

TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD

Form 6-K

September 01, 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 August 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: _____.)

TABLE OF CONTENTS

SIGNATURES

Table of Contents

**Taiwan Semiconductor Manufacturing
Company Limited
Financial Statements for the
Six Months Ended June 30, 2010 and 2009 and
Independent Auditors Report**

Table of Contents

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

Taiwan Semiconductor Manufacturing Company Limited

We have audited the accompanying balance sheets of Taiwan Semiconductor Manufacturing Company Limited as of June 30, 2010 and 2009, and the related statements of income, changes in shareholders' equity and cash flows for the six months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Taiwan Semiconductor Manufacturing Company Limited as of June 30, 2010 and 2009, and the results of its operations and its cash flows for the six months then ended 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.

- 1 -

Table of Contents

We have also audited, in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China, the consolidated financial statements of Taiwan Semiconductor Manufacturing Company Limited and subsidiaries as of and for the six months ended June 30, 2010 on which we have issued an unqualified opinion and as of and for the six months ended June 30, 2009 on which we have issued an unqualified opinion with an explanatory paragraph relating to the adoption of the newly revised Statement of Financial Accounting Standard, Accounting for Inventories.

July 22, 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 audit such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors' 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 auditors' report and financial statements shall prevail.

- 2 -

Table of Contents**Taiwan Semiconductor Manufacturing Company Limited****BALANCE SHEETS****JUNE 30, 2010 AND 2009****(In Thousands of New Taiwan Dollars, Except Par Value)**

	2010		2009	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 2 and 4)	\$ 131,854,140	20	\$ 171,474,261	30
Financial assets at fair value through profit or loss (Notes 2, 5 and 23)	378		38,883	
Held-to-maturity financial assets (Notes 2, 7 and 23)	7,031,587	1	5,476,955	1
Receivables from related parties (Note 24)	24,822,081	4	18,716,737	3
Notes and accounts receivable	27,261,560	4	20,561,613	4
Allowance for doubtful receivables (Notes 2 and 8)	(523,000)		(398,419)	
Allowance for sales returns and others (Notes 2 and 8)	(5,982,628)	(1)	(7,311,251)	(1)
Other receivables from related parties (Note 24)	634,274		794,151	
Other financial assets (Note 25)	718,908		1,333,913	
Inventories (Notes 2, 3 and 9)	22,122,521	3	17,153,932	3
Deferred income tax assets (Notes 2 and 18)	3,216,953	1	5,669,448	1
Prepaid expenses and other current assets	1,134,163		883,166	
 Total current assets	 212,290,937	 32	 234,393,389	 41
 LONG-TERM INVESTMENTS (Notes 2, 6, 7, 10, 11 and 23)				
Investments accounted for using equity method	115,722,527	17	106,116,192	19
Available-for-sale financial assets	1,039,916		1,035,686	
Held-to-maturity financial assets	3,528,645	1	8,615,988	2
Financial assets carried at cost	497,835		501,060	
 Total long-term investments	 120,788,923	 18	 116,268,926	 21
 PROPERTY, PLANT AND EQUIPMENT (Notes 2, 12 and 24)				
Cost				
Buildings	126,586,981	19	114,927,509	20
Machinery and equipment	802,138,783	121	644,746,923	113
Office equipment	11,402,593	2	9,902,124	2
	940,128,357	142	769,576,556	135

Edgar Filing: TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD - Form 6-K

Accumulated depreciation	(665,861,387)	(100)	(592,207,395)	(104)
Advance payments and construction in progress	36,387,561	5	25,712,586	5
Net property, plant and equipment	310,654,531	47	203,081,747	36
INTANGIBLE ASSETS				
Goodwill (Note 2)	1,567,756		1,567,756	
Deferred charges, net (Notes 2 and 13)	5,504,428	1	5,666,736	1
Total intangible assets	7,072,184	1	7,234,492	1
OTHER ASSETS				
Deferred income tax assets (Notes 2 and 18)	9,600,630	2	5,030,761	1
Refundable deposits	2,381,457		2,699,751	
Others (Notes 2 and 24)	459,256		469,209	
Total other assets	12,441,343	2	8,199,721	1
TOTAL	\$ 663,247,918	100	\$ 569,178,275	100

Table of Contents**Taiwan Semiconductor Manufacturing Company Limited****BALANCE SHEETS****JUNE 30, 2010 AND 2009****(In Thousands of New Taiwan Dollars, Except Par Value)**

