

TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD

Form 6-K

April 30, 2008

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 2008
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

**Quarterly Management
Report
April 29, 2008**

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Investor Relations Division

TSMC

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Topics in This Report

Revenue Analysis

Profit & Expense Analysis

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Cash Flow

CapEx & Capacity

Recap of Recent Important Events & Announcements

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

| | 1Q08 | 4Q07 | 1Q07 | QoQ | YoY |
|-------------------------------------|--------------|--------------|--------------|---------|-------|
| EPS (NT\$ per common share) | 1.10 | 1.31 | 0.71 | (16.4%) | 54.0% |
| (US\$ per ADR unit) | 0.17 | 0.20 | 0.11 | | |
| Consolidated Net Sales | 87.48 | 93.86 | 64.90 | (6.8%) | 34.8% |
| Gross Profit | 38.24 | 44.84 | 24.61 | (14.7%) | 55.4% |
| <i>Gross Margin</i> | <i>43.7%</i> | <i>47.8%</i> | <i>37.9%</i> | | |
| Operating Expense | (9.12) | (8.08) | (6.73) | 12.9% | 35.4% |
| Operating Income | 29.12 | 36.76 | 17.88 | (20.8%) | 62.9% |
| <i>Operating Margin</i> | <i>33.3%</i> | <i>39.2%</i> | <i>27.5%</i> | | |
| Non-Operating Items | 2.45 | 2.57 | 2.19 | (4.9%) | 11.8% |
| Net Income | 28.14 | 34.48 | 18.84 | (18.4%) | 49.4% |
| <i>Net Profit Margin</i> | <i>32.2%</i> | <i>36.7%</i> | <i>29.0%</i> | | |
| Wafer Shipment (kpcs 8 inch-equiv.) | 2,196 | 2,357 | 1,566 | (6.8%) | 40.3% |

Remarks:

The first quarter diluted earnings per share were NT\$1.10, representing an increase of 54.0% over the same period last year and a decline of 16.4% from the previous quarter. The consolidated operating results of 1Q08 are summarized below:

Net sales in the first quarter were NT\$87.5 billion, up 34.8% from NT\$64.9 billion in 1Q07 and down 6.8% from NT\$93.9 billion in 4Q07.

Gross profit for the quarter was NT\$38.2 billion with gross margin of 43.7%, 4.1 percentage points lower than the 47.8% gross margin in 4Q07, mainly due to accrued expenses of employee profit sharing and negative impact of a higher than forecast appreciation of the NT dollar.

Operating expenses, including expenses accrued for employee profit sharing, were NT\$9.1 billion or 10.4% of net sales. The combined result from non-operating income and long-term investments was a gain of NT\$2.4 billion.

Consolidated net income attributable to shareholders of the parent company, including an accrual of employee profit sharing, was NT\$28.1 billion, up 49.4% from a year ago level and down 18.4% from the previous quarter. Net profit margin was 32.2% for 1Q08.

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

| | | | |
|-------------------|------|------|------|
| By Application | 1Q08 | 4Q07 | 1Q07 |
| Computer | 34% | 35% | 30% |
| Communication | 42% | 42% | 42% |
| Consumer | 17% | 15% | 17% |
| Industrial/Others | 5% | 5% | 7% |
| Memory | 2% | 3% | 4% |
| By Technology | 1Q08 | 4Q07 | 1Q07 |
| 65nm and below | 15% | 10% | 1% |
| 90nm | 28% | 29% | 22% |
| 0.11/0.13um | 20% | 20% | 26% |
| 0.15/0.18um | 23% | 27% | 30% |
| 0.25/0.35um | 10% | 10% | 15% |
| 0.50um+ | 4% | 4% | 6% |
| By Customer Type | 1Q08 | 4Q07 | 1Q07 |
| Fabless/System | 71% | 68% | 65% |
| IDM | 29% | 32% | 35% |
| By Geography | 1Q08 | 4Q07 | 1Q07 |
| North America | 76% | 79% | 77% |
| Asia Pacific | 12% | 11% | 11% |
| Europe | 9% | 8% | 7% |
| Japan | 3% | 2% | 5% |

Revenue Analysis:

In-line with our guidance, first quarter 2008 revenue reached NT\$87.5 billion. 1Q08 business followed a normal seasonal pattern but revenue was negatively impacted by a 2.6% appreciation in the NT dollar. Demand from consumer related applications grew but communication and computer applications declined during the quarter. On a sequential basis, revenue from consumer applications increased 3%, while revenues for communication and computer applications declined 9% and 12%, respectively.

