

TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD

Form 6-K

April 28, 2010

**Table of Contents**

1934 Act Registration No. 1-14700

**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, DC 20549**  
**FORM 6-K**  
**REPORT OF FOREIGN PRIVATE ISSUER**  
**PURSUANT TO RULE 13a-16 OR 15d-16 OF**  
**THE SECURITIES EXCHANGE ACT OF 1934**  
**For the month of April 2010**  
**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: \_\_\_\_\_.)

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**TABLE OF CONTENTS**

**SIGNATURES**

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**Table of Contents****FOR IMMEDIATE RELEASE****CONTACT****Elizabeth Sun**

Investor Relations Division

TSMC

[invest@tsmc.com](mailto:invest@tsmc.com)

886-3-568-2085

Topics in This Report

Revenue Analysis

Profit &amp; Expense Analysis

Financial Condition Review

Cash Flow

CapEx &amp; Capacity

Recap of Recent Important Events &amp; Announcements

|  |                                    |                       |  |  |  |
|--|------------------------------------|-----------------------|--|--|--|
|  | <b>Quarterly Management Report</b> |                       |  |  |  |
|  | <b>1Q10</b>                        | <b>April 27, 2010</b> |  |  |  |

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

|                                     | <b>1Q10</b>  | <b>4Q09</b>  | <b>1Q09</b>  | <b>QoQ</b> | <b>YoY</b> |
|-------------------------------------|--------------|--------------|--------------|------------|------------|
| EPS (NT\$ per common share)         | 1.30         | 1.26         | 0.06         | 3.1%       | 2059.8%    |
| (US\$ per ADR unit)                 | 0.20         | 0.19         | 0.01         |            |            |
| Consolidated Net Sales              | 92.19        | 92.09        | 39.50        | 0.1%       | 133.4%     |
| Gross Profit                        | 44.19        | 44.70        | 7.48         | (1.1%)     | 490.7%     |
| <i>Gross Margin</i>                 | <i>47.9%</i> | <i>48.5%</i> | <i>18.9%</i> |            |            |
| Operating Expense                   | (10.06)      | (11.05)      | (6.27)       | (9.0%)     | 60.4%      |
| Operating Income                    | 34.13        | 33.64        | 1.21         | 1.4%       | 2722.0%    |
| <i>Operating Margin</i>             | <i>37.0%</i> | <i>36.5%</i> | <i>3.1%</i>  |            |            |
| Non-Operating Items                 | 1.18         | 1.73         | (0.46)       |            |            |
| Net Income                          | 33.66        | 32.67        | 1.56         | 3.1%       | 2059.5%    |
| <i>Net Profit Margin</i>            | <i>36.5%</i> | <i>35.5%</i> | <i>3.9%</i>  |            |            |
| Wafer Shipment (kpcs 8 inch-equiv.) | 2,547        | 2,430        | 892          | 4.8%       | 185.5%     |

**Note:** Total outstanding shares were 25,904mn units on 3/31/10**Financial Highlights:****First Quarter 2010**

Consolidated net sales were NT\$92.19 billion, up 0.1% from NT\$92.09 billion in 4Q09 and up 133.4% from NT\$39.50 billion in 1Q09.

Gross margin was 47.9%, representing a 0.6 percentage point decrease compared with 4Q09, and a 29.0 percentage point increase compared with 1Q09.

Operating margin was 37.0%, 0.5 percentage point higher than 4Q09 and 33.9 percentage points higher than 1Q09.

The combined result from non-operating income and long-term investment was a gain of NT\$1.18 billion, compared to a gain of NT\$1.73 billion in 4Q09, and a loss of NT\$0.46 billion in 1Q09.

Consolidated net income attributable to shareholders of the parent company was NT\$33.66 billion, increasing 3.1% from 4Q09. Net profit margin was 36.5% and diluted EPS was NT\$1.30.

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**Table of Contents****TSMC**

April 27, 2010

Page 2

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

|                   |      |      |      |
|-------------------|------|------|------|
| By Application    | 1Q10 | 4Q09 | 1Q09 |
| Computer          | 32%  | 33%  | 23%  |
| Communication     | 39%  | 39%  | 41%  |
| Consumer          | 14%  | 13%  | 19%  |
| Industrial/Others | 15%  | 15%  | 17%  |
| By Technology     | 1Q10 | 4Q09 | 1Q09 |
| 40/45nm           | 14%  | 9%   | 1%   |
| 65nm              | 27%  | 30%  | 23%  |
| 90nm              | 17%  | 16%  | 25%  |
| 0.11/0.13um       | 13%  | 15%  | 16%  |
| 0.15/0.18um       | 18%  | 18%  | 21%  |
| 0.25/0.35um       | 8%   | 9%   | 11%  |
| 0.50um+           | 3%   | 3%   | 3%   |
| By Customer Type  | 1Q10 | 4Q09 | 1Q09 |
| Fabless/System    | 77%  | 79%  | 77%  |
| IDM               | 23%  | 21%  | 23%  |
| By Geography      | 1Q10 | 4Q09 | 1Q09 |
| North America     | 68%  | 71%  | 68%  |
| Asia Pacific      | 15%  | 13%  | 14%  |
| China             | 2%   | 3%   | 3%   |
| Europe            | 11%  | 10%  | 12%  |
| Japan             | 4%   | 3%   | 3%   |

