILIATES

MARKETABLE SECURITIES HELD DECEMBER 31, 2004

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

December 31, 2004

				Carrying Value	31 , 2 0	Market Value or Net Asset Value
	ī	Relationship			ercent	
	ı	-	StatemenShares/Unit		of	(US\$ in
		the	(In Thousands			
any Name	Marketable Securities Type and Na		count of)		wners	hip Thousand)
y	Government bonds		,	,		,
•	2003 Government Bond Series A	Short-tern investmen		\$ 1,207,409	N/A	\$ 1,202,028
	United States Treas NTS	Short-tern investmen	n	US\$ 192,357	N/A	US\$ 191,824
	2003 Government Bond Series I	Long-term investmen	1	3,397,081	N/A	3,393,982
	2004 Government Bond Series A	Long-term investmen	1	2,349,573	N/A	2,352,973
	2004 Government Bond Series E	Long-term investmen	1	3,893,827	N/A	3,892,025
	2004 Kaohsiung Municipal Bond Series A	Long-term investmen	1	620,000	N/A	620,000
	Bonds under repurchase agreement	Short-tern investmen		249,449	N/A	251,593
	Bond funds					
	JF Taiwan Bond Fund	Short-tern investmen	,	1,153,209	N/A	1,169,406
	ABN AMRO Bond Fund	Short-tern investmen	,	1,956,175	N/A	1,978,785
	JF Taiwan First Bond Fund	Short-tern investmen	n 84,886	1,151,463	N/A	1,162,632
	INVESCO R.O.C. Bond A Fund	Short-tern investmen	n 76,705	1,101,911	N/A	1,111,932
	Dresdner Bond DAM Fund	Short-tern investmen	n 80,833	900,000	N/A	910,904
	Barits Bond Fund	Short-tern investmen	n 76,640	900,000	N/A	907,765
	Shinkong Chi Shin Bond Fund	mvestmen	151,594	2,100,000	N/A	2,115,554

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ABN AMRO Select Bond Fund NITC Bond Fund HSBC NTD Money Management Fur	Short-term investment Short-term investment Short-term investment ad Short-term investment investment	18,235 3,764 41,568	200,000 600,000 600,000	N/A N/A N/A	201,183 602,703 601,958
Stock Trian Mark C	G!	1 707	6.520		27.552
Taiwan Mask Corp.	Short-term investment	1,787	6,528		27,552
TSMC International	Subsidi lio ng-term investment	987,968	23,778,997	100	23,778,997
VIS	Investeeng-term investment	409,532	5,401,982	28	8,493,692
TSMC Partners	Subsidi l agng-term investment	300	3,908,356	100	3,908,356
SSMC	Invest@ong-term investment	382	3,290,888	32	3,290,888
TSMC North America	Subsidilaryng-term investment	11,000	502,242	100	1,179,352
GUC	Invest@mg-term investment	39,040	391,626	47	418,272
TSMC Japan	Subsidi Lo ng-term investment	6	102,572	100	102,572
VisEra	Investement	5,100	59,116	25	59,116
TSMC Europe	Subsidiluong-term investment		25,439	100	25,439
United Industrial Gases Co., Ltd.	Long-term investment	16,783	193,584	10	284,036
Shin-Etsu Handotai Taiwan Co., Ltd.	Long-term investment	10,500	105,000	7	170,940

(Continued)

December 31, 2004

Market Value

						rrying ⁄alue		•	or et Asset Value
	R	elationship					Percenta		
		withFina	ncial Staten	ne St hares/Unit	s (U	J S\$ in	of	(1	US\$ in
				(In					
		the		Thousands	}				
Company Name	Marketable Securities Type and Nan	Gompany	Account	of)	Tho			nipTh	ousand)
	W.K. Technology Fund IV	Long	-term	5,000	\$	50,000	0 2	\$	55,146
		inves	tment						
	Hontung Venture Capital Co., Ltd.	Long	-term	8,392		83,910	6 10		53,571
		inves	tment						
	Globaltop Partner I Venture Capital Con	rp. Long	-term	5,000		50,000	0 1		49,909
		inves	tment						
	Corporate bonds								
	Taiwan Power Company	Short	-term		2	,777,798	8 N/A		2,749,413
		inves	tment						
	Abbott Labs	Short	-term	Ţ	J S \$	2,732	2 N/A	US\$	2,709
		inves	tment						•
	Abbott Labs	Short	-term	Ţ	J S \$	1,58	1 N/A	US\$	1,587
		inves	tment			,			,
	Ace Ltd		-term	Ţ	J S \$	1,046	5 N/A	US\$	1,042
	- 100 - 110		tment		,	- , -		,	-,-
	AIG Sunamerica Global Fing IX	Short		Ţ	J S \$	1,032	2. N/A	US\$	1,028
	THO Duminion of Court 1 mg 112		tment	-	50 4	1,00	1	004	1,020
	Allstate Finl Global Fdg LLC	Short		I	J S \$	3,17	1 N/A	US\$	3,096
	Mistate I in Global I ag Elle		tment	`	υ φ	5,17	1 11/12	Ουψ	3,070
	American Express Co.	Short		т	J S \$	3,550	n N/A	US\$	3,503
	Afficican Express Co.		tment	`	Ψ	3,330	J 11/11	Ουψ	3,505
	American Gen Fin Corp.	Short		T	J S \$	1,768	ο NI/A	US\$	1,765
	American Gen Fin Corp.			•) 9 \$	1,700	3 IN/A	OSÞ	1,703
	American Can Fin Cam Mtn		tment	т	ταφ	2 120	O NT/A	TICO	2 007
	American Gen Fin Corp. Mtn		-term	·	J S \$	3,130	J N/A	US\$	3,087
	A : C F: C M		tment	τ.	ταφ	1.05	0 37/4	TIOO	1 0 4 2
	American Gen Fin Corp. Mtn		-term	·	J S \$	1,058	5 N/A	US\$	1,042
			tment	_					
	American Honda Fin Corp. Mtn		t-term	l	J S \$	3,800) N/A	US\$	3,803
			tment						
	American Intl Group Inc. Mtnf		-term	Ţ	J S \$	3,795	5 N/A	US\$	3,795
			tment						
	Amgen Inc.	Short	t-term	Ţ	J S \$	3,005	5 N/A	US\$	2,991
		inves	tment						
	Amsouth Bk Birmingham Ala	Short	-term	J	J S \$	1,972	2 N/A	US\$	1,978
		inves	tment						
	ANZ Cap Tr I	Short	-term	Ţ	JS\$	1,012	2 N/A	US\$	1,001
		inves	tment						

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Bank New York Inc.	Short-term	US\$	1,525	N/A	US\$	1,509
	investment					
Bank New York Inc.	Short-term	US\$	3,945	N/A	US\$	3,943
	investment					
Bank Scotland Treas Svcs PLC	Short-term	US\$	2,715	N/A	US\$	2,717
	investment					
Bank Utd Houston TX Mtbn	Short-term	US\$	580	N/A	US\$	574
	investment					
Bear Stearns Cos Inc.	Short-term	US\$	3,518	N/A	US\$	3,493
	investment					
Bear Stearns Cos Inc. Medium Te	Short-term	US\$	3,105	N/A	US\$	3,105
	investment					
Berkshire Hathaway Fin Corp.	Short-term	US\$	1,498	N/A	US\$	1,494
	investment					
Bristol Myers Squibb Co.	Short-term	US\$	3,819	N/A	US\$	3,788
-	investment					
British Telecommunications PLC	Short-term	US\$	2,104	N/A	US\$	2,091
	investment					
Cargill Inc.	Short-term	US\$	2,120	N/A	US\$	2,079
-	investment					
Chase Manhattan Corp. New	Short-term	US\$	1,628	N/A	US\$	1,613
-	investment					
Cit Group Hldgs Inc.	Short-term	US\$	3,203	N/A	US\$	3,195
-	investment					
Citigroup Inc.	Short-term	US\$	2,000	N/A	US\$	2,002
	investment		•			•
Citigroup Inc.	Short-term	US\$	1,033	N/A	US\$	1,033
	investment					
Citigroup Inc.	Short-term	US\$	3,583	N/A	US\$	3,523
	investment		,			,
Colonial Pipeline Co.	Short-term	US\$	1,625	N/A	US\$	1,612
•	investment		,			,
Compaq Computer Corp.	Short-term	US\$	3,719	N/A	US\$	3,593
	investment		,			,
Consolidated Edison Co. NY Inc.	Short-term	US\$	3,687	N/A	US\$	3,618
	investment		,			,
Corestates Cap Corp.	Short-term	US\$	1,062	N/A	US\$	1,060
	investment	·	,		•	,
Countrywide Fdg Corp. Mtn	Short-term	US\$	2,158	N/A	US\$	2,151
	investment		_,	,	4	_,
Countrywide Home Lns Inc.	Short-term	US\$	5,210	N/A	US\$	5,157
	investment	υ υ υ υ	2,210	- 1/11	υ 2 Ψ	2,127
	,			(Co	ntinued)
				(00)		,

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December 31, 2004

Market Value or

Carrying **Net Asset** Value Value Relationship with Financial Staten States/Units in Percentage of (US\$ in (In **Thousands** d Company Name Marketable Securities Type and Namompany of) Thousand) Ownership Thousand) N Account Credit Suisse Fb USA Inc. US\$2,645 N/A US\$2,599 Short-term investment Credit Suisse First Boston US\$ 786 N/A US\$ 779 Short-term investment Credit Suisse First Boston USA US\$2,249 N/A US\$2,240 Short-term investment US\$ 997 N/A US\$ 999 Daimlerchrysler North Amer Short-term investment Daimlerchrysler North Amer Hld US\$ 749 N/A US\$ 755 Short-term investment Dell Computer Corp. Short-term US\$3,054 N/A US\$3,025 investment Den Danske BK Aktieselskab Short-term US\$2,192 N/A US\$2,166 investment Deutsche Telkom Intl Fin BV Short-term US\$1.852 N/A US\$1,838 investment US\$3,459 N/A Diageo PLC Short-term US\$3,477 investment Dow Chem Co. Short-term US\$ 921 N/A US\$ 911 investment European Invt Bk US\$8,315 N/A Short-term US\$8,236 investment Fifth Third Bk Cincinnati OH US\$2,419 N/A Short-term US\$2,466 investment First Data Corp. US\$3.013 N/A US\$2,986 Short-term investment First Un Corp. US\$ 970 N/A US\$ 965 Short-term investment Fleet Finl Group Inc. New US\$ 494 N/A US\$ 493 Short-term investment Fleet Finl Corp Inc. New US\$ 975 N/A US\$ 962 Short-term investment Ford Mtr Cr Co. US\$1.542 N/A Short-term US\$1,535 investment US\$1.001 N/A FPL Group Cap Inc. US\$ 990 Short-term investment US\$ 860 N/A US\$ 846 FPL Group Cap Inc. Short-term