As a result of continued strong ramp for our 65nm technology, revenue from 65nm reached 15% of total wafer sales during the quarter, up from 10% in the previous quarter. Meanwhile, revenue from 90nm remained strong and accounted for 28% of total wafer sales. Overall, revenues from advanced technologies (0.13-micron and below) accounted for 63% of total wafer sales, up four percentage points from the 4Q07.

Revenues from IDM customers accounted for 29% of total wafer sales in 1Q08, compared to 32% in 4Q07.

From a geographic perspective, revenues from customers based in North America accounted for 76% of total wafer sales. Meanwhile, sales from customers in Asia Pacific, Europe and Japan accounted for 12%, 9% and 3% of wafer sales, respectively.

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

| | | | |
|------------------|------|------|------|
| (In NT billions) | 1Q08 | 4Q07 | 1Q07 |
|------------------|------|------|------|

| | | | |
|---------------------|--------------|--------------|--------------|
| COGS | 49.2 | 49.0 | 40.3 |
| Depreciation | 18.1 | 18.5 | 18.5 |
| Other MFG Cost | 31.1 | 30.5 | 21.8 |
| Gross Profit | 38.2 | 44.8 | 24.6 |
| Gross Margin | 43.7% | 47.8% | 37.9% |

Gross Profit Analysis:

Gross margin in 1Q08 was 43.7%, down 4.1 percentage points from the previous quarter, reflecting the expensing of employee profit sharing (2.5 percentage points), an appreciation of NT dollar (1.0 percentage point), and a lower level of capacity utilization, partially offset by cost improvements.

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II 2. Operating Expenses

| (In NT billions) | 1Q08 | 4Q07 | 1Q07 |
|---|--------------|-------------|--------------|
| Total Operating Exp. | 9.12 | 8.08 | 6.73 |
| SG&A | 3.85 | 3.07 | 2.79 |
| Research & Development | 5.27 | 5.01 | 3.94 |
| Total Operating Exp. as a % of Sales | 10.4% | 8.6% | 10.4% |

Operating Expenses:

Total operating expenses for 1Q08, including the accrued expenses of employee profit sharing (2.3 percentage points), increased by 12.9% sequentially to reach NT\$9.1 billion, or 10.4% of net sales, compared with 8.6% of net sales in the previous quarter.

Research and development expenditures increased by NT\$258 million quarter-over-quarter, mainly due to expensing of employee profit sharing, offset partially by cost improvement due to the maturity of 65nm technologies.

SG&A expenses increased by NT\$780 million from the previous quarter, mostly due to expensing of employee profit sharing.

II 3. Non-Operating Items

| (In NT billions) | 1Q08 | 4Q07 | 1Q07 |
|----------------------------------|------------|------------|------------|
| Non-Operating Inc./(Exp.) | 1.8 | 1.7 | 1.8 |
| Net Interest Income/(Exp.) | 1.2 | 1.2 | 1.2 |
| Other Non-Operating | 0.6 | 0.5 | 0.6 |
| L-T Investments | 0.6 | 0.9 | 0.4 |
| SSMC | 0.4 | 0.5 | 0.1 |
| Others | 0.2 | 0.4 | 0.3 |
| Total Non-Operating Items | 2.4 | 2.6 | 2.2 |

Non-Operating Items:

Combined result from non-operating income and long-term investments was a gain of NT\$2.4 billion for first quarter 2008.