**Revenue Analysis:**

1Q10 revenue reached NT\$92.19 billion, up 0.1% from 4Q09, as demand was stronger than seasonal in all major applications. Consumer was the strongest with a 9% sequential growth. Communication and Industrial both grew 2% sequentially, while Computer related products declined 3% from the prior quarter.

By technology, revenue from 40/45nm grew strongly as a result of strong demand and continued yields improvement; 40/45nm reached 14% of total wafer sales in 1Q10, from 9% in the prior quarter. Meanwhile, revenues from 65nm and 90nm remained solid and accounted for 27% and 17% of total wafer sales, respectively. Revenues from 0.13-micron and below represented 71% of total wafer sales, up 1 percentage point from the last quarter.

Revenues from IDM customers accounted for 23% of total wafer sales in 1Q10, up 2 percentage points from 4Q09. From a geographic perspective, revenues from customers based in North America accounted for 68% of total wafer sales, while sales from Asia Pacific, China, Europe and Japan accounted for 15%, 2%, 11%, and 4% of total wafer sales, respectively.

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

|                  |       |       |       |
|------------------|-------|-------|-------|
| (In NT billions) | 1Q10  | 4Q09  | 1Q09  |
| COGS             | 48.00 | 47.39 | 32.02 |

|                     |              |              |              |
|---------------------|--------------|--------------|--------------|
| Depreciation        | 19.22        | 18.60        | 18.97        |
| Other MFG Cost      | 28.78        | 28.79        | 13.05        |
| <b>Gross Profit</b> | <b>44.19</b> | <b>44.70</b> | <b>7.48</b>  |
| <b>Gross Margin</b> | <b>47.9%</b> | <b>48.5%</b> | <b>18.9%</b> |

***Gross Profit Analysis:***

1Q10 gross margin was 47.9%, down by 0.6 percentage point from 48.5% in 4Q09. The increase in depreciation could have been more than offset by other manufacturing cost improvement. However, the effect from the March 4<sup>th</sup> earthquake resulted in additional cost from tool recovery and moves loss, which brought the gross margin down by 0.9 percentage point. The unfavorable exchange rate further reduced the gross margin by 0.4 percentage point.

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**Table of Contents****TSMC**

April 27, 2010

Page 3

**II 2. Operating Expenses**

| (In NT billions)                            | 1Q10         | 4Q09         | 1Q09         |
|---|--------------|--------------|--------------|
| <b>Total Operating Exp.</b>                 | <b>10.06</b> | <b>11.05</b> | <b>6.27</b>  |
| SG&A  | 3.65         | 4.48         | 2.54         |
| Research & Development                      | 6.41         | 6.57         | 3.73         |
| <b>Total Operating Exp. as a % of Sales</b> | <b>10.9%</b> | <b>12.0%</b> | <b>15.9%</b> |

**Operating Expenses:**

Total operating expenses was NT\$10.06 billion, representing 10.9% of 1Q10 net sales and a NT\$0.99 billion improvement from 4Q09.

SG&A expenses decreased by NT\$0.83 billion sequentially, primarily due to lowered legal fees.

Research and development expenditures slightly decreased by NT\$0.16 billion.

**II 3. Non-Operating Items**

| (In NT billions)                 | 1Q10        | 4Q09        | 1Q09          |
|----------------------------------|-------------|-------------|---------------|
| <b>Non-Operating Inc./(Exp.)</b> | <b>1.00</b> | <b>1.43</b> | <b>0.35</b>   |
| Net Interest Income/(Exp.)       | 0.32        | 0.35        | 0.88          |
| Other Non-Operating              | 0.68        | 1.08        | (0.53)        |
| <b>L-T Investments</b>           | <b>0.18</b> | <b>0.30</b> | <b>(0.81)</b> |
| SSMC                             | 0.19        | 0.29        | (0.32)        |
| Others                           | (0.01)      | 0.01        | (0.49)        |
| <b>Total Non-Operating Items</b> | <b>1.18</b> | <b>1.73</b> | <b>(0.46)</b> |

**Non-Operating Items:**

Combined result from non-operating income and long-term investments was a gain of NT\$1.18 billion for 1Q10.

Non-operating income was NT\$1.00 billion, down NT\$0.43 billion from 4Q09, primarily due to NT\$0.33 billion less litigation compensation, and, to a lesser extent, wafer scrap loss of NT\$0.19 billion resulting from the March 4<sup>th</sup> earthquake.

