

TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD

Form 6-K

April 27, 2007

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 2007

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**1Q07 Quarterly Management
Report April 26, 2007****CONTACT****Elizabeth Sun / Harrison Hsueh****Julie Wei**

Investor Relations Division

TSMC

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Topics in This Report

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Cash Flow & CapEx

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Operating Results Review:**Summary:***(Amounts are on consolidated basis and are in
NT\$ billion except noted otherwise)*

| | 1Q07 | 4Q06 | 1Q06 | QoQ | YoY |
|-------------------------------------|-------------|-------------|-------------|------------|------------|
| EPS (NT\$ per com. shr.) | 0.73 | 1.08 | 1.26 | (32.5%) | (42.3%) |
| (US\$ per ADR unit) | 0.11 | 0.16 | 0.20 | | |
| Consolidated Net Sales | 64.90 | 74.96 | 77.85 | (13.4%) | (16.6%) |
| Gross Profit | 24.61 | 34.45 | 37.73 | (28.6%) | (34.8%) |
| Gross Margin | 37.9% | 46.0% | 48.5% | | |
| Operating Expense | (6.73) | (7.05) | (6.82) | (4.4%) | (1.3%) |
| Non-Operating Items* | 2.19 | 2.10 | 3.62 | 4.3% | (39.5%) |
| Net Income | 18.84 | 27.91 | 32.61 | (32.5%) | (42.2%) |
| Net Profit Margin | 29.0% | 37.2% | 41.9% | | |
| Wafer Shipment (kpcs 8 inch-equiv.) | 1,566 | 1,718 | 1,738 | (8.9%) | (9.9%) |

* **1Q06**
non-operating
items include
cumulative
effect of
changes in
accounting

principle.

Remarks:

The first quarter diluted earnings per share were NT\$0.73, representing a 42.3% decrease over the same period last year and a 32.5% sequential decline from the previous quarter. The consolidated operating results of 1Q07 are summarized below:

First quarter net sales were NT\$65 billion, down 16.6% from NT\$78 billion in first quarter 2006 and down 13.4% from NT\$75 billion in fourth quarter 2006.

Gross profit for 1Q07 was NT\$24.6 billion, representing a year-over-year decrease of 34.8% and a quarter-over-quarter decline of 28.6%. Gross margin was 37.9% in the first quarter 2007, down from 46% in the previous quarter.

Operating expenses were NT\$6.7 billion or 10.4% of the net sales. The combined result from non-operating income and long-term investments was a gain of NT\$2.2 billion.

Consolidated net income attributable to shareholders of the parent company was NT\$18.8 billion, down 42.2% over the same period last year and down 32.5% from the previous quarter. Net profit margin was 29% in first quarter 2007.

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

| | | | |
|-------------------|------|------|------|
| By Application | 1Q07 | 4Q06 | 1Q06 |
| Computer | 29% | 32% | 37% |
| Communication | 42% | 42% | 39% |
| Consumer | 16% | 16% | 18% |
| Industrial/Others | 9% | 7% | 5% |
| Memory | 4% | 3% | 1% |
| By Technology | 1Q07 | 4Q06 | 1Q06 |
| N90- | 23% | 23% | 20% |
| 0.11/0.13um | 26% | 25% | 29% |
| 0.15/0.18um | 30% | 33% | 32% |
| 0.25/0.35um | 15% | 14% | 14% |
| 0.50um+ | 6% | 5% | 5% |
| By Customer Type | 1Q07 | 4Q06 | 1Q06 |
| Fabless/System | 70% | 72% | 74% |
| IDM | 30% | 28% | 26% |
| By Geography | 1Q07 | 4Q06 | 1Q06 |
| North America | 77% | 78% | 78% |
| Asia Pacific | 11% | 11% | 11% |
| Europe | 7% | 7% | 7% |
| Japan | 5% | 4% | 4% |

Revenue Analysis:

First quarter business was affected by inventory correction and seasonality, but consolidated net sales exceeded the high end of the guidance slightly to reach NT\$64.9 billion, mainly due to better than expected exchange rates and an increase in revenues from our subsidiaries.

On a sequential basis, revenues from all three applications declined. Revenues from computer, communications and consumer applications declined by 21%, 15% and 12%, respectively.

Revenues from 65nm and 90nm accounted for about 23% of total wafer sales, flat from the fourth quarter 2006.