	2010		2009	
	Amount	%	Amount	%
LIABILITIES AND SHAREHOLDERS EQUITY				
CURRENT LIABILITIES				
Short-term loans (Note 14)	\$ 17,759,356	3	\$	
Financial liabilities at fair value through profit or loss (Notes 2, 5 and 23)	173,978		32,709	
Accounts payable	9,783,999	1	7,784,982	1
Payables to related parties (Note 24)	3,218,130		2,222,351	
Income tax payable (Notes 2 and 18)	3,484,996		2,997,283	1
Cash dividends payable (Note 20)	77,708,120	12	76,876,312	14
Accrued profit sharing to employees and bonus to directors (Notes 2 and 20)	11,777,660	2	11,599,659	2
Payables to contractors and equipment suppliers	25,443,411	4	15,549,894	3
Accrued expenses and other current liabilities (Notes 16 and 23)	11,875,119	2	8,128,016	1
Total current liabilities	161,224,769	24	125,191,206	22
LONG-TERM LIABILITIES				
Bonds payable (Notes 15 and 23)	4,500,000	1	4,500,000	1
Other long-term payables (Notes 16 and 23)	161,390		590,724	
Total long-term liabilities	4,661,390	1	5,090,724	1
OTHER LIABILITIES				
Accrued pension cost (Notes 2 and 17)	3,805,044	1	3,760,071	1
Guarantee deposits (Note 27)	872,331		1,212,250	
Deferred credits (Notes 2 and 24)			162,529	
Total other liabilities	4,677,375	1	5,134,850	1
Total liabilities	170,563,534	26	135,416,780	24
CAPITAL STOCK NT\$10 PAR VALUE (Note 20)				

Edgar Filing: TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD - Form 6-K

Authorized: 28,050,000 thousand shares				
Issued: 25,905,017 thousand shares in 2010				
25,626,356 thousand shares in 2009	259,050,172	39	256,263,562	45
To be issued			2,699,971	
	259,050,172	39	258,963,533	45
CAPITAL SURPLUS (Notes 2 and 20)	55,566,995	8	55,331,535	10
RETAINED EARNINGS (Note 20)				
Appropriated as legal capital reserve	86,239,494	13	77,317,710	14
Appropriated as special capital reserve	1,313,047			
Unappropriated earnings	90,567,054	14	41,347,655	7
	178,119,595	27	118,665,365	21
OTHERS (Notes 2 and 23)				
Cumulative translation adjustments	(1,034,256)		456,824	
Unrealized gain on financial instruments	981,878		344,238	
	(52,378)		801,062	
Total shareholders equity	492,684,384	74	433,761,495	76
TOTAL	\$ 663,247,918	100	\$ 569,178,275	100

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche audit report dated July 22, 2010)

Table of Contents

Taiwan Semiconductor Manufacturing Company Limited
STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2010		2009	
	Amount	%	Amount	%
GROSS SALES (Notes 2 and 24)	\$ 196,370,319		\$ 114,227,264	
SALES RETURNS AND ALLOWANCES (Notes 2 and 8)	5,560,054		4,671,054	
NET SALES	190,810,265	100	109,556,210	100
COST OF SALES (Notes 3, 9, 19 and 24)	98,822,613	52	67,820,643	62
GROSS PROFIT	91,987,652	48	41,735,567	38
REALIZED (UNREALIZED) GROSS PROFIT FROM AFFILIATES (Note 2)	1,646		(79,066)	
REALIZED GROSS PROFIT	91,989,298	48	41,656,501	38
OPERATING EXPENSES (Notes 19 and 24)				
Research and development	12,596,905	7	7,934,763	7
General and administrative	4,809,249	2	3,975,992	4
Marketing	1,358,880	1	822,469	1
Total operating expenses	18,765,034	10	12,733,224	12
INCOME FROM OPERATIONS	73,224,264	38	28,923,277	26
NON-OPERATING INCOME AND GAINS				
Equity in earnings of equity method investees, net (Notes 2 and 10)	2,179,835	1		
Settlement income (Note 27)	1,278,400	1	494,070	1
Interest income (Note 2)	388,318		740,068	1
Technical service income (Notes 24 and 27)	236,790		149,052	
Foreign exchange gain, net (Note 2)	92,744			
Valuation gain on financial instruments, net (Notes 2, 5 and 23)	29,739			

Gain on settlement and disposal of financial assets, net (Notes 2 and 23)			53,461	
Others (Notes 2 and 24)	169,924		219,593	
Total non-operating income and gains	4,375,750	2	1,656,244	2

(Continued)

Table of Contents

Taiwan Semiconductor Manufacturing Company Limited
STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2010		2009	
	Amount	%	Amount	%
NON-OPERATING EXPENSES AND LOSSES				
Casualty loss (Note 9)	\$ 194,137		\$ 74,526	
Interest expense	79,188		74,526	
Equity in losses of equity method investees, net (Notes 2 and 10)			3,276,491	3
Valuation loss on financial instruments, net (Notes 2, 5 and 23)			42,347	
Foreign exchange loss, net (Note 2)			32,612	
Others (Note 2)	76,974		63,174	
Total non-operating expenses and losses	350,299		3,489,150	3
INCOME BEFORE INCOME TAX	77,249,715	40	27,090,371	25
INCOME TAX EXPENSE (Notes 2 and 18)	3,304,682	1	1,089,852	1
NET INCOME	\$ 73,945,033	39	\$ 26,000,519	24

	2010		2009	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE (NT\$, Note 22)				
Basic earnings per share	\$ 2.98	\$ 2.85	\$ 1.05	\$ 1.01
Diluted earnings per share	\$ 2.98	\$ 2.85	\$ 1.04	\$ 1.00

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

(With Deloitte & Touche audit report dated July 22, 2010)

(Concluded)

Table of Contents

**Taiwan Semiconductor Manufacturing Company Limited
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)**