Net investment gain was NT\$0.18 billion, lower than NT\$0.30 billion in the prior quarter, as SSMC's earnings was reduced by an inventory revaluation loss and less government subsidies.

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

| (In NT billions)                        | 1Q10          | 4Q09          | 1Q09          |
|---|---------------|---------------|---------------|
| Cash & Marketable Securities            | 192.01        | 195.80        | 229.79        |
| Accounts Receivable Trade               | 39.77         | 35.38         | 13.82         |
| Inventory                               | 22.69         | 20.91         | 14.78         |
| <b>Total Current Assets</b>             | <b>265.62</b> | <b>259.80</b> | <b>268.56</b> |
| Accounts Payable                        | 40.41         | 40.61         | 10.97         |
| Accrued Employee Profit Sharing / Bonus | 11.39         | 13.43         | 15.45         |
| Accrued Liabilities and Others          | 26.38         | 25.09         | 18.95         |



|                                  |               |               |               |
|----------------------------------|---------------|---------------|---------------|
| <b>Total Current Liabilities</b> | <b>78.18</b>  | <b>79.13</b>  | <b>45.37</b>  |
| Current Ratio (x)                | 3.4           | 3.3           | 5.9           |
| <b>Net Working Capital</b>       | <b>187.44</b> | <b>180.67</b> | <b>223.19</b> |

**Liquidity Analysis:**

At the end of 1Q10, cash and marketable securities totaled NT\$192.01 billion, decreased by NT\$3.79 billion from 4Q09, primarily due to the acquisition of Motech shares of NT\$6.23 billion, balanced by net proceeds from disposal of long-term financial instruments.

Account receivables increased by NT\$4.39 billion from the lower base in 4Q09.

Inventory went up by NT\$1.78 billion, mainly due to increased volume of work-in-progress to support stronger demand in 2Q10.

Total current liabilities decreased NT\$0.95 billion, primarily due to the decrease in accrued employee profit sharing/bonus during the quarter (please refer to page 4).

Net working capital was NT\$187.44 billion and current ratio was 3.4x.

**Table of Contents****TSMC**

April 27, 2010

Page 4

**III 1.1 Accrued Employee Profit Sharing / Bonus**

| (In NT billions)               | <b>1Q10</b>  | <b>4Q09</b>  | <b>1Q09</b>  |
|--------------------------------|--------------|--------------|--------------|
| <b>Beginning Balance</b>       | <b>13.43</b> | <b>8.62</b>  | <b>15.20</b> |
| Accrual for current quarter    | 4.62         | 4.81         | 0.25         |
| Payment of 2009 Employee Bonus | (6.66)       |              |              |
| <b>Ending Balance</b>          | <b>11.39</b> | <b>13.43</b> | <b>15.45</b> |

**Accrued Employee Profit Sharing / Bonus:**

In the past, TSMC distributed employee profit sharing/bonus once a year after the Annual General Shareholders Meeting and upon shareholders' approval. Due to change in compensation scheme, half of 2009's profit sharing/bonus was distributed as employee bonus in the first quarter. Starting this year, half of the quarterly accrued employee profit sharing/bonus will be distributed in the following quarter as employee bonus. The remaining half will be distributed as employee profit sharing after the AGM, subject to shareholders' approval.

Therefore, NT\$6.66 billion, which was half of 2009's accrued employee profit sharing/bonus, was distributed during 1Q10. Meanwhile, 1Q10 accrued employee profit sharing/bonus was NT\$4.62 billion.

In sum, the ending balance was NT\$11.39 billion.

**III 2. Receivable/Inventory Days**

(In Number of Days)

|                    | <b>1Q10</b> | <b>4Q09</b> | <b>1Q09</b> |
|--------------------|-------------|-------------|-------------|
| Days of Receivable | 38          | 36          | 38          |
| Days of Inventory  | 45          | 42          | 44          |

**Receivable and Inventory Days:**

Days of receivable increased by two days to 38 days in 1Q10.

Days of inventory increased by three days to 45 days, in anticipation of the strong demand in 2Q10.

**III 3. Debt Service**

| (In NT billions)             | <b>1Q10</b> | <b>4Q09</b> | <b>1Q09</b> |
|------------------------------|-------------|-------------|-------------|
| Cash & Marketable Securities | 192.01      | 195.80      | 229.79      |
| Interest-Bearing Debt        | 14.18       | 15.09       | 16.00       |
| Net Cash Reserves            | 177.83      | 180.71      | 213.79      |

**Debt Service:**

Net cash reserves, defined as the excess of cash and short-term marketable securities over interest-bearing debt, decreased by NT\$2.88 billion to NT\$177.83 billion at the end of 1Q10.