investment

General Elec Cap Corp. Mtn	Short-term	US\$3,467	N/A	US\$3,455
General Elec Cap Corp. Mtn	investment Short-term	US\$1,040	NT/A	US\$1,040
General Elec Cap Corp. Muli	investment	US\$1,040	N/A	03\$1,040
General Elec Cap Corp. Mtn	Short-term	US\$3,886	N/A	US\$3,878
General Elec Sup Gorp. Wan	investment	C 5 4 2 , 0 0 0	1 1/1 1	C545,070
Genworth Finl Inc.	Short-term	US\$3,412	N/A	US\$3,408
	investment	·		
Goldman Sachs Group Inc. Mtn	Short-term	US\$3,505	N/A	US\$3,494
	investment			
Goldman Sachs Group LP	Short-term	US\$1,637	N/A	US\$1,599
	investment			
Goldman Sachs Group LP	Short-term	US\$1,100	N/A	US\$1,075
	investment			
Greenpoint Finl Corp.	Short-term	US\$ 974	N/A	US\$ 972
	investment			
GTE Corp.	Short-term	US\$2,134	N/A	US\$2,109
	investment	******		****
Hancock John Global Fdg Mtn	Short-term	US\$1,003	N/A	US\$ 986
XX (6 17) 10 G	investment	110h 765	27/4	1100 7 50
Hartford Finl Svcs Group Inc.	Short-term	US\$ 765	N/A	US\$ 758
H (C 1E.10 C I	investment	110¢ 206	NT/A	110¢ 206
Hartford Finl Svcs Group Inc.	Short-term	US\$ 296	N/A	US\$ 296
II 11 P' 1 I	investment	11001 171	NT/A	11001160
Heller Finl Inc.	Short-term	US\$1,171	N/A	US\$1,163
Hamshay Foods Com	investment	11001 607	NT/A	11001 606
Hershey Foods Corp.	Short-term investment	US\$1,627	N/A	US\$1,606
Hewlett Packard Co.	Short-term	US\$3,373	NI/A	US\$3,305
Hewlett Fackard Co.	investment	03\$3,373	IN/A	03\$3,303
Honeywell Inc.	Short-term	US\$3,284	N/A	US\$3,218
Honey wen me.	investment	0000,201	14/11	Ο5ψ3,210
Household Fin Corp.	Short-term	US\$ 529	N/A	US\$ 522
Troubenoru I m. Corp.	investment	0.04 0.25	1,171	024 022
Household Fin Corp.	Short-term	US\$2,993	N/A	US\$2,985
r.	investment	, ,- ,		7
Household Fin Corp. Mtn Bk Ent	Short-term	US\$3,542	N/A	US\$3,510
1	investment			,
HSBC USA Inc. New	Short-term	US\$1,154	N/A	US\$1,134
	investment			
Huntington Natl Bk	Short-term	US\$3,003	N/A	US\$3,000
	investment			
Huntington Natl Bk Columbus OH	Short-term	US\$2,954	N/A	US\$2,961
	investment			
ING Bank	Short-term	US\$2,114	N/A	US\$2,113
	investment			
ING Sec Life Ins Ingslf	Short-term	US\$3,012	N/A	US\$3,007
- 1-1	investment			
Intl Bk For Recon + Dev	Short-term	US\$5,232	N/A	US\$5,102
IDM CI C	investment	11001040	NT/A	11001 000
JP Morgan Chase + Co.		US\$1,043	N/A	US\$1,039

Jackson Natl Life Global Fdg	Short-term investment Short-term investment	US\$1,036 N/A	US\$1,032
Jackson Natl Life Global Fdg S	Short-term investment	US\$2,998 N/A	US\$2,988 (Continued)
	- 39 -		(Continued)

December 31, 2004

Market Value or

				Carrying Value		Net Asset Value
		Relationship				
		withFinan	cial State	nStratres/Un(itss\$ in	Percentage of	(US\$ in
		a.		(In		
	M 1 4 11 C 22 TO 1	the		Thousands	0 11	(T) 1) N
d Company Name	Marketable Securities Type and		Account	of) Thousand)	-	Thousand) N
	JP Morgan Chase + Co.	Short-t investn		US\$3,663	N/A	US\$3,629
	Keycorp Mtn Book Entry	Short-t		US\$3,500	NI/A	US\$3,502
	Reycorp With Book Entry	investn		03\$3,300	IV/A	03\$3,302
	KFW Intl Fin Inc.	Short-t		US\$5,104	N/A	US\$5,027
	Ki w ind i in inc.	investn		Ο5ψ5,10+	14/11	Ο5Ψ5,021
	Kraft Foods Inc.	Short-t		US\$ 773	N/A	US\$ 765
	Hart I dods Inc.	investn		υσφ 773	1 1/2 1	CS\$ 703
	Kraft Foods Inc.	Short-t		US\$1,037	N/A	US\$1,036
		investn		0.541,007	1,112	0.541,000
	Lehman Brothers Hldgs Inc.	Short-t		US\$1,163	N/A	US\$1,162
		investn		. ,		. ,
	Lehman Brothers Hldgs Inc.	Short-t	erm	US\$3,705	N/A	US\$3,634
		investn	nent	. ,		. ,
	Lehman Brothers Hldgs Inc.	Short-t	erm	US\$2,171	N/A	US\$2,154
	-	investr	nent			
	Lilly Eli + Co.	Short-t	erm	US\$3,750	N/A	US\$3,749
		investn	nent			
	Lincoln Natl Corp. In	Short-t	erm	US\$ 519	N/A	US\$ 518
		investr	nent			
	Merita Bk Ltd NY Brh	Short-t		US\$ 538	N/A	US\$ 533
		investn				
	Merrill Lynch + Co. Inc.	Short-t		US\$3,486	N/A	US\$3,481
		investn				
	Metropolitan Life Global Mtn	Short-t		US\$1,907	N/A	US\$1,910
	M (1011 151 H	investn		11000 500	NT/A	11000 501
	Monumental Global Fdg II	Short-t		US\$2,500	N/A	US\$2,501
	Manuscratal Clahal Eda II	investn		11001 524	NT/A	11001 516
	Monumental Global Fdg II	Short-t investn		US\$1,534	N/A	US\$1,516
	Monumental Global Fdg II 2002A	Short-t		US\$1,045	NI/A	US\$1,034
	Wondinental Global Fdg II 2002A	investn		03\$1,043	IV/A	03\$1,034
	Morgan Stanley	Short-t		US\$2,136	N/A	US\$2,128
	Worgan Stanley	investn		Ο5φ2,130	14/11	Ο5ψ2,120
	Morgan Stanley Group Inc.	Short-t		US\$3,638	N/A	US\$3,628
	Sun Stame, Stoup me.	investn		2542,030		
	Morgan Stanley Group Inc.	Short-t		US\$1,050	N/A	US\$1,048
	<i>y</i> r	investn		+ -,		. ,
		3502				

National Westminster Bk PLC	Short-term investment	US\$1,433	N/A	US\$1,422
Nationsbank Corp.	Short-term investment	US\$3,644	N/A	US\$3,549
Nationwide Bldg Soc	Short-term investment	US\$3,457	N/A	US\$3,477
Nationwide Life Global Mtn	Short-term investment	US\$1,463	N/A	US\$1,469
Pepsico Inc. Mtn Book Entry	Short-term investment	US\$3,818	N/A	US\$3,817
PNC Fdg Corp.	Short-term investment	US\$1,080	N/A	US\$1,075
Popular North Amer Inc. Mtn	Short-term investment	US\$3,042	N/A	US\$3,022
Premark Intl Inc.	Short-term investment	US\$2,954	N/A	US\$2,914
Pricoa Global Fdg I Mtn	Short-term investment	US\$3,507	N/A	US\$3,503
Pricoa Global Fdg I Mtn	Short-term investment	US\$3,050		US\$3,047
Principal Life Global Fdg I Gl	Short-term investment	US\$3,168		US\$3,102
Protective Life Secd Trs	Short-term investment	US\$2,920		US\$2,969
Prudential Ins Co. Amer	Short-term investment	US\$2,648		US\$2,610
Reinsurance Group Amer Inc.	Short-term investment	US\$2,091		US\$2,089
Royal Bk Scotland Group PLC	Short-term investment	US\$1,563		US\$1,547
Royal Bk Scotland Group PLC	Short-term investment	US\$ 564		US\$ 558
Royal Bk Scotland Group PLC	Short-term investment	US\$ 369		US\$ 364
Safeco Corp.	Short-term investment Short-term	US\$ 765 US\$3,160		US\$ 763 US\$3,100
Salomon Smith Barney Hldgs Inc. Sara Lee Corp.	investment Short-term	US\$1,596		US\$1,601
SBC Communications Inc.	investment Short-term	US\$3,681		US\$3,617
SBC Communications Inc.	investment Short-term	US\$2,251		US\$2,245
Scotland Intl Fin B V 144A	investment Short-term	US\$1,533		US\$1,532
Shell Finance (UK) PLC	investment Short-term	US\$3,604		US\$3,553
SLM Corp.	investment Short-term	US\$ 500		US\$ 501
SLM Corp. Medium Term Nts	investment	US\$2,950		US\$2,985

SP Powerassets Ltd Global	Short-term investment Short-term	US\$ 991 N/A	US\$ 992
Suntrust Bks Inc.	investment Short-term investment	US\$1,062 N/A	US\$1,060
Swedbank Sparbanken Svenge AB	Short-term investment	US\$1,084 N/A	US\$1,067
			(Continued)

December 31, 2004

Market Valu

		Relationship		arrying Value		Net V	or Asset alue
		withFinancial State		US\$ in	Percentage of	(U	S\$ in
		the	(In Thousands				
ompany Name	Marketable Securities Type and I			ousand)	Ownership	Tho	usand)
, <u>, , , , , , , , , , , , , , , , , , </u>	TIAA Global Mkts Inc.	Short-term	US\$		N/A	US\$	51
		investment	•				
	Tribune Co. Med Trm Nts	Short-term	US\$	2,943	N/A	US\$	2,96
		investment		•			·
	Union Planters	Short-term	US\$	2,755	N/A	US\$	2,70
		investment		•			·
	Unitedhealth Group Inc.	Short-term	US\$	3,119	N/A	US\$	3,09
	•	investment					
	US Bk Natl Assn Cincinnati OH	Short-term	US\$	2,669	N/A	US\$	2,68
		investment					
	Virginia Elec + Pwr Co.	Short-term	US\$	2,884	N/A	US\$	2,83
	C	investment		•			·
	Vodafone Group PLC New	Short-term	US\$	2,559	N/A	US\$	2,56
	, odu	investment		-,	1 = -		-,-
	Wachovia Corp.	Short-term	US\$	3,720	N/A	US\$	3,60
	wache da Corp.	investment	-	۵,۰	1 1/2 1	CST	2,00
	Wal Mart Cda Venture Corp.	Short-term	US\$	3,670	N/A	US\$	3,60
	war mart can venture corp.	investment	O 5 4	3,070	1 1/ / 1	Ουψ	2,00
	Washington Mut Fin Corp.	Short-term	US\$	4,768	N/A	US\$	4,68
	washington wuttin Corp.	investment	Ουψ	7,700	IV/A	υρφ	7,00
	Washington Mut Inc.	Short-term	US\$	4,735	NI/A	US\$	4,68
	w ashington white me.	investment	υσφ	4,133	IN/A	υσφ	4,00
	Washington Doot Co		1100	2 192	NT/A	TIC¢	3 19
	Washington Post Co.	Short-term	US\$	3,182	N/A	US\$	3,18
	W. H. France Co. Nam.	investment	TICO	2.607	NT/A	TIOO	2.62
	Wells Fargo + Co. New	Short-term	US\$	3,697	N/A	US\$	3,63
	*** *** ***	investment	TICO	1 000	3 T / A	TTOO	1 00
	Westfield Cap Corp. Ltd	Short-term	US\$	1,999	N/A	US\$	1,99
		investment					
	China Steel Corporation	Long-term		2,978,804	N/A	2,	,977,69
		investment					
	Taiwan Power Company	Long-term		915,276	N/A		914,58
		investment					
	Nan Ya Plastics Corporation	Long-term		407,526	N/A		407,48
		investment					
	Formosa Plastics Corporation	Long-term		405,485	N/A		405,32
		investment					
	Formosa Petrochemical Corporation	n Long-term		202,595	N/A		200,00
		investment					

