

TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD

Form 6-K

May 05, 2010

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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**Taiwan Semiconductor Manufacturing  
Company Limited  
Financial Statements for the  
Three Months Ended March 31, 2010 and 2009 and  
Independent Accountants' Review Report**

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**INDEPENDENT ACCOUNTANTS REVIEW REPORT**

The Board of Directors and Shareholders

Taiwan Semiconductor Manufacturing Company Limited

We have reviewed the accompanying balance sheets of Taiwan Semiconductor Manufacturing Company Limited as of March 31, 2010 and 2009, and the related statements of income and cash flows for the three months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

We conducted our reviews in accordance with Statement on Auditing Standards No. 36, Review of Financial Statements, issued by the Auditing Standards Committee of the Accounting Research and Development Foundation of the Republic of China. A review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the financial statements referred to above for them to be in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting with respect to financial accounting standards, and accounting principles generally accepted in the Republic of China. As discussed in Note 3 to the financial statements, effective January 1, 2009, Taiwan Semiconductor Manufacturing Company Limited adopted the newly revised Statements of Financial Accounting Standards No. 10, Accounting for Inventories.

We have also reviewed, in accordance with the Statement on Auditing Standards No. 36, the consolidated financial statements of Taiwan Semiconductor Manufacturing Company Limited and subsidiaries as of and for the three months ended March 31, 2010 on which we have issued an unqualified review report and as of and for the three months ended March 31, 2009 on which we have issued an unqualified review report with an explanatory paragraph relating to the adoption of the newly revised Statement of Financial Accounting Standard, Accounting for Inventories.

April 20, 2010

*Notice to Readers*

*The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such financial statements are those generally accepted and applied in the Republic of China.*

*For the convenience of readers, the accountants' review report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language accountants' review report and financial statements shall prevail.*

-2-

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**Taiwan Semiconductor Manufacturing Company Limited**  
**BALANCE SHEETS**  
**MARCH 31, 2010 and 2009**  
(In Thousands of New Taiwan Dollars, Except Par Value)  
(Reviewed, Not Audited)

	<b>2010</b>		<b>2009</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 2 and 4)	\$ 117,507,201	19	\$ 153,276,031	29
Financial assets at fair value through profit or loss (Notes 2, 5 and 22)	81,703		229,415	
Held-to-maturity financial assets (Notes 2, 7 and 22)	7,944,656	1	4,739,315	1
Receivables from related parties (Note 23)	22,260,749	4	10,181,965	2
Notes and accounts receivable	22,614,938	4	8,321,271	2
Allowance for doubtful receivables (Notes 2 and 8)	(453,000)		(198,976)	
Allowance for sales returns and others (Notes 2 and 8)	(7,003,204)	(1)	(6,336,876)	(1)
Other receivables from related parties (Note 23)	295,654		230,871	
Other financial assets (Note 24)	1,129,976		1,348,616	
Inventories (Notes 2, 3 and 9)	20,309,253	4	12,949,118	2
Deferred income tax assets (Notes 2 and 17)	6,072,089	1	5,849,563	1
Prepaid expenses and other current assets	1,387,580		1,047,211	
<b>Total current assets</b>	<b>192,147,595</b>	<b>32</b>	<b>191,637,524</b>	<b>36</b>
<b>LONG-TERM INVESTMENTS (Notes 2, 6, 7, 10, 11 and 22)</b>				
Investments accounted for using equity method	110,955,652	18	109,601,554	21
Available-for-sale financial assets	1,043,306		1,038,443	
Held-to-maturity financial assets	6,214,948	1	11,585,538	2
Financial assets carried at cost	497,835		519,502	
<b>Total long-term investments</b>	<b>118,711,741</b>	<b>19</b>	<b>122,745,037</b>	<b>23</b>
<b>PROPERTY, PLANT AND EQUIPMENT (Notes 2, 12 and 23)</b>				
<b>Cost</b>				
Buildings	125,872,902	21	114,880,914	22
Machinery and equipment	757,039,382	124	636,909,351	119
Office equipment	11,275,851	2	9,856,423	2