**Table of Contents****TSMC**

April 27, 2010

Page 5

**IV. Cash Flow****IV 1.1. Cash Flow Analysis**

| (In NT billions)                          | <b>1Q10</b>    | <b>4Q09</b>    | <b>1Q09</b>   |
|---|----------------|----------------|---------------|
| Net Income                                | 33.66          | 32.67          | 1.56          |
| Depreciation & Amortization               | 21.00          | 20.28          | 20.48         |
| Employee Bonus Payment                    | (6.66)         | n.a            | n.a           |
| Other Operating Sources/(Uses)            | (1.97)         | 9.05           | 4.75          |
| <b>Total Operating Sources/(Uses)</b>     | <b>46.03</b>   | <b>62.00</b>   | <b>26.79</b>  |
| Capital Expenditure                       | (46.14)        | (42.71)        | (5.62)        |
| Marketable Financial Instruments          | (3.64)         | (3.59)         | 13.80         |
| Long Term Investment                      | (6.23)         | n.a            | n.a           |
| Other Investing Sources/(Uses)            | (0.28)         | (0.80)         | (0.04)        |
| <b>Net Investing Sources/(Uses)</b>       | <b>(56.29)</b> | <b>(47.10)</b> | <b>8.14</b>   |
| Repayment of Bonds Payable                | 0.00           | 0.00           | (8.00)        |
| Other Financing Sources/(Uses)            | (0.84)         | (0.28)         | 0.12          |
| <b>Net Financing Sources/(Uses)</b>       | <b>(0.84)</b>  | <b>(0.28)</b>  | <b>(7.88)</b> |
| <b>Net Cash Position Changes</b>          | <b>(11.10)</b> | <b>14.62</b>   | <b>27.05</b>  |
| <b>Exchange Rate Changes &amp; Others</b> | <b>(0.38)</b>  | <b>(0.28)</b>  | <b>1.60</b>   |
| <b>Ending Cash Balance</b>                | <b>159.80</b>  | <b>171.28</b>  | <b>223.26</b> |

**Summary of Cash Flow:**

Cash generated from operating activities totaled NT\$46.03 billion during the quarter, a decrease of NT\$15.97 billion from 4Q09, primarily due to the payment of employee bonus of NT\$6.66 billion and the increase in accounts receivable of NT\$4.89 billion.

Net cash used in investing activities increased NT\$9.19 billion to NT\$56.29 billion in 1Q10, mainly due to the acquisition of Motech shares and higher capital expenditures.

Net cash used in financing activities was NT\$0.84 billion during the quarter.

As a result, TSMC ended 1Q10 with a cash balance of NT\$159.80 billion.

**Operating and Free Cash Flows:**

Cash flows generated from operating activities were NT\$46.03 billion during the quarter. Free cash flow, defined as the excess of operating cash flows over capital expenditures, decreased by NT\$19.40 billion compared to 4Q09, mainly due to the decrease in operating cash flow of NT\$15.97 billion as discussed in previous paragraphs, and to a lesser extent, higher capital expenditures with a NT\$3.43 billion increase compared with 4Q09.

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

| (In US millions) | <b>1Q10</b> | <b>4Q09</b> |
|------------------|-------------|-------------|
|------------------|-------------|-------------|

|                         |              |              |
|-------------------------|--------------|--------------|
| TSMC                    | 1,433        | 1,304        |
| XinTec and GUC          | 2            | 1            |
| TSMC China & WaferTech  | 8            | 4            |
| Other TSMC Subsidiaries | 1            | 1            |
| <b>Total TSMC</b>       | <b>1,444</b> | <b>1,310</b> |

***Capital Expenditures:***

Capital expenditures for TSMC on a consolidated basis totaled US\$1.44 billion in 1Q10.

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**Table of Contents****TSMC**

April 27, 2010

Page 6

**V 2. Capacity**

|   | <b>2009</b>  | <b>1Q10</b>  | <b>2Q10</b>  | <b>3Q10</b>  | <b>4Q10</b>  | <b>2010</b>   |
|---|--------------|--------------|--------------|--------------|--------------|---------------|
| <b>Fab / (Wafer size)</b>                     | <b>(A)</b>   | <b>(A)</b>   | <b>(F)</b>   | <b>(F)</b>   | <b>(F)</b>   | <b>(F)</b>    |
| Fab-2 (6 <sup>(1)</sup> )                     | 1,121        | 254          | 242          | 264          | 264          | 1,025         |
| Fab-3 (8 )                                    | 1,150        | 267          | 282          | 300          | 300          | 1,149         |
| Fab-5 (8 )                                    | 599          | 139          | 144          | 141          | 141          | 564           |
| Fab-6 (8 )                                    | 1,154        | 269          | 280          | 282          | 282          | 1,113         |
| Fab-8 (8 )                                    | 1,066        | 247          | 253          | 254          | 255          | 1,009         |
| Fab-12 (12 <sup>(2)</sup> )                   | 879          | 269          | 300          | 309          | 311          | 1,189         |
| Fab-14 (12 <sup>(2)</sup> )                   | 958          | 261          | 299          | 345          | 383          | 1,288         |
| WaferTech (8 )                                | 431          | 106          | 107          | 108          | 108          | 429           |
| TSMC China (8 )                               | 531          | 132          | 134          | 145          | 147          | 557           |
| <b>TSMC total capacity (8 equiv. Kpcs)</b>    | <b>9,695</b> | <b>2,497</b> | <b>2,683</b> | <b>2,850</b> | <b>2,941</b> | <b>10,971</b> |
| SSMC (8 )                                     | 259          | 69           | 69           | 69           | 69           | 276           |
| <b>Total managed capacity (8 equiv. Kpcs)</b> | <b>9,955</b> | <b>2,566</b> | <b>2,752</b> | <b>2,919</b> | <b>3,010</b> | <b>11,247</b> |