Revenues from advanced technologies (0.13-micron and below) accounted for 49% of total wafer sales, up one percentage point from the previous quarter.

Revenues from IDM customers accounted for 30% of total wafer sales during the quarter, compared to 28% in the previous quarter.

Geographically, revenues from North America accounted for 77% of total wafer sales. Meanwhile, sales from Asia Pacific, Europe and Japan accounted for 11%, 7% and 5% of wafer sales, respectively.

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II. Capacity**II. Capacity**

| Fab / (Wafer size) | 1Q07 (A) | 2Q07 (F) | 3Q07 (F) | 4Q07 (F) | 2007 (F) |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Fab-2 (6") ¹ | 257 | 257 | 273 | 273 | 1,060 |
| Fab-3 (8") | 259 | 262 | 267 | 269 | 1,057 |
| Fab-5 (8") | 144 | 155 | 163 | 166 | 627 |
| Fab-6 (8") | 245 | 255 | 274 | 279 | 1,053 |
| Fab-7 (8") | 0 | 0 | 0 | 0 | 0 |
| Fab-8 (8") | 239 | 239 | 260 | 265 | 1,004 |
| Fab-12 (12") ² | 169 | 180 | 205 | 221 | 775 |
| Fab-14 (12") ² | 103 | 113 | 154 | 176 | 546 |
| WaferTech (8") | 104 | 105 | 106 | 106 | 419 |
| TSMC (Shanghai) (8") | 90 | 94 | 98 | 101 | 383 |
| TSMC total capacity (8" equiv. Kpcs) | 1,836 | 1,913 | 2,128 | 2,232 | 8,109 |
| SSMC (8") | 53 | 55 | 56 | 61 | 226 |
| Total managed capacity (8" equiv. Kpcs) | 1,890 | 1,968 | 2,184 | 2,293 | 8,335 |

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

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

Capacity :

Total TSMC managed capacity was 1,890K 8-inch equivalent wafers in 1Q07, 1% lower than the 1,912K 8-inch equivalent wafers in 4Q06, largely due to fewer working days and scheduled annual maintenance for some of the TSMC fabs.

TSMC managed capacity in 2Q07 will increase by 4% to reach 1,968K 8-inch equivalent wafers.

Total managed capacity for year 2007 is expected to be 8,335K 8-inch equivalent wafers, up 18% from 7,062K 8-inch equivalent wafers in year 2006.

III. Profit & Expense Analysis

III 1. Gross Profit Analysis

| (Amount: NT\$ billion) | 1Q07 | 4Q06 | 1Q06 |
|------------------------|--------------|--------------|--------------|
| COGS | 40.3 | 40.5 | 40.1 |
| Depreciation | 18.5 | 18.2 | 16.2 |
| Other MFG Cost | 21.8 | 22.3 | 23.9 |
| Gross Profit | 24.6 | 34.5 | 37.7 |
| Gross Margin | 37.9% | 46.0% | 48.5% |

Gross Profit Analysis:

Consolidated gross profit for the first quarter 2007 was NT\$24.6 billion, or 37.9% of net sales, down from a gross profit of NT\$34.5 billion, or 46% of net sales, in the previous quarter. The gross margin declined by 8.1 percentage points largely due to lower capacity utilization, lower average selling price, an increase in depreciation expenses, and a lower provision for sales returns in 4Q06.

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III 2. Operating Expenses

| (Amount: NT\$ billion) | 1Q07 | 4Q06 | 1Q06 |
|-----------------------------|-------------|-------------|-------------|
| Total Operating Exp. | 6.73 | 7.05 | 6.82 |
| SG&A | 2.79 | 2.92 | 2.98 |
| Research & Development | 3.94 | 4.13 | 3.84 |

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

Operating Expenses:

Total operating expenses for 1Q07 were NT\$6.7 billion, compared to NT\$7.1 billion in fourth quarter 2006. Total operating expenses represented 10.4% of net sales, compared to 9.4% for the previous quarter.

Research and development expenditures decreased by NT\$193 million sequentially, mainly due to a reduction in 65nm related expenditures as we entered into volume production for 65nm process node.

SG&A expenses were NT\$2.8 billion, compared to NT\$2.9 billion in fourth quarter 2006.

