

TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD

Form 6-K

January 27, 2006

1934 Act Registration No. 1-14700
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 6-K
REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934
For the month of January 2006
Taiwan Semiconductor Manufacturing Company Ltd.
(Translation of Registrant's Name Into English)
No. 8, Li-Hsin Rd. 6,
Science-Based Industrial Park,
Hsin-Chu, 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

invest@tsmc.com

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

Topics in This Report

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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> | 4Q05 | 3Q05 | 4Q04 | QoQ | YoY |
|--|-------------|-------------|-------------|------------|------------|
| EPS (NT\$ per common share) | 1.37 | 0.99 | 0.90 | 38.4% | 52.7% |
| (US\$ per ADR unit) | 0.21 | 0.15 | 0.14 | | |
| Net Sales | 81.16 | 69.26 | 63.87 | 17.2% | 27.1% |
| Gross Profit | 39.86 | 30.53 | 27.15 | 30.6% | 46.8% |
| Operating Expenses | (5.64) | (5.60) | (6.12) | 0.8% | (7.9%) |
| Non-Operating Items | 1.18 | (0.51) | 1.07 | | 10.5% |
| Net Income | 33.90 | 24.49 | 22.18 | 38.4% | 52.8% |
| Capacity Utilization | 104% | 96% | 88% | | |
| Net Profit Margin | 41.8% | 35.4% | 34.7% | | |

Remarks:

The fourth quarter EPS of NT\$1.37 represents a 38.4% increase compared to 3Q05. The unconsolidated operating results of 4Q05 are summarized below:

Net sales were NT\$81.16 billion, up 17.2% compared to net sales of NT\$69.26 billion in the previous quarter. Net sales for the quarter surpassed the top end of our guidance by approximately NT\$2 billion, driven by stronger than expected demand across all major product segments.

Gross profit was NT\$39.86 billion, representing a 30.6% increase from the previous quarter. Gross margin improved by five percentage points sequentially to 49.1%, mainly due to higher levels of capacity utilization and more favorable exchange rates.

Operating expenses were NT\$5.64 billion or 6.9% of net sales. The combined result from non-operating income and long-term investments was a gain of NT\$1.18 billion, compared to a loss of NT\$510 million in the third quarter of

2005.

Net income was NT\$33.9 billion, up 38.4% sequentially. Net margin was 41.8%.

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

| | | | |
|-------------------|------|------|------|
| By Application | 4Q05 | 3Q05 | 4Q04 |
| Computer | 32% | 30% | 35% |
| Communication | 41% | 41% | 41% |
| Consumer | 21% | 23% | 16% |
| Industrial/Others | 5% | 5% | 6% |
| Memory | 1% | 1% | 2% |
| By Technology | 4Q05 | 3Q05 | 4Q04 |
| 90nm | 17% | 10% | 1% |
| 0.11/0.13um | 32% | 33% | 35% |
| 0.15/0.18um | 32% | 35% | 34% |
| 0.25/0.35um | 14% | 16% | 23% |
| 0.50um+ | 5% | 6% | 7% |
| By Customer Type | 4Q05 | 3Q05 | 4Q04 |
| Fabless/System | 72% | 71% | 67% |
| IDM | 28% | 29% | 33% |
| By Geography * | 4Q05 | 3Q05 | 4Q04 |
| North America | 77% | 75% | 75% |
| Asia Pacific | 11% | 11% | 10% |
| Europe | 8% | 9% | 7% |
| Japan | 4% | 5% | 8% |

* This does not reflect the actual shipment destination of sales.

Revenue Analysis:

Net sales increased 17.2% sequentially to NT\$81.16 billion, topping the high end of our guidance by approximately NT\$2 billion, driven by stronger than expected demand across all major product segments.

On a quarter over quarter basis, revenues from computer applications increased by 30%, followed by an 18% increase from communications. Revenues from consumer applications also grew by 6% sequentially.

Revenue from advanced technologies defined as 0.13-micron and below accounted for 49% of total wafer sales, up from 43% in the previous quarter. Revenue from 90nm was up strongly and accounted for 17% of total wafer sales during the quarter, compared to 10% in the third quarter of 2005.

IDM accounted for 28% of total wafer sales during the quarter, down slightly from 29% in the previous quarter.

Geographically, North America accounted for 77% of wafer sales, up from 75% in 3Q05. Meanwhile, sales from Europe and Japan declined by one percentage point sequentially to 8% and 4% of wafer sales, respectively.

II. Utilization & Capacity**Utilization Rate:**

Overall capacity utilization improved by eight percentage points to 104% in this quarter, reflecting strong demand from customers across the board and operational efficiencies.

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II 2. Capacity

| Fab / (Wafer size) | 3Q05 (Act.) | 4Q05 (Act.) | 2005 (Act.) | 1Q06 (Fest.) |
|---|------------------------|------------------------|------------------------|-------------------------|
| Fab-2 (6") ¹ | 251 | 251 | 989 | 244 |
| Fab-3 (8") | 247 | 247 | 973 | 246 |
| Fab-5 (8") | 126 | 126 | 496 | 135 |
| Fab-6 (8") | 217 | 217 | 850 | 215 |
| Fab-7 (8") | 40 | 40 | 155 | 33 |
| Fab-8 (8") | 227 | 227 | 893 | 231 |
| Fab-12 (12") ² | 122 | 139 | 448 | 142 |
| Fab-14 (12") ² | 46 | 56 | 156 | 61 |
| TSMC owned capacity 8" equivalent Kpcs | 1,374 | 1,437 | 5,282 | 1,455 |
| Wafer Tech (8") | 100 | 100 | 389 | 99 |
| SSMC (8") | 47 | 49 | 179 | 49 |
| TSMC (Shanghai) (8") | 30 | 44 | 105 | 48 |
| Total TSMC managed 8" equivalent Kpcs | 1,550 | 1,629 | 5,955 | 1,651 |

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

Note: 1. number by 1.78

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

2. number by 2.25

Capacity :

Total TSMC managed capacity in 4Q05 was 1,629K 8-inch equivalent wafers, 5.1% higher than the 1,550K wafers in 3Q05.

Overall installed capacity for year 2005 was 5.96 million 8-inch equivalent wafers, up 24.4% on a year-over-year basis. Majority of the capacity increase was dedicated to advanced technologies.