Agency bonds						2.45
Fed Hm Ln Pc	Short-term	US\$	3,466	N/A	US\$	3,46
	investment			,	***	
Federal Home Ln Bks	Short-term	US\$	2,532	N/A	US\$	2,52
	investment					
Federal Home Ln Bks	Short-term	US\$	1,042	N/A	US\$	1,02
	investment					
Federal Home Ln Bks	Short-term	US\$	4,927	N/A	US\$	4,94
	investment					
Federal Home Ln Bks	Short-term	US\$	7,962	N/A	US\$	7,93
	investment					
Federal Home Ln Bks	Short-term	US\$	7,014	N/A	US\$	6,92
	investment					
Federal Home Ln Bks	Short-term	US\$	4,936	N/A	US\$	4,94
	investment					
Federal Home Ln Bks	Short-term	US\$	4,948	N/A	US\$	4,94
	investment					
Federal Home Ln Bks	Short-term	US\$	2,454	N/A	US\$	2,46
	investment					
Federal Home Ln Bks	Short-term	US\$	7,018	N/A	US\$	7,00
	investment					
Federal Home Ln Bks	Short-term	US\$	4,996	N/A	US\$	4,97
	investment					
Federal Home Ln Bks	Short-term	US\$	7,042	N/A	US\$	6,98
	investment	*****			***	6.00
Federal Home Ln Bks	Short-term	US\$	6,098	N/A	US\$	6,08
	investment					
Federal Home Ln Bks	Short-term	US\$	2,909	N/A	US\$	2,90
	investment	*****	10070		***	12.00
Federal Home Ln Bks	Short-term	US\$	13,953	N/A	US\$	13,89
	investment	*****	12.002		***	1201
Federal Home Ln Bks	Short-term	US\$	13,983	N/A	US\$	13,94
	investment	*****	12 001		***	1201
Federal Home Ln Bks	Short-term	US\$	13,981	N/A	US\$	13,94
- · · · · · · · ·	investment	*****	6 0 - 0		***	ć 0. 0
Federal Home Ln Mtg Corp	Short-term	US\$	6,978	N/A	US\$	6,92
- · · · · · · · ·	investment	*****			***	2.44
Federal Home Ln Mtg Corp.	Short-term	US\$	3,388	N/A	US\$	3,41
- · · · · · · · ·	investment	*****	40.70		***	4 0 4
Federal Home Ln Mtg Corp	Short-term	US\$	4,953	N/A	US\$	4,94
	investment	ΤΙCΦ	0.007	NT/A	TIOO	0.04
Federal Home Ln Mtg Corp.	Short-term	US\$	9,997	N/A	US\$	9,94
	investment	***	000	NT/ 4	***	0.0
Federal Home Ln Mtg Corp.	Short-term	US\$	998	N/A	US\$	99
	investment	***	4.022	NT/ 4	***	4.00
Federal Home Ln Mtg Corp.	Short-term	US\$	4,933	N/A	US\$	4,93
B 1 1 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	investment	****	4.05.0	NT ()		. ~ -
Federal Home Ln Mtg Corp. Mtn	Short-term	US\$	4,930	N/A	US\$	4,93
T. 1 177 . 7 . 3.6 . 4	investment	****	4.0.45	NT/ 4	***	4.00
Federal Home Loan Mtg Assn		US\$	4,847	N/A	US\$	4,89

Federal Home Loan Mtg Corp.	Short-term investment Short-term investment	US\$	4,903 N/A	US\$ (Continued)
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December 31, 2004

Market

			Carrying Value		Value or Net Asset Value
		Relationship			
		withFinancial State	en Scha tres/Uni (I SS\$ in	Percentage of	(US\$ in
			(In		
		the	Thousands		
Company Name	Marketable Securities Type and	Name of the Name o	of) Thousand)	Ownership	Thousand)
	Federal Natl Mtg Assn	Short-term	US\$ 5,270	N/A	US\$ 5,237
		investment			
	Federal Natl Mtg Assn	Short-term	US\$ 6,940	N/A	US\$ 6,937
		investment			
	Federal Natl Mtg Assn	Short-term	US\$ 6,903	N/A	US\$ 6,917
		investment	****		
	Federal Natl Mtg Assn	Short-term	US\$ 4,981	N/A	US\$ 4,953
		investment			
	Federal Natl Mtg Assn	Short-term	US\$ 6,997	N/A	US\$ 6,983
		investment			
	Federal Natl Mtg Assn Mtn	Short-term	US\$15,787	N/A	US\$15,798
		investment			
	Federal Natl Mtg Assn Mtn	Short-term	US\$ 7,000	N/A	US\$ 6,976
		investment	****		
	Freddie Mac	Short-term	US\$ 4,929	N/A	US\$ 4,934
	1-000 <i>-</i> -	investment	*****	27/1	***** * ****
	Fed Hm Ln Pc Pool E89857	Short-term	US\$ 2,535	N/A	US\$ 2,531
	- 177 Y 1 G11202	investment	***** * * * * *	27/1	*****
	Fed Hm Ln Pc Pool G11295	Short-term	US\$ 2,277	N/A	US\$ 2,273
		investment	*****	27/1	*****
	Federal Home Ln Mtg Corp.	Short-term	US\$ 6,096	N/A	US\$ 6,075
		investment	TTG0 4 405	27/4	TTG# 4 440
	Federal Home Ln Mtg Corp.	Short-term	US\$ 4,435	N/A	US\$ 4,440
		investment	110h 2.550	NT/ A	110¢ 2.520
	Federal Home Ln Mtg Corp.	Short-term	US\$ 3,558	N/A	US\$ 3,539
		investment	TTOO 2 645	NT/ A	110h 0.615
	Federal Home Ln Mtg Corp.	Short-term	US\$ 3,645	N/A	US\$ 3,615
	F 1 137 1376 A	investment	TTC# 4.242	NT/A	110¢ 4 100
	Federal Natl Mtg Assn	Short-term	US\$ 4,242	N/A	US\$ 4,188
	E. J. a. 1 N. al Mar. A	investment	110¢ 2 141	NT/A	110¢ 2.126
	Federal Natl Mtg Assn	Short-term	US\$ 2,141	N/A	US\$ 2,126
	Endough Night May Again	investment	110¢ 4765	NT/A	LICC 4710
	Federal Natl Mtg Assn	Short-term	US\$ 4,765	N/A	US\$ 4,719
	Federal Notl Mtg Acon Ctd	investment	110¢ 2 406	NI/A	1100 2 446
	Federal Natl Mtg Assn Gtd	Short-term	US\$ 3,486	1 V /A	US\$ 3,446
	FNMA Pool 685116	investment	11C¢ 1 002	NI/A	1184 1 002
	TIMMA FUUI UOJ110	Short-term	US\$ 1,003	1 V/A	US\$ 1,002
		investment			

FNMA Pool 725095	Short-term	US\$	2,008	N/A	US\$	2,003
ENIMA De el 700929	investment	TICO	4 907	NT/A	IICΦ	4 772
FNMA Pool 790828	Short-term	0.82	4,807	N/A	022	4,773
FNMA Pool 793932	investment	US\$	004	N/A	US\$	994
FINMA F001 793932	Short-term investment	OSÞ	994	IV/A	USÞ	994
FNMA Pool 794040	Short-term	2211	1,021	NI/Δ	2211	1,020
1 WIA 1 001 / 24040	investment	USΨ	1,021	11/71	USΨ	1,020
FNMA Pool 795548	Short-term	US\$	977	N/A	US\$	975
1144411001733310	investment	СБФ	211	1 1// 1	СБФ	715
FNMA Pool 806642	Short-term	US\$	2,006	N/A	US\$	2,004
	investment		_, -,			_,,
GNMA II Pool 081150	Short-term	US\$	999	N/A	US\$	997
	investment					
GNMA II Pool 081153	Short-term	US\$	3,789	N/A	US\$	3,766
	investment					
Government Natl Mtg Assn	Short-term	US\$	1,734	N/A	US\$	1,700
-	investment					
Corporate issued asset-backed securities						
Aegis Asset Backed Secs Tr	Short-term	US\$	2,000	N/A	US\$	2,004
	investment					
Aesop Fed II LLC	Short-term	US\$	4,955	N/A	US\$	4,963
	investment					
Aesop Fed II LLC	Short-term	US\$	1,912	N/A	US\$	1,888
	investment	TIOO	2 4 4 5	27/4	τιαφ	2 427
American Express Cr Account Ma	Short-term	US\$	3,445	N/A	US\$	3,427
A . II M. I . T	investment	IIΩΦ	0.40	NT/A	TIOO	0.40
American Home Mtg Invt Tr	Short-term	US\$	949	N/A	US\$	949
Americredit Automobile Receiv	investment	TICC	2,002	NI/A	11C¢	1 000
Americiedit Automobile Receiv	Short-term investment	US\$	2,002	IV/A	OSÞ	1,998
Americredit Automobile Rec Tr	Short-term	2211	1,055	NI/Δ	2211	1,048
Americical Automobile Rec 11	investment	USΨ	1,033	11/71	USΨ	1,040
Americredit Automobile Rec Tr	Short-term	2211	2,000	N/A	2211	1,990
Timerreredit Tuttomobile Ree 11	investment	СБФ	2,000	1 1/11	СБФ	1,,,,
Americredit Automobile Receivb	Short-term	US\$	4,949	N/A	US\$	4,912
1 1110 1010 1010 1100	investment	0.54	.,,, .,	1,,11	0.54	.,>
Atlantic City Elc Trns Fdg LLC	Short-term	US\$	926	N/A	US\$	923
, .	investment					
Banc Amer Coml Mtg Inc.	Short-term	US\$	5,364	N/A	US\$	5,315
•	investment					
Banc Amer Mtg Secs Inc.	Short-term	US\$	4,030	N/A	US\$	4,006
	investment					
Bank of Amer Lease Equip Tr	Short-term	US\$	4,023	N/A	US\$	3,995
	investment					
Bear Stearns Alt A Tr	Short-term	US\$	1,478	N/A	US\$	1,489
	investment					
Bear Stearns Asset Backed Secs	Short-term	US\$	2,000	N/A	US\$	2,000
DMWW 1 O T	investment	****	4.050	N T/ 4	****	1.044
BMW Veh Owner Tr		US\$	4,978	IN/A	US\$	4,941

	Short-term
	investment
California Infr + Economic Dev	Short-term
	investment

US\$ 4,298 N/A US\$ 4,230

(Continued)