III 3. Non-Operating Items

| (Amount: NT\$ million) | 1Q07 | 4Q06 | 1Q06 |
|------------------------------------|--------------|--------------|--------------|
| Non-Operating Income/(Exp.) | 1,830 | 1,713 | 1,417 |
| Net Interest Income/(Exp.) | 1,162 | 1,030 | 775 |
| Other Non-Operating | 668 | 683 | 642 |
| L-T Investments | 361 | 388 | 600 |
| SSMC | 70 | 59 | 462 |
| Others | 291 | 329 | 138 |
| Total Non-Operating Items | 2,191 | 2,101 | 2,017 |

Non-Operating Items:

Combined result from non-operating income and long-term investments was a gain of NT\$2.2 billion for first quarter 2007.

Non-operating income totaled NT\$1.8 billion during the first quarter 2007, compared to an income of NT\$1.7 billion in the previous quarter. Higher non-operating income was mainly due to an increase in interest income.

Net investment income was NT\$361 million in first quarter 2007, compared to an income of NT\$388 million in 4Q06.

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

| (Amount: NT\$ billion) | 1Q07 | 4Q06 | 1Q06 |
|----------------------------------|--------------|--------------|--------------|
| Cash & Marketable Securities | 217.4 | 195.1 | 192.3 |
| Accounts Receivable Trade | 33.1 | 31.6 | 38.0 |
| Inventory | 22.3 | 21.4 | 18.4 |
| Total Current Assets | 286.1 | 260.3 | 259.3 |
| Accounts Payable | 19.2 | 20.6 | 22.4 |
| Current Portion of Bonds Payable | 4.5 | 7.0 | 2.5 |
| Accrued Liabilities and Others | 21.4 | 19.3 | 16.0 |
| Total Current Liabilities | 45.1 | 46.9 | 40.9 |
| Current Ratio (x) | 6.3 | 5.6 | 6.3 |
| Net Working Capital | 241.0 | 213.5 | 218.4 |

Liquidity Analysis:

Total cash and marketable securities increased by NT\$22 billion in the first quarter 2007, mainly due to the free cash flows generated during the quarter. As a result, TSMC ended the quarter with NT\$286.1 billion in total current assets, compared to NT\$260.3 billion at the end of the previous quarter.

Total current liabilities were NT\$45.1 billion at the end of the first quarter 2007, compared to NT\$46.9 billion at the end of the previous quarter. The decrease was mainly due to the repayment of NT\$2.5 billion in bonds payable.

As a result, net working capital increased to NT\$241 billion and current ratio improved to 6.3.

IV 2. Receivable/Inventory Days

| | 1Q07 | 4Q06 | 1Q06 |
|--------------------|-------------|-------------|-------------|
| Days of Receivable | 47 | 43 | 46 |
| Days of Inventory | 52 | 50 | 44 |

Receivable/Inventory Days Trend:

Days of receivable were 47 days in 1Q07, compared to 43 days in the previous quarter.

Days of inventory increased by 2 days to reach 52 days.

IV 3. Debt Service

| (Amount: NT\$ billion) | 1Q07 | 4Q06 | 1Q06 |
|------------------------------|-------------|-------------|-------------|
| Cash & Marketable Securities | 217.4 | 195.1 | 192.3 |
| Interest-Bearing Debt | 26.2 | 27.6 | 27.2 |
| Net Cash Reserves | 191.2 | 167.5 | 165.1 |

Debt Service:

As a result of the free cash flows generated during the quarter, net cash reserves defined as the excess of cash and short-term marketable securities over interest-bearing debt increased by NT\$23.7 billion to reach NT\$191.2 billion in 1Q07.

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

| (Amount: NT\$ billion) | 1Q07 | 4Q06 | 1Q06 |
|---|---------------|---------------|---------------|
| Net Income | 18.8 | 27.9 | 32.6 |
| Depreciation & Amortization | 20.3 | 19.7 | 17.7 |
| Other Op Sources/(Uses) | (1.0) | 5.4 | (1.4) |
| Total Op Sources/(Uses) | 38.1 | 53.0 | 48.9 |
| Capital Expenditure | (14.0) | (17.6) | (11.5) |
| Marketable Financial Instruments | 3.5 | (6.7) | (12.8) |
| Other Investing Sources/(Uses) | (2.9) | (4.1) | 0.2 |
| Net Investing Sources/(Uses) | (13.4) | (28.4) | (24.1) |
| Repayment of Bonds Payable | (2.5) | 0.0 | 0.0 |
| Other Financing Sources/(Uses) | (0.3) | 0.8 | 0.1 |
| Net Financing Sources/(Uses) | (2.8) | 0.8 | 0.1 |
| Net Cash Position Changes | 21.9 | 25.4 | 24.9 |
| Exchange Rate Changes & Others | 0.6 | (0.5) | (0.2) |
| Ending Cash Balance | 140.3 | 117.8 | 121.3 |

Summary of Consolidated Cash Flow:

During first quarter 2007, TSMC generated NT\$38 billion in cash from operating activities, mainly from net income of NT\$18.8 billion and depreciation & amortization of NT\$20.3 billion.