TSMC managed capacity in 1Q06 will increase slightly to 1,651K 8-inch equivalent wafers, representing a 1.3% sequential growth.

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

(Amount: NT\$ billion)

4Q05**3Q05****4Q04**

| | | | |
|-----------------------|-------------|-------------|-------------|
| COGS | 41.3 | 38.7 | 36.7 |
| Depreciation | 14.9 | 15.5 | 14.9 |
| Other MFG Cost | 26.4 | 23.2 | 21.8 |
| Gross Profit | 39.9 | 30.5 | 27.2 |
| Gross Margin | | | |
| - TSMC | 49.1% | 44.1% | 42.5% |
| - TSMC w/o affiliates | 53.6% | 47.6% | 47.8% |

Gross Profit Analysis:

Gross profit for the fourth quarter of 2005 was NT\$39.9 billion. Gross margin climbed by five percentage points sequentially to 49.1%. The improvement in gross margin was mainly due to higher levels of capacity utilization and a 3.8% appreciation of US dollar against the local currency.

During the quarter, the gross margin for TSMC's own fabs increased to 53.6% from 47.6% in 3Q05.

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III 2. Operating Expense Analysis

| (Amount: NT\$ billion) | 4Q05 | 3Q05 | 4Q04 |
|-----------------------------|-------------|-------------|-------------|
| Total Operating Exp. | 5.6 | 5.6 | 6.1 |
| SG&A | 2.2 | 2.3 | 2.5 |
| Research & Development | 3.4 | 3.3 | 3.6 |

Operating Expenses:

Operating expenses were essentially flat from the previous quarter at NT\$5.6 billion. Total operating expenses represented 6.9% of net sales, down from 8.1% in the third quarter of 2005.

III 3. Non-Operating Items

| (Amount: NT\$ million) | 4Q05 | 3Q05 | 4Q04 |
|------------------------------------|-------------|--------------|-------------|
| Non-Operating Income/(Exp.) | 952 | (19) | 457 |
| Net Interest Income/(Exp.) | 142 | (41) | 227 |
| Other Non-Operating | 810 | 22 | 230 |
| Equity-Method Investments | 225 | (491) | 609 |
| WaferTech | 793 | 487 | 891 |
| SSMC | 348 | 210 | 31 |
| Vanguard | 177 | 61 | 423 |
| TSMC (Shanghai) | (414) | (760) | (359) |
| Others | (679) | (489) | (377) |

Non-Operating Items:

Combined result from non-operating income and long-term investments was a gain of NT\$1.2 billion.

During the fourth quarter of 2005, the non-operating income was NT\$952 million, compared to a loss of NT\$19 million in the previous quarter. The increase in non-operating income was mainly due to an increase in gains on sale of fixed assets, scheduled settlement payment from the lawsuit against SMIC, and a smaller valuation loss under lower of cost or market method for short-term investments.

Net investment income recognized by equity method was NT\$225 million in this quarter, compared to a loss of NT\$491 million in 3Q05. This was primarily attributable to improved operating performance at TSMC's manufacturing affiliates.

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

| (Amount: NT\$ Billion) | 4Q05 | 3Q05 | 4Q04 |
|-----------------------------|--------------|--------------|--------------|
| Cash & S-T Investments | 132.4 | 107.3 | 118.5 |
| Accounts Receivable Trade | 36.4 | 37.2 | 27.2 |
| Inventory | 16.3 | 15.1 | 14.2 |
| Total Current Assets | 197.6 | 165.1 | 173.7 |
| Accounts Payable | 20.2 | 20.9 | 40.8 |

| | | | |
|----------------------------------|-------------|-------------|-------------|
| Accrued Liabilities and others | 12.0 | 22.0 | 19.8 |
| Total Current Liabilities | 32.2 | 42.9 | 60.6 |
| Current Ratio (x) | 6.1 | 3.8 | 2.9 |
| Net Working Capital | 165.4 | 122.2 | 113.0 |

Liquidity Analysis:

Cash & short-term investments increased by NT\$25.1 billion in this quarter, mainly due to strong cash flow from operating activities. Accounts receivable decreased slightly while inventory increased from the levels at 3Q05. As a result, TSMC ended the quarter with total current assets of NT\$197.6 billion, NT\$32.5 billion higher on a sequential basis.

Total current liabilities were NT\$32.2 billion at the end of the quarter, NT\$10.7 billion lower sequentially, mainly due to an NT\$10.5 billion pay down of corporate bond.

As a result, net working capital increased to NT\$165.4 billion and current ratio jumped to 6.1x.

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Receivable/Inventory Days Trend:

Days of Receivable decreased to 42 days in 4Q05 compared to 46 days in the previous quarter.

Days of Inventory increased slightly to 42 days from 40 days in the third quarter of 2005.

IV 3. Debt Service

| (Amount: NT\$ Billion) | 4Q05 | 3Q05 | 4Q04 |
|------------------------|-------------|-------------|-------------|
| Cash & S-T Investments | 132.4 | 107.3 | 118.5 |
| Interest-Bearing Debt | 19.5 | 30.0 | 30.0 |
| Net Cash Reserves | 112.9 | 77.3 | 88.5 |

Debt Service:

As a result of strong operating performance during the quarter, net cash reserves defined as the excess of cash and short-term investments over interest-bearing debt increased by NT\$35.6 billion to NT\$112.9 billion in 4Q05.

Interest-bearing debt declined by NT\$10.5 billion from the previous quarter due to the pay down of corporate bond.

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

| (Amount: NT\$ billion) | 4Q05 | 3Q05 | 4Q04* |
|-------------------------------------|---------------|---------------|---------------|
| Net Income | 33.9 | 24.5 | 22.2 |
| Depreciation & Amortization | 16.6 | 17.1 | 16.6 |
| Other Op Sources/(Uses) | (1.6) | (3.7) | (2.1) |
| Total Op Sources/(Uses) | 48.9 | 37.9 | 36.7 |
| Capital Expenditure | (13.3) | (9.1) | (20.5) |
| Short Term Investment | 1.8 | 0.6 | (6.9) |
| Long Term Investment | (1.0) | (0.7) | (9.1) |
| Other Investing Sources/(Uses) | 0.4 | (0.2) | 0.0 |
| Net Investing Sources/(Uses) | (12.1) | (9.4) | (36.5) |
| Cash dividends-common stocks | 0.0 | (46.5) | 0.0 |
| Employees Bonus | 0.0 | (3.1) | 0.0 |
| Repayment of Corporate Bonds | (10.5) | 0.0 | (5.0) |
| Other Financing Sources/(Uses) | 0.6 | 0.9 | (0.1) |
| Net Financing Sources/(Uses) | (9.9) | (48.7) | (5.1) |

| | | | |
|----------------------------------|-------------|---------------|--------------|
| Net Cash Position Changes | 26.9 | (20.1) | (4.8) |
| Ending Cash Balance | 85.4 | 58.5 | 65.5 |

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

Summary of Cash Flow:

During this quarter, TSMC generated NT\$48.9 billion from operating activities, mainly from net income of NT\$33.9 billion and depreciation & amortization of NT\$16.6 billion.