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

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

**Capacity:**

Total managed capacity was 2,566K 8-inch equivalent wafers in 1Q10, increased by 1% from 2,532K in 4Q09. Total managed capacity in 2Q10 is expected to increase by 7% to reach 2,752K 8-inch equivalent wafers, in which 12 wafer capacity will increase by 13% sequentially. Meanwhile, legacy fabs capacity will increase by 2% in the second quarter of 2010.

Total managed capacity in 2010 is expected to reach 11,247K 8-inch equivalent wafers, representing a 13% increase from 9,955K 8-inch equivalent wafers in 2009, while capacity for 12-inch wafer fabs is expected to increase 35% year-over-year.

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**Table of Contents**

**TSMC**

April 27, 2010

Page 7

**VI. Recap of Recent Important Events & Announcements**

TSMC Breaks Ground on Fab for LED Lighting Business (2010/03/25)

TSMC to Take Delivery of an ASML EUV Lithography System (2010/02/22)

TSMC and MAPPER Reached Joint Development Milestone (2010/02/19)

TSMC Board of Directors Proposes NT\$3.0 Cash Dividend Per Share (2010/02/09)

TSMC Holds Topping Ceremony For Fab 12, Phase 5 (2010/01/19)

Qualcomm and TSMC Collaborating on 28nm Process Technology (2010/01/08)

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

|   | March 31, 2010 (unaudited) |            |         | December 31, 2009 |         | March 31, 2009 |         | QoQ        |       | YoY        |        |
|---|----------------------------|------------|---------|-------------------|---------|----------------|---------|------------|-------|------------|--------|
|   | USD                        | NTD        | %       | NTD               | %       | NTD            | %       | Amount     | %     | Amount     | %      |
| <b>ASSETS</b>                                   |                            |            |         |                   |         |                |         |            |       |            |        |
| Current Assets                                  |                            |            |         |                   |         |                |         |            |       |            |        |
| Cash and Cash Equivalents                       | \$ 5,022                   | \$ 159,800 | 25.5    | \$ 171,276        | 28.8    | \$ 223,262     | 40.4    | (\$11,476) | (6.7) | (\$63,462) | (28.3) |
| Investments in Marketable Financial Instruments | 1,012                      | 32,210     | 5.1     | 24,521            | 4.1     | 6,527          | 1.2     | 7,689      | 31.4  | 25,683     | 393.3  |
| Accounts Receivable                             | 1,250                      | 39,771     | 6.3     | 35,382            | 5.9     | 13,822         | 2.5     | 4,389      | 12.4  | 25,949     | 187.5  |
| Inventories, Net                                | 713                        | 22,694     | 3.6     | 20,914            | 3.5     | 14,775         | 2.7     | 1,780      | 8.5   | 7,919      | 53.5   |
| Other Current Assets                            | 350                        | 11,141     | 1.9     | 7,711             | 1.4     | 10,171         | 1.8     | 3,430      | 44.5  | 970        | 9.7    |
| Total Current Assets                            | 8,347                      | 265,616    | 42.4    | 259,804           | 43.7    | 268,557        | 48.6    | 5,812      | 2.2   | (2,941)    | (1.1)  |
| Long-Term Investments                           | 1,250                      | 39,763     | 6.3     | 37,845            | 6.4     | 35,682         | 6.5     | 1,918      | 5.1   | 4,081      | 11.2   |
| Properties, Plant and Equipment                 | 31,836                     | 1,012,982  | 161.6   | 967,419           | 162.7   | 867,199        | 156.9   | 45,563     | 4.7   | 145,783    | 16.6   |
| Less: Accumulated Depreciation                  | (22,419)                   | (713,353)  | (113.8) | (693,744)         | (116.7) | (640,121)      | (115.8) | (19,609)   | 2.8   | (73,232)   | (11.1) |
| Properties, Plant and Equipment, Net            | 9,417                      | 299,629    | 47.8    | 273,675           | 46.0    | 227,078        | 41.1    | 25,954     | 9.5   | 72,551     | 31.9   |
| Other Assets                                    | 686                        | 21,821     | 3.5     | 23,372            | 3.9     | 21,458         | 3.8     | (1,551)    | (6.6) | 363        | 1.7    |
| Total Assets                                    | \$ 19,700                  | \$ 626,829 | 100.0   | \$ 594,696        | 100.0   | \$ 552,775     | 100.0   | \$ 32,133  | 5.4   | \$ 74,054  | 13.4   |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>     |                            |            |         |                   |         |                |         |            |       |            |        |
| Current Liabilities                             | \$ 10                      | \$ 318     |         | \$                |         | \$             |         | \$ 318     |       | \$ 318     |        |