Net cash used in investment activities totaled NT\$13.4 billion, mainly due to capital expenditures of NT\$14 billion.

Net cash used in financing activities was NT\$2.8 billion during the quarter, mainly for the repayment of NT\$2.5 billion in bonds payable.

As a result, TSMC ended the quarter with a cash balance of NT\$140.3 billion, NT\$22.4 billion higher than in 4Q06.

V 2. Consolidated Operating and Free Cash Flows**Consolidated Operating and Free Cash Flows:**

TSMC continues to generate strong operating cash flows and free cash flows. Cash flows generated from operating activities were NT\$38 billion, down from NT\$53 billion generated in 4Q06. Free cash flows, defined as the excess of operating cash flows over capital expenditures, totaled NT\$24.2 billion in 1Q07, compared to NT\$35.4 billion generated in the previous quarter, mainly due to lower operating cash flows in 1Q07.

V 3. Capital Expenditures

| (In US\$ Million) | 4Q06 | 1Q07 |
|-------------------|-------------|-------------|
| TSMC | 561 | 419 |
| TSMC Subsidiaries | 10 | 5 |
| Total TSMC | 571 | 424 |

Capital Expenditures:

Capital expenditures for TSMC consolidated group totaled US\$424 million during the quarter. Most of the spending was for the purchase of 12-inch production equipment.

For year 2007, total capital expenditures for TSMC consolidated group is expected to be in the range of US\$2.6 billion to US\$2.8 billion, unchanged from our previous guidance provided in January 2007.

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VI. Recap of Recent Important Events & Announcements

TSMC 45nm Design Ecosystem In Place (2007/04/09)

TSMC Expects to Enter 45nm Production in September (2007/04/09)

TSMC Board Approves Conversion of Philips TSMC Common Shares to ADSs (2007/04/02)

TSMC Announces 55nm Process Technology Readiness (2007/03/27)

Philips and TSMC Announce Joint Plan to Facilitate Orderly Exit by Philips from TSMC Shareholding (2007/03/09)

TSMC Achieves 65 Nanometer Embedded DRAM Milestone (2007/03/06)

TSMC Board Proposes Distribution of NT\$3.0 Cash and 0.5% Stock Per Share (2007/02/06)

TSMC Opens Office in India (2007/02/05)