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December 31, 2004

Market

Relationship With Final California Infraor February Recentage February Recentag				Carrying Value		Value or Net Asset Value
Name Name			Relationship			
Company Name Marketable Securities Type and Nambompany Account Of Thousand) Nowership Thousand) Nowership Thousand) Nowership Thousand) Nowership Thousand) Nowership Thousand) Nowership Namous N			-	,	Percentage of	(US\$ in
Company Name California Infras + Economic Short-term US\$ 6,126 N/A US\$ 6,064 Investment US\$ 5,089 N/A US\$ 5,035 Investment US\$ 5,089 N/A US\$ 3,992 Investment US\$ 4,018 N/A US\$ 3,992 Investment US\$ 1,147 N/A US\$ 1,145 Investment US\$ 1,147 N/A US\$ 1,145 Investment US\$ 1,147 N/A US\$ 1,145 Investment US\$ 1,147 N/A US\$ 1,145 Investment US\$ 1,147 N/A US\$ 1,145 Investment US\$ 1,147 N/A US\$ 1,145 Investment US\$ 1,147 N/A US\$ 1,145 Investment US\$ 1,147 N/A US\$ 1,145 Investment US\$ 1,147 N/A US\$ 1,145 Investment US\$ 1,147 N/A US\$ 1,145 Investment US\$ 1,147 N/A US\$ 1,145 Investment US\$ 1,147 N/A US\$ 1,145 Investment US\$ 1,147 N/A US\$ 1,145 Investment US\$ 1,147 N/A US\$ 1,145 Investment US\$ 1,147 N/A US\$ 1,145 Investment US\$ 1,147 N/A US\$ 1,145 Investment			the			
California Infras + Economic Short-term investment Investment	Company Name	Marketable Securities Type and			Ownership	Thousand)
Investment	Company Tunio	• • • • • • • • • • • • • • • • • • •	<u> </u>		-	
California Infrastructure Dev		Cumorina initas i Economic		Ο5Φ 0,120	1771	ο,σσ1
Investment Capital Auto Receivables Asset Short-term US\$ 4,018 N/A US\$ 3,992 investment US\$ 319 N/A US\$ 318 Capital One Auto Fin Tr Short-term US\$ 319 N/A US\$ 318 investment Capital One Auto Fin Tr Short-term US\$ 1,147 N/A US\$ 1,145 Capital One Auto Fin Tr Short-term US\$ 3,000 N/A US\$ 2,989 investment US\$ 4,957 N/A US\$ 4,977 Capital One Multi Asset Execut Short-term US\$ 4,957 N/A US\$ 4,977 investment US\$ 10,008 N/A US\$ 9,923 investment US\$ 10,008 N/A US\$ 3,493 investment US\$ 3,500 N/A US\$ 3,493 investment US\$ 4,999 N/A US\$ 4,991 investment US\$ 4,959 N/A US\$ 4,991 investment US\$ 4,955 N/A US\$ 4,965 investment US\$ 2,364 N/A US\$ 2,363 CNH Equip Tr Short-term US\$ 5,000 N/A US\$ 4,952 investment Comm 2004 Htl 1 Short-term US\$ 4,600 N/A US\$ 4,607 investment US\$ 4,600 N/A US\$ 4,600 N/A US\$ 4,600 N/A US\$ 4,600 N/A US\$ 4,600 N/A US\$ 4,600 N/A US\$ 4,600 N/A US\$ 4,600 N/A US\$ 4,600 N/A US\$ 4,600 N/A US\$ 4,600 N/A US\$ 4,600 N/A US\$ 4,600 N/A US\$ 4,600 N/A US\$ 4,600 N/A US\$ 4,600 N/A US\$ 4,6		California Infrastructure Dev		US\$ 5.089	N/A	US\$ 5.035
Capital Auto Receivables Asset Short-term IVS\$ 4,018 N/A IVS\$ 3,992		Cumomia imiasi actare 20,		ουφ 2,002	1 1/1 1	2,022
Investment		Capital Auto Receivables Asset		US\$ 4018	N/A	US\$ 3 992
Capital One Auto Fin Tr Short-term investment US\$ 319 N/A US\$ 318 N/A US\$ 318 N/A US\$ 1,147 N/A US\$ 1,145 N/A US\$ 1,145 N/A US\$ 1,145 N/A US\$ 1,145 N/A US\$ 1,145 N/A US\$ 1,145 N/A US\$ 1,145 N/A US\$ 1,145 N/A US\$ 2,989 N/A US\$ 2,989 N/A US\$ 2,989 N/A US\$ 4,977 N/A US\$ 3,500 N/A US\$ 3,500 N/A US\$ 3,500 N/A US\$ 3,493 N/A US\$ 3,493 N/A US\$ 4,991 N/A US\$ 4,991 N/A US\$ 4,991 N/A US\$ 4,991 N/A US\$ 4,991 N/A US\$ 4,991 N/A US\$ 4,991 N/A US\$ 4,991 N/A US\$ 4,991 N/A US\$ 4,991 N/A US\$ 4,991 N/A US\$ 4,991 N/A US\$ 4,991 N/A US\$ 4,991 N/A US\$ 4,991 N/A US\$ 4,991 N/A US\$ 4,991 N/A US\$ 4,995 N/A US\$ 4,995 N/A US\$ 4,995 N/A US\$ 4,995 N/A				0.54 1,010	1,171	0.54 0,552
Investment Capital One Auto Fin Tr		Capital One Auto Fin Tr		US\$ 319	N/A	US\$ 318
Capital One Auto Fin Tr Short-term investment US\$ 1,147 N/A US\$ 1,145 Capital One Auto Fin Tr Short-term investment US\$ 3,000 N/A US\$ 2,989 Capital One Multi Asset Execut Short-term investment US\$ 4,957 N/A US\$ 4,977 Caterpillar Finl Asset Tr Short-term investment US\$ 10,008 N/A US\$ 9,923 Centex Home Equity Ln Tr Short-term investment US\$ 3,500 N/A US\$ 3,493 Cit Equip Coll Tr Short-term investment US\$ 4,999 N/A US\$ 4,991 Citibank Cr Card Issuance Tr Short-term investment US\$ 4,959 N/A US\$ 4,965 Citicorp Mtg Secs Short-term investment US\$ 2,364 N/A US\$ 2,363 CNH Equip Tr Short-term investment US\$ 5,000 N/A US\$ 4,952 Comm 2004 Htl 1 Short-term investment US\$ 4,600 N/A US\$ 4,607						
Investment		Capital One Auto Fin Tr		US\$ 1.147	N/A	US\$ 1.145
Capital One Auto Fin Tr Short-term investment US\$ 3,000 N/A US\$ 2,989 investment Capital One Multi Asset Execut Short-term investment US\$ 4,957 N/A US\$ 4,977 investment Caterpillar Finl Asset Tr Short-term US\$ 10,008 N/A US\$ 9,923 investment Centex Home Equity Ln Tr Short-term US\$ 3,500 N/A US\$ 3,493 investment Cit Equip Coll Tr Short-term US\$ 4,999 N/A US\$ 4,991 investment Citibank Cr Card Issuance Tr Short-term US\$ 4,959 N/A US\$ 4,965 investment Citicorp Mtg Secs Short-term US\$ 2,364 N/A US\$ 2,363 investment CNH Equip Tr Short-term US\$ 5,000 N/A US\$ 4,952 investment Comm 2004 Htl 1 Short-term US\$ 4,600 N/A US\$ 4,607 investment				224 -,	- "	-,
Investment Capital One Multi Asset Execut Short-term US\$ 4,957 N/A US\$ 4,977		Capital One Auto Fin Tr		US\$ 3.000	N/A	US\$ 2.989
Capital One Multi Asset Execut Short-term investment US\$ 4,957 N/A US\$ 4,977 Caterpillar Finl Asset Tr Short-term investment US\$10,008 N/A US\$ 9,923 Centex Home Equity Ln Tr Short-term investment US\$ 3,500 N/A US\$ 3,493 Cit Equip Coll Tr Short-term investment US\$ 4,999 N/A US\$ 4,991 Citibank Cr Card Issuance Tr Short-term investment US\$ 4,959 N/A US\$ 4,965 Citicorp Mtg Secs Short-term investment US\$ 2,364 N/A US\$ 2,363 CNH Equip Tr Short-term investment US\$ 5,000 N/A US\$ 4,952 Comm 2004 Htl 1 Short-term investment US\$ 4,600 N/A US\$ 4,607		r				,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Caterpillar Finl Asset Tr		Capital One Multi Asset Execut		US\$ 4.957	N/A	US\$ 4.977
Caterpillar Finl Asset Tr Short-term investment Centex Home Equity Ln Tr Short-term US\$ 3,500 N/A US\$ 3,493 investment Cit Equip Coll Tr Short-term US\$ 4,999 N/A US\$ 4,991 investment Citibank Cr Card Issuance Tr Short-term US\$ 4,959 N/A US\$ 4,965 investment Citicorp Mtg Secs Short-term US\$ 2,364 N/A US\$ 2,363 investment CNH Equip Tr Short-term US\$ 5,000 N/A US\$ 4,952 investment Comm 2004 Htl 1 Short-term US\$ 4,600 N/A US\$ 4,607 investment		r				,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Centex Home Equity Ln Tr		Caterpillar Finl Asset Tr		US\$10.008	N/A	US\$ 9.923
Centex Home Equity Ln Tr Short-term investment US\$ 3,500 N/A US\$ 3,493 investment Cit Equip Coll Tr Short-term investment US\$ 4,999 N/A US\$ 4,991 N/A Citibank Cr Card Issuance Tr Short-term investment US\$ 4,959 N/A US\$ 4,965 N/A Citicorp Mtg Secs Short-term investment US\$ 2,364 N/A US\$ 2,363 N/A CNH Equip Tr Short-term investment US\$ 5,000 N/A US\$ 4,952 N/A Comm 2004 Htl 1 Short-term investment US\$ 4,600 N/A US\$ 4,607 N/A		r				
Cit Equip Coll Tr		Centex Home Equity Ln Tr		US\$ 3,500	N/A	US\$ 3,493
Cit Equip Coll Tr Short-term investment Citibank Cr Card Issuance Tr Short-term US\$ 4,999 N/A US\$ 4,991 investment Citicorp Mtg Secs Short-term US\$ 2,364 N/A US\$ 2,363 investment CNH Equip Tr Short-term US\$ 5,000 N/A US\$ 4,952 investment Comm 2004 Htl 1 Short-term US\$ 4,600 N/A US\$ 4,607 investment		1 3		,		, ,
investment Citibank Cr Card Issuance Tr Short-term US\$ 4,959 N/A US\$ 4,965 investment Citicorp Mtg Secs Short-term US\$ 2,364 N/A US\$ 2,363 investment CNH Equip Tr Short-term US\$ 5,000 N/A US\$ 4,952 investment Comm 2004 Htl 1 Short-term US\$ 4,600 N/A US\$ 4,607		Cit Equip Coll Tr		US\$ 4,999	N/A	US\$ 4,991
Citicorp Mtg Secs Short-term US\$ 2,364 N/A US\$ 2,363		1 1		,		, ,
Citicorp Mtg Secs Short-term US\$ 2,364 N/A US\$ 2,363		Citibank Cr Card Issuance Tr	Short-term	US\$ 4,959	N/A	US\$ 4,965
investment CNH Equip Tr Short-term investment Comm 2004 Htl 1 Short-term investment US\$ 5,000 N/A US\$ 4,952 US\$ 4,600 N/A US\$ 4,607 US\$ 4,607			investment	·		
investment CNH Equip Tr Short-term investment Comm 2004 Htl 1 Short-term investment US\$ 5,000 N/A US\$ 4,952 US\$ 4,600 N/A US\$ 4,607 US\$ 4,607		Citicorp Mtg Secs	Short-term	US\$ 2,364	N/A	US\$ 2,363
investment Comm 2004 Htl 1 Short-term investment US\$ 4,600 N/A US\$ 4,607 investment		1 &	investment	,		,
Comm 2004 Htl 1 Short-term US\$ 4,600 N/A US\$ 4,607 investment		CNH Equip Tr	Short-term	US\$ 5,000	N/A	US\$ 4,952
investment			investment	·		
investment		Comm 2004 Htl 1	Short-term	US\$ 4,600	N/A	US\$ 4,607
			investment			
Credit Suisse First Boston Mtg Short-term US\$ 4,209 N/A US\$ 4,178		Credit Suisse First Boston Mtg	Short-term	US\$ 4,209	N/A	US\$ 4,178
investment		· ·	investment			
CWABS Inc. Short-term US\$ 1,647 N/A US\$ 1,662		CWABS Inc.	Short-term	US\$ 1,647	N/A	US\$ 1,662
investment			investment			
CWABS Inc. Short-term US\$ 1,903 N/A US\$ 1,907		CWABS Inc.	Short-term	US\$ 1,903	N/A	US\$ 1,907
investment			investment			
CWABS Inc. Short-term US\$ 1,907 N/A US\$ 1,912		CWABS Inc.	Short-term	US\$ 1,907	N/A	US\$ 1,912
investment			investment			
CWABS Inc. Short-term US\$ 2,000 N/A US\$ 1,997		CWABS Inc.	Short-term	US\$ 2,000	N/A	US\$ 1,997
investment			investment			

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CWABS Inc.	Short-term	US\$ 5,000	N/A	US\$ 5,055
CWABS Inc.	investment Short-term	US\$ 3,500	N/A	US\$ 3,541
CW/IBS IIIc.	investment	Ουφ 3,500	1771	Ουψ <i>3,3</i> 41
CWALT Inc.	Short-term	US\$ 4,292	N/A	US\$ 4,277
	investment			
CWABS Inc.	Short-term	US\$ 2,317	N/A	US\$ 2,298
	investment			
CWABS Inc.	Short-term	US\$ 4,040	N/A	US\$ 4,040
	investment			
Daimlerchrysler Auto Tr	Short-term	US\$ 4,991	N/A	US\$ 4,970
D: 1 1 1 4 . T	investment	11Ch 4000	N T/A	1100 4070
Daimlerchrysler Auto Tr	Short-term	US\$ 4,982	N/A	US\$ 4,970
Deinslandenselen Auto Ta	investment	110¢ 4.007	NT/A	1100 4 902
Daimlerchrysler Auto Tr	Short-term	US\$ 4,897	N/A	US\$ 4,893
Detroit Edison Securitization	investment Short-term	US\$ 674	N/A	US\$ 671
Detroit Edison Securitization	investment	03\$ 074	IN/A	03\$ 0/1
Fifth Third Auto Tr	Short-term	US\$ 3,000	NI/A	US\$ 2,999
Thui Tilid Auto Ti	investment	03\$ 3,000	IV/A	03\$ 2,999
Finance Amer Mtg Ln Tr	Short-term	US\$ 985	N/A	US\$ 986
Thance Amer Witg Lii 11	investment	Ο5φ 765	IVA	OS\$ 760
First Franklin Mtg Ln Tr	Short-term	US\$ 2,002	N/A	US\$ 2,006
That Trankini Witg En Ti	investment	CSΨ 2,002	1471	2,000
First Horizon Abs Tr	Short-term	US\$ 2,000	N/A	US\$ 2,000
THOU HOUSEN THOSE TE	investment	2,000	1,711	250 2,000
First Union Lehman Bros Mtg Tr	Short-term	US\$ 3,567	N/A	US\$ 3,534
	investment	, , ,-		, - , - ,
First USA Credit Cr Master Tr	Short-term	US\$ 5,011	N/A	US\$ 5,008
	investment	,		
Ford Cr Auto Owner Tr	Short-term	US\$10,999	N/A	US\$10,936
	investment			
Granite Mtgs PLC	Short-term	US\$ 5,000	N/A	US\$ 5,000
	investment			
GS Auto Ln Tr	Short-term	US\$ 2,948	N/A	US\$ 2,970
	investment			
GS Mtg Secs Corp.	Short-term	US\$ 2,944	N/A	US\$ 2,944
	investment			
Harley Davidson Motorcycle Tr	Short-term	US\$ 3,417	N/A	US\$ 3,400
	investment			
Harley Davidson Motorcycle Tr	Short-term	US\$ 5,999	N/A	US\$ 5,938
H. I. B. N. O.DI.C.	investment	110¢ 7.001	N T/A	110¢ 5.050
Holmes Fing No 8 PLC	Short-term	US\$ 5,001	N/A	US\$ 5,052
Handa Assa Danibala	investment	11C# 5.000	NT/A	1100 4 001
Honda Auto Receivables	Short-term	US\$ 5,000	N/A	US\$ 4,991
Household Automotive Tr	investment	US\$ 513	NI/A	US\$ 511
Household Automotive 11	Short-term investment	OS\$ 313	N/A	υ δφ <i>3</i> 11
Hyundai Auto Receivables Tr	Short-term	US\$ 3,500	N/A	US\$ 3,468
Try and at Auto Receivables 11	investment	υυψ <i>υ,</i> υυυ	1 1/ / 1	ουφ <i>ο</i> , π υσ
IMPAC Cmb Tr	Commont	US\$ 1,414	N/A	US\$ 1,413
		,		,