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|  |           |            |       |            |       |            |       |           |       |           |       |
|--|-----------|------------|-------|------------|-------|------------|-------|-----------|-------|-----------|-------|
| Short-term loan payable                              |           |            |       |            |       |            |       |           |       |           |       |
| Accounts Payables                                    | 365       | 11,626     | 1.9   | 11,689     | 2.0   | 5,824      | 1.1   | (63)      | (0.5) | 5,802     | 99    |
| Payables to contractors and equipment suppliers      | 905       | 28,785     | 4.6   | 28,924     | 4.9   | 5,145      | 0.9   | (139)     | (0.5) | 23,640    | 459   |
| Accrued Expenses and Other Current liabilities       | 1,148     | 36,501     | 5.9   | 37,571     | 6.2   | 34,120     | 6.1   | (1,070)   | (2.8) | 2,381     | 7     |
| Current Portion of Bonds Payable and Long-Term Debts | 30        | 945        | 0.1   | 949        | 0.2   | 286        | 0.1   | (4)       | (0.5) | 659       | 229   |
| Total Current liabilities                            | 2,458     | 78,175     | 12.5  | 79,133     | 13.3  | 45,375     | 8.2   | (958)     | (1.2) | 32,800    | 72    |
| Bonds Payable  | 141       | 4,500      | 0.7   | 4,500      | 0.8   | 4,500      | 0.8   |           |       |           |       |
| Other Long-Term liabilities                          | 372       | 11,849     | 1.9   | 12,015     | 2.0   | 17,587     | 3.2   | (166)     | (1.4) | (5,738)   | (32)  |
| Total Liabilities                                    | 2,971     | 94,524     | 15.1  | 95,648     | 16.1  | 67,462     | 12.2  | (1,124)   | (1.2) | 27,062    | 40    |
| Shareholders' Equity                                 |           |            |       |            |       |            |       |           |       |           |       |
| Attributable to Shareholders of the Parent           |           |            |       |            |       |            |       |           |       |           |       |
| Capital Stock at Par Value                           | 8,141     | 259,038    | 41.3  | 259,027    | 43.6  | 256,260    | 46.4  | 11        | 0.0   | 2,778     | 1     |
| Capital Surplus                                      | 1,745     | 55,531     | 8.9   | 55,486     | 9.3   | 49,965     | 9.0   | 45        | 0.1   | 5,566     | 11    |
| Legal Capital  |           |            |       |            |       |            |       |           |       |           |       |
| Reserve <sup>(2)</sup>                               | 2,430     | 77,317     | 12.3  | 77,317     | 13.0  | 67,324     | 12.2  |           |       | 9,993     | 14    |
| Special Capital Reserve <sup>(2)</sup>               |           |            |       |            |       | 392        | 0.1   |           |       | (392)     | (100) |
| Appropriated Earnings <sup>(2)</sup>                 | 4,344     | 138,228    | 22.1  | 104,565    | 17.5  | 103,896    | 18.8  | 33,663    | 32.2  | 34,332    | 33    |
| Treasury Stock                                       | (62)      | (1,976)    | (0.3) | (1,312)    | (0.2) | 3,710      | 0.6   | (664)     | 50.5  | (5,686)   | (153) |
| Total Equity   |           |            |       |            |       |            |       |           |       |           |       |
| Attributable to Shareholders of the Parent           | 16,598    | 528,138    | 84.3  | 495,083    | 83.2  | 481,547    | 87.1  | 33,055    | 6.7   | 46,591    | 9     |
| Minority Interests                                   | 131       | 4,167      | 0.6   | 3,965      | 0.7   | 3,766      | 0.7   | 202       | 5.1   | 401       | 10    |
| Total Shareholders Equity                            | 16,729    | 532,305    | 84.9  | 499,048    | 83.9  | 485,313    | 87.8  | 33,257    | 6.7   | 46,992    | 9     |
| Total Liabilities & Shareholders' Equity             | \$ 19,700 | \$ 626,829 | 100.0 | \$ 594,696 | 100.0 | \$ 552,775 | 100.0 | \$ 32,133 | 5.4   | \$ 74,054 | 13    |