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

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

| | March 31, 2007 (unaudited) | | | December 31, 2006 (Audited) | | March 31, 2006 (unaudited) | | QoQ | | YoY | |
|---|----------------------------|-------------------|--------------|-----------------------------|--------------|----------------------------|--------------|------------------|-------------|------------------|-------------|
| | USD | NTD | % | NTD | % | NTD | % | Amount | % | Amount | % |
| ASSETS | | | | | | | | | | | |
| Current Assets | | | | | | | | | | | |
| Cash and Cash Equivalents | \$ 4,239 | \$ 140,274 | 23.0 | \$ 117,837 | 20.1 | \$ 121,251 | 21.8 | \$ 22,437 | 19.0 | \$ 19,023 | 15.7 |
| Investments in Marketable Financial Instruments | 2,330 | 77,096 | 12.7 | 77,242 | 13.1 | 71,006 | 12.8 | (146) | -0.2 | 6,090 | 8.6 |
| Receivable Trade | 1,000 | 33,094 | 5.4 | 31,589 | 5.4 | 38,012 | 6.8 | 1,505 | 4.8 | (4,918) | -12.9 |
| Inventories, Net | 673 | 22,259 | 3.7 | 21,431 | 3.6 | 18,409 | 3.3 | 828 | 3.9 | 3,850 | 20.9 |
| Other Current Assets | 404 | 13,356 | 2.2 | 12,218 | 2.1 | 10,572 | 2.0 | 1,138 | 9.3 | 2,784 | 26.3 |
| Total Current Assets | 8,646 | 286,079 | 47.0 | 260,317 | 44.3 | 259,250 | 46.7 | 25,762 | 9.9 | 26,829 | 10.3 |
| Long-Term Investments | | | | | | | | | | | |
| Property, Plant and Equipment | 22,188 | 734,182 | 120.6 | 717,132 | 122.1 | 655,396 | 118.0 | 17,050 | 2.4 | 78,786 | 12.0 |
| Less: Accumulated Depreciation | (14,622) | (483,834) | -79.5 | (463,038) | -78.8 | (413,852) | -74.5 | (20,796) | 4.5 | (69,982) | 16.9 |
| Property, Plant and Equipment, Net | 7,566 | 250,348 | 41.1 | 254,094 | 43.3 | 241,544 | 43.5 | (3,746) | -1.5 | 8,804 | 3.6 |
| Other Assets | 609 | 20,159 | 3.3 | 19,179 | 3.2 | 19,772 | 3.5 | 980 | 5.1 | 387 | 2.0 |
| Total Assets | \$ 18,398 | \$ 608,771 | 100.0 | \$ 587,485 | 100.0 | \$ 555,292 | 100.0 | \$ 21,286 | 3.6 | \$ 53,479 | 9.6 |
| LIABILITIES AND SHAREHOLDERS EQUITY | | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | | |
| Short-Term Bank Loans | \$ 2 | \$ 79 | 0.0 | \$ | \$ | \$ 79 | \$ 79 | | | | |
| Accounts Payables | 306 | 10,129 | 1.7 | 9,802 | 1.7 | 10,687 | 1.9 | 327 | 3.3 | (558) | -5.2 |
| | 275 | 9,094 | 1.5 | 10,769 | 1.8 | 11,680 | 2.1 | (1,675) | -15.6 | (2,586) | -22.1 |

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| | | | | | | | | | | | |
|--|-----------|------------|-------|------------|-------|------------|-------|-----------|--------|-----------|--------|
| Payables to Contractors and Equipment Suppliers | | | | | | | | | | | |
| Accrued Expenses and Other Current Liabilities | 639 | 21,101 | 3.4 | 19,286 | 3.3 | 15,996 | 2.9 | 1,815 | 9.4 | 5,105 | 31.9 |
| Current Portion of Bonds Payable and Long-Term Liabilities | 142 | 4,714 | 0.8 | 7,004 | 1.2 | 2,505 | 0.5 | (2,290) | -32.7 | 2,209 | 88.1 |
| Total Current Liabilities | 1,364 | 45,117 | 7.4 | 46,861 | 8.0 | 40,868 | 7.4 | (1,744) | -3.7 | 4,249 | 10.4 |
| Bonds Payable | 378 | 12,500 | 2.1 | 12,500 | 2.1 | 17,000 | 3.1 | | 0.0 | (4,500) | -26.5 |
| Other Long-Term Liabilities | 586 | 19,415 | 3.2 | 18,986 | 3.2 | 18,813 | 3.3 | 429 | 2.3 | 602 | 3.2 |
| Total Liabilities | 2,328 | 77,032 | 12.7 | 78,347 | 13.3 | 76,681 | 13.8 | (1,315) | -1.7 | 351 | 0.5 |
| Shareholders' Equity | | | | | | | | | | | |
| Attributable to Shareholders of the Parent | | | | | | | | | | | |
| Capital Stock | 7,807 | 258,330 | 42.4 | 258,297 | 44.0 | 247,331 | 44.5 | 33 | 0.0 | 10,999 | 4.4 |
| Capital Surplus | 1,639 | 54,231 | 8.9 | 54,107 | 9.2 | 57,208 | 10.3 | 124 | 0.2 | (2,977) | -5.2 |
| Retained Earnings | 6,527 | 215,963 | 35.5 | 197,125 | 33.6 | 175,378 | 31.6 | 18,838 | 9.6 | 40,585 | 23.1 |
| Treasury Stock | (28) | (918) | -0.2 | (918) | -0.2 | (918) | -0.2 | | 0.0 | | |
| Others | 31 | 1,020 | 0.2 | (630) | -0.1 | (1,066) | -0.1 | 1,650 | -261.9 | 2,086 | -195.7 |
| Total Equity | | | | | | | | | | | |
| Attributable to Shareholders of the Parent | 15,976 | 528,626 | 86.8 | 507,981 | 86.5 | 477,933 | 86.1 | 20,645 | 4.1 | 50,693 | 10.6 |
| Minority Interest | 94 | 3,113 | 0.5 | 1,157 | 0.2 | 678 | 0.1 | 1,956 | 169.1 | 2,435 | 359.4 |
| Total Shareholders' Equity | 16,070 | 531,739 | 87.3 | 509,138 | 86.7 | 478,611 | 86.2 | 22,601 | 4.4 | 53,128 | 11.1 |
| Total Liabilities & Shareholders' Equity | \$ 18,398 | \$ 608,771 | 100.0 | \$ 587,485 | 100.0 | \$ 555,292 | 100.0 | \$ 21,286 | 3.6 | \$ 53,479 | 9.6 |

