

TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD

Form 6-K

October 31, 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 October 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 Form 40-F

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

Yes No

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

FOR IMMEDIATE RELEASE**CONTACT****Elizabeth Sun / Eric Chiang****Harrison Hsueh / Julie Wei**

Investor Relations Division

TSMC

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886-3-568-2085/ 2087/ 2088/ 2086

Topics in This Report

Revenue Analysis

Utilization & Capacity

Profit & Expense Analysis

Financial Condition Review

Cash Flow & CapEx

Recap of Recent Important Events & Announcements

Operating Results Review:**Summary:**

| <i>(Amount in NT\$ billion except noted otherwise)</i> | 3Q05 | 2Q05 | 3Q04 | QoQ | YoY |
|--|-------------|-------------|-------------|------------|------------|
| EPS (NT\$ per com. shr.) | 0.99 | 0.74 | 1.13 | 33.3% | (12.2%) |
| (US\$ per ADR unit) | 0.15 | 0.12 | 0.17 | | |
| Net Sales | 69.26 | 58.52 | 69.74 | 18.4% | (0.7%) |
| Gross Profit | 30.53 | 23.21 | 32.14 | 31.5% | (5.0%) |
| Operating Expense | (5.60) | (5.42) | (6.02) | 3.2% | (7.0%) |
| Non-Operating Items | (0.51) | (0.05) | 2.01 | 899.3% | |
| Net Income | 24.49 | 18.37 | 27.93 | 33.3% | (12.3%) |
| Wafers Shipped (kpcs 8 inch-equiv.) | 1,527 | 1,275 | 1,333 | 19.8% | 14.5% |
| Capacity Utilization | 96% | 85% | 103% | | |
| Net Profit Margin | 35.4% | 31.4% | 40.1% | | |

Remarks:

The third quarter EPS of NT\$0.99 represents a 33.3% increase compared with 2Q05. The unconsolidated operating results of 3Q05 are summarized below:

Net sales increased 18.4% to NT\$69.26 billion compared with NT\$58.52 billion in the second quarter of 2005. The increase mainly resulted from a 19.8% increase in wafer shipments, a 2.6% appreciation of the US dollar against the local currency, and a 4.9% decline of the wafer average selling price (ASP).

Gross profit increased to NT\$30.53 billion, representing a 31.5% increase from the previous quarter. Gross margin jumped to 44.1% from 39.7% in 2Q05 mainly due to higher levels of capacity utilization and more favorable exchange rates, but a lower ASP partially reduced the magnitude of the improvement.

Operating expenses were NT\$5.60 billion, representing 8.1% of revenue. The combined result from non-operating income and long-term investments was a loss of NT\$510 million.

Income before tax increased 37.7% sequentially to NT\$24.42 billion. The provision for tax expenses of NT\$2.80 billion was completely offset by an investment tax credit of NT\$2.87 billion. TSMC's 3Q05 net income was NT\$24.49 billion with a net margin of 35.4%.

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I. Revenue Analysis**I 1. Wafer Sales Analysis**

| | | | |
|-------------------|------|------|------|
| By Application | 3Q05 | 2Q05 | 3Q04 |
| Computer | 30% | 38% | 31% |
| Communication | 41% | 37% | 42% |
| Consumer | 23% | 18% | 20% |
| Industrial/Others | 5% | 6% | 5% |
| Memory | 1% | 1% | 2% |
| By Technology | 3Q05 | 2Q05 | 3Q04 |
| 90nm- | 10% | 2% | 0% |
| 0.11/0.13um | 33% | 41% | 30% |
| 0.15/0.18um | 35% | 34% | 38% |
| 0.25/0.35um | 16% | 17% | 24% |
| 0.50um+ | 6% | 6% | 8% |
| By Customer Type | 3Q05 | 2Q05 | 3Q04 |
| Fabless/System | 71% | 74% | 69% |
| IDM | 29% | 26% | 31% |
| By Geography | 3Q05 | 2Q05 | 3Q04 |
| North America | 75% | 77% | 75% |
| Asia Pacific | 11% | 9% | 11% |
| Europe | 9% | 8% | 7% |
| Japan | 5% | 6% | 7% |

Revenue Analysis:

Net sales increased 18.4% to NT\$69.26 billion compared to NT\$58.52 billion in the second quarter 2005. The increase in third quarter revenue mainly resulted from a 19.8% increase of wafer shipments, a 2.6% appreciation of the US dollar against the local currency, and a 4.9% decline of the wafer average selling price (ASP).

Revenues from communication and consumer applications increased in this quarter mainly due to stronger seasonal demand and introduction of new products. Due to weaknesses in demand experienced in the PC Graphics sector, revenues from computer applications declined.

Revenue from advanced technologies defined as 0.13-micron and below accounted for 43% of total wafer sales. Meanwhile, percentage of revenue from 90nm increased to 10% from 2% previously.

IDM accounted for 29% of wafer sales during the quarter, up from 26% in the previous quarter.

Geographically, North America accounted for 75% of wafer sales, down from 77% in 2Q05. Meanwhile, sales from Asia Pacific increased to 11% of wafer sales from 9% previously.

ASP Trend:

We have some product mix factors that positively contributed to the blended average price, but the general price declines had led to a 4.9% sequential decline in ASP.

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II. Utilization & Capacity**II.2. Capacity**

| | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 2005 |
|----------------------------|---------------|---------------|---------------|----------------|----------------|
| Fab / (Wafer size) | (Act.) | (Act.) | (Act.) | (Fcst.) | (Fcst.) |
| Fab-2 (6") ¹ | 238 | 249 | 251 | 251 | 989 |
| Fab-3 (8") | 234 | 245 | 247 | 247 | 973 |
| Fab-5 (8") | 119 | 125 | 126 | 126 | 496 |
| Fab-6 (8") | 203 | 214 | 217 | 217 | 850 |
| Fab-7 (8") | 36 | 39 | 40 | 40 | 155 |
| Fab-8 (8") | 222 | 217 | 227 | 227 | 893 |
| Fab-12 (12") ² | 85 | 103 | 122 | 139 | 448 |
| Fab-14 (12") ² | 18 | 36 | 46 | 56 | 156 |
| TSMC owned capacity | | | | | |
| 8"-equivalent Kpcs | 1,180 | 1,292 | 1,374 | 1,437 | 5,282 |
| Wafer Tech (8") | 95 | 96 | 100 | 100 | 389 |
| SSMC (8") | 41 | 42 | 47 | 49 | 179 |
| TSMC (Shanghai)(8") | 9 | 22 | 30 | 44 | 105 |
| Total TSMC managed | | | | | |
| 8"-equivalent Kpcs | 1,324 | 1,451 | 1,550 | 1,629 | 5,955 |

Note:

- Figures represent number of 6" wafers. Conversion to 8"-equivalent wafers is by dividing this number by 1.78
- Figures represent number of 12" wafers. Conversion to 8"-equivalent wafers is by multiplying this number by 2.25

Utilization Rate:

Overall capacity utilization improved by 11 percentage points to 96% in this quarter, reflecting stronger demand from customers across the board.