Note :

(1) *Amounts in New Taiwan dollars have been translated into U.S. dollars at the rate of NT\$31.819 as of March 31, 2010.*

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

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Table of Contents**TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND  
SUBSIDIARIES****Unaudited Consolidated Condensed Income Statements****For the Three Months Ended March 31, 2010, December 31, 2009, March 31, 2009****(Expressed in Millions of New Taiwan Dollars ( NTD ) and U.S. Dollars ( USD )****Except for Per Share Amounts and Shares Outstanding)**

|                                     | 1Q 2010  |           |        | 4Q 2009   |        | 1Q 2009   |        | QoQ    |        | YoY       |         |
|-------------------------------------|----------|-----------|--------|-----------|--------|-----------|--------|--------|--------|-----------|---------|
|                                     | USD      | NTD       | %      | NTD       | %      | NTD       | %      | Amount | %      | Amount    | %       |
| Net Sales                           | \$ 2,885 | \$ 92,187 | 100.0  | \$ 92,094 | 100.0  | \$ 39,500 | 100.0  | \$ 93  | 0.1    | \$ 52,687 | 133.4   |
| Cost of Sales                       | (1,502)  | (48,002)  | (52.1) | (47,399)  | (51.5) | (32,020)  | (81.1) | (603)  | 1.3    | (15,982)  | 49.9    |
| Gross Profit                        | 1,383    | 44,185    | 47.9   | 44,695    | 48.5   | 7,480     | 18.9   | (510)  | (1.1)  | 36,705    | 490.7   |
| Operating Expenses                  |          |           |        |           |        |           |        |        |        |           |         |
| Research and Development Expenses   | (201)    | (6,410)   | (7.0)  | (6,567)   | (7.1)  | (3,729)   | (9.4)  | 157    | (2.4)  | (2,681)   | 71.9    |
| General and Administrative Expenses | (77)     | (2,472)   | (2.6)  | (3,269)   | (3.6)  | (1,595)   | (4.0)  | 797    | (24.4) | (877)     | 55.0    |
| Sales and Marketing Expenses        | (37)     | (1,175)   | (1.3)  | (1,217)   | (1.3)  | (947)     | (2.4)  | 42     | (3.4)  | (228)     | 24.1    |
| Total Operating Expenses            | (315)    | (10,057)  | (10.9) | (11,053)  | (12.0) | (6,271)   | (15.9) | 996    | (9.0)  | (3,786)   | 60.4    |
| Income from Operations              | 1,068    | 34,128    | 37.0   | 33,642    | 36.5   | 1,209     | 3.1    | 486    | 1.4    | 32,919    | 2722.0  |
| Non-Operating Income, Net           | 31       | 998       | 1.1    | 1,427     | 1.6    | 353       | 0.9    | (429)  | (30.1) | 645       | 183.8   |
| Investment Gains                    | 6        | 177       | 0.2    | 299       | 0.3    | (813)     | -2.1   | (122)  | (40.8) | 990       | (121.8) |
| Income before Income Tax            | 1,105    | 35,303    | 38.3   | 35,368    | 38.4   | 749       | 1.9    | (65)   | (0.2)  | 34,554    | 4616.5  |
| Income Tax Expenses                 | (47)     | (1,478)   | (1.6)  | (2,508)   | (2.7)  | 739       | 1.9    | 1,030  | (41.1) | (2,217)   | (299.9) |
| Net Income                          | 1,058    | 33,825    | 36.7   | 32,860    | 35.7   | 1,488     | 3.8    | 965    | 2.9    | 32,337    | 2173.6  |

|   |         |         |       |         |       |         |     |         |        |         |         |
|---|---------|---------|-------|---------|-------|---------|-----|---------|--------|---------|---------|
| Minority Interests  | (5)     | (162)   | (0.2) | (194)   | (0.2) | 71      | 0.1 | 32      | (16.5) | (233)   | (328.0) |
| Net Income Attributable to Shareholders of the Parent         | 1,053   | 33,663  | 36.5  | 32,666  | 35.5  | 1,559   | 3.9 | 997     | 3.1    | 32,104  | 2059.5  |
| Earnings per Share Diluted                                    | \$ 0.04 | \$ 1.30 |       | \$ 1.26 |       | \$ 0.06 |     | \$ 0.04 | 3.1    | \$ 1.24 | 2059.8  |
| Earnings per ADR Diluted <sup>(2)</sup>                       | \$ 0.20 | \$ 6.49 |       | \$ 6.30 |       | \$ 0.30 |     | \$ 0.19 | 3.1    | \$ 6.19 | 2059.8  |
| Weighted Average Outstanding Shares Diluted ( M <sup>3)</sup> |         | 25,916  |       | 25,916  |       | 25,920  |     |         |        |         |         |

## Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD31.955 for the first quarter of 2010.