Note : (1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the rate of NT\$33.089 as of March 31, 2007.

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

| | Q1 2007 | | | Q4 2006 | | Q1 2006 | | QoQ | | YoY | |
|--|----------|-----------|-------|-----------|-------|-----------|-------|-------------|-------|-------------|-------|
| | USD | NTD | % | NTD | % | NTD | % | Amount | % | Amount | % |
| Net Sales | \$ 1,973 | \$ 64,897 | 100.0 | \$ 74,963 | 100.0 | \$ 77,850 | 100.0 | \$ (10,066) | -13.4 | \$ (12,953) | -16.6 |
| Cost of Sales | (1,225) | (40,287) | -62.1 | (40,510) | -54.0 | (40,123) | -51.5 | 223 | -0.6 | (164) | 0.4 |
| Gross Profit | 748 | 24,610 | 37.9 | 34,453 | 46.0 | 37,727 | 48.5 | (9,843) | -28.6 | (13,117) | -34.8 |
| Operating Expenses | | | | | | | | | | | |
| Research and Development Expenses ⁽⁴⁾ | (120) | (3,942) | -6.1 | (4,135) | -5.5 | (3,840) | -4.9 | 193 | -4.6 | (102) | 2.7 |
| General and Administrative Expenses ⁽⁴⁾ | (58) | (1,902) | -2.9 | (2,117) | -2.8 | (1,864) | -2.4 | 215 | -10.2 | (38) | 2.0 |
| Sales and Marketing Expenses ⁽⁴⁾ | (26) | (889) | -1.4 | (794) | -1.1 | (1,121) | -1.4 | (95) | 11.9 | 232 | -20.7 |
| Total Operating Expenses | (204) | (6,733) | -10.4 | (7,046) | -9.4 | (6,825) | -8.8 | 313 | -4.4 | 92 | -1.3 |
| Income from Operations | 544 | 17,877 | 27.5 | 27,407 | 36.6 | 30,902 | 39.7 | (9,530) | -34.8 | (13,025) | -42.1 |
| Non-Operating Income, Net | 55 | 1,830 | 2.8 | 1,713 | 2.3 | 1,417 | 1.8 | 117 | 6.9 | 413 | 29.2 |
| Investment Gains | 11 | 361 | 0.6 | 388 | 0.5 | 600 | 0.8 | (27) | -7.1 | (239) | -39.9 |
| Income before Income Tax | 610 | 20,068 | 30.9 | 29,508 | 39.4 | 32,919 | 42.3 | (9,440) | -32.0 | (12,851) | -39.0 |
| Income Tax (Expenses) Benefits | (33) | (1,107) | -1.7 | (1,494) | -2.0 | (1,855) | -2.4 | 387 | -25.9 | 748 | -40.3 |
| Net Income Before Cumulative Effect of Changes in | 577 | 18,961 | 29.2 | 28,014 | 37.4 | 31,064 | 39.9 | (9,053) | -32.3 | (12,103) | -39.0 |