Capacity :

Total TSMC managed capacity in 3Q05 was 1,550K 8-inch equivalent wafers, 6.8% higher than the 1,451K wafers in 2Q05.

TSMC managed capacity in 4Q05 will increase to 1,629K wafers, representing a 5.1% sequential growth. The newly added capacity in 4Q05 will be mainly for the continuing ramp up of advanced capacities in Fab 12 and Fab 14. Overall installed capacity for year 2005 is expected to reach 5.96 million 8-inch equivalent wafers, a 24% year-over-year growth.

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

| (Amount: NT\$ billion) | 3Q05 | 2Q05 | 3Q04 |
|------------------------|-------------|-------------|-------------|
| COGS | 38.7 | 35.3 | 37.6 |
| Depreciation | 15.5 | 16.0 | 13.7 |
| Other MFG Cost | 23.2 | 19.3 | 23.9 |
| Gross Profit | 30.5 | 23.2 | 32.1 |
| Gross Margin | | | |
| - TSMC | 44.1% | 39.7% | 46.1% |
| - TSMC w/o affiliates | 47.6% | 42.9% | 51.9% |

III 2. Operating Expense Analysis

| (Amount: NT\$ billion) | 3Q05 | 2Q05 | 3Q04 |
|-----------------------------|------------|------------|------------|
| Total Operating Exp. | 5.6 | 5.4 | 6.0 |
| SG&A | 2.3 | 2.1 | 2.9 |
| Research & Development | 3.3 | 3.3 | 3.1 |

III 3. Non-Operating Items

| (Amount: NT\$ million) | 3Q05 | 2Q05 | 3Q04 |
|------------------------------------|--------------|--------------|--------------|
| Non-Operating Income/(Exp.) | (19) | 537 | 630 |
| Net Interest Income/(Exp.) | (41) | 42 | 228 |
| Other Non-Operating | 22 | 495 | 402 |
| L-T Investments | (491) | (588) | 1,378 |
| WaferTech* | 487 | 352 | 1,643 |
| SSMC | 210 | 140 | 268 |
| Vanguard | 61 | 87 | 326 |
| TSMC (Shanghai) | (760) | (789) | (237) |
| Miscellaneous | (489) | (378) | (622) |

* Operation results only; does not include amortization of impaired assets.

Gross Profit Analysis:

Gross profit was NT\$30.5 billion and gross margin improved to 44.1% from 39.7% in 2Q05. The improvement in gross profit was mainly due to higher levels of capacity utilization and a stronger US dollar against the local currency, partially offset by an unfavorable ASP movement.

During the quarter, the gross margin from TSMC's own fabs increased to 47.6% from 42.9% in 2Q05.

Operating Expenses:

Operating expenses were NT\$5.6 billion in this quarter, representing 8.1% of net sales.

Non-Operating Items:

Combined result from non-operating income and long-term investments was a loss of NT\$510 million.

During this quarter, the non-operating expenses were NT\$19 million, compared to last quarter's income of NT\$537 million. This difference was mainly due to unrealized revaluation losses in certain marketable securities.

Loss from long-term investments was NT\$491 million in this quarter, compared to a loss of NT\$588 million in 2Q05.

The differences were mainly attributable to better performance in WaferTech and SSMC.

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IV. Financial Condition Review**IV 1. Liquidity Analysis**

| (Amount: NT\$ billion) | 3Q05 | 2Q05 | 3Q04 |
|----------------------------------|--------------|--------------|--------------|
| Cash & S-T Investments | 107.3 | 128.0 | 116.5 |
| Accounts Receivable Trade | 37.2 | 30.1 | 33.3 |
| Inventory | 15.1 | 14.1 | 12.6 |
| Total Current Assets | 165.1 | 181.8 | 169.8 |
| Accounts Payable | 20.9 | 17.8 | 28.3 |
| Accrued Liabilities and others | 22.0 | 68.9 | 16.0 |
| Total Current Liabilities | 42.9 | 86.7 | 44.3 |
| Current Ratio (x) | 3.8 | 2.1 | 3.8 |
| Net Working Capital | 122.2 | 95.1 | 125.5 |

IV 3. Debt Service

| (Amount: NT\$ billion) | 3Q05 | 2Q05 | 3Q04 |
|------------------------|-------------|-------------|-------------|
| Cash & S-T Investments | 107.3 | 128.0 | 116.5 |
| Interest-Bearing Debt | 30.0 | 30.0 | 35.0 |
| Net Cash Reserves | 77.3 | 98.0 | 81.5 |

Liquidity Analysis:

Cash & short-term investments declined NT\$20.7 billion in this quarter mainly due to payments of cash dividends and employee profit sharing. Meanwhile, accounts receivable and inventory increased. As a result, total current assets were NT\$16.7 billion lower on a sequential basis.

Total current liabilities were NT\$43.8 billion lower sequentially, mainly due to the payment of NT\$46.5 billion for cash dividends and NT\$3.1 billion for employee profit sharing.

As a result, net working capital increased to NT\$122.2 billion and current ratio increased to 3.8x.

Receivable/Inventory Days Trend:

Days of Receivable increased to 46 days in 3Q05 compared to 43 days in the previous quarter.

Days of Inventory decreased to 40 days from 41 days in the second quarter 2005.

Debt Service:

Due to lower levels of cash & short-term investments, net cash reserves defined as the excess of cash and short-term investments over interest-bearing debt decreased by NT\$20.7 billion to NT\$77.3 billion in 3Q05.

Interest-bearing debt remained at the same level of NT\$30.0 billion as in the previous quarter.