(2) 1 ADR equals 5 ordinary shares.

(3) Total diluted weighted average outstanding shares were 25,920M shares for 1Q09 after the retroactive adjustments for stock dividends

*and stock bonus.*

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**Table of Contents****TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND  
SUBSIDIARIES****Consolidated Condensed Statements of Cash Flows****For the Three Months Ended March 31, 2010, December 31, 2009, and March 31, 2009****(Expressed in Millions of New Taiwan Dollars ( NTD ) and U.S. Dollars ( USD ))**

|   | <b>1Q 2010</b>     |                 | <b>4Q 2009</b>     | <b>1Q 2009</b>     |
|---|--------------------|-----------------|--------------------|--------------------|
|   | <b>(unaudited)</b> |                 | <b>(unaudited)</b> | <b>(unaudited)</b> |
|   | <b>USD</b>         | <b>NTD</b>      | <b>NTD</b>         | <b>NTD</b>         |
| <b>Cash Flows from Operating Activities:</b>                |                    |                 |                    |                    |
| Net Income  | \$ 1,053           | \$ 33,663       | \$ 32,666          | \$ 1,559           |
| Net Income Attributable to Minority Interest                | 5                  | 162             | 194                | (71)               |
| Depreciation & Amortization                                 | 657                | 21,003          | 20,277             | 20,483             |
| Deferred Income Tax   | (22)               | (718)           | (630)              | (1,394)            |
| Equity in Losses (Earnings) of Equity Method Investees, Net | (6)                | (177)           | (299)              | 813                |
| Changes in Working Capital & Others                         | (247)              | (7,899)         | 9,791              | 5,398              |
| <b>Net Cash Provided by Operating Activities</b>            | <b>1,440</b>       | <b>46,034</b>   | <b>61,999</b>      | <b>26,788</b>      |
| <b>Cash Flows from Investing Activities:</b>                |                    |                 |                    |                    |
| <b>Acquisitions of:</b>                                     |                    |                 |                    |                    |
| Marketable Financial Instruments                            | (809)              | (25,858)        | (19,979)           | (9,251)            |
| Investments Accounted for Using Equity Method               | (195)              | (6,229)         | (11)               |                    |
| Property, Plant and Equipment                               | (1,444)            | (46,136)        | (42,715)           | (5,617)            |
| Financial Assets Carried at Cost                            | (3)                | (111)           | (51)               | (83)               |
| <b>Proceeds from Disposal or maturity of:</b>               |                    |                 |                    |                    |
| Marketable Financial Instruments                            | 695                | 22,220          | 16,394             | 23,053             |
| Property, Plant and Equipment                               | 1                  | 36              | 17                 | 2                  |
| Financial Assets Carried at Cost                            | 1                  | 26              | 37                 |                    |
| Others  | (7)                | (237)           | (794)              | 32                 |
| <b>Net Cash Used In Investing Activities</b>                | <b>(1,761)</b>     | <b>(56,289)</b> | <b>(47,102)</b>    | <b>8,136</b>       |
| <b>Cash Flows from Financing Activities:</b>                |                    |                 |                    |                    |
| Decrease in Guarantee Deposits                              | (3)                | (90)            | (151)              | (165)              |
| Proceeds from Exercise of Stock Options                     | 1                  | 37              | 70                 | 15                 |
| Repayment of Long-Term Bonds Payable                        |                    |                 |                    | (8,000)            |
| Others  | (24)               | (790)           | (196)              | 275                |
| <b>Net Cash Used in Financing Activities</b>                | <b>(26)</b>        | <b>(843)</b>    | <b>(277)</b>       | <b>(7,875)</b>     |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b> | <b>(347)</b>       | <b>(11,098)</b> | <b>14,620</b>      | <b>27,049</b>      |
| <b>Effect of Exchange Rate Changes and Others</b>           | <b>(12)</b>        | <b>(378)</b>    | <b>(279)</b>       | <b>1,599</b>       |

|  |          |            |            |            |
|--|----------|------------|------------|------------|
| Cash and Cash Equivalents at Beginning of Period | 5,360    | 171,276    | 156,935    | 194,614    |
| Cash and Cash Equivalents at End of Period       | \$ 5,001 | \$ 159,800 | \$ 171,276 | \$ 223,262 |

*Note:*

*(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD31.955 for the year ended March 31, 2010.*

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**Table of Contents**

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**Table of Contents**

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**Table of Contents**

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**Table of Contents**

---

**Table of Contents**

---

**Table of Contents**

---

**Table of Contents**

---

**Table of Contents**

---

**Table of Contents**

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**Table of Contents**

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**Table of Contents**

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**Table of Contents**

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**Table of Contents**

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**Table of Contents**

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**Table of Contents**

**SIGNATURES**

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

Taiwan Semiconductor Manufacturing Company  
Ltd.

Date: April 27, 2010

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