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Accumulated depreciation	894,188,135 (646,763,515)	147 (106)	761,646,688 (574,998,401)	143 (108)
Advance payments and construction in progress	34,006,978	5	16,434,915	3
Net property, plant and equipment	281,431,598	46	203,083,202	38
<b>INTANGIBLE ASSETS</b>				
Goodwill (Note 2)	1,567,756		1,567,756	
Deferred charges, net (Notes 2 and 13)	5,779,842	1	5,980,431	1
Total intangible assets	7,347,598	1	7,548,187	1
<b>OTHER ASSETS</b>				
Deferred income tax assets (Notes 2 and 17)	6,555,961	1	5,549,630	1
Refundable deposits	2,525,862	1	2,636,845	1
Others (Note 2)	478,615		443,514	
Total other assets	9,560,438	2	8,629,989	2
<b>TOTAL</b>	<b>\$ 609,198,970</b>	<b>100</b>	<b>\$ 533,643,939</b>	<b>100</b>

	<b>2010</b>		<b>2009</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Financial liabilities at fair value through profit or loss (Notes 2, 5 and 22)	\$ 11,410		\$ 2,962	
Accounts payable	8,945,670	1	4,447,744	1
Payables to related parties (Note 23)	2,758,431		1,102,214	
Income tax payable (Notes 2 and 17)	10,990,083	2	9,663,927	2
Accrued profit sharing to employees and bonus to directors (Notes 2 and 19)	9,046,820	1	15,404,117	3
Payables to contractors and equipment suppliers	28,369,183	5	4,829,314	1
Accrued expenses and other current liabilities (Notes 15 and 22)	11,281,871	2	6,007,869	1
Total current liabilities	71,403,468	11	41,458,147	8
<b>LONG-TERM LIABILITIES</b>				

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Bonds payable (Notes 14 and 22)	4,500,000	1	4,500,000	1
Other long-term payables (Notes 15 and 22)	413,647		881,842	
Total long-term liabilities	4,913,647	1	5,381,842	1
<b>OTHER LIABILITIES</b>				
Accrued pension cost (Notes 2 and 16)	3,808,052	1	3,727,225	1
Guarantee deposits (Note 26)	912,151		1,309,582	
Deferred credits (Notes 2 and 23)	23,936		219,859	
Total other liabilities	4,744,139	1	5,256,666	1
Total liabilities	81,061,254	13	52,096,655	10
<b>CAPITAL STOCK NT\$10 PAR VALUE (Note 19)</b>				
Authorized: 28,050,000 thousand shares				
Issued: 25,903,769 thousand shares in 2010				
25,626,012 thousand shares in 2009	259,037,692	43	256,260,122	48
CAPITAL SURPLUS (Notes 2 and 19)	55,530,845	9	49,965,450	9
<b>RETAINED EARNINGS (Note 19)</b>				
Appropriated as legal capital reserve	77,317,710	13	67,324,393	12
Appropriated as special capital reserve			391,857	
Unappropriated earnings	138,228,089	22	103,896,290	20
	215,545,799	35	171,612,540	32
<b>OTHERS (Notes 2 and 22)</b>				
Cumulative translation adjustments	(2,378,010)		3,531,944	1
Unrealized gain on financial instruments	401,390		177,228	
	(1,976,620)		3,709,172	1
Total shareholders' equity	528,137,716	87	481,547,284	90
<b>TOTAL</b>	<b>\$ 609,198,970</b>	<b>100</b>	<b>\$ 533,643,939</b>	<b>100</b>

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche review report dated April 20, 2010)

-3-

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**Taiwan Semiconductor Manufacturing Company Limited**  
**STATEMENTS OF INCOME**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2010 and 2009**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)  
(Reviewed, Not Audited)