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V. Cash Flow & CapEx**V 1. Cash Flow Analysis**

| (Amount: NT\$ billion) | 3Q05 | 2Q05 | 3Q04 |
|-------------------------------------|---------------|---------------|---------------|
| Net Income | 24.5 | 18.4 | 27.9 |
| Depreciation & Amortization | 17.1 | 17.7 | 15.4 |
| Other Op Sources/(Uses) | (3.7) | (8.4) | (5.1) |
| Total Op Sources/(Uses) | 37.9 | 27.7 | 38.2 |
| Capital Expenditure | (9.1) | (13.0) | (16.5) |
| Short Term Investment | 0.6 | 2.2 | (4.9) |
| Long Term Investment | (0.7) | (0.6) | (11.9) |
| Other Investing Sources/(Uses) | (0.2) | 1.1 | (0.3) |
| Net Investing Sources/(Uses) | (9.4) | (10.3) | (33.6) |
| Cash dividends Common stock | (46.5) | 0.0 | (12.2) |
| Employees Bonus | (3.1) | 0.0 | (0.7) |
| Other Financing Sources/(Uses) | 0.9 | 1.0 | (0.1) |
| Net Financing Sources/(Uses) | (48.7) | 1.0 | (12.9) |
| Net Cash Position Changes | (20.1) | 18.4 | (8.3) |
| Ending Cash Balance | 58.5 | 78.6 | 70.4 |

V 3. Capital Expenditure

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US\$275 m

TSMC (Shanghai)

US\$44 m

WaferTech

US\$0 m

TSMC & Affiliates**US\$319 m****Summary of Cash Flow:**

During this quarter, TSMC generated NT\$37.9 billion operating cash inflow, mainly from net income of NT\$24.5 billion and depreciation & amortization of NT\$17.1 billion, partially offset by changes in working capital. Net cash used in investment activities totaled NT\$9.4 billion, mainly resulting from NT\$9.1 billion of capital spending.

A net financing charge of NT\$48.7 billion during this quarter was largely attributable to the payments of NT\$46.5 billion for cash dividends and NT\$3.1 billion for employee profit sharing.

As a result, TSMC ended the quarter with a cash balance of NT\$58.5 billion, NT\$20.1 billion lower than in 2Q05.

Operating Cash Flow Trend:

Operating cash flow of NT\$37.9 billion was higher than the NT\$27.7 billion generated in the previous quarter, mainly due to the increase of net income.

Capital Spending:

Capital expenditures for TSMC alone during the quarter totaled US\$275 million. Most of the spending was for purchasing 12-inch production equipment. Capital spending for TSMC (Shanghai) in this quarter was US\$44 million. For year 2005, total capital expenditure for TSMC and affiliates is expected to be in the range of US\$2.5 billion to US\$2.7 billion, as guided.

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VI. Recap of Recent Important Events & Announcements

- 1 TSMC ranks #11 of BusinessWeek's Top 150 Leading Asian Companies (2005/10/24)
- 1 TSMC joins IMEC's sub-45nm CMOS R&D project (2005/10/18)
- 1 TSMC is voted the Most Admired Company by Commonwealth Magazine (2005/10/13)
- 1 TSMC produces industry's first 1.3 megapixel CMOS image sensor for Agilent Technologies with Enhanced-Performance Pixel Architecture (2005/10/10)
- 1 TSMC September 2005 sales set record high (2005/10/07)
- 1 TSMC launches foundry industry's first 65nm prototype run (2005/10/05)
- 1 TSMC announces production-ready 90nm X Architecture (2005/10/04)
- 1 TSMC enters volume production of 90nm graphics chips for ATI (2005/09/26)
- 1 TSMC R&D team receives first Outstanding Nano-Tech Award from Ministry of Economic Affairs of Republic of China (2005/09/21)
- 1 TSMC recognizes its suppliers at 2005 SCM Forum (2005/09/15)
- 1 TSMC completes secondary offering of 151.655 million ADSs at US\$8.60 per share (2005/08/05)

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

* Starting from 1Q05,
TSMC will post
quarterly
consolidated
financial statements,
in addition to the
unconsolidated
financial statements,
on our web site.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY, LTD.
Unaudited Condensed Balance Sheet (Unconsolidated)
As of September 30, 2005 and 2004
(Figures in Millions of New Taiwan Dollars (NTD) and U.S. Dollars (USD)) ⁽¹⁾

| | September 30, 2005 | | | September 30, 2004 ⁽²⁾ | | YoY | |
|---|--------------------|-----------|--------|-----------------------------------|--------|----------|--------|
| | USD | NTD | % | NTD | % | Amount | % |
| ASSETS | | | | | | | |
| Cash and Cash Equivalents | 1,762 | 58,467 | 12.1 | 70,372 | 15.2 | (11,905) | (16.9) |
| Short Term Investments | 1,471 | 48,822 | 10.1 | 46,128 | 10.0 | 2,694 | 5.8 |
| Accounts Receivable Trade | 1,122 | 37,248 | 7.7 | 33,335 | 7.2 | 3,913 | 11.7 |
| Inventories | 454 | 15,070 | 3.1 | 12,629 | 2.7 | 2,441 | 19.3 |
| Other Current Assets | 164 | 5,447 | 1.2 | 7,300 | 1.6 | (1,853) | (25.4) |
| Total Current Assets | 4,973 | 165,054 | 34.2 | 169,764 | 36.7 | (4,710) | (2.8) |
| Long Term Investment | 2,379 | 78,958 | 16.3 | 66,104 | 14.3 | 12,854 | 19.4 |
| Fixed Assets | 17,037 | 565,426 | 117.0 | 492,964 | 106.6 | 72,462 | 14.7 |
| Less Accumulated Depreciation | (10,441) | (346,517) | (71.7) | (285,808) | (61.8) | (60,709) | 21.2 |
| Net Fixed Assets | 6,596 | 218,909 | 45.3 | 207,156 | 44.8 | 11,753 | 5.7 |
| Other Assets | 609 | 20,185 | 4.2 | 19,484 | 4.2 | 701 | 3.6 |
| Total Assets | 14,557 | 483,106 | 100.0 | 462,508 | 100.0 | 20,598 | 4.5 |
| LIABILITIES | | | | | | | |
| Accounts Payables | 303 | 10,042 | 2.1 | 12,997 | 2.8 | (2,955) | (22.7) |
| Payables to Contractors and Equipment Suppliers | 326 | 10,815 | 2.2 | 15,261 | 3.3 | (4,446) | (29.1) |
| Accrued Expenses and Other Current Liabilities | 348 | 11,547 | 2.4 | 10,974 | 2.4 | 573 | 5.2 |
| | 316 | 10,500 | 2.2 | 5,000 | 1.1 | 5,500 | 110.0 |