Non-operating income was NT\$1.8 billion, up from NT\$1.7 billion in the previous quarter, primarily due to lower hedging costs.

Net investment income decreased by NT\$300 million in the quarter to NT\$577 million.

II 4. PSE Impact

| | 1Q08 | 4Q07 | 1Q07 |
|----------------------------|--------------|--------------|--------------|
| Gross Margin w/ PSE | 43.7% | 43.2% | 34.3% |
| Gross Margin w/o PSE | 46.2% | 47.8% | 37.9% |
| PSE Impact | -2.5% | -4.6% | -3.6% |

| | | | |
|--------------------------------|--------------|--------------|--------------|
| Operating Margin w/ PSE | 33.3% | 30.2% | 20.4% |
| Operating Margin w/o PSE | 38.1% | 39.2% | 27.5% |
| PSE Impact | -4.8% | -9.0% | -7.1% |

* PSE: Profit
Sharing
Expenses

** 2007 PSE
impact is
estimated using
the 12/31/2007
closing share
price adjusted
for dividends

The Impact of Employee Profit Sharing:

Total impact from employee profit sharing expensing (PSE) on gross margin in 1Q08 was 2.5 percentage points. If we use 12/31/2007 market price, adjusted for dividends, to reflect PSE's impact in 2007, gross margin in 1Q08 would represent an improvement of 50 basis points from 4Q07.

Similarly, total PSE impact on operating margin was 4.8 percentage points in 1Q08, which was 4.2 percentage points less than that of 4Q07.

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

| (In NT billions) | 1Q08 | 4Q07 | 1Q07 |
|----------------------------------|--------------|--------------|--------------|
| Cash & Marketable Securities | 210.3 | 174.8 | 217.4 |
| Accounts Receivable Trade | 38.0 | 42.4 | 33.1 |
| Inventory | 21.9 | 23.9 | 22.3 |
| Total Current Assets | 281.5 | 249.8 | 286.1 |
| Accounts Payable | 22.6 | 19.3 | 19.2 |
| Current Portion of Bonds Payable | 8.0 | 0.0 | 4.5 |
| Accrued Liabilities and Others | 31.4 | 29.4 | 21.4 |
| Total Current Liabilities | 62.0 | 48.7 | 45.1 |
| Current Ratio (x) | 4.5 | 5.1 | 6.3 |
| Net Working Capital | 219.4 | 201.1 | 241.0 |

Liquidity Analysis:

At the end of 1Q08, total cash and marketable securities increased by NT\$35.5 billion, as we generated \$42.0 billion free cash flow during the quarter. TSMC ended the quarter with total current assets of NT\$281.5 billion.

Total current liabilities increased by NT\$13.3 billion in 1Q08, primarily due to increases in payables to equipment suppliers, accrual of employee profit sharing, and reclassification of corporate bonds.

Net working capital was NT\$219.4 billion at the end of the quarter, current ratio declined slightly to 4.5.

III 2. Receivable/Inventory Days

(In Number of Days)

| | 1Q08 | 4Q07 | 1Q07 |
|--------------------|-------------|-------------|-------------|
| Days of Receivable | 43 | 42 | 47 |
| Days of Inventory | 46 | 48 | 52 |

Receivable and Inventory Days:

Sequentially, days of receivable increased by one day to 43 days in 1Q08 while days of inventory declined by two days to 46 days.

III 3. Debt Service

| (In NT billions) | 1Q08 | 4Q07 | 1Q07 |
|------------------------------|-------------|-------------|-------------|
| Cash & Marketable Securities | 210.3 | 174.8 | 217.4 |
| Interest-Bearing Debt | 22.9 | 23.1 | 26.2 |
| Net Cash Reserves | 187.4 | 151.7 | 191.2 |

Debt Service:

Net cash reserves defined as the excess of cash and short-term marketable securities over interest-bearing debt increased by NT\$35.7 billion to NT\$187.4 billion at the end of 1Q08. Interest-bearing debt declined slightly due to the appreciation of NT dollar.