Net cash used in investment activities totaled NT\$12.1 billion, mainly resulting from NT\$13.3 billion of capital spending.

Net cash used in financing activities was NT\$9.9 billion during this quarter, largely attributable to an NT\$10.5 billion pay down of corporate bond.

As a result, TSMC ended the quarter with a cash balance of NT\$85.4 billion, NT\$26.9 billion higher than in 3Q05.

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Operating Cash Flow Trend:

Operating cash flow of NT\$48.9 billion was higher than the NT\$37.9 billion generated in the previous quarter, mainly due to increased net income.

V 3. Capital Expenditure

| (In US\$ million) | 4Q05 | 2005 |
|-------------------------------|--------------|--------------|
| TSMC | \$389 | 2,291 |
| TSMC (Shanghai) | 4 | 187 |
| WaferTech & Others | 3 | 7 |
| TSMC & Affiliates | \$396 | 2,485 |

Capital Spending:

Capital expenditures for TSMC alone during the quarter totaled US\$389 million. Most of the spending was for the purchase of 12-inch production equipment. Capital spending for TSMC (Shanghai) in this quarter was US\$4 million. For year 2005, total capital expenditure for TSMC and affiliates was approximately US\$2.5 billion, including US\$2.3 billion for TSMC and US\$0.2 billion for TSMC (Shanghai).

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VI. Recap of Recent Important Events & Announcements

TSMC has entered full production of its 80 nanometer process technology for high-performance designs (2006/01/18)

TSMC has pledged NT\$120 million for the phase II project of the Chemistry Research Center at National Taiwan University (2005/12/16)

TSMC successfully manufactured industry's first network search engine using its 90 nanometer process technology for Integrated Device Technology, Inc., achieving new levels of performance, cost and power consumption (2005/12/07)

TSMC was voted The Best Large Cap Company in Taiwan region by AsiaMoney (2005/12/01)

TSMC board of directors approved capital appropriation of US\$706.5 million to expand its 65 nanometer, 0.18 micron and 0.15 micron capacities (2005/11/08)

TSMC board of directors approved the investment of up to US\$75 million in establishing a new venture capital fund (2005/11/08)

TSMC won 6 out of 11 award categories at the IR Magazine Hong Kong and Taiwan Awards, including Grand Prix for Best Overall Investor Relations - Large Cap and Best Corporate Governance (2005/11/04)

TSMC was ranked No. 8 of the Top 50 Management Teams in Asia by CFO Asia magazine (2005/10)

* 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 LIMITED
Condensed Balance Sheets (Unconsolidated)
(Figures in Million of New Taiwan Dollars (NTD) and
U.S. Dollars (USD))

| | December 31, 2005 | | | September 30, 2005 | | December 31, 2004 ⁽²⁾ | | QoQ | | YoY | |
|---|-------------------|-------------------|--------------|--------------------|--------------|----------------------------------|--------------|------------------|---------------|------------------|--------------|
| | USD | NTD | % | NTD | % | NTD | % | Amount | % | Amount | % |
| ASSETS | | | | | | | | | | | |
| Current Assets | | | | | | | | | | | |
| Cash and Cash Equivalents | \$ 2,599 | \$ 85,384 | 16.8 | \$ 58,467 | 12.1 | \$ 65,532 | 13.4 | \$ 26,917 | 46.0 | \$ 19,852 | 30.3 |
| Short Term Investments, Net | 1,432 | 47,055 | 9.3 | 48,822 | 10.1 | 52,979 | 10.9 | (1,767) | (3.6) | (5,924) | (11.2) |
| Accounts Receivable | | | | | | | | | | | |
| Trade, Net | 1,108 | 36,396 | 7.2 | 37,248 | 7.7 | 27,155 | 5.6 | (852) | (2.3) | 9,241 | 34.0 |
| Inventories, Net | 495 | 16,258 | 3.2 | 15,070 | 3.1 | 14,172 | 2.9 | 1,188 | 7.9 | 2,086 | 14.7 |
| Other Current Assets | 380 | 12,469 | 2.4 | 5,447 | 1.2 | 13,829 | 2.8 | 7,022 | 128.9 | (1,360) | (9.8) |
| Total Current Assets | 6,014 | 197,562 | 38.9 | 165,054 | 34.2 | 173,667 | 35.6 | 32,508 | 19.7 | 23,895 | 13.8 |
| Long Term Investments | | | | | | | | | | | |
| | 2,455 | 80,660 | 15.9 | 78,958 | 16.3 | 73,293 | 15.0 | 1,702 | 2.2 | 7,367 | 10.1 |
| Properties, Plant and Equipment | | | | | | | | | | | |
| Cost: Accumulated Depreciation | 17,453 | 573,337 | 113.0 | 565,426 | 117.0 | 527,982 | 108.4 | 7,911 | 1.4 | 45,355 | 8.6 |
| | (10,934) | (359,191) | (70.8) | (346,517) | (71.7) | (300,006) | (61.6) | (12,674) | 3.7 | (59,185) | 19.7 |
| Properties, Plant and Equipment, Net | 6,519 | 214,146 | 42.2 | 218,909 | 45.3 | 227,976 | 46.8 | (4,763) | (2.2) | (13,830) | (6.1) |
| Other Assets | 462 | 15,172 | 3.0 | 20,185 | 4.2 | 12,617 | 2.6 | (5,013) | (24.8) | 2,555 | 20.3 |
| Total Assets | \$ 15,450 | \$ 507,540 | 100.0 | \$ 483,106 | 100.0 | \$ 487,553 | 100.0 | \$ 24,434 | 5.1 | \$ 19,987 | 4.1 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | | |
| Accounts Payables | \$ 344 | \$ 11,294 | 2.2 | \$ 10,042 | 2.1 | \$ 9,687 | 2.0 | \$ 1,252 | 12.5 | \$ 1,607 | 16.6 |
| Payables to Contractors and | 270 | 8,859 | 1.7 | 10,815 | 2.2 | 31,154 | 6.4 | (1,956) | (18.1) | (22,295) | (71.6) |