Current Portion of
Bonds Payable

| | | | | | | | |
|-----------------------------|-------|--------|------|--------|------|----------|--------|
| Total Current Liabilities | 1,293 | 42,904 | 8.9 | 44,232 | 9.6 | (1,328) | (3.0) |
| Bonds Payable | 588 | 19,500 | 4.0 | 30,000 | 6.5 | (10,500) | (35.0) |
| Other Long Term Liabilities | 288 | 9,591 | 2.0 | 9,013 | 1.9 | 578 | 6.4 |
| Total Liabilities | 2,169 | 71,995 | 14.9 | 83,245 | 18.0 | (11,250) | (13.5) |

SHAREHOLDERS
EQUITY

| | | | | | | | |
|--|--------|---------|-------|---------|-------|--------|---------|
| Capital Stock | 7,451 | 247,273 | 51.2 | 232,519 | 50.3 | 14,754 | 6.3 |
| Capital Surplus | 1,711 | 56,777 | 11.7 | 56,529 | 12.2 | 248 | 0.4 |
| Legal Reserve | 1,035 | 34,348 | 7.1 | 25,528 | 5.5 | 8,820 | 34.6 |
| Special Reserve | 67 | 2,226 | 0.5 | | | 2,226 | |
| Unappropriated Retained Earnings | 2,178 | 72,297 | 15.0 | 66,007 | 14.3 | 6,290 | 9.5 |
| Treasury Stock | (47) | (1,550) | (0.3) | (1,617) | (0.4) | 67 | (4.1) |
| Unrealized Loss on Long-term Investments | | | | (3) | | 3 | (100.0) |
| Cumulated Translation Adjustment | (7) | (260) | (0.1) | 300 | 0.1 | (560) | (186.6) |
| Total Equity | 12,388 | 411,111 | 85.1 | 379,263 | 82.0 | 31,848 | 8.4 |
| Total Liabilities & Shareholders Equity | 14,557 | 483,106 | 100.0 | 462,508 | 100.0 | 20,598 | 4.5 |

*Note(1) Amounts in new
: Taiwan dollars
have been
translated into
U.S. dollars at
the rate of
NT\$33.19 per
U.S. dollar as of
September 30,
2005*

*(2) Certain prior
period balances
have been
reclassified to
conform to the*

*current period
presentation.*

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY, LTD.
Unaudited Condensed Balance Sheet (Unconsolidated)
As of September 30, 2005 and June 30, 2005
(Figures in Millions of New Taiwan Dollars (NTD) and U.S. Dollars (USD))⁽¹⁾

| | September 30, 2005 | | | June 30, 2005 | | QoQ | |
|---|--------------------|----------------|--------------|----------------|--------------|-----------------|---------------|
| | USD | NTD | % | NTD | % | Amount | % |
| ASSETS | | | | | | | |
| Cash and Cash Equivalents | 1,762 | 58,467 | 12.1 | 78,597 | 15.8 | (20,130) | (25.6) |
| Short Term Investments | 1,471 | 48,822 | 10.1 | 49,409 | 9.9 | (587) | (1.2) |
| Accounts Receivable Trade | 1,122 | 37,248 | 7.7 | 30,116 | 6.0 | 7,132 | 23.7 |
| Inventories | 454 | 15,070 | 3.1 | 14,114 | 2.8 | 956 | 6.8 |
| Other Current Assets | 164 | 5,447 | 1.2 | 9,591 | 1.9 | (4,144) | (43.2) |
| Total Current Assets | 4,973 | 165,054 | 34.2 | 181,827 | 36.4 | (16,773) | (9.2) |
| Long Term Investment | 2,379 | 78,958 | 16.3 | 76,434 | 15.3 | 2,524 | 3.3 |
| Fixed Assets | 17,037 | 565,426 | 117.0 | 555,917 | 111.3 | 9,509 | 1.7 |
| Less Accumulated Depreciation | (10,441) | (346,517) | (71.7) | (330,854) | (66.2) | (15,663) | 4.7 |
| Net Fixed Assets | 6,596 | 218,909 | 45.3 | 225,063 | 45.1 | (6,154) | (2.7) |
| Other Assets | 609 | 20,185 | 4.2 | 16,108 | 3.2 | 4,077 | 25.3 |
| Total Assets | 14,557 | 483,106 | 100.0 | 499,432 | 100.0 | (16,326) | (3.3) |
| LIABILITIES | | | | | | | |
| Accounts Payables | 303 | 10,042 | 2.1 | 7,827 | 1.6 | 2,215 | 28.3 |
| Payables to Contractors and Equipment Suppliers | 326 | 10,815 | 2.2 | 10,004 | 2.0 | 811 | 8.1 |
| Accrued Expenses and Other Current Liabilities | 348 | 11,547 | 2.4 | 58,393 | 11.7 | (46,846) | (80.2) |
| Current Portion of Bonds Payable | 316 | 10,500 | 2.2 | 10,500 | 2.1 | | |
| Total Current Liabilities | 1,293 | 42,904 | 8.9 | 86,724 | 17.4 | (43,820) | (50.5) |
| Bonds Payable | 588 | 19,500 | 4.0 | 19,500 | 3.9 | | |
| Other Long Term Liabilities | 288 | 9,591 | 2.0 | 9,008 | 1.8 | 583 | 6.5 |
| Total Liabilities | 2,169 | 71,995 | 14.9 | 115,232 | 23.1 | (43,237) | (37.5) |