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IV. Cash Flow**IV 1. Cash Flow Analysis**

| (In NT billions) | 1Q08 | 4Q07 | 1Q07 |
|---|--------------|---------------|---------------|
| Net Income | 28.1 | 34.5 | 18.8 |
| Depreciation & Amortization | 19.8 | 20.3 | 20.3 |
| Other Operating Sources/(Uses) | 9.4 | 5.0 | (1.0) |
| Total Operating Sources/(Uses) | 57.3 | 59.8 | 38.1 |
| Capital Expenditure | (15.3) | (19.8) | (14.0) |
| Marketable Financial Instruments | 12.9 | 8.2 | 3.5 |
| Other Investing Sources/(Uses) | (0.7) | (1.1) | (2.9) |
| Net Investing Sources/(Uses) | (3.1) | (12.7) | (13.4) |
| Repayment of Bonds Payable | 0.0 | (4.5) | (2.5) |
| Repurchase of Treasury Stock | (3.1) | (45.4) | 0.0 |
| Other Financing Sources/(Uses) | (0.2) | (0.2) | (0.3) |
| Net Financing Sources/(Uses) | (3.3) | (50.1) | (2.8) |
| Net Cash Position Changes | 50.9 | (3.0) | 21.9 |
| Exchange Rate Changes & Others | (1.6) | (0.3) | 0.6 |
| Ending Cash Balance | 144.3 | 95.0 | 140.3 |

Summary of Cash Flow:

Cash generated from operating activities totaled NT\$57.3 billion during the quarter, down from NT\$59.8 billion in 4Q07.

Net cash used in investing activities was NT\$3.1 billion in 1Q08, reflecting capital expenditure of NT\$15.3 billion and a net decrease of NT\$12.9 billion in marketable financial instruments.

Net cash used in financing activities was NT\$3.3 billion during the quarter, as we spent NT\$3.1 billion in share buybacks.

As a result, TSMC ended the quarter with a cash balance of NT\$144.3 billion.

IV 2. Operating and Free Cash Flows**Operating and Free Cash Flows:**

Cash flows generated from operating activities were NT\$57.3 billion during the quarter. Free cash flow, defined as the excess of operating cash flows over capital expenditures, totaled NT\$42.0 billion in 1Q08, compared to NT\$40.0 billion in 4Q07.

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

| (In US millions) | 1Q08 | 4Q07 |
|---------------------------|-------------|-------------|
| TSMC | 452 | 577 |
| XinTec and GUC | 13 | 16 |
| TSMC Shanghai & WaferTech | 18 | 17 |
| Other TSMC Subsidiaries | 1 | 1 |
| Total TSMC | 484 | 611 |

Capital Expenditures:

Capital expenditures for TSMC on a consolidated basis totaled US\$484 million during the quarter.

For year 2008, total capital expenditures for TSMC is expected to be around US\$1.8 billion, compared with US\$2.6 billion spent in 2007.

V 2. Capacity

| Fab / (Wafer size) | 1Q08 (A) | 2Q08 (F) | 3Q08 (F) | 4Q08 (F) | 2008 (F) |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Fab-2 (6") ¹ | 248 | 267 | 269 | 272 | 1,056 |
| Fab-3 (8") | 277 | 283 | 274 | 274 | 1,109 |
| Fab-5 (8") | 163 | 165 | 167 | 167 | 662 |
| Fab-6 (8") | 265 | 272 | 280 | 277 | 1,094 |
| Fab-8 (8") | 262 | 275 | 278 | 278 | 1,094 |
| Fab-12 (12") ² | 197 | 206 | 210 | 214 | 828 |
| Fab-14 (12") ² | 167 | 185 | 225 | 229 | 806 |
| WaferTech (8") | 105 | 105 | 106 | 106 | 420 |
| TSMC (Shanghai) (8") | 88 | 110 | 128 | 128 | 453 |
| TSMC total capacity (8" equiv. Kpcs) | 2,117 | 2,241 | 2,363 | 2,380 | 9,101 |
| SSMC (8") | 63 | 67 | 69 | 73 | 272 |
| Total managed capacity (8" equiv. Kpcs) | 2,180 | 2,308 | 2,433 | 2,454 | 9,374 |

Note: 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 TSMC managed capacity was 2,180K 8-inch equivalent wafers in the first quarter, 4% lower than 4Q07, mostly due to scheduled fab maintenance and less working days.