| | | | | | | | | | | | |
|--|-----------|------------|-------|------------|-------|------------|-------|-----------|---------|-----------|---------|
| Equipment Suppliers | | | | | | | | | | | |
| Accrued Expenses | | | | | | | | | | | |
| and Other Current | | | | | | | | | | | |
| Liabilities | 366 | 12,031 | 2.4 | 11,547 | 2.4 | 9,298 | 1.9 | 484 | 4.2 | 2,733 | 29.4 |
| Current Portion of | | | | | | | | | | | |
| Bonds Payable | 0 | 0 | 0.0 | 10,500 | 2.2 | 10,500 | 2.2 | (10,500) | (100.0) | (10,500) | (100.0) |
| Total Current | | | | | | | | | | | |
| Liabilities | 980 | 32,184 | 6.3 | 42,904 | 8.9 | 60,639 | 12.5 | (10,720) | (25.0) | (28,455) | (46.9) |
| Bonds Payable | 594 | 19,500 | 3.8 | 19,500 | 4.0 | 19,500 | 4.0 | 0 | 0.0 | 0 | 0.0 |
| Other Long Term | | | | | | | | | | | |
| Liabilities | 311 | 10,225 | 2.1 | 9,591 | 2.0 | 8,449 | 1.7 | 634 | 6.6 | 1,776 | 21.0 |
| Total Liabilities | 1,885 | 61,909 | 12.2 | 71,995 | 14.9 | 88,588 | 18.2 | (10,086) | (14.0) | (26,679) | (30.1) |
| Shareholders' Equity | | | | | | | | | | | |
| Capital Stock | 7,528 | 247,300 | 48.7 | 247,273 | 51.2 | 232,520 | 47.7 | 27 | 0.0 | 14,780 | 6.4 |
| Capital Surplus | 1,739 | 57,118 | 11.3 | 56,777 | 11.7 | 56,537 | 11.6 | 341 | 0.6 | 581 | 1.0 |
| Retained Earnings | 4,346 | 142,771 | 28.1 | 108,871 | 22.6 | 113,730 | 23.3 | 33,900 | 31.1 | 29,041 | 25.5 |
| Treasury Stock | (28) | (918) | (0.2) | (1,550) | (0.3) | (1,595) | (0.3) | 632 | (40.8) | 677 | (42.4) |
| Others | (20) | (640) | (0.1) | (260) | (0.1) | (2,227) | (0.5) | (380) | 146.3 | 1,587 | (71.2) |
| Total Shareholders' Equity | 13,565 | 445,631 | 87.8 | 411,111 | 85.1 | 398,965 | 81.8 | 34,520 | 8.4 | 46,666 | 11.7 |
| Total Liabilities & Shareholders' Equity | \$ 15,450 | \$ 507,540 | 100.0 | \$ 483,106 | 100.0 | \$ 487,553 | 100.0 | \$ 24,434 | 5.1 | \$ 19,987 | 4.1 |

Note: (1) Amounts in NTD have been translated into USD at the rate of NT\$32.85 as of December 31, 2005.

(2) Certain prior period balances have been reclassified to conform with the current period presentation.

TAIWAN SEMICONDUCTOR MANUFACTURING
COMPANY LIMITED
Condensed Income Statements (Unconsolidated)
For the Three Months Ended December 31, 2005,
September 30, 2005 and December 31, 2004
(Expressed in Million New Taiwan Dollars (NTD) and U.S.
Dollars (USD¹))
Except for Per Share Amounts and Shares Outstanding)

| | Q4 2005 | | | Q3 2005 | | Q4 2004 | | QoQ | | YoY | |
|---------------------------------------|----------|-----------|--------|-----------|--------|-----------|--------|-----------|-----------|-----------|--------|
| | USD | NTD | % | NTD | % | NTD | % | Amount | % | Amount | % |
| Net Sales | \$ 2,426 | \$ 81,161 | 100.0 | \$ 69,258 | 100.0 | \$ 63,875 | 100.0 | \$ 11,903 | 17.2 | \$ 17,286 | 27.1 |
| Cost of Sales | (1,234) | (41,296) | (50.9) | (38,733) | (55.9) | (36,722) | (57.5) | (2,563) | 6.6 | (4,574) | 12.5 |
| Gross Profit | 1,192 | 39,865 | 49.1 | 30,525 | 44.1 | 27,153 | 42.5 | 9,340 | 30.6 | 12,712 | 46.8 |
| Operating Expenses | | | | | | | | | | | |
| Research and Development Expenses | (102) | (3,423) | (4.2) | (3,341) | (4.8) | (3,568) | (5.6) | (82) | 2.5 | 145 | (4.1) |
| General and Administrative Expenses | (56) | (1,860) | (2.3) | (1,881) | (2.8) | (2,153) | (3.4) | 21 | (1.1) | 293 | (13.6) |
| Sales and Marketing Expenses | (11) | (358) | (0.4) | (373) | (0.5) | (404) | (0.6) | 15 | (4.2) | 46 | (11.3) |
| Total Operating Expenses | (169) | (5,641) | (6.9) | (5,595) | (8.1) | (6,125) | (9.6) | (46) | 0.8 | 484 | (7.9) |
| Income from Operations | 1,023 | 34,224 | 42.2 | 24,930 | 36.0 | 21,028 | 32.9 | 9,294 | 37.3 | 13,196 | 62.8 |
| Non-Operating Incomes (Expenses), Net | 28 | 952 | 1.1 | (19) | 0.0 | 457 | 0.7 | 971 | (5,319.4) | 495 | 108.3 |
| Investment Gains (Losses) | 7 | 225 | 0.3 | (491) | (0.7) | 609 | 1.0 | 716 | (145.8) | (384) | (63.0) |
| Income before Income Tax | 1,058 | 35,401 | 43.6 | 24,420 | 35.3 | 22,094 | 34.6 | 10,981 | 45.0 | 13,307 | 60.2 |