SHAREHOLDERS EQUITY

| | | | | | | | |
|---|--------|---------|-------|---------|-------|----------|-------|
| Capital Stock | 7,451 | 247,273 | 51.2 | 247,261 | 49.5 | 12 | |
| Capital Surplus | 1,711 | 56,777 | 11.7 | 56,721 | 11.3 | 56 | 0.1 |
| Legal Reserve | 1,035 | 34,348 | 7.1 | 34,348 | 6.9 | | |
| Special Reserve | 67 | 2,226 | 0.5 | 2,226 | 0.4 | | |
| Unappropriated Retained Earnings | 2,178 | 72,297 | 15.0 | 47,809 | 9.6 | 24,488 | 51.2 |
| Treasury Stock | (47) | (1,550) | (0.3) | (1,552) | (0.3) | 2 | 0.2 |
| Cumulated Translation Adjustment | (7) | (260) | (0.1) | (2,613) | (0.5) | 2,353 | 90.0 |
| Total Equity | 12,388 | 411,111 | 85.1 | 384,200 | 76.9 | 26,911 | 7.0 |
| Total Liabilities & Shareholders Equity | 14,557 | 483,106 | 100.0 | 499,432 | 100.0 | (16,326) | (3.3) |

Note : (1) Amounts in new Taiwan dollars have been translated into U.S. dollars at the rate of NT\$33.19 per U.S. dollar as of September 30, 2005.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY, LTD.
Unaudited Condensed Income Statement (Unconsolidated)

For the Three Months Ended September 30, 2005, September 30, 2004 and June 30, 2005
(Expressed in Millions New Taiwan Dollars (NTD) and U.S. Dollars (USD) ⁽¹⁾)

Except for Per Share Amounts and Shares Outstanding)

| | Year over Year Comparison | | | | | Sequential Comparison | | | | |
|-------------------------------------|---------------------------|----------|--------|----------|---------|-----------------------|----------|--------|----------|---------|
| | Q3 2005 | | % of | Q3 2004 | YoY | Q3 2005 | | % of | Q2 2005 | QoQ |
| | USD | NTD | Sales | NTD | % | USD | NTD | Sales | NTD | % |
| Net Sales | 2,149 | 69,258 | 100.0 | 69,735 | (0.7) | 2,149 | 69,258 | 100.0 | 58,516 | 18.4 |
| Cost of Sales | (1,202) | (38,733) | (55.9) | (37,595) | 3.0 | (1,202) | (38,733) | (55.9) | (35,311) | 9.7 |
| Gross Profit | 947 | 30,525 | 44.1 | 32,140 | (5.0) | 947 | 30,525 | 44.1 | 23,205 | 31.5 |
| Operating Expenses | | | | | | | | | | |
| Research and Development Expenses | (104) | (3,341) | (4.8) | (3,123) | 7.0 | (104) | (3,341) | (4.8) | (3,283) | 1.7 |
| General and Administrative Expenses | (58) | (1,881) | (2.8) | (2,578) | (27.0) | (58) | (1,881) | (2.8) | (1,799) | 4.6 |
| Sales and Marketing Expenses | (12) | (373) | (0.5) | (318) | 17.8 | (12) | (373) | (0.5) | (339) | 10.2 |
| Total Operating Expenses | (174) | (5,595) | (8.1) | (6,019) | (7.0) | (174) | (5,595) | (8.1) | (5,421) | 3.2 |
| Income from Operations | 773 | 24,930 | 36.0 | 26,121 | (4.6) | 773 | 24,930 | 36.0 | 17,784 | 40.2 |
| Net Non-Operating Income(Expenses) | | (19) | | 630 | (102.9) | | (19) | | 537 | (103.4) |
| Investment Gains (Losses) | (15) | (491) | (0.7) | 1,378 | (135.6) | (15) | (491) | (0.7) | (588) | (16.4) |
| Income before Income Tax | 758 | 24,420 | 35.3 | 28,129 | (13.2) | 758 | 24,420 | 35.3 | 17,733 | 37.7 |
| Income Tax Benefits (Expenses) | 2 | 68 | 0.1 | (196) | 134.3 | 2 | 68 | 0.1 | 636 | (89.5) |

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| | | | | | | | | | | |
|---|------|--------|------|--------|--------|------|--------|------|--------|------|
| Net Income | 760 | 24,488 | 35.4 | 27,933 | (12.3) | 760 | 24,488 | 35.4 | 18,369 | 33.3 |
| Diluted Earnings Per Ordinary Share | 0.03 | 0.99 | | 1.13 | (12.2) | 0.03 | 0.99 | | 0.74 | 33.3 |
| Earnings Per ADR (²) | 0.15 | 4.96 | | 5.65 | | 0.15 | 4.96 | | 3.72 | |
| Diluted Weighted Average Outstanding Shares (M ³) | | 24,690 | | 24,739 | | | 24,690 | | 24,687 | |

Note: (1) Amounts in new Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD32.23 per U.S. dollar for the third quarter of 2005.

(2) 1 ADR equals 5 ordinary shares.

(3) Total diluted weighted average outstanding shares were 24,690M shares for 3Q05 and 24,739M shares for 3Q04 after the retroactive adjustments for stock dividends and stock bonus.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY, LTD.
Unaudited Condensed Income Statement (Unconsolidated)
For the Nine Months Ended September 30, 2005 and 2004
(Expressed in Millions New Taiwan Dollars (NTD) and U.S. Dollars (USD)⁽¹⁾
Except for Per Share Amounts and Shares Outstanding)

| | 9 months ended September 30 | | | | YoY % |
|--|------------------------------------|---------------------|-----------------------|---------------------|------------------|
| | 2005 USD | 2005 NTD | % of Sales | 2004 NTD | |
| Net Sales | 5,782 | 183,427 | 100.0 | 192,117 | (4.5) |
| Cost of Sales | (3,406) | (108,048) | (58.9) | (109,109) | (1.0) |
| Gross Profit | 2,376 | 75,379 | 41.1 | 83,008 | (9.2) |
| Operating Expenses | | | | | |
| Research and Development Expenses | (314) | (9,973) | (5.4) | (8,948) | 11.5 |
| General and Administrative Expenses | (178) | (5,625) | (3.1) | (7,214) | (22.0) |
| Sales and Marketing Expenses | (31) | (991) | (0.5) | (1,051) | (5.6) |
| Total Operating Expenses | (523) | (16,589) | (9.0) | (17,213) | (3.6) |
| Income from Operations | 1,853 | 58,790 | 32.1 | 65,795 | (10.6) |
| Net Non-Operating Expenses | 28 | 905 | 0.4 | 458 | 97.6 |
| Investment Gains (Losses) | (40) | (1,277) | (0.7) | 3,432 | (137.2) |
| Income before Income Tax | 1,841 | 58,418 | 31.8 | 69,685 | (16.2) |
| Income Tax Benefits | 40 | 1,257 | 0.7 | 447 | 181.1 |
| Net Income | 1,881 | 59,675 | 32.5 | 70,132 | (14.9) |
| Diluted Earnings Per Ordinary Share | 0.08 | 2.42 | | 2.83 | (14.7) |
| Earnings Per ADR ⁽²⁾ | 0.38 | 12.08 | | 14.17 | |
| Diluted Weighted Average Outstanding Shares (M ³) | | 24,690 | | 24,739 | |

Note :

(1) Amounts in new Taiwan dollars have been

translated into
U.S. dollars at
the weighted
average rate of
NTD 31.73 per
U.S. dollar for
the nine months
ended
September 30,
2005.