	<b>2010</b>		<b>2009</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
GROSS SALES (Notes 2 and 23)	\$ 91,922,386		\$ 39,214,322	
SALES RETURNS AND ALLOWANCES (Notes 2 and 8)	2,747,878		1,654,628	
NET SALES	89,174,508	100	37,559,694	100
COST OF SALES (Notes 3, 9, 18 and 23)	46,657,769	52	29,717,331	79
GROSS PROFIT	42,516,739	48	7,842,363	21
REALIZED GROSS PROFIT FROM AFFILIATES (Note 2)	14,015		131,929	
REALIZED GROSS PROFIT	42,530,754	48	7,974,292	21
OPERATING EXPENSES (Notes 18 and 23)				
Research and development	5,908,449	7	3,276,829	9
General and administrative	2,206,107	2	1,339,263	3
Marketing	630,103	1	263,567	1
Total operating expenses	8,744,659	10	4,879,659	13
INCOME FROM OPERATIONS	33,786,095	38	3,094,633	8
NON-OPERATING INCOME AND GAINS				
Settlement income (Note 26)	637,580	1		
Equity in earnings of equity method investees, net (Notes 2 and 10)	559,908	1		
Valuation gain on financial instruments, net (Notes 2, 5 and 22)	304,292			
Interest income (Note 2)	178,667		491,659	2
Technical service income (Notes 23 and 26)	118,394		41,348	

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Foreign exchange gain, net (Note 2)			428,117	1
Gain on settlement and disposal of financial assets, net (Notes 2 and 22)			53,461	
Others (Notes 2 and 23)	57,942		102,681	
Total non-operating income and gains	1,856,783	2	1,117,266	3

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-4-

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**Taiwan Semiconductor Manufacturing Company Limited**  
**STATEMENTS OF INCOME**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2010 and 2009**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)  
(Reviewed, Not Audited)

	2010		2009	
	Amount	%	Amount	%
<b>NON-OPERATING EXPENSES AND LOSSES</b>				
Foreign exchange loss, net (Note 2)	\$ 286,109	1	\$	
Casualty loss (Note 9)	194,137			
Interest expense	33,750		40,776	
Equity in losses of equity method investees, net (Notes 2 and 10)			2,949,992	8
Valuation loss on financial instruments, net (Notes 2, 5 and 22)			442,382	1
Others (Note 2)	37,799		29,281	
 Total non-operating expenses and losses	 551,795	 1	 3,462,431	 9
 INCOME BEFORE INCOME TAX	 35,091,083	 39	 749,468	 2
INCOME TAX BENEFIT (EXPENSE) (Notes 2 and 17)	(1,427,966)	(1)	809,405	2
 NET INCOME	 \$ 33,663,117	 38	 \$ 1,558,873	 4

	2010		2009	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
<b>EARNINGS PER SHARE (NT\$, Note 21)</b>				
Basic earnings per share	\$ 1.35	\$ 1.30	\$ 0.03	\$ 0.06
Diluted earnings per share	\$ 1.35	\$ 1.30	\$ 0.03	\$ 0.06

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche review report dated April 20,  
2010)

(Concluded)

**Taiwan Semiconductor Manufacturing Company Limited**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2010 and 2009**  
**(In Thousands of New Taiwan Dollars)**  
**(Reviewed, Not Audited)**

	<b>2010</b>	<b>2009</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 33,663,117	\$ 1,558,873
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	19,697,427	18,762,482
Realized gross profit from affiliates	(14,015)	(131,929)
Amortization of premium/discount of financial assets	4,294	(10,448)
Gain on disposal of available-for-sale financial assets, net		(37,370)
Gain on held-to-maturity financial assets redeemed by the issuer		(16,091)
Loss on disposal of financial assets carried at cost	1,263	
Equity in losses (earnings) of equity method investees, net	(559,908)	2,949,992

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