| | | | | | | | | | | | |
|---|----------|-----------|-------|-----------|------|-----------|------|----------|-----------|-----------|-----------|
| Income Tax Benefits (Expenses) | (45) | (1,501) | (1.8) | 68 | 0.1 | 90 | 0.1 | (1,569) | (2,337.1) | (1,591) | (1,758.6) |
| Net Income | \$ 1,013 | \$ 33,900 | 41.8 | \$ 24,488 | 35.4 | \$ 22,184 | 34.7 | \$ 9,412 | 38.4 | \$ 11,716 | 52.8 |
| Earnings per Common Shares Diluted | 0.04 | 1.37 | | 0.99 | | 0.90 | | 0.38 | 38.4 | 0.09 | 52.7 |
| Earnings per ADR ⁽²⁾ | 0.21 | 6.86 | | 4.96 | | 4.49 | | | | | |
| Weighted Average Outstanding Shares (M) ⁽³⁾ | | 24,693 | | 24,690 | | 24,724 | | | | | |

Note: (1) Amounts in NTD have been translated into USD at the weighted average rate of NTD33.456 for the fourth quarter of 2005.

(2) 1 ADR equals 5 ordinary shares.

(3) Total diluted weighted average outstanding shares were 24,693M shares for 4Q05 and 24,724M shares for 4Q04 after the retroactive adjustments for stock dividends and stock bonus.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED**Condensed Income Statements (Unconsolidated)****For the Twelve Months Ended December 31, 2005 and 2004****(Expressed in Million New Taiwan Dollars (NTD) and U.S. Dollars (USD)****Except for Per Share Amounts and Shares Outstanding)**

| | USD | 2005 NTD | % | 2004 NTD | % | YoY Amount | % |
|---|----------|-------------|--------|-------------|--------|---------------|---------|
| Net Sales | \$ 8,228 | \$ 264,588 | 100.0 | \$ 255,992 | 100.0 | \$ 8,596 | 3.4 |
| Cost of Sales | (4,644) | (149,344) | (56.4) | (145,831) | (57.0) | (3,513) | 2.4 |
| Gross Profit | 3,584 | 115,244 | 43.6 | 110,161 | 43.0 | 5,083 | 4.6 |
| Operating Expenses | | | | | | | |
| Research and Development Expenses | (417) | (13,396) | (5.1) | (12,516) | (4.9) | (880) | 7.0 |
| General and Administrative Expenses | (233) | (7,485) | (2.8) | (9,367) | (3.7) | 1,882 | (20.1) |
| Sales and Marketing Expenses | (42) | (1,349) | (0.5) | (1,455) | (0.6) | 106 | (7.2) |
| Total Operating Expenses | (692) | (22,230) | (8.4) | (23,338) | (9.1) | 1,108 | (4.7) |
| Income from Operations | 2,892 | 93,014 | 35.2 | 86,823 | 33.9 | 6,191 | 7.1 |
| Non-Operating Incomes (Expenses), Net | 59 | 1,857 | 0.7 | 916 | 0.4 | 941 | 102.9 |
| Investment Gains (Losses) | (33) | (1,052) | (0.4) | 4,040 | 1.6 | (5,092) | (126.0) |
| Income before Income Tax | 2,918 | 93,819 | 35.5 | 91,779 | 35.9 | 2,040 | 2.2 |
| Income Tax Benefits (Expenses) | (8) | (244) | (0.1) | 537 | 0.2 | (781) | (145.5) |
| Net Income | \$ 2,910 | \$ 93,575 | 35.4 | \$ 92,316 | 36.1 | \$ 1,259 | 1.4 |
| Diluted Earnings Per Ordinary Share | 0.12 | 3.79 | | 3.73 | | 0.06 | 1.5 |

| | | | |
|---------------------------------|------|-------|-------|
| Earnings Per ADR ⁽²⁾ | 0.59 | 18.95 | 18.67 |
|---------------------------------|------|-------|-------|

| | | | |
|---|--|--------|--------|
| Weighted Average Outstanding Shares (M) ⁽³⁾ | | 24,693 | 24,724 |
|---|--|--------|--------|

Note: (1) Amounts in NTD have been translated into USD at the weighted average rate of NTD 32.157 for the twelve months of 2005.

(2) 1 ADR equals 5 ordinary shares.

(3) Total weighted average outstanding shares were 24,693M shares for the twelve months ended December 31, 2005 and 24,724M shares for the twelve months ended December 31, 2004 after the retroactive adjustments for stock dividends and stock bonus.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED**Condensed Statement of Cash Flows (Unconsolidated)****For the Twelve Months Ended December 31, 2005****(Figures in Million of New Taiwan Dollars (NTD) and U.S. Dollars (USD))**

| | 12 Months 2005 | 4Q 2005 | 3Q 2005 | 4Q 2004 ⁽²⁾ |
|---|-----------------------|-----------------|-----------------|-------------------------------|
| | USD | NTD | NTD | NTD |
| Cash Flows from Operating Activities: | | | | |
| Net Income | 2,910 | 93,575 | 33,900 | 22,184 |
| Depreciation & Amortization | 2,114 | 67,991 | 16,554 | 16,615 |
| Deferred Income Tax | (102) | (3,279) | (950) | (226) |
| Investment Loss(Income) Recognized by Equity Method | 33 | 1,052 | (225) | (608) |
| Changes in Working Capital & Others | (275) | (8,859) | (422) | (1,231) |
| Net Cash Provided from Operating Activities | 4,680 | 150,480 | 48,857 | 36,734 |
| Cash Flows from Investing Activities: | | | | |
| Decrease(Increase) in Short Term Investments | 184 | 5,924 | 1,767 | (6,851) |
| Increase in Long Term Investments | (530) | (17,038) | (6,936) | (9,091) |
| Acquisition of Properties, Plant and Equipment | (2,291) | (73,659) | (13,323) | (20,521) |
| Proceeds from Disposal of Long Term Investments | 326 | 10,474 | 5,945 | 3,014 |
| Proceeds from Disposal of Properties, Plant and Equipment | 65 | 2,087 | 585 | 1,404 |
| Decrease in Others | (26) | (846) | (112) | (1,407) |
| Net Cash Used By Investing Activities | (2,272) | (73,058) | (12,074) | (36,466) |
| Cash Flows from Financing Activities: | | | | |
| Cash Dividend Common Shares | (1,446) | (46,504) | | (46,504) |
| Bonus Paid to Employees, Directors and Supervisors | (103) | (3,318) | | (3,086) |
| Repayment of Long Term Bonds Payable | (327) | (10,500) | (10,500) | (5,000) |
| Increase(Decrease) in Guarantee Deposits | 77 | 2,481 | 529 | (112) |
| Proceeds from Exercise of Stock Options | 8 | 271 | 105 | 4 |
| Net Cash Used By Financing Activities | (1,791) | (57,570) | (9,866) | (5,108) |
| Net Increase (Decrease) in Cash and Cash Equivalents | 617 | 19,852 | 26,917 | (4,840) |