IMPAC Cmb Tr IMPAC Secd Assets Corp.	Short-term investment Short-term investment Short-term investment	US\$ 988 N/A US\$ 3,570 N/A	US\$ 988 US\$ 3,566
			(Continued)
	- 43 -		

December 31, 2004

Market
Value or
Carrying Net Asset
Value Value

Relationship

with Financial Staten Sentres/Unitiss in Percentage of (US in

(In

				(In		
		the		Thousands		
d Company Name	Marketable Securities Type and N	an fo mpany	Account	of) Thousa	and) Ownersh	nip Thousand) N
	Long Beach Accep Auto Receivab	Shor	t-term	US\$2,5	526 N/A	US\$2,502
		inves	stment			
	Merrill Lynch Mtg Invs Inc.	Shor	t-term	US\$1,4	460 N/A	US\$1,460
		inves	stment			
	Merrill Lynch Mtg Invs Inc.	Shor	t-term	US\$1,5	500 N/A	US\$1,502
		inves	stment			
	Monumentl Global Fdg II	Shor	t-term	US\$1,0	000 N/A	US\$1,001
		inves	stment			
	National City Auto Receivables	Shor	t-term	US\$1,2	206 N/A	US\$1,207
		inves	stment			
	Navistar finl 2003 A Owner Tr	Shor	t-term	US\$4,9	928 N/A	US\$4,889
		inves	stment			
	Nissan Auto Receivables	Shor	t-term	US\$7,0	000 N/A	US\$6,958
		inves	stment			
	Nissan Auto Receivables Own Tr	Shor	t-term	US\$4,9	999 N/A	US\$4,993
		inves	stment			
	Nissan Auto Receivables Owner	Shor	t-term	US\$4,8	853 N/A	US\$4,872
		inves	stment			
	ONYX Accep Owner Tr	Shor	t-term	US\$ 9	963 N/A	US\$ 961
		inves	stment			
	ONYX Accep Owner Tr	Shor	t-term	US\$4,9	913 N/A	US\$4,933
		inves	stment			
	Providian Gateway Owner Tr	Shor	t-term	US\$4,2	204 N/A	US\$4,201
			stment			
	Providian Gateway Owner Tr	Shor	t-term	US\$3,9	992 N/A	US\$3,982
		inves	stment			
	Reliant Energy Transition Bd	Shor	t-term	US\$5,1	185 N/A	US\$5,117
		inves	stment			
	Residential Asset Mtg Prods	Shor	t-term	US\$3,7	731 N/A	US\$3,672
			stment			
	Residential Asset Mtg Prods		t-term	US\$3,0	000 N/A	US\$2,980
		inves	stment			
	Residential Fdg Mtg Secs I Inc.	Shor	t-term	US\$3,6	659 N/A	US\$3,631
		inves	stment			
	Sequoia Mtg Tr		t-term	US\$2,5	504 N/A	US\$2,513
			stment			
	Sequoia Mtg Tr	Shor	t-term	US\$1,9	960 N/A	US\$1,955
		inves	stment			

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Sequoia Mtg Tr	Short-term	US\$1,488	N/A	US\$1,486
	investment			
Sequoia Mtg Tr	Short-term	US\$2,000	N/A	US\$2,000
	investment			
Sequoia Mtg Tr	Short-term	US\$3,500	N/A	US\$3,500
1 8	investment	. ,		. ,
Structured Adj Rate Mtg Ln Tr	Short-term	US\$3,037	N/A	US\$3,031
2.2.2.2.2.2.2.2.3	investment			
Structured Asset Secs Corp.	Short-term	US\$1,403	N/A	US\$1,394
Structured risset sees corp.	investment	C 5 φ 1, 10 5	1 1/7 1	Ο Ο Φ 1,5 7 1
Thoornburg Mtg Secs Tr	Short-term	US\$1,921	NI/A	US\$1,923
Thoofhourg Witg Sees 11	investment	05\$1,721	11//1	Ο5ψ1,725
Toyota Auto Receivables 2003B	Short-term	US\$4,970	NI/A	US\$4,930
Toyota Auto Receivables 2003B		03\$4,970	IV/A	0354,930
Total Assault To	investment	11005 042	NT/A	11004.007
Triad Auto Receivables Tr	Short-term	US\$5,042	N/A	US\$4,997
TOTAL DAY TO A SE	investment	11007.706	NT/ A	11007 715
TXU Elec Delivery Transition	Short-term	US\$7,736	N/A	US\$7,715
	investment	*****		*****
USAA Auto Owner Tr	Short-term	US\$4,000	N/A	US\$3,991
	investment			
Wachovia Auto Owner Tr	Short-term	US\$6,000	N/A	US\$5,991
	investment			
Wachovia Auto Owner Tr	Short-term	US\$4,999	N/A	US\$4,995
	investment			
WFS Financial Owner Trust	Short-term	US\$5,008	N/A	US\$4,989
	investment			
WFS Finl 2004 2 Owner Tr	Short-term	US\$4,994	N/A	US\$4,992
	investment			
WFS Finl 2004 4 Owner Tr	Short-term	US\$5,399	N/A	US\$5,342
	investment			
Whole Auto Ln Tr	Short-term	US\$5,967	N/A	US\$5,966
	investment			
Whole Auto Ln Tr	Short-term	US\$4,000	N/A	US\$3,969
	investment	. ,		. ,
Whole Auto Ln Tr	Short-term	US\$3,000	N/A	US\$2,964
VIII.010 11000 ZII 11	investment	2242,000	1 1/1 1	0.542,70.
World Omni Auto Receivables Tr	Short-term	US\$5,963	N/A	US\$5,906
World Ollin Flato Receivables II	investment	Ο Ο Φ Ο , 7 Ο Ο	1 1/2 1	Ουψυ,,,ου
	in vestinent			
Commercial papers	Short-term	US\$2,997	N/A	US\$2,997
Commercial papers	investment	Ο5φ2,771	14/11	Ο Ο Φ 2,771
	mvestment			
Corporate issued notes	Short-term	US\$1,999	N/A	US\$1,999
Corporate issued flotes	investment	0391,779	14/14	US\$ 1,779
	mvesumem			(Continued)
				(Continued)

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					Decen	nber	31, 200)4	
					Carryi Valu	_		Valı Net	rket ue or Asset alue
		Relationship				Pe	ercenta	ıge	
		withFina	ncial Statem	enShares/Un (In	its (US\$	in	of	(US	S\$ in
		the		Thousand	ls				
Company Name	Marketable Securities Type and	l Nar@ompany	Account	of)	Thousa	ndO	wnersł	nipThou	isand)
	Money market funds		t-term etment		US\$ 21,	114	N/A	US\$	21,114
	Equity								
	Horizon Venture Fund I, L.P.	-	tment		246,	485	N/A	24	46,485
	Crimson Asia Capital Ltd., L.P.	Long	term tment		43,	,649	N/A	i	43,649
C North America	TSMC stock	Paren§hor compainwes	t-term	14,151	677,	110		69	96,661
	TSMC stock	Paren S hor	t torm	15 670	150	561		7	71 451
Cherng	1 SMC Stock	compainwes		15,670	458,	304		1	71,451
Ruey	TSMC stock	Paren§hor compainwes		15,700	459,	512		7	72,897
C International	Money market fund								
	BOA Fund		t-term etment	30,300	US\$ 30,	300	N/A	US\$	30,300
	Stock								
	InveStar	Subsidi lug ng inves	tment	24,320	US\$ 34,	514	97	US\$	34,514
	InveStar II	Subsidi lug ng inves	term tment	51,300	US\$ 34,	534	97	US\$	34,534
	TSMC Development	Subsidiluong		1	US\$603,	993	100	US\$60	03,993
	TSMC Technology	Subsidiluong	-term	1	US\$ 5,	,544	100	US\$	5,544
	3DFX Interactive Inc.	Long	tment term tment	68					
C Development	WaferTech stock	Subsidi lio ng inves	-term etment		US\$484,	060	99	US\$48	84,060
Star	Common stock Rich Tal: Tachmalagu Comm			602	TICO	67		IICΦ	1 270
	RichTek Technology Corp.			082	US\$	67		US\$	1,370

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	Short-term						
	investment	1 100	TIOO	500		TIOO	607
Advanced Power Electronics Corp.	Short-term	1,108	US\$	502		US\$	697
5 115	investment	0.60	***			***	22.7
Broadtek Electronics Corp.	Short-term	869	US\$	275		US\$	225
	investment						
Monolithic Power Systems, Inc.	Short-term	1,975	US\$	1,567		US\$	19,910
	investment						
SiRF Technology Holdings, Inc.	Short-term	90	US\$	393		US\$	1,157
	investment						
Broadtek Electronics Corp.	Long-term	145	US\$	46		US\$	38
	investment						
Programmable Microelectronics	Long-term	575	US\$	208	1	US\$	208
(Taiwan), Corp.	investment						
Global Testing Corp.	Long-term	13,268	US\$	5,670	9	US\$	5,670
	investment						
RichTek Technology Corp.	Long-term	842	US\$	83	1	US\$	1,692
	investment						
Signia Technologies, Inc.	Long-term	701	US\$	202	3	US\$	202
	investment						
Incentia Design Systems, Inc.	Long-term	365	US\$	92	1	US\$	92
	investment						
Advanced Power Electronics Corp.	Long-term	1,123	US\$	508	2	US\$	706
	investment						
Capella Microsystems (Taiwan), Inc.	Long-term	530	US\$	154	4	US\$	154
	investment						
Preferred stock							
Integrated Memory Logic, Inc.	Long-term	1,831	US\$	1,221	12	US\$	1,221
	investment						
Sensory, Inc.	Long-term	1,404	US\$	125	6	US\$	125
	investment						
Sonics, Inc.	Long-term	2,686	US\$	3,530	4	US\$	3,530
	investment						
NanoAmp Solutions, Inc.	Long-term	541	US\$	853	2	US\$	853
	investment						
Memsic, Inc.	Long-term	2,727	US\$	1,500	10	US\$	1,500
	investment						
Reflectivity, Inc.	Long-term	1,064	US\$	741	2	US\$	741
	investment						
					(Cor	ntinued	l)