TSMC managed capacity in 2Q08 will increase by 6% to reach 2,308K 8-inch equivalent wafers.

Total managed capacity for 2008 is expected to reach 9,374K 8-inch equivalent wafers, representing an increase of 13% from 8,290K 8-inch equivalent wafers in 2007, while capacity for 12-inch wafer fabs will increase by 25%.

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VI. Recap of Recent Important Events & Announcements

TSMC First to Deliver 40nm Process Technology, including Embedded DRAM, Mixed Signal & RF and Regular MPW Prototyping Service (2008/03/24)

TSMC Announces Reorganization of Advanced and Mainstream Business Units to Improve Structural Profitability and Strengthen Customer Partnership (2008/02/29)

TSMC Board Proposes Dividend of NT\$3.0 Cash and 0.5% Stock Per Share (2008/02/19)

TSMC Board Approves The Cancellation of 800 million Treasury Shares Purchased from The Open Market and Reduction of Capital Stock by NT\$8,000 million. (2008/02/19)

Sun Selects TSMC to Fab 45-nanometer and Future Generation Processors (2008/02/19)

* 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, 2008 (unaudited) | | | December 31, 2007 (audited) | | March 31, 2007 (unaudited) | | QoQ | | YoY | |
|---|----------------------------|-------------------|--------------|--------------------------------|--------------|-------------------------------|--------------|------------------|---------------|-------------------|---------------|
| | USD | NTD | % | NTD | % | NTD | % | Amount | % | Amount | % |
| Assets | | | | | | | | | | | |
| Current Assets | | | | | | | | | | | |
| Cash and Cash Equivalents | \$ 4,745 | \$ 144,277 | 24.2 | \$ 94,986 | 16.6 | \$ 140,274 | 23.0 | \$ 49,291 | 51.9 | \$ 4,003 | 2.9 |
| Investments in Marketable Financial Instruments | 2,172 | 66,034 | 11.1 | 79,848 | 14.0 | 77,096 | 12.7 | (13,814) | (17.3) | (11,062) | (14.3) |
| Accounts Receivable | 1,248 | 37,950 | 6.3 | 42,424 | 7.4 | 33,094 | 5.4 | (4,474) | (10.5) | 4,856 | 14.7 |
| Inventories, Net | 720 | 21,890 | 3.7 | 23,862 | 4.2 | 22,259 | 3.7 | (1,972) | (8.3) | (369) | (1.1) |
| Other Current Assets | 372 | 11,304 | 1.9 | 8,702 | 1.5 | 13,356 | 2.2 | 2,602 | 29.9 | (2,052) | (15.4) |
| Total Current Assets | 9,257 | 281,455 | 47.2 | 249,822 | 43.7 | 286,079 | 47.0 | 31,633 | 12.7 | (4,624) | (1.6) |
| Long-Term Investments | 1,108 | 33,693 | 5.6 | 36,461 | 6.4 | 52,185 | 8.6 | (2,768) | (7.6) | (18,492) | (35.4) |
| Property, Plant and Equipment | 26,886 | 817,464 | 136.9 | 800,352 | 140.2 | 734,182 | 120.6 | 17,112 | 2.1 | 83,282 | 11.3 |
| Less: Accumulated Depreciation | (18,282) | (555,854) | (93.1) | (540,100) | (94.6) | (483,834) | (79.5) | (15,754) | 2.9 | (72,020) | 14.5 |
| Property, Plant and Equipment, Net | 8,604 | 261,610 | 43.8 | 260,252 | 45.6 | 250,348 | 41.1 | 1,358 | 0.5 | 11,262 | 4.3 |
| Other Assets | 667 | 20,285 | 3.4 | 24,330 | 4.3 | 20,159 | 3.3 | (4,045) | (16.6) | 126 | 0.0 |
| Total Assets | \$ 19,636 | \$ 597,043 | 100.0 | \$ 570,865 | 100.0 | \$ 608,771 | 100.0 | \$ 26,178 | 4.6 | (\$11,728) | (1.9) |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | | |
| Short-Term Bank Loans | \$ | \$ | | \$ | \$ | 79 | \$ | | | (\$79) | (100.0) |
| Accounts Payables | 340 | 10,338 | 1.7 | 13,078 | 2.3 | 10,129 | 1.7 | (2,740) | (21.0) | 209 | 2.0 |