(2) 1 ADR equals 5
ordinary shares.

(3) Total diluted
weighted
average
outstanding
shares were
24,690M shares
for the nine
months ended
September 30,
2005 and
24,739M shares
for the nine
months ended
September 30,
2004 after the
retroactive
adjustments for
stock dividends
and stock bonus.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY, LTD.
Unaudited Condensed Statement of Cash Flows (Unconsolidated)
For the Nine Months Ended September 30, 2005
(Figures in Millions of New Taiwan Dollars (NTD) and U.S. Dollars (USD)) ⁽¹⁾

| | 9 Months 2005 | 3Q 2004 | 2Q 2005 | 3Q 2004 ⁽²⁾ |
|---|----------------|-----------------|-----------------|------------------------|
| | USD | NTD | NTD | NTD |
| Cash Flows from Operating Activities: | | | | |
| Net Income | 1,881 | 59,675 | 24,488 | 18,369 |
| Depreciation & Amortization | 1,621 | 51,437 | 17,107 | 17,661 |
| Deferred Income Tax | (73) | (2,329) | (1,179) | (597) |
| Investment Loss(Income) Recognized by Equity Method | 40 | 1,277 | 491 | 588 |
| Changes in Working Capital & Others | (266) | (8,436) | (2,959) | (8,301) |
| Net Cash Provided from Operating Activities | 3,203 | 101,624 | 37,948 | 27,720 |
| Cash Flows from Investing Activities: | | | | |
| Decrease(Increase) in Short-Term Investments | 131 | 4,157 | 587 | 2,229 |
| Increase in Long-Term Investments | (318) | (10,102) | (3,683) | (2,142) |
| Acquisition of Fixed Assets | (1,902) | (60,336) | (9,142) | (13,033) |
| Proceeds from Sales of Long-Term Investments | 143 | 4,529 | 3,014 | 1,515 |
| Proceeds from Disposal of Properties | 47 | 1,502 | 71 | 1,310 |
| Increase in Deferred Assets | (23) | (736) | (233) | (217) |
| Decrease(Increase) in Deposit-Out | | 2 | 4 | (2) |
| Net Cash Used in Investing Activities | (1,922) | (60,984) | (9,382) | (10,340) |
| Cash Flows from Financing Activities: | | | | |
| Cash Dividend Common Shares | (1,466) | (46,504) | (46,504) | (12,159) |
| Bonus Paid to Employees | (97) | (3,086) | (3,086) | (682) |
| Increase(Decrease) in Guarantee Deposits & Others | 61 | 1,950 | 845 | 1,147 |
| Bonus Paid to Directors and Supervisors | (7) | (231) | | (231) |
| Proceeds from Exercise of Stock Options | 5 | 166 | 49 | 82 |
| Net Cash Provided(Used) in Financing Activities | (1,504) | (47,705) | (48,696) | 998 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (223) | (7,065) | (20,130) | 18,378 |
| Cash and Cash Equivalents at Beginning of Period | 2,066 | 65,532 | 78,597 | 60,219 |
| | | | | 78,778 |

| | | | | | |
|--|-------|--------|--------|--------|--------|
| Cash and Cash Equivalents at End of Period | 1,843 | 58,467 | 58,467 | 78,597 | 70,372 |
|--|-------|--------|--------|--------|--------|

Note : (1) *Amounts in new Taiwan dollars have been translated into U.S. dollars at the rate of NTD31.73 per U.S. dollar, the weighted average rate for the nine months ended September 30, 2005.*

(2) *Certain prior period amounts have been reclassified to conform to the current period presentation.*

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY, LTD.
Unaudited Condensed Balance Sheets (Consolidated)
As of September 30, 2005 and June 30, 2005
(Figures in Million of New Taiwan Dollars (NTD) and U.S. Dollars (USD))⁽¹⁾

| | September 30, 2005 | | | June 30, 2005 | | | QoQ | |
|--|--------------------|-------------------|--------------|------------------|-------------------|--------------|-------------------|---------------|
| | USD | NTD | % | USD | NTD | % | Amount | % |
| ASSETS | | | | | | | | |
| Cash | \$ 2,097 | \$ 69,582 | 14.0 | \$ 2,796 | \$ 88,405 | 17.3 | \$(18,823) | (21.3) |
| Short Term Investment Accounts | 1,484 | 49,260 | 9.9 | 1,567 | 49,558 | 9.7 | (298) | (0.6) |
| Receivable-Trade | 1,180 | 39,140 | 7.9 | 1,015 | 32,095 | 6.3 | 7,045 | 22.0 |
| Inventories | 489 | 16,239 | 3.3 | 479 | 15,159 | 3.0 | 1,080 | 7.1 |
| Other Current Assets | 147 | 4,879 | 1.0 | 277 | 8,740 | 1.7 | (3,861) | (44.2) |
| Total Current Assets | 5,397 | 179,100 | 36.1 | 6,134 | 193,957 | 37.9 | (14,857) | (7.7) |
| | | | | | | | | |
| Long Term Investment | 1,215 | 40,331 | 8.1 | 1,241 | 39,251 | 7.7 | 1,080 | 2.8 |
| | | | | | | | | |
| Fixed Assets | 19,149 | 635,513 | 128.1 | 19,673 | 622,025 | 121.6 | 13,488 | 2.2 |
| Less Accumulated Depreciation | (11,576) | (384,200) | (77.4) | (11,545) | (365,019) | (71.4) | (19,181) | 5.3 |
| Net Fixed Assets | 7,573 | 251,313 | 50.7 | 8,128 | 257,006 | 50.3 | (5,693) | (2.2) |
| | | | | | | | | |
| Other Assets | 765 | 25,372 | 5.1 | 671 | 21,207 | 4.1 | 4,165 | 19.6 |
| Total Assets | \$ 14,950 | \$ 496,116 | 100.0 | \$ 16,174 | \$ 511,421 | 100.0 | \$(15,305) | (3.0) |
| LIABILITIES | | | | | | | | |
| Short-term Bank Loans | \$ 34 | \$ 1,124 | 0.2 | \$ 10 | \$ 316 | 0.1 | \$ 808 | 255.6 |
| Accounts Payable | 297 | 9,851 | 2.0 | 241 | 7,605 | 1.5 | 2,246 | 29.5 |
| Payables to Contractors and Equipment Suppliers | 339 | 11,247 | 2.3 | 360 | 11,384 | 2.2 | (137) | (1.2) |
| Accrued Expenses and Other Current Liabilities | 417 | 13,848 | 2.8 | 1,906 | 60,251 | 11.8 | (46,403) | (77.0) |
| Current Portion of Bonds Payable | 317 | 10,505 | 2.1 | 332 | 10,505 | 2.1 | 0 | 0.0 |
| Total Current Liabilities | 1,404 | 46,575 | 9.4 | 2,849 | 90,061 | 17.6 | (43,486) | (48.3) |
| | | | | | | | | |
| Long-term Bank Loans | 30 | 1,003 | 0.2 | 30 | 958 | 0.2 | 45 | 4.7 |
| Bonds Payable | 588 | 19,500 | 3.9 | 617 | 19,500 | 3.8 | 0 | 0.0 |