					Dec	ember 3	31, 20	004		
						rying alue		Val Net	arket lue or Asset alue	
		Relationship			·		cent		arac	
		-	cial Stateme	enShares/Uni (In	its (U		of	_	S\$ in	
		the		Thousand	ls					
d Company Name	Marketable Securities Type and I		Account	of)		usan d) w	ners	hiTho	usand)	ľ
1 0	IP Unity	Long-t investr	erm	1,008		494		US\$	494	
	Tropian, Inc.	Long-tinvestr		1,758	US\$	471	3	US\$	471	
Star II	Common stock									
	RichTek Technology Corp.	Short-tinvestr		321	US\$	184		US\$	645	
	Monolithic Power Systems, Inc.	Short-tinvestr		864	US\$	2,081		US\$	8,716	
	eChannel Option Holding, Inc.	Long-t	erm	358	US\$	251	4	US\$	251	
	eLCOS Microdisplay Technology, I		erm	270	US\$	27	1	US\$	27	
	Signia Technologies, Inc.	Long-t	erm	351	US\$	101	1	US\$	101	
	Procoat Technology, Inc.	Long-t	erm	5,123	US\$	1,940	10	US\$	1,940	
	RichTek Technology Corp.	Long-t	erm	395	US\$	226	1	US\$	794	
	Programmable Microelectronics									
	(Taiwan), Inc.	Long-t investr		177	US\$	50		US\$	50	
	Auden Technology MFG. Co., Ltd.	Long-t investr	erm	953	US\$	738	4	US\$	738	
	GeoVision, Inc.	Long-t investr		471	US\$	127	1	US\$	127	
	EoNex Technologies, Inc.	Long-t investr		55	US\$	3,048	5	US\$	3,048	
	Conwise Technology Corporation, I		erm	2,800	US\$	490	14	US\$	490	
	EON Technology, Corp.	Long-t	erm	3,276	US\$	1,175	8	US\$	1,175	
	Goyatek Technology, Corp.	Long-t	erm	2,088	US\$	545	7	US\$	545	
	Trendchip Technologies Corp.	Long-t	erm	2,000	US\$	861	5	US\$	861	
	Ralink Technology (Taiwan), Inc.			1,833	US\$	791	3	US\$	791	

	Long-term						
	investment						
Silicon Data International Co., Inc.	Long-term	2,000	US\$	204	3	US\$	204
	investment						
Capella Microsystems (Taiwan), Inc.	Long-term	419	US\$	122	3	US\$	122
1 2 77	investment						
Preferred stock							
Memsic, Inc.	Long-term	2,289	US\$	1,560	8	US\$	1,560
	investment						
eLCOS Microdisplay Technology, Ltd.	Long-term	2,667	US\$	3,500	15	US\$	3,500
	investment						
NanoAmp Solutions, Inc.	Long-term	375	US\$	1,500	1	US\$	1,500
•	investment						
Advanced Analogic Technology, Inc.	Long-term	948	US\$	1,261	2	US\$	1,261
	investment						
Sonics, Inc.	Long-term	1,582	US\$	3,082	5	US\$	3,082
	investment						
Reflectivity, Inc.	Long-term	4,255	US\$	2,205	5	US\$	2,205
•	investment						
Tropian, Inc.	Long-term	1,464	US\$	393	2	US\$	393
	investment						
Kilopass Technologies, Inc.	Long-term	3,887	US\$	2,000	19	US\$	2,000
	investment						
FangTek, Inc.	Long-term	6,806	US\$	3,250	34	US\$	3,250
	investment						
Alchip Technologies Limited	Long-term	2,579	US\$	2,950	18	US\$	2,950
	investment						
Common stock							
Global Investment Holding, Inc.	Long-term	10,000	1	00,000	6	1	.00,000
	investment						
RichWave Technology Corp.	Long-term	2,600	US\$	867	13	US\$	867
	investment						
NetLogic Microsystems, Inc.	Long-term	113	US\$	1,388	1	US\$	1,388
	investment						
<u>Preferred stock</u>							
Quake Technologies, Inc.	Long-term	601	US\$	450	1	US\$	450
	investment						
Pixim, Inc.	Long-term	1,721	US\$	2,382	3	US\$	2,382
	investment						
Newport Opticom, Inc.	Long-term	962	US\$	250	6	US\$	250
	investment						
Ikanos Communication, Inc.	Long-term	7,446	US\$	3,125	3	US\$	3,125
	investment						
					(Co	ntinue	d)

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erging Alliance

		Dolotion ship			rying alue		Val Net Va	ue or Asset alue	
		Relationship	ma Sh anaa/II	.:4a/TI		rcenta of		S\$ in	
		withFinancial State		nts(U)	9) III	01	(U)	9) III	
		the	(In Thousan	de					
ld Company Nama	Marketable Securities Type and		of)		usand()) v	vnorel	s iT ho	ucand)	N
d Company Ivanic	Quicksilver Technology, Inc.	Long-term investment	1,049		usanup		US\$	usanu)	1,
	Mosaic Systems, Inc.	Long-term investment	2,481	US\$	12	6	US\$	12	
	Zenesis Technologies, Inc.	Long-term investment	1,204	US\$	699	4	US\$	699	
	Reflectivity, Inc.	Long-term investment	4,848	US\$	2,479	4	US\$	2,479	
	Teknovus, Inc.	Long-term investment	5,556	US\$	1,000	3		1,000	
	Miradia, Inc. (Formerly XHP Microsystems, Inc.)	Long-term investment			1,000	4		1,000	
	Axiom Microdevices, Inc.	Long-term investment			1,000	5		1,000	
	Optichron, Inc.	Long-term investment			1,000	6		1,000	
	Audience, Inc.	Long-term investment	1,654		250	2		250	
	Next IO, Inc.	Long-term investment		US\$	500	2	US\$	500	
	NuCORE Technology Inc.	Long-term investment			1,455	2		1,455	
	Centrality Communications, Inc.	Long-term investment			1,000	2		1,000	
	Layer N Networks, Inc.	Long-term investment	1,903	033	1,000	2	033	1,000	
AF II	<u>Common stock</u> Yobon Technologies, Inc.	Long-term investment	1,675	US\$	787	17	US\$	787	
	Sentelic, Corp.	Long-term investment	600	US\$	1,022	15	US\$	1,022	
	Ivyon Technology, Inc.	Long-term investment	200	US\$	775	10	US\$	775	
	Preferred stock Powerprecise Solutions, Inc.	Long-term investment	258	US\$	250	3	US\$	250	

December 31, 2004

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Lagar rining. Travvia Climoores	0010111111111111111	710111110 00 2	1011110		
Tzero Technologies, Inc.	Long-term investment	244	US\$ 500	2	US\$ 500
Miradia, Inc.	Long-term investment	1,809	US\$ 1,600	2	US\$ 1,600
Agelia Technologies, Inc.	Long-term	1,149	US\$ 1,000	2	US\$ 1,000
Audience, Inc.	investment Long-term	531	US\$ 102	1	US\$ 102
Axiom Microdevices, Inc.	investment Long-term	686	US\$ 700	5	US\$ 700
Next IO, Inc.	investment Long-term investment	216	US\$ 182		US\$ 182
Bond funds					
Grand Cathay	Short-term investment	3,608	45,543	N/A	45,544
TIIM	Short-term investment	703	9,698	N/A	9,698
Polaris De Li	Short-term investment	1,550	22,800	N/A	22,800
EnTrust Kirin	Short-term	2,106	22,697	N/A	22,698
E. Sun New Era	investment Short-term	1,920	20,313	N/A	20,314
Jih Sun	investment Short-term	772	10,262	N/A	10,262
EnTrust Phoenix	investment Short-term	2,081	30,563	N/A	30,564
Transcend Fortune	investment Short-term investment	1,936	22,947	N/A	22,948
Stock funds					
TIIM DaLi	Short-term investment	296	5,000	N/A	4,474
UPAMC Global Select Fund of Funds	Short-term	336	3,364	N/A	3,378
Sheng Hua 9966 Balance	investment Short-term investment	300	3,000	N/A	3,011
Stock Global Unichip Corporation NA	Subsidi lny ng-term investment - 47 -	100	3,375	100	3,375

TABLE 4

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD. AND AFFILIATES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2004

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

al Statement								Car
ccount Cou	ınter-party	Nature of Shares/Uni Relationship(Thousand	,	Shares/Units (Thousand)		Shares/Units (Thousand)	Amount (US\$ in Thousand)	V (U Tho
rm BO2 ent	A	40,000	\$ 1,359,120 (US\$40,000		\$	40,000	\$ 1,359,120 (US\$40,000)	\$ 1 (U
rm Gol ent	dman Sachs	20,000	679,560 (US\$20,000)		20,000	679,560 (US\$20,000)	(U
	Asset							
(Tai	nagement iwan) Ltd. N AMRO	34,343	500,000	68,021	1,000,000	23,666	350,000	
ent		34,794	500,000	165,257	2,400,000	65,145	950,000	
ent	N AMRO			18,235	200,000)		
ent Mar	Asset nagement iwan) Ltd.			110,580	1,500,000) 25,694	350,000	
rm INV ent Asse	/ESCO			,	, ,	,	,	
Taiv	wan			93,975	1,350,000	17,270	250,000	
ent Dre Sect Inve	sdner urities estment							
Con Ltd. rm Bari				80,833	900,000)		
ent Sec	urities estment							
	st Co., Ltd.			76,640 151,594	900,000 2,100,000			

	=aga: 1g. 17	020000	., ., ., ., .,					
rm	Shinkong							
ent	Investment							
	Trust Co., Ltd.							
rm	National							
ent	Investment							
	Trust Co., Ltd.		3,764	600,000				
rm	HSBC Asset							
ent	Management							
	(Taiwan) Ltd.		41,568	600,000				
m	Chung Shing							
ent	Bills Finance							
	Corp. and							
	several							
	financial							
	institutions	1,800,000		2,577,163		4,127,714		4
·m	Chung Shing							
rm ent	Bills Finance							
TIIL	Corp. and							
	several							
	financial							
	institutions	1,422,197				1,427,762		
m	BNP and	1,722,177				1,727,702		
ent	several							
AIIt	financial							
	institutions	3,157,331				3,169,750		1
m	BNP and	3,137,331				3,107,730		•
ent	several							
2110	financial							
	institutions	3,113,066				3,133,875		1
m	BNP and	3,113,000				3,133,073		١
ent	several							
	financial							
	institutions			2,023,206		2,031,500		(
m	BNP and			_,~ _ _,		_,,		
ent	several							
·	financial							
	institutions			1,207,409				
m				,,				
ent				US\$ 699,398	US\$	506,162	US\$	
m	FCB and			•		•		
ent	several							
	financial							
	institutions			3,402,213				
m	China Bills							
ent	Finance Corp.							
	and several							
	financial							
	institutions			2,349,573				

rm ent rm ent	BNP and several financial institutions KGI Securities Co., Ltd. and several	3,890,925		
	financial	620,000		
	institutions	620,000		
rm	KGI Securities			
ent	Co., Ltd.	2,777,798		
rm ent		US\$ 3,171		
rm ent		US\$ 3,550		
rm				
ent		US\$ 3,503	US\$	3,504 US\$
rm ent		US\$ 3,130		
rm ent		US\$ 3,702		
rm ent		US\$ 3,509	US\$	3,509 US\$
rm ent		US\$ 3,750	US\$	3,755 US\$
rm		25,720	254	3,722 ΘΒΦ
ent		US\$ 3,800		(Continued)