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| | | | | | | | | | | | |
|---|-----------|------------|-------|------------|-------|------------|-------|-----------|---------|------------|---------|
| Payables to Contractors and Equipment Suppliers | 403 | 12,256 | 2.1 | 6,257 | 1.1 | 9,094 | 1.5 | 5,999 | 95.9 | 3,162 | 34.9 |
| Accrued Expenses and Other Current Liabilities | 1,025 | 31,162 | 5.2 | 29,090 | 5.1 | 21,101 | 3.4 | 2,072 | 7.1 | 10,061 | 47.8 |
| Current Portion of Bonds Payable and Long-Term Liabilities | 272 | 8,280 | 1.4 | 281 | | 4,714 | 0.8 | 7,999 | 2,848.4 | 3,566 | 75.0 |
| Total Current Liabilities | 2,040 | 62,036 | 10.4 | 48,706 | 8.5 | 45,117 | 7.4 | 13,330 | 27.4 | 16,919 | 37.7 |
| Bonds Payable Other Long-Term Liabilities | 148 | 4,500 | 0.8 | 12,500 | 2.2 | 12,500 | 2.1 | (8,000) | (64.0) | (8,000) | (64.0) |
| | 577 | 17,537 | 2.9 | 18,973 | 3.3 | 19,415 | 3.2 | (1,436) | (7.6) | (1,878) | (9.0) |
| Total Liabilities | 2,765 | 84,073 | 14.1 | 80,179 | 14.0 | 77,032 | 12.7 | 3,894 | 4.9 | 7,041 | 9.0 |
| Shareholders' Equity | | | | | | | | | | | |
| Attributable to Shareholders of the Parent | | | | | | | | | | | |
| Capital Stock | 8,429 | 256,292 | 42.9 | 264,271 | 46.3 | 258,330 | 42.4 | (7,979) | (3.0) | (2,038) | (0.9) |
| Capital Surplus | 1,700 | 51,696 | 8.7 | 53,733 | 9.4 | 54,231 | 8.9 | (2,037) | (3.8) | (2,535) | (4.1) |
| Retained Earnings | 6,862 | 208,633 | 34.9 | 218,864 | 38.3 | 215,963 | 35.5 | (10,231) | (4.7) | (7,330) | (3.3) |
| Treasury Stock | (30) | (918) | (0.2) | (49,385) | (8.7) | (918) | (0.2) | 48,467 | (98.1) | | |
| Others | (211) | (6,410) | (1.0) | (391) | 0.0 | 1,020 | 0.2 | (6,019) | 1,535.8 | (7,430) | (728.0) |
| Total Equity Attributable to Shareholders of the Parent | 16,750 | 509,293 | 85.3 | 487,092 | 85.3 | 528,626 | 86.8 | 22,201 | 4.6 | (19,333) | (3.3) |
| Minority Interest | 121 | 3,677 | 0.6 | 3,594 | 0.7 | 3,113 | 0.5 | 83 | 2.3 | 564 | 18.0 |
| Total Shareholders' Equity | 16,871 | 512,970 | 85.9 | 490,686 | 86.0 | 531,739 | 87.3 | 22,284 | 4.5 | (18,769) | (3.3) |
| Total Liabilities & Shareholders' Equity | \$ 19,636 | \$ 597,043 | 100.0 | \$ 570,865 | 100.0 | \$ 608,771 | 100.0 | \$ 26,178 | 4.6 | (\$11,728) | (1.9) |

Note: (1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the rate of

NT\$30.405 as
of March 31,
2008.

**TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND
SUBSIDIARIES**

Unaudited Consolidated Condensed Income Statements

**For the Three Months Ended March 31, 2008, December 31, 2007, and March 31,
2007**

**(Expressed in Millions of New Taiwan Dollars (NTD) and U.S. Dollars (USD)
Except for Per Share Amounts and Shares Outstanding)**

| | Q1 2008 | | | Q4 2007 | | Q1 2007 | | QoQ | | YoY | |
|-------------------------------------|----------|-----------|--------|-----------|--------|-----------|--------|-----------|--------|-----------|-------|
| | USD | NTD | % | NTD | % | NTD | % | Amount | % | Amount | % |
| Net Sales | \$ 2,767 | \$ 87,480 | 100.0 | \$ 93,860 | 100.0 | \$ 64,897 | 100.0 | (\$6,380) | (6.8) | \$ 22,583 | 34.8 |
| Cost of Sales | (1,557) | (49,241) | (56.3) | (49,024) | (52.2) | (40,287) | (62.1) | (217) | 0.4 | (8,954) | 22.2 |
| Gross Profit | 1,210 | 38,239 | 43.7 | 44,836 | 47.8 | 24,610 | 37.9 | (6,597) | (14.7) | 13,629 | 55.4 |
| Operating Expenses | | | | | | | | | | | |
| Research and Development Expenses | (167) | (5,270) | (6.0) | (5,012) | (5.3) | (3,942) | (6.1) | (258) | 5.1 | (1,328) | 33.7 |
| General and Administrative Expenses | (84) | (2,662) | (3.0) | (2,039) | (2.2) | (1,902) | (2.9) | (623) | 30.6 | (760) | 40.0 |
| Sales and Marketing Expenses | (37) | (1,184) | (1.4) | (1,027) | (1.1) | (889) | (1.4) | (157) | 15.2 | (295) | 33.1 |
| Total Operating Expenses | (288) | (9,116) | (10.4) | (8,078) | (8.6) | (6,733) | (10.4) | (1,038) | 12.9 | (2,383) | 35.4 |
| Income from Operations | 922 | 29,123 | 33.3 | 36,758 | 39.2 | 17,877 | 27.5 | (7,635) | (20.8) | 11,246 | 62.9 |
| Non-Operating Income, Net | 59 | 1,872 | 2.1 | 1,697 | 1.8 | 1,830 | 2.8 | 175 | 10.3 | 42 | 2.3 |
| Investment Gains | 18 | 577 | 0.7 | 877 | 0.9 | 361 | 0.6 | (300) | (34.1) | 216 | 60.1 |
| Income before Income Tax | 999 | 31,572 | 36.1 | 39,332 | 41.9 | 20,068 | 30.9 | (7,760) | (19.7) | 11,504 | 57.3 |
| Income Tax (Expenses) Benefits | (106) | (3,336) | (3.8) | (4,608) | (4.9) | (1,107) | (1.7) | 1,272 | (27.6) | (2,229) | 201.3 |

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| | | | | | | | | | | | |
|--|---------|---------|-------|---------|-------|---------|-------|----------|--------|---------|--------|
| Net Income | 893 | 28,236 | 32.3 | 34,724 | 37.0 | 18,961 | 29.2 | (6,488) | (18.7) | 9,275 | 48.9 |
| Minority Interest | (3) | (93) | (0.1) | (239) | (0.3) | (122) | (0.2) | 146 | (61.2) | 29 | (24.1) |
| Net Income Attributable to Shareholders of the Parent | 890 | 28,143 | 32.2 | 34,485 | 36.7 | 18,839 | 29.0 | (6,342) | (18.4) | 9,304 | 49.4 |
| Earnings per Share Diluted | \$ 0.03 | \$ 1.10 | | \$ 1.31 | | \$ 0.71 | | (\$0.22) | (16.4) | \$ 0.39 | 54.0 |
| Earnings per ADR Diluted ⁽²⁾ | \$ 0.17 | \$ 5.49 | | \$ 6.57 | | \$ 3.57 | | (\$1.08) | (16.4) | \$ 1.93 | 54.0 |
| Weighted Average Outstanding Shares Diluted (M ³) | | 25,610 | | 26,243 | | 26,406 | | | | | |

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$31.614 for the first quarter of 2008.