| | | | | | | | | | | | |
|--|---------|---------|------|---------|------|---------|------|----------|-------|----------|--------|
| Accounting Principles Cumulative Effect of Changes in Accounting Principles (Net of Tax) | | | | | | 1,607 | 2.1 | | | (1,607) | -100.0 |
| Net Income | 577 | 18,961 | 29.2 | 28,014 | 37.4 | 32,671 | 42.0 | (9,053) | -32.3 | (13,710) | -42.0 |
| Minority Interest | (4) | (122) | -0.2 | (102) | -0.2 | (64) | -0.1 | (20) | 18.9 | (58) | 91.1 |
| Net Income Attributable to Shareholders of the Parent | 573 | 18,839 | 29.0 | 27,912 | 37.2 | 32,607 | 41.9 | (9,073) | -32.5 | (13,768) | -42.2 |
| Earnings per Share Diluted | \$ 0.02 | \$ 0.73 | | \$ 1.08 | | \$ 1.26 | | -\$ 0.35 | -32.5 | -\$ 0.53 | -42.3 |
| Earnings per ADR Diluted (2) | \$ 0.11 | \$ 3.65 | | \$ 5.41 | | \$ 6.32 | | -\$ 1.76 | -32.5 | -\$ 2.67 | -42.3 |
| Weighted Average Outstanding Shares Diluted (M ³) | | 25,820 | | 25,815 | | 25,805 | | | | | |

Note:

- (1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD32.888 for the first quarter of 2007.
- (2) 1 ADR equals 5 ordinary shares.
- (3) Total diluted weighted

*average
outstanding
shares were
25,805M shares
for 1Q06 after
the retroactive
adjustments for
stock dividends
and stock bonus.*

- (4) *Certain prior
period balances
have been
reclassified to
conform to the
current period
presentation.*
-

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

| | 1Q 2007 | | 4Q 2006 | 1Q 2006 |
|--|--------------------|-----------------|--------------------|--------------------|
| | (Unaudited) | | (Unaudited) | (Unaudited) |
| | USD | NTD | NTD | NTD |
| Cash Flows from Operating Activities: | | | | |
| Net Income | \$ 573 | \$ 18,839 | \$ 27,912 | \$ 32,607 |
| Net Income Attributable to Minority Interest | 4 | 122 | 103 | 64 |
| Depreciation & Amortization | 616 | 20,251 | 19,682 | 17,734 |
| Deferred Income Tax | (30) | (972) | 7 | (609) |
| Equity in Earnings of Equity Method Investees, Net | (11) | (361) | (388) | (600) |
| Changes in Working Capital & Others | 8 | 265 | 5,698 | (282) |
| Net Cash Provided by Operating Activities | 1,160 | 38,144 | 53,014 | 48,914 |
| Cash Flows from Investing Activities: | | | | |
| Acquisitions: | | | | |
| Marketable Financial Instruments | (480) | (15,796) | (38,210) | (32,731) |
| Investments Accounted for Using Equity Method | | | (2,433) | |
| Property, Plant and Equipment | (424) | (13,959) | (17,580) | (11,510) |
| Financial Assets Carried at Cost | (6) | (212) | (16) | (122) |
| Proceeds from Disposal or maturity of: | | | | |
| Marketable Financial Instruments | 586 | 19,259 | 31,539 | 19,931 |
| Investments Accounted for Using Equity Method | | | | |
| Property, Plant and Equipment | | 1 | 54 | 462 |
| Financial Assets Carried at Cost | | 14 | 21 | |
| Others | (84) | (2,717) | (1,750) | (142) |
| Net Cash Used In Investing Activities | (408) | (13,410) | (28,375) | (24,112) |
| Cash Flows from Financing Activities: | | | | |
| Increase (Decrease) in Guarantee Deposits | (12) | (388) | 133 | 322 |
| Proceeds from Exercise of Stock Options | 4 | 122 | 152 | 117 |
| Bonus Paid to Directors and Supervisors | | | | |
| Repayment of Long-Term Bonds Payable | (76) | (2,500) | | |
| Cash Dividends Paid for Common Stock | | | | |
| Cash Bonus Paid to Employees | | | | |
| Others | (1) | (28) | 480 | (323) |
| Net Cash (Used in) Provided by Financing Activities | (85) | (2,794) | 765 | 116 |
| Net Increase in Cash and Cash Equivalents | 667 | 21,940 | 25,404 | 24,918 |
| Effect of Exchange Rate Changes and Others | 15 | 497 | (470) | (151) |

| | | | | |
|--|----------|------------|------------|------------|
| Cash and Cash Equivalents at Beginning of Period | 3,583 | 117,837 | 92,903 | 96,484 |
| Cash and Cash Equivalents at End of Period | \$ 4,265 | \$ 140,274 | \$ 117,837 | \$ 121,251 |

Note: (1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD32.888 for the three months ended March 31, 2007.

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: April 26, 2007

By /s/ Lora Ho

Lora Ho
Vice President & Chief Financial Officer