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		Beginning Balance A	Beginning Balance Acquisition		Disposal	Ga	
		Amount	Amount	Amount	Carrying Value	(Los or Dispe	
Marketable Securities Type and Name	Account	(US\$ NatureSifares <i>E</i> Jimites/U Relations(filp&iib e(EE))us)	•	•	(US\$ in Thousand)	(USS	
American Intl Group	Short-term	Φ.		<u>.</u>		Φ.	
	investment	\$	US\$3,795	\$	\$	\$	
imgen Inc.	Short-term		77C#2 005			1	
	investment		US\$3,005			ļ	
ank New York Inc.	Short-term		77000 045			ŀ	
	investment		US\$3,945			ľ	
ank One Corp.	Short-term		770¢2 (02	T1000 605	77C# 2.602	7.7O.0	
	investment		US\$3,693	US\$3,695	US\$ 3,693	US\$	
ear Stearns Cos Inc.	Short-term		· + 3 00F	=======================================		- -	
	investment		US\$3,805	US\$3,816	US\$ 3,805	US\$	
Sear Stearns Cos Inc.	Short-term		÷2.510			ļ	
	investment		US\$3,518			ļ	
ear Stearns Cos Inc.	Short-term					ļ	
	investment		US\$3,105			ļ	
, i	Short-term		==~ ± 2 010			ļ	
	investment		US\$3,819			ļ	
rown Forman Corp.	Short-term			71Ch 2 200	2 277	******	
	investment		US\$3,277	US\$3,280	US\$ 3,277	U22	
ardinal Health Inc.	Short-term		****** 027	11000 FOE	77C# 2.027	7.7O.0	
	investment		US\$3,837	US\$3,/95	US\$ 3,837	US\$(
1 0	Short-term		77C#2 202			ŀ	
	investment		US\$3,203			ľ	
litigroup Inc.	Short-term					I	
	investment		US\$3,583			ľ	
	Short-term					ļ	
	investment		US\$3,719			ļ	
Consolidated Edison	Short-term					ļ	
	investment		US\$3,687			ļ	
Countrywide Fdg Corp.				~+ 2 7 10	3.504	~ A	
	investment		US\$3,534	US\$3,540	US\$ 3,534	US\$	
Countrywide Home	Short-term					ļ	
	investment		US\$5,210			ļ	
Credit Suisse First	Short-term			h a d o o			
	investment		US\$3,177	US\$3,188	US\$\$3,177	US\$	
ell Computer Corp.	Short-term						
	investment		US\$3,054				
iageo PLC	Short-term						
	investment		US\$3,459			ļ	
European Invt Bk			US\$8,315			ľ	

	Short-term					
	investment					
	Short-term .	**************************************				- 1
Corp	investment	US\$4,237				7
ederal Home Loan	Short-term .	**************************************				- 1
Atg Assn	investment	US\$4,847				- 1
irst Data Corp.	Short-term					1
_	investment	US\$3,013				7
General Elec Cap Corp.						
Atn	investment	US\$3,507	US\$3,498	US\$	3,507	US\$
General Elec Cap Corp.						1
I tn	investment	US\$3,467				1
General Elec Cap Corp.	Short-term					1
1 tn	investment	US\$3,886				1
Genworth Finl Inc.	Short-term					1
	investment	US\$3,412				1
Goldman Sachs Group	Short-term					7
nc Mtn	investment	US\$3,505				7
Foldman Sachs Group	Short-term					1
.P	investment	US\$3,820				1
Iewlett Packard Co.	Short-term					7
	investment	US\$3,373				7
Ioneywell Inc.	Short-term					7
•	investment	US\$3,284				1
Iousehold Fin Corp.	Short-term	•				1
_	investment	US\$3,712	US\$3,633	US\$	3,712	US\$
Iousehold Fin Corp.	Short-term					
Atn Bk Ent	investment	US\$3,542				7
Iuntington Natl Bk	Short-term	+-,				1
-	investment	US\$3,003				1
NG Sec Life Ins Ingslf		0040,000				ľ
ING DEC ENC INS INSSI	investment	US\$3,012				•
ntl Bk For Recon +	Short-term	Ουψυ,012				•
	investment	US\$5,232				- 1
P Morgan Chase + Co.		U3\$J,232				- 1
P Morgan Chase + Co.	investment	US\$3,638	US\$3,601	1100	2 638	1100
D Morgon Chose + Co		U3\$3,036	U3\$3,001	ОЗ Ф .	3,050	OSA
P Morgan Chase + Co.	investment	115\$2 128				
D. Margan Chasa I Ca		US\$3,128				•
P Morgan Chase + Co.		115\$2,662				
Man Dools	investment Short torre	US\$3,663				
Keycorp Mtn Book	Short-term	11562 500				•
intry	investment	US\$3,500				
FW Intl Fin Inc.	Short-term	777¢ 5 104				
	investment	US\$5,104				•
ehman Brothers	Short-term .	**************************************	+		- · · -	a+
Ildgs Inc.	investment	US\$3,417	US\$3,381	US\$	3,417	US\$(
ehman Brothers	Short-term					
Ildgs Inc.	investment	US\$3,705				
.illy Eli + Co.	Short-term					•
	investment	US\$3,750				
		US\$3,497	US\$3,498	US\$	3,497	US\$
						/

Ierrill Lynch + Co	Short-term		
nc.	investment		
Ierrill Lynch + Co	Short-term		
nc.	investment	US\$3,486	
Ionumental Global	Short-term		
dg II 2002A	investment	US\$3,129	
Aorgan Stanley Group	Short-term		
nc.	investment	US\$5,741	
Iorgan Stanley Group	Short-term		
nc.	investment	US\$4,763	US\$3,713 US\$ 3,713
Vationsbank Corp.	Short-term Short-term		
	investment	US\$3,644	
Vationwide Bldg Soc	Short-term Short-term		
	investment	US\$3,457	
Vationwide Life Global	Short-term Short-term		
I tn	investment	US\$3,413	
epsico Inc. Mtn Book	Short-term Short-term		
Intry	investment	US\$3,818	
opular North Amer	Short-term Short-term		
nc Mtn	investment	US\$3,042	
ricoa Global Fdg I	Short-term Short-term		
I tn	investment	US\$3,507	
ricoa Global Fdg I	Short-term		
I tn	investment	US\$3,050	
rincipal Life Global	Short-term		
dg I Gl	investment	US\$3,168	
alomon Smith Barney	Short-term Short-term		
Ildgs Inc.	investment	US\$3,160	
BC Communications	Short-term		
nc.	investment	US\$3,681	
			(Continued)

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			Beginning Balance	Acqu	isition	Disposal				
							Ca	rryi		
			Amount (US\$	Aı	mount	Amount	V	'alu		
ecurities Vame	Financial Statement Account	Counter-party	NatureSdfaresÆlinites/ Relations/flip@libe@libed				(U Tho	S\$ i		
er e	Short-term investment		\$	US\$	3,604	\$	\$			
	Short-term investment			US\$	3,631	US\$ 3,131	US\$	3,		
roup	Short-term investment			US\$	3,119					
	Short-term investment			US\$	3,177	US\$ 3,135	US\$	3,		
	Short-term investment Short-term			US\$	3,172	US\$ 3,175	US\$	3,		
). Yenture	investment Short-term			US\$	3,720					
ıt Fin	investment Short-term			US\$	3,670					
at Inc.	investment Short-term			US\$	4,768					
st Co.	investment Short-term			US\$	4,735					
Co. New	investment Short-term			US\$	3,182					
	investment Long-term	Chung Shing Bills Finance Corp.		US\$	3,697					
	investment Long-term	BNP and several financial		2	2,997,430					
\$	investment Long-term	institutions Chung Shing Bills Finance Corp.			950,646					
es	investment Long-term	Chung Shing Bills Finance Corp.			408,538					
hemical	investment Long-term investment	Chung Shing Bills Finance Corp.			406,245 202,980					
Ln Mtg	Short-term investment			US\$	6,096					
Ln Mtg	Short-term investment			US\$ US\$	4,725 3,558					

4							
Ln Mtg	Short-term						
. .	investment						1
_		TIOO	5 OC1				1
	investment Short-term	US\$	5,861				
_	Short-term investment	US\$	3,393				1
		Ουφ	3,373				1
	investment	US\$	6,130				1
		0 ≈ ∓	0,100				1
_	investment	US\$	6,371				1
			,				1
	investment	US\$	7,000				1
828	Short-term						1
	investment	US\$	5,014				1
81153	Short-term		_				1
	investment	US\$	3,817				1
		TTOO	4.000	TTOO	1.000	TTOO	4 0
	investment	US\$	4,829	US\$	4,829	US\$	4,8
atl Mtg	Short-term investment	TICO	4 472				1
PC	investment Short-term	US\$	4,473				1
PC	Short-term investment	US\$	3,466				1
Ln Bks	Short-term	Ουψ	3,400				1
	investment	US\$	5,210	US\$	4,153	US\$	4.1
	Short-term	OD_{Ψ}	J,2±0	004	7,100	UU	-1,
	investment	US\$	4,927				1
Ln Bks	Short-term		. ,-				1
	investment	US\$	14,938	US\$	6,980	US\$	6,9
Ln Bks	Short-term						1
	investment	US\$	7,014				1
Ln Bks	Short-term						1
_	investment	US\$	4,936				
Ln Bks	Short-term	- -			- 245		
	investment Chart town	US\$	9,956	US\$	9,967	US\$	9,9
	Short-term	TIOO	5.064	TTOO	- 206	TTOO	۔ ؍
	investment Short-term	US\$	5,264	UδΦ	5,286	ΠQΦ	5,4
Ln Bks	Short-term investment	US\$	4,948				•
Ln Bks	Short-term	USy	4,7 4 0				1
LII DEG	investment	US\$	7,018				1
Ln Bks	Short-term	OO_{Ψ}	7,010				ľ
JII	investment	US\$	9,993	US\$	5,000	US\$	4,9
Ln Bks	Short-term	C ,	~ 1 ~ ~ -	·	0 ,	U	.,
	investment	US\$	7,042				Ī
Ln Bks	Short-term		• ,				
	investment	US\$	6,098				
Ln Bks	Short-term						
	investment	US\$	13,953				
Ln Bks	Short-term						
	investment		13,983				
Ln Bks		US\$	13,981				ľ
4							

Short-term				
investment				
Short-term				ľ
investment	US\$	6,978		ľ
Short-term				ľ
investment	US\$	3,388		ŗ
Short-term				ľ
investment	US\$	4,907	US\$ 4,981	US\$ 4,9
Short-term				ľ
investment	US\$	4,953		ŗ
Short-term				ŗ
investment	US\$	9,997		ļ
Short-term				ŗ
investment	US\$	9,971	US\$ 9,942	US\$ 9,9
Short-term				ŀ
investment	US\$	11,984	US\$10,965	US\$10,9
Short-term				ŀ
investment	US\$	4,933		ŀ
Short-term				I
investment	US\$	4,930		1
Short-term				
investment	US\$	4,903		
Short-term				
investment	US\$	11,036	US\$10,997	US\$11,0
Short-term				
investment	US\$	10,496		
			(Continued	1)
	- 50 -			
	investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term investment Short-term	investment US\$ Short-term US\$ investment US\$ Short-term US\$ investment US\$ Short-term US\$ investment US\$ Short-term US\$ investment US\$ Short-term US\$ investment US\$ Short-term US\$ investment US\$ Short-term US\$ investment US\$ Short-term US\$ investment US\$ Short-term US\$ investment US\$ Short-term US\$ Short-term US\$	investment US\$ 6,978 Short-term US\$ 3,388 Short-term US\$ 3,388 Short-term US\$ 4,907 Short-term US\$ 4,907 Short-term US\$ 9,971 Short-term US\$ 9,971 Short-term US\$ 9,971 Short-term US\$ 11,984 Short-term US\$ 4,933 Short-term US\$ 4,933 Short-term US\$ 4,930 Short-term US\$ 4,903 Short-term US\$ 11,036 Short-term US\$ 11,036 Short-term US\$ 10,496	investment Short-term investment US\$ 6,978 Short-term US\$ 3,388 investment US\$ 3,388 Short-term US\$ 4,907 US\$ 4,981 Short-term US\$ 4,953 Short-term US\$ 9,997 US\$ 9,942 Short-term US\$ 9,971 US\$ 9,942 Short-term US\$ 11,984 US\$ 10,965 Short-term US\$ 4,933 US\$ 10,965 Short-term US\$ 4,930 US\$ 10,965 Short-term US\$ 4,903 US\$ 10,997 Short-term US\$ 11,036 US\$ 10,997 Short-term US\$ 11,036 US\$ 10,490 US\$ 10,430 US\$ 10,430