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| | | | | | | | | |
|--|-----------|------------|-------|-----------|------------|-------|------------|--------|
| Other Long Term Liabilities | 516 | 17,141 | 3.5 | 505 | 15,961 | 3.1 | 1,180 | 7.4 |
| Total Liabilities | 2,538 | 84,219 | 17.0 | 4,001 | 126,480 | 24.7 | (42,261) | (33.4) |
| SHAREHOLDERS EQUITY | | | | | | | | |
| Shareholders Equity | | | | | | | | |
| Capital Stock | 7,451 | 247,274 | 49.9 | 7,820 | 247,261 | 48.3 | 13 | 0.0 |
| Capital Surplus | 1,711 | 56,777 | 11.4 | 1,794 | 56,721 | 11.1 | 56 | 0.1 |
| Legal Reserve | 1,035 | 34,348 | 6.9 | 1,086 | 34,348 | 6.7 | 0 | 0.0 |
| Special Reserve | 67 | 2,226 | 0.4 | 70 | 2,226 | 0.4 | 0 | 0.0 |
| Unappropriated Retained Earnings | 2,178 | 72,296 | 14.6 | 1,512 | 47,809 | 9.3 | 24,487 | 51.2 |
| Treasury Stock | (46) | (1,550) | (0.3) | (49) | (1,552) | (0.3) | 2 | (0.2) |
| Cumulated Translation Adjustment | (8) | (260) | (0.1) | (83) | (2,613) | (0.5) | 2,353 | (90.0) |
| Total Shareholders Equity before Minority Interest | 12,388 | 411,111 | 82.8 | 12,150 | 384,200 | 75.1 | 26,911 | 7.0 |
| Minority Interest | 24 | 786 | 0.2 | 23 | 741 | 0.2 | 45 | 6.0 |
| Total Shareholders Equity | 12,412 | 411,897 | 83.0 | 12,173 | 384,941 | 75.3 | 26,956 | 7.0 |
| Total Liabilities & Shareholders Equity | \$ 14,950 | \$ 496,116 | 100.0 | \$ 16,174 | \$ 511,421 | 100.0 | \$(15,305) | (3.0) |

Note : (1) New Taiwan dollar amounts have been translated into U.S. dollars at the rate of NT\$33.19 per U.S. dollar as of September 30, 2005

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY, LTD.
Unaudited Condensed Income Statements (Consolidated)
For the Three Months Ended September 30 and June 30, 2005
(Expressed in Million New Taiwan Dollars (NTD) and U.S. Dollars (USD) ⁽¹⁾)
Except for Per Share Amounts and Shares Outstanding)

| | Q3 2005 | | Sequential Comparison | | QoQ Inc.(Dec.) % | |
|--|---------|----------|-----------------------|----------------|------------------------|---------------|
| | USD | NTD | % of Sales | Q2 2005 NTD | | % of Sales |
| Net Sales | 2,187 | 70,501 | 100.0 | 59,978 | 100.0 | 17.5 |
| Cost of Sales | (1,227) | (39,544) | (56.1) | (35,724) | (59.6) | 10.7 |
| Gross Profit | 960 | 30,957 | 43.9 | 24,254 | 40.4 | 27.6 |
| Operating Expenses | | | | | | |
| Research and Development Expenses | (107) | (3,473) | (4.9) | (3,561) | (5.9) | (2.5) |
| General and Administrative Expenses | (75) | (2,410) | (3.4) | (2,253) | (3.8) | 7.0 |
| Sales and Marketing Expenses | (28) | (897) | (1.3) | (1,227) | (2.0) | (26.9) |
| Total Operating Expenses | (210) | (6,780) | (9.6) | (7,041) | (11.7) | (3.7) |
| Income from Operations | 750 | 24,177 | 34.3 | 17,213 | 28.7 | 5.2 |
| Net Non-operating Income (Expenses) | 1 | 19 | 0.0 | 464 | 0.8 | (96.0) |
| Investment Gain | 8 | 271 | 0.4 | 226 | 0.4 | |
| Income before Income Tax and Minority Interest | 759 | 24,467 | 34.7 | 17,903 | 29.8 | 36.7 |
| Income Tax Credit | 2 | 57 | 0.1 | 491 | 0.8 | (88.3) |
| Income before Minority Interest | 761 | 24,524 | 34.8 | 18,394 | 30.7 | 33.3 |
| Minority Interest in Loss of Subsidiaries | (1) | (36) | (0.1) | (25) | (0.0) | 47.4 |
| Consolidated Net Income | 760 | 24,488 | 34.7 | 18,369 | 30.6 | 33.3 |