| | | | | | |
|--|-------|--------|--------|--------|--------|
| Cash and Cash Equivalents at Beginning of Period | 2,038 | 65,532 | 58,467 | 78,597 | 70,372 |
| Cash and Cash Equivalents at End of Period | 2,655 | 85,384 | 85,384 | 58,467 | 65,532 |

Note: (1) Amounts in NTD have been translated into USD at the rate of NTD32.157, the weighted average rate for the twelve months ended December 31, 2005.

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

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

| | December 31, 2005 | | | September 30, 2005 | | December 31, 2004 | | QoQ | | YoY | |
|---|-------------------|-------------------|--------------|--------------------|--------------|-------------------|--------------|------------------|--------------|------------------|--------------|
| | USD | NTD | % | NTD | % | NTD | % | Amount | % | Amount | % |
| ASSETS | | | | | | | | | | | |
| Current Assets | | | | | | | | | | | |
| Cash and Cash Equivalents | \$ 2,937 | \$ 96,484 | 18.6 | \$ 69,582 | 14.0 | \$ 74,303 | 14.9 | \$ 26,902 | 38.7 | \$ 22,181 | 29.9 |
| Short Term Investments, Net | 1,443 | 47,399 | 9.1 | 49,260 | 9.9 | 54,108 | 10.8 | (1,861) | (3.8) | (6,709) | (12.4) |
| Accounts Receivable Trade, Net | 1,171 | 38,478 | 7.4 | 39,140 | 7.9 | 27,544 | 5.5 | (662) | (1.7) | 10,934 | 39.7 |
| Inventories, Net | 540 | 17,728 | 3.4 | 16,239 | 3.3 | 15,556 | 3.1 | 1,489 | 9.2 | 2,172 | 14.0 |
| Other Current Assets | 370 | 12,166 | 2.4 | 4,880 | 1.0 | 12,938 | 2.6 | 7,286 | 149.3 | (772) | (6.0) |
| Total Current Assets | 6,461 | 212,255 | 40.9 | 179,101 | 36.1 | 184,449 | 36.9 | 33,154 | 18.5 | 27,806 | 15.1 |
| Long Term | | | | | | | | | | | |
| Investment | 1,292 | 42,428 | 8.2 | 40,331 | 8.1 | 38,102 | 7.6 | 2,097 | 5.2 | 4,326 | 11.4 |
| Properties, Plant and Equipment | 19,572 | 642,948 | 123.8 | 635,513 | 128.1 | 590,166 | 118.3 | 7,435 | 1.2 | 52,782 | 8.9 |
| Less: Accumulated Depreciation | (12,119) | (398,125) | (76.7) | (384,200) | (77.4) | (331,255) | (66.4) | (13,925) | 3.6 | (66,870) | 20.2 |
| Properties, Plant and Equipment, Net | 7,453 | 244,823 | 47.1 | 251,313 | 50.7 | 258,911 | 51.9 | (6,490) | (2.6) | (14,088) | (5.4) |
| Other Assets | 609 | 20,003 | 3.8 | 25,371 | 5.1 | 17,992 | 3.6 | (5,368) | (21.2) | 2,011 | 11.2 |
| Total Assets | \$ 15,815 | \$ 519,509 | 100.0 | \$ 496,116 | 100.0 | \$ 499,454 | 100.0 | \$ 23,393 | 4.7 | \$ 20,055 | 4.0 |
| LIABILITIES AND SHAREHOLDERS EQUITY | | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | | |
| Short-term loan payable | \$ 10 | \$ 328 | 0.1 | \$ 1,125 | 0.2 | \$ 382 | 0.1 | (\$797.00) | (70.8) | (\$54) | (14.2) |
| Accounts Payables | 340 | 11,165 | 2.1 | 9,852 | 2.0 | 9,481 | 1.9 | 1,313 | 13.3 | 1,684 | 17.7 |
| Payables to Contractors and Equipment Suppliers | 276 | 9,066 | 1.7 | 11,247 | 2.3 | 33,428 | 6.7 | (2,181) | (19.4) | (24,362) | (72.9) |