			_	Beginning Balance Acquisition			Disposal	
							Carryin	Ga g (Lo
			Amou (USS		mount	Amount	Value	Disp
arketable Securities Type and Name	Financial Statement Account		NatureStfares/Stinit Relations/Hib/dib/Mib/Mib/	es/Unit		*	(US\$ ir Thousan	
deral Natl Mtg Assn	Short-term	1 0	` • ` ` `		, ,			•
	investment		\$	US	\$ 5,270	\$	\$	\$
deral Natl Mtg Assn	Short-term							
	investment			US	\$ 4,982	US\$ 4,983	US\$ 4,98	32 US\$
deral Natl Mtg Assn	Short-term							
C	investment			US	\$ 6,940			
deral Natl Mtg Assn	Short-term							
C	investment			US	\$ 4,867	US\$ 4,938	US\$ 4,86	57 US\$
deral Natl Mtg Assn	Short-term							
C	investment			US	\$ 6,903			
deral Natl Mtg Assn	Short-term							
C	investment			US	\$ 4,981			
deral Natl Mtg Assn	Short-term							
C	investment			US	\$ 6,997			
deral Natl Mtg Assn	Short-term							
S	investment			US	\$ 4,993	US\$ 4,993	US\$ 4,99	93
deral Natl Mtg Assn								
sc Nts	investment			US	\$ 5,000			
deral Natl Mtg Assn	Short-term							
n	investment			US	\$15,787			
eddie Mac	Short-term				. ,			
	investment			US	\$ 4,929			
dent Ln Marketing	Short-term				, ,			
sn	investment			US	\$16,000	US\$16,000	US\$16,00	00
rporate issued								
et-backed securities								
sop Fdg II LLC	Short-term							
	investment			US	\$ 4,955			
nerican Express Cr	Short-term							
count MA	investment			US	\$ 3,445			
nericredit	Short-term							
tomobile Receivb	investment			US	\$ 4,949			
nc Amer Coml Mtg	Short-term							
. .	investment			US	\$ 5,503			
nc Amer Mtg Secs	Short-term							
	investment			US	\$ 4,030			
nk Of Amer Lease	Short-term							
uip Tr	investment			US	\$ 4,023			

IW Veh Owner Tr	Short-term	TICO	4.070					
11.C T C	investment	022	4,978					
lifornia Infr +	Short-term	TIOO	4.200					
onomic Dev	investment	022	4,298					
lifornia Infras +	Short-term	TICO	0.202					
onomic	investment Short town	022	8,383					
lifornia	Short-term	TICO	7.410					
rastructure Dev	investment	022	7,419					
pital Auto	Short-term	TICO	4.607					
ceivables Asset	investment	022	4,627					
pital One Master Tr	Short-term	TIOO	2.002	TIOO	2.072	TIOO	2.002	TIOO
'. 10 M L	investment	022	3,093	022	3,072	022	3,093	055
pital One Multi	Short-term	TIOO	4.055					
set Execut	investment	US\$	4,957					
pital One Secd Nt Tr		TIOO	5 000	TIOO	5 000	TIOO	5.000	TIOO
	investment	US\$	5,032	US\$	5,000	US\$	5,032	US\$
terpillar Finl Asset	Short-term	***	40.000					
	investment	US\$	10,008					
ntex Home Equity	Short-term							
Tr	investment	US\$	3,500					
Equip Coll Tr	Short-term							
	investment	US\$	4,999					
ibank Cr Card	Short-term							
uance Tr	investment	US\$	4,959					
IN Equip Tr	Short-term							
	investment	US\$	5,000					
mm 2004 Htl 1	Short-term Short-term							
	investment	US\$	4,600					
edit Suisse First	Short-term Short-term							
ston Mtg	investment	US\$	5,000					
VABS Inc.	Short-term Short-term							
	investment	US\$	5,000					
VABS Inc.	Short-term Short-term							
	investment	US\$	3,500					
VALT Inc.	Short-term Short-term							
	investment	US\$	4,718					
VABS Inc.	Short-term Short-term							
	investment	US\$	3,129					
VABS Inc.	Short-term							
	investment	US\$	4,040					
imlerchrysler Auto	Short-term							
•	investment	US\$	4,991					
imlerchrysler Auto	Short-term		•					
•	investment	US\$	4,982					
imlerchrysler Auto	Short-term) -					
, , , , , , , , , , , , , , , , , , ,	investment	US\$	4,897					
st Union Lehman	Short-term	- ~ ~	,					
os Mtg Tr	investment	US\$	4,177					
st USA Credit Cr	Short-term	2.54	.,.,,					
ster Tr	investment	2211	5,011					
rd Cr Auto Owner Tr			10,999					
a of fluto Owner II		υ υ υ υ	10,777					

	Short-term							
	investment							
Cap Cr Card	Short-term							
ıster Nt Tr	investment	US\$	4,000	US\$	4,003	US\$	4,000	US\$
anite Mtgs PLC	Short-term Short-term							
	investment	US\$	5,000					
Mtg Secs Corp.	Short-term							
	investment	US\$	4,000					
rley Davidson	Short-term Short-term							
otorcycle Tr	investment	US\$	4,000					
rley Davidson	Short-term Short-term							
otorcycle Tr	investment	US\$	5,999					
lmes Fing No 8 PLC	Short-term Short-term							
	investment	US\$	5,001					
nda Auto	Short-term Short-term							
ceivables	investment	US\$	5,000					
undai Auto	Short-term Short-term							
ceivables Tr	investment	US\$	3,500					
pac Secd Assets	Short-term Short-term							
rp.	investment	US\$	4,000					
numentl Global Fdg	Short-term Short-term							
	investment	US\$	3,500					
vistar Finl 2003 A	Short-term Short-term							
ner Tr	investment	US\$	4,928					
ssan Auto	Short-term Short-term							
ceivables	investment	US\$	7,000					

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(Continued)

			Beginning Balance	Acquisition	Di	Disposal		
						Carrying		
lecurities Name	Financial Statement Account Short-term		Amor Nature of Shares/Units(US\$ Relationship Thousand Thousa	Sih ares/Uni (I SS\$ inShare		Value (US\$ in Thousand)		
wner Tr	investment Short-term		\$	US\$ 4,999	\$	\$		
wner Owner	investment Short-term			US\$ 4,853				
ıg No 1	investment Short-term investment			US\$ 4,913 US\$ 5,102	US\$5,036	US\$5,102		
eway	Short-term investment			US\$ 4,204				
eway	Short-term investment Short-term			US\$ 3,992				
set Mtg	investment Short-term			US\$ 5,185				
g Mtg	investment Short-term			US\$ 3,766				
[r	investment Short-term investment			US\$ 3,947 US\$ 3,500				
Rate	Short-term investment			US\$ 3,058				
003 B ceivables	Short-term investment Short-term			US\$ 4,970				
ivery	investment Short-term			US\$ 5,042				
wner Tr	investment Short-term			US\$ 8,009				
o Owner	investment Short-term investment			US\$ 4,000 US\$ 6,000				
	Short-term investment			US\$ 4,999				
l Owner 2 4	Short-term investment Short-term			US\$ 5,008				
4 2	investment Short-term			US\$ 3,904				
	investment			US\$ 4,994				

4 4	Short-term							
	investment			US\$ 5,399				
n Tr	Short-term							
	investment			US\$ 5,967				
n Tr	Short-term							
	investment			US\$ 4,000				
Auto	Short-term							
r	investment			US\$ 5,963				
Auto	Short-term							
r	investment			US\$ 5,000		US\$4,986	US\$5,000	
funds	Short-term							
	investment			US\$21,114				
<u>K</u> nology	Short-term							
nology	investment	947	US\$ 121		1 595	US\$6,783	115\$ 184	
	Short-term	747	Ο5ψ 121		1,373	Ο5Φ0,705	Ο5Φ 10+	
on, Inc.	investment	1,205	US\$3,593		1.205	US\$8,972	US\$3,593	-
wer	Short-term	,	, - ,		,	(-)	, - , - ,	
	investment	2,521	US\$2,000		546	US\$4,318	US\$ 433	1
<u> </u>	Chart town							
nology	Short-term	165	11C# 246		769	11002 204	110¢ 510	
	investment		US\$ 346	1		US\$3,394	03\$ 319	
	•	cluded the recognition of the invest tments and the bond premium or di	·		iy meti	nou, the		

TABLE 5

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD. AND AFFILIATES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2004

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Transaction	Transaction			Nature of		Prior Transa Related Coun			Price
Date	Amount	Payment Term	Counter-party	Relationship	Owner	Relationship	Date	Amount	Reference
April 21, 2004	\$1,484,370	By the	IDC Taiwan,		N/A	N/A	N/A	N/A	Public 1
		construction progress	Inc., Taiwan Branch						bidding j
			(U.S.A.)						
April 21, 2004	420,168	construction	CHRIST AG		N/A	N/A	N/A	N/A	Public libidding
April 22, 2004	224,800	progress By the	Allis Electric		N/A	N/A	N/A	N/A	Public 1
ipin 22, 200 i	221,000	construction progress	Co., Ltd.		1 1/11	1771	1 1/11	1771	bidding j
May 12, 2004	340,307	By the	United Industry		N/A	N/A	N/A	N/A	Public 1
		construction progress	gas Corp., Ltd.						bidding 1
May 12, 2004	116,181		United Industry		N/A	N/A	N/A	N/A	Public 1
12, 200	110,101	construction	gas Corp., Ltd.		1,171	1 11 12	1 1/12	1,172	bidding j
May 12, 2004	133,092	progress By the	BOC		N/A	N/A	N/A	N/A	Public 1
viay 12, 2004	133,092	construction	EDWARDS,		IN/A	IN/A	IN/A	IN/A	bidding
		progress	CMS						oraanig j
une 17, 2004	165,208		Organo		N/A	N/A	N/A	N/A	Public 1
		construction	Corporation						bidding j
. 1 2 2004	225 7.44	progress	36.1		27/4	27/4	27/4	27/4	D 11'
fuly 2, 2004	225,744	By the construction	Marketech International		N/A	N/A	N/A	N/A	Public l bidding
		progress	Corp.						bluding
fuly 8, 2004	100,767	By the	Kanto		N/A	N/A	N/A	N/A	Public 1
•	,	construction	Chemical Co.,						bidding
		progress	Inc.						
uly 8, 2004	466,833	•	United		N/A	N/A	N/A	N/A	Public 1
		construction	Integrated Services Co.,						bidding 1
		progress	Ltd.						
August 3, 2004	300,000	By the	United		N/A	N/A	N/A	N/A	Public 1
	,	construction	Integrated						bidding
		progress	Services Co.,						

August 5, 2004	122,969	construction	Ltd. Marketech International	N/A	N/A	N/A	N/A	Public bidding	
August 5, 2004	185,984	By the construction	Corp. Marketech International	N/A	N/A	N/A	N/A	Public bidding]
August 5, 2004	182,060	construction	Corp. Marketech International Corp.	N/A	N/A	N/A	N/A	Public bidding]
October 15, 2004	105,299	By the construction progress	IDC Taiwan, Inc., Taiwan Branch (U.S.A.)	N/A	N/A	N/A	N/A	Public bidding]

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TABLE 6

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD. AND AFFILIATES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2004

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

							Abnormal		Abnormal Notes/Accou Payable o	
			,	Transaction Details		Tra	nsaction	Receivab		
Company Name The	Related Party TSMC	Nature of Relationship Subsidiary		Amount \$142,271,732	Total	Payment Terms Net			Ending Balance \$15,526,964	% to Total Note 47
Company		,		, , , , , , ,		30 days after invoice date			, -,,-	
	Philips and its affiliates	Major shareholder	Sales	5,463,565	2	Net 30 days after monthly closing	None	None	581,487	2
	GUC	Investee	Sales	371,546		Net 30 days after monthly closing	None	None	56,436	
	WaferTech	Subsidiary	Purchases	15,203,047	34	Net 30 days after monthly closing	None	None	(913,107)	9
	VIS	Investee	Purchases	9,169,602	13	Net 30 days after monthly closing	None	None	(1,533,938)	16
	SSMC	Investee	Purchases	5,869,123	21	Net 30 days after monthly closing	None	None	(207,794)	2
				- 54 -						

TABLE 7

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD. AND AFFILIATES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2004

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Company	Related	Nature of	Ending	Turnover	O	v erdue	Amounts Received in A Subsequent	llowance for
Name	Party	Relationship	Balance	Rate	Amount	Action Taken	Period	Bad Debts
The Company	TSMC North America	Subsidiary	\$15,526,964	38 days	\$5,044,202		\$ 6,013,414	\$
	TSMC Shanghai	Subsidiary	1,473,365	(Note)	145,146	Accelerate demand on account receivables		
	Philips and its affiliates	Major shareholder	581,487	49 days	7,136		13,726	

Note: The ending balance is generated mainly from the sales of machinery, so it is not applicable for the calculation of the turnover rate.