Note:(1)New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD 32.23 per U.S. dollar for the third quarter of 2005.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY, LTD.
Unaudited Condensed Income Statements (Consolidated)
For the Nine Months Ended September 30, 2005
(Expressed in Million New Taiwan Dollars (NTD) and U.S. Dollars (USD) ⁽¹⁾)
Except for Per Share Amounts and Shares Outstanding)

| | 9 months ended September 30, 2005 | | |
|--|--|---------------|-------------------|
| | USD | NTD | % of Sales |
| Net Sales | \$ 5,905 | \$ 187,337 | 100.0 |
| Cost of Sales | (3,481) | (110,448) | (59.0) |
| Gross Profit | 2,424 | 76,889 | 41.0 |
| Operating Expenses | | | |
| Research and Development Expenses | (329) | (10,446) | (5.6) |
| General and Administrative Expenses | (226) | (7,176) | (3.8) |
| Sales and Marketing Expenses | (86) | (2,708) | (1.4) |
| Total Operating Expenses | (641) | (20,330) | (10.9) |
| Income from Operations | 1,783 | 56,559 | 30.2 |
| Net Non-operating Income (Expenses) | 39 | 1,222 | 0.6 |
| Investment Gain | 28 | 894 | 0.5 |
| Income before Income Tax and Minority Interest | 1,850 | 58,675 | 31.3 |
| Income Tax Credit | 33 | 1,061 | 0.6 |
| Income before Minority Interest | 1,883 | 59,736 | 31.9 |
| Minority Interest in Loss of Subsidiaries | (2) | (61) | (0.0) |
| Consolidated Net Income | \$ 1,881 | \$ 59,675 | 31.9 |
| Diluted Earnings Per Ordinary Share | \$ 0.08 | \$ 2.42 | |
| Earnings Per ADR ⁽²⁾ | \$ 0.38 | \$ 12.08 | |
| Weighted Average Outstanding Shares (M) | | 24,690 | |

*Note: (1) New
Taiwan dollars*

*have been
translated into
U.S. dollars at
the weighted
average rate of
NTD 31.73 per
U.S. dollar for
the nine months
ended
September 30,
2005.*

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY, LTD.
Unaudited Condensed Statements of Cash Flows (Consolidated)
For the Nine Months and Six Months Ended September 30 and June 30, 2005
(Figures in Million of New Taiwan Dollars (NTD) and U.S. Dollars (USD)) ⁽¹⁾

| | 9 Months 2005 | | Q3 2005 | | 6 Months 2005 | |
|--|----------------|-----------------|-----------------|----------------|-----------------|--|
| | USD | NTD | NTD | USD | NTD | |
| Cash Flows from Operating Activities: | | | | | | |
| Consolidated Net Income | \$ 1,881 | \$ 59,675 | \$ 24,488 | \$ 1,118 | \$ 35,187 | |
| Depreciation & Amortization | 1,796 | 56,986 | 19,006 | 1,207 | 37,980 | |
| Deferred Income Tax | (76) | (2,400) | (1,220) | (37) | (1,180) | |
| Investment Gain Recognized by Equity Method | (28) | (894) | (271) | (20) | (623) | |
| Accrued Pension Cost | 11 | 350 | 39 | 10 | 311 | |
| Changes in Working Capital & Others | (214) | (6,790) | (2,128) | (148) | (4,662) | |
| Net Cash Provided from Operating Activities | 3,370 | 106,927 | 39,914 | 2,130 | 67,013 | |
| Cash Flows from Investing Activities: | | | | | | |
| Decrease in Short Term Investments | 163 | 5,175 | 424 | 151 | 4,751 | |
| Increase in Long-Term Investments | (223) | (7,061) | (3,697) | (107) | (3,364) | |
| Acquisition of Fixed Assets | (2,089) | (66,260) | (10,598) | (1,769) | (55,662) | |
| Proceeds from Sales of Long-Term Investments | 144 | 4,568 | 3,035 | 49 | 1,533 | |
| Proceeds from Disposal of Properties | 9 | 274 | 147 | 4 | 127 | |
| Increase in Deferred Assets | (23) | (744) | (226) | (16) | (518) | |
| (Increase)Decrease in Deposit-Out | 0 | (0) | 7 | 0 | (7) | |
| (Increase)Decrease in Other Assets | 0 | (9) | (14) | 0 | 5 | |
| Net Cash Used in Investing Activities | (2,019) | (64,057) | (10,922) | (1,688) | (53,135) | |
| Cash Flows from Financing Activities: | | | | | | |
| Cash Dividend Common Shares | (1,463) | (46,420) | (46,420) | | 0 | |
| Increase(Decrease) in Short-Term Bank Loans | 19 | 611 | 674 | (2) | (63) | |
| Decrease in Long-Term Bank Loans | (31) | (996) | (50) | (30) | (946) | |
| Bonus Paid to Employees | (97) | (3,086) | (3,086) | 0 | 0 | |
| Proceeds From Disposal of Treasury Stocks | 2 | 52 | 3 | 2 | 49 | |

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| | | | | | |
|---|----------|-----------|-------------|----------|-----------|
| Decrease in Guarantee Deposits & Others | 62 | 1,953 | 847 | 35 | 1,106 |
| Bonus Paid to Directors and Supervisors | (7) | (231) | 0 | (7) | (231) |
| Increase(Decrease) in Minority Interest | 0 | 0 | (11) | 0 | 11 |
| Issuance of Stocks Option | 5 | 166 | 49 | 4 | 117 |
| Net Cash (Used in) Provided from Financing Activities | (1,510) | (47,951) | (47,994) | 2 | 43 |
| Net Decrease in Cash and Cash Equivalents | (159) | (5,081) | (19,002) | 444 | 13,921 |
| Others | 11 | 360 | 407 | (1) | (47) |
| Cash and Cash Equivalents at Beginning of Period | 2,342 | 74,303 | (228) | 2,368 | 74,531 |
| Cash and Cash Equivalents at End of Period | \$ 2,194 | \$ 69,582 | \$ (18,823) | \$ 2,811 | \$ 88,405 |

Note : (1) New Taiwan dollar amounts have been translated into U.S. dollars at the rate of NTD31.73 per U.S. dollar, the weighted average exchange rate for the nine months ended September 30, 2005.

SIGNATURES

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

Taiwan Semiconductor Manufacturing Company
Ltd.

Date: October 27, 2005

By /s/ Lora Ho

Lora Ho

Vice President & Chief Financial Officer