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| | | | | | | | | | | | |
|--|-----------|------------|-------|------------|-------|------------|-------|-----------|--------|-----------|--------|
| Accrued Expenses and Other Current Liabilities | 443 | 14,558 | 2.8 | 13,846 | 2.8 | 10,128 | 2.1 | 712 | 5.1 | 4,430 | 43.8 |
| Current Portion of Bonds Payable | 0 | 5 | 0.1 | 10,505 | 2.1 | 10,500 | 2.1 | (10,500) | (99.9) | (10,495) | (99.9) |
| Total Current Liabilities | 1,069 | 35,122 | 6.8 | 46,575 | 9.4 | 63,919 | 12.9 | (11,453) | (24.6) | (28,797) | (45.1) |
| Bonds Payable | 594 | 19,500 | 3.8 | 19,500 | 3.9 | 19,500 | 3.9 | 0 | 0.0 | 0 | 0.0 |
| Other Long Term Liabilities | 567 | 18,649 | 3.5 | 18,144 | 3.7 | 16,994 | 3.3 | 505 | 2.8 | 1,655 | 9.7 |
| Total Liabilities | 2,230 | 73,271 | 14.1 | 84,219 | 17.0 | 100,413 | 20.1 | (10,948) | (13.0) | (27,142) | (27.0) |
| Shareholders Equity attributable to Shareholders of the Parent | | | | | | | | | | | |
| Common Stock | 7,528 | 247,300 | 47.6 | 247,273 | 49.8 | 232,520 | 46.6 | 27 | 0.0 | 14,780 | 6.4 |
| Capital Surplus | 1,739 | 57,118 | 11.0 | 56,777 | 11.3 | 56,537 | 11.3 | 341 | 0.6 | 581 | 1.0 |
| Retained Earnings | 4,346 | 142,771 | 27.5 | 108,871 | 22.0 | 113,730 | 22.8 | 33,900 | 31.1 | 29,041 | 25.5 |
| Treasury Stock | (28) | (918) | (0.2) | (1,550) | (0.3) | (1,595) | (0.3) | 632 | (40.8) | 677 | (42.4) |
| Others | (19) | (641) | (0.1) | (260) | (0.1) | (2,227) | (0.5) | (381) | 146.3 | 1,586 | (71.2) |
| Total equity attributable to Shareholders of the Parent | 13,566 | 445,630 | 85.8 | 411,111 | 82.7 | 398,965 | 79.9 | 34,519 | 8.4 | 46,665 | 11.7 |
| Minority interest | 19 | 608 | 0.1 | 786 | 0.3 | 76 | 0.0 | (178) | (22.6) | 532 | 703.3 |
| Total shareholders equity | 13,585 | 446,238 | 85.9 | 411,897 | 83.0 | 399,041 | 79.9 | 34,341 | 8.3 | 47,197 | 11.8 |
| Total Liabilities & Shareholders Equity | \$ 15,815 | \$ 519,509 | 100.0 | \$ 496,116 | 100.0 | \$ 499,454 | 100.0 | \$ 23,393 | 4.7 | \$ 20,055 | 4.0 |

Note: (1) Amounts in NTD have been translated into USD at the rate of NT\$32.85 as of December 31, 2005

(2) Certain prior period balances have been reclassified to

*conform to the
current period
presentation.*

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES**Condensed Income Statements (Consolidated)**

For the Three Months Ended December 31, 2005 and September 30, 2005
(Expressed in Million New Taiwan Dollars (NTD) and U.S. Dollars (USD)
Except For Per Share Amount and Shares Outstanding)

| | Q4 2005 | | | Q3 2005 | | QoQ | |
|---------------------------------------|----------|-----------|--------|-----------|--------|-----------|-----------|
| | USD | NTD | % | NTD | % | Amount | % |
| Net Sales | \$ 2,508 | \$ 80,661 | 100.0 | \$ 70,502 | 100.0 | \$ 10,159 | 14.4 |
| Cost of Sales | (1,223) | (39,347) | (48.8) | (39,545) | (56.1) | 198 | (0.5) |
| Gross Profit | 1,285 | 41,314 | 51.2 | 30,957 | 43.9 | 10,357 | 33.5 |
| Operating Expenses | | | | | | | |
| Research and Development Expenses | (111) | (3,570) | (4.4) | (3,473) | (4.9) | (97) | 2.8 |
| General and Administrative Expenses | (60) | (1,911) | (2.4) | (2,410) | (3.5) | 499 | (20.8) |
| Sales and Marketing Expenses | (44) | (1,424) | (1.8) | (898) | (1.3) | (526) | 58.7 |
| Total Operating Expenses | (215) | (6,905) | (8.6) | (6,781) | (9.7) | (124) | 1.8 |
| Income from Operations | 1,070 | 34,409 | 42.6 | 24,176 | 34.2 | 10,233 | 42.3 |
| Non-Operating Incomes (Expenses), Net | 21 | 640 | 0.8 | 20 | 0.1 | 620 | 3,162.4 |
| Investment Gains (Losses) | 16 | 540 | 0.7 | 271 | 0.4 | 269 | 98.9 |
| Income before Income Tax | 1,107 | 35,589 | 44.1 | 24,467 | 34.7 | 11,122 | 45.5 |
| Income Tax Benefits (Expenses) | (53) | (1,692) | (2.1) | 57 | 0.1 | (1,749) | (3,049.9) |
| Net Income | \$ 1,054 | \$ 33,897 | 42.0 | \$ 24,524 | 34.8 | \$ 9,373 | 38.2 |
| Attributable to: | | | | | | | |
| Shareholders of the parent | \$ 1,054 | \$ 33,900 | 42.0 | \$ 24,488 | 34.7 | \$ 9,412 | 27.8 |
| Minority Interest | | (3) | 0.0 | 36 | 0.1 | (39) | 1,300.0 |

| | | | | | | | |
|---|----------|-----------|------|-----------|------|----------|------|
| | \$ 1,054 | \$ 33,897 | 42.0 | \$ 24,524 | 34.8 | \$ 9,373 | 27.7 |
| Earnings per Common Shares Diluted | \$ 0.04 | \$ 1.37 | | \$ 0.99 | | | |
| Earnings per ADR ⁽²⁾ | \$ 0.21 | \$ 6.86 | | \$ 4.97 | | | |
| Weighted Average Outstanding Shares (M) ⁽³⁾ | | 24,693 | | 24,690 | | | |

*Note: (1) Amounts in
NTD have been
translated into
USD at the
weighted
average rate of
NTD33.456 for
the fourth
quarter of 2005.*

*(2) 1 ADR equals 5
ordinary shares.*

*(3) Total diluted
weighted
average
outstanding
shares were
24,693M shares
for 4Q05 and
24,690M shares
for 3Q05 after
the retroactive
adjustments for
stock dividends
and stock bonus.*

**TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND
SUBSIDIARIES**

**Condensed Income Statements (Consolidated)
For the Twelve Months Ended December 31, 2005 and 2004
(Expressed in Million New Taiwan Dollars (NTD) and U.S. Dollars (USD)
Except for Per Share Amount and Shares Outstanding)**

| | 2005 | | | 2004 | | YoY | |
|---|----------|------------|--------|------------|--------|-----------|---------|
| | USD | NTD | % | NTD | % | Amount | % |
| Net Sales | \$ 8,334 | \$ 267,998 | 100.0 | \$ 257,213 | 100.0 | \$ 10,785 | 4.2 |
| Cost of Sales | (4,658) | (149,795) | (55.9) | (141,394) | (55.0) | (8,401) | 5.9 |
| Gross Profit | 3,676 | 118,203 | 44.1 | 115,819 | 45.0 | 2,384 | 2.1 |
| Operating Expenses | | | | | | | |
| Research and Development Expenses | (436) | (14,016) | (5.2) | (12,515) | (4.9) | (1,501) | 12.0 |
| General and Administrative Expenses | (283) | (9,086) | (3.4) | (11,454) | (4.5) | 2,368 | (20.7) |
| Sales and Marketing Expenses | (128) | (4,132) | (1.5) | (3,368) | (1.3) | (764) | 22.7 |
| Total Operating Expenses | (847) | (27,234) | (10.1) | (27,337) | (10.7) | 103 | (0.4) |
| Income from Operations | 2,829 | 90,969 | 34.0 | 88,482 | 34.3 | 2,487 | 2.8 |
| Non-Operating Incomes (Expenses), Net | 57 | 1,861 | 0.8 | 1,391 | 0.5 | 470 | 33.9 |
| Investment Gains (Losses) | 45 | 1,433 | 0.5 | 2,093 | 0.8 | (660) | (31.6) |
| Income before Income Tax | 2,931 | 94,263 | 35.3 | 91,966 | 35.6 | 2,297 | 2.5 |
| Income Tax Benefits (Expenses) | (19) | (630) | (0.2) | 363 | 0.1 | (993) | (273.5) |
| Net Income | \$ 2,912 | \$ 93,633 | 35.1 | \$ 92,329 | 35.7 | \$ 1,304 | 1.4 |

Attributable to:

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| | | | | | | | |
|--|----------|-----------|------|-----------|------|----------|------|
| Shareholders of the parent | \$ 2,910 | \$ 93,575 | 35.0 | \$ 92,316 | 35.7 | \$ 1,259 | 1.3 |
| Minority Interest | 2 | 58 | 0.1 | 13 | 0.0 | 45 | 77.6 |
| | \$ 2,912 | \$ 93,633 | 35.1 | \$ 92,329 | 35.7 | \$ 1,304 | 1.4 |
| Diluted Earnings Per Ordinary Share | \$ 0.12 | \$ 3.82 | | \$ 3.95 | | | |
| Earnings Per ADR ⁽²⁾ | \$ 0.59 | \$ 19.10 | | \$ 19.75 | | | |
| Weighted Average Outstanding Shares (M) ⁽³⁾ | | 24,693 | | 24,724 | | | |

Note: (1) Amounts in NTD have been translated into USD at the weighted average rate of NTD 32.157 for the twelve months of 2005.

(2) 1 ADR equals 5 ordinary shares.

(3) Total diluted weighted average outstanding shares were 24,693M shares for the twelve months ended December 31, 2005 and 24,724M shares for the twelve months ended December 31, 2004 after the retroactive adjustments for stock dividends and stock

bonus.

**TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND
SUBSIDIARIES**

**Condensed Statements of Cash Flows (Consolidated)
For the Twelve Months Ended December 31, 2005**

(Figures in Million of New Taiwan Dollars (NTD) and U.S. Dollars (USD))

| | 12 Months 2005 | | 4Q 2005 | 3Q 2005 |
|---|-----------------------|-----------------|-----------------|-----------------|
| | USD | NTD | NTD | NTD |
| Cash Flows from Operating Activities: | | | | |
| Net Income | \$ 2,910 | \$ 93,575 | \$ 33,900 | \$ 24,488 |
| Net Income attributable to minority interest | 2 | 58 | (3) | 36 |
| Depreciation & Amortization | 2,352 | 75,649 | 18,664 | 19,006 |
| Deferred Income Tax | (104) | (3,354) | (953) | (1,220) |
| Investment Loss(Income) From Equity Method Investees | (45) | (1,433) | (539) | (271) |
| Changes in Working Capital & Others | (232) | (7,482) | (983) | (2,125) |
| Net Cash Provided from Operating Activities | 4,883 | 157,013 | 50,086 | 39,914 |
| Cash Flows from Investing Activities: | | | | |
| Decrease(Increase) in Short Term Investments | 216 | 6,954 | 1,779 | 424 |
| Increase in Long Term Investments | (456) | (14,675) | (7,615) | (3,697) |
| Acquisition of Properties, Plant and Equipment | (2,484) | (79,879) | (13,618) | (10,599) |
| Proceeds from Disposal of Long Term Investments | 328 | 10,534 | 5,965 | 3,035 |
| Proceeds from Disposal of Properties, Plant and Equipment | 15 | 481 | 206 | 147 |
| Decrease in Others | (27) | (855) | (101) | (231) |
| Net Cash Used By Investing Activities | (2,408) | (77,440) | (13,384) | (10,921) |
| Cash Flows from Financing Activities: | | | | |
| Cash Dividend Common Shares | (1,444) | (46,420) | | (46,420) |
| Bonus Paid to Employees, Directors and Supervisors | (103) | (3,318) | | (3,086) |
| Repayment of Long Term Bonds Payable | (327) | (10,500) | (9,504) | (49) |
| Increase(Decrease) in Guarantee Deposits | 77 | 2,484 | 531 | 847 |
| Proceeds from Exercise of Stock Options | 8 | 271 | 105 | 166 |
| Increase(Decrease) in Others | (15) | (486) | (1,150) | 549 |
| Net Cash Used By Financing Activities | (1,804) | (57,969) | (10,018) | (47,993) |
| | | 0 | | |
| Net Increase (Decrease) in Cash and Cash Equivalents | 671 | 21,604 | 26,684 | (19,000) |

| | | | | |
|---|----------|-----------|-----------|-----------|
| Effect of exchange rate changes on cash and cash equivalents and others | 11 | 349 | 363 | 33 |
| Effect of first inclusion for consolidation of certain subsidiaries | 7 | 229 | (145) | 144 |
| Cash and Cash Equivalents at Beginning of Period | 2,311 | 74,302 | 69,582 | 88,405 |
| Cash and Cash Equivalents at End of Period | \$ 3,000 | \$ 96,484 | \$ 96,484 | \$ 69,582 |

Note : (1) Amounts in NTD have been translated into USD at the rate of NTD32.157 , the weighted average rate for the twelve months ended December 31, 2005.

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

SIGNATURES

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

Taiwan Semiconductor Manufacturing
Company Ltd.

Date: January 26, 2006

By /s/ Lora Ho

Lora Ho
Vice President & Chief Financial
Officer