(2) 1 ADR equals 5 ordinary shares.

(3) Total diluted weighted average outstanding shares were 26,406M shares for 1Q07 after the retroactive

*adjustments for
stock dividends
and stock bonus.*

**TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND
SUBSIDIARIES**

Consolidated Condensed Statements of Cash Flows

**For the The Three Months Ended March 31, 2008, December 31, 2007, and
March 31, 2007**

(Expressed in Millions of New Taiwan Dollars (NTD) and U.S. Dollars (USD))

| | 1Q 2008 (Unaudited) | | 4Q 2007 (Unaudited) | 1Q 2007 (Unaudited) |
|---|------------------------|-----------|------------------------|------------------------|
| | USD | NTD | NTD | NTD |
| Cash Flows from Operating Activities: | | | | |
| Net Income | \$ 890 | \$ 28,143 | \$ 34,485 | \$ 18,839 |
| Net Income Attributable to Minority Interest | 3 | 93 | 239 | 122 |
| Depreciation & Amortization | 627 | 19,831 | 20,281 | 20,251 |
| Deferred Income Tax | 14 | 435 | 877 | (972) |
| Equity in Earnings of Equity Method Investees, Net | (18) | (577) | (877) | (361) |
| Changes in Working Capital & Others | 296 | 9,370 | 4,754 | 265 |
| Net Cash Provided by Operating Activities | 1,812 | 57,295 | 59,759 | 38,144 |
| Cash Flows from Investing Activities: | | | | |
| Acquisitions of: | | | | |
| Marketable Financial Instruments | (440) | (13,902) | (32,478) | (15,796) |
| Investments Accounted for Using Equity Method | | | 6 | |
| Property, Plant and Equipment | (484) | (15,313) | (19,781) | (13,959) |
| Financial Assets Carried at Cost | (7) | (213) | (103) | (212) |
| Proceeds from Disposal or maturity of: | | | | |
| Marketable Financial Instruments | 848 | 26,816 | 40,680 | 19,259 |
| Property, Plant and Equipment | | 1 | 34 | 1 |
| Financial Assets Carried at Cost | 3 | 93 | 141 | 14 |
| Others | (19) | (607) | (1,160) | (2,717) |
| Net Cash Used In Investing Activities | (99) | (3,125) | (12,661) | (13,410) |
| Cash Flows from Financing Activities: | | | | |
| Increase (Decrease) in Guarantee Deposits | (12) | (371) | (321) | (388) |
| Proceeds from Exercise of Stock Options | 3 | 81 | 35 | 122 |
| Repayment of Long-Term Bonds Payable | | | (4,500) | (2,500) |
| Repurchase of Treasury Stock | (97) | (3,054) | (45,413) | |
| Others | 2 | 58 | 90 | (28) |
| Net Cash Used in Financing Activities | (104) | (3,286) | (50,109) | (2,794) |
| Net Increase (Decrease) in Cash and Cash Equivalents | 1,609 | 50,884 | (3,011) | 21,940 |

| | | | | |
|--|----------|------------|-----------|------------|
| Effect of Exchange Rate Changes and Others | (50) | (1,593) | (331) | 497 |
| Cash and Cash Equivalents at Beginning of Period | 3,005 | 94,986 | 98,328 | 117,837 |
| Cash and Cash Equivalents at End of Period | \$ 4,564 | \$ 144,277 | \$ 94,986 | \$ 140,274 |

Note: (1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD31.614 for the three months ended March 31, 2008.

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 29, 2008

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