



TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Condensed Balance Sheets (Consolidated)

(Figures in Million of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD")) ⁽¹⁾

	June 30, 2006(Audited)			March 31, 2006(Unaudited) ⁽²⁾		June 30, 2005(Audited) ⁽²⁾		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	Amount	%	Amount	%
ASSETS											
Current Assets											
Cash and Cash Equivalents	\$ 4,366	\$ 141,452	23.8	\$ 121,251	21.8	\$ 88,405	17.3	\$ 20,201	16.7	\$ 53,047	60.0
Investments in Marketable Financial Instruments	2,165	70,139	11.8	71,006	12.8	49,724	9.7	(867)	(1.2)	20,415	41.1
Accounts Receivable - Trade	1,172	37,969	6.4	38,012	6.8	32,095	6.3	(43)	(0.1)	5,874	18.3
Inventories, Net	619	20,051	3.4	18,409	3.3	15,159	3.0	1,642	8.9	4,892	32.3
Other Current Assets	311	10,079	1.7	10,572	2.0	8,618	1.6	(493)	(4.7)	1,461	17.0
Total Current Assets	8,633	279,690	47.1	259,250	46.7	194,001	37.9	20,440	7.9	85,689	44.2
Long-Term Investments	1,320	42,778	7.2	34,726	6.3	39,207	7.7	8,052	23.2	3,571	9.1
Properties, Plant and Equipment	21,023	681,123	114.7	655,396	118.0	622,025	121.6	25,727	3.9	59,098	9.5
Less: Accumulated Depreciation	(13,272)	(429,993)	(72.4)	(413,852)	(74.5)	(365,019)	(71.3)	(16,141)	3.9	(64,974)	17.8
Properties, Plant and Equipment, Net	7,751	251,130	42.3	241,544	43.5	257,006	50.3	9,586	4.0	(5,876)	(2.3)
Other Assets	622	20,145	3.4	19,772	3.5	21,207	4.1	373	1.9	(1,062)	(5.0)
Total Assets	\$ 18,326	\$ 593,743	100.0	\$ 555,292	100.0	\$ 511,421	100.0	\$ 38,451	6.9	\$ 82,322	16.1
LIABILITIES AND SHAREHOLDERS' EQUITY											
Current Liabilities											
Short-term loan payable	\$ -	\$ -	-	\$ -	-	\$ 316	0.1	\$ -	-	(\$316)	(100.0)
Accounts Payables	317	10,282	1.7	10,687	1.9	7,605	1.5	(405)	(3.8)	2,677	35.2
Payables to Contractors and Equipment Suppliers	531	17,214	2.9	11,680	2.1	11,384	2.2	5,534	47.4	5,830	51.2
Accrued Expenses and Other Current Liabilities	2,479	80,300	13.6	15,996	2.9	60,251	11.7	64,304	402.0	20,049	33.3
Current Portion of Bonds Payable	77	2,505	0.4	2,505	0.5	10,505	2.1	-	-	(8,000)	(76.2)
Total Current Liabilities	3,404	110,301	18.6	40,868	7.4	90,061	17.6	69,433	169.9	20,240	22.5
Bonds Payable	525	17,000	2.9	17,000	3.1	19,500	3.8	-	-	(2,500)	(12.8)
Other Long Term Liabilities	585	18,943	3.1	18,813	3.3	16,919	3.3	130	0.7	2,024	12.0
Total Liabilities	4,514	146,244	24.6	76,681	13.8	126,480	24.7	69,563	90.7	19,764	15.6
Shareholders' Equity Attributable to Shareholders of the Parent											
Common Stock	7,970	258,234	43.5	247,331	44.5	247,261	48.3	10,903	4.4	10,973	4.4
Capital Surplus	1,661	53,822	9.1	57,208	10.3	56,721	11.1	(3,386)	(5.9)	(2,899)	(5.1)
Retained Earnings	4,220	136,723	23.0	175,378	31.6	84,383	16.5	(38,655)	(22.0)	52,340	62.0
Treasury Stock	(28)	(918)	(0.2)	(918)	(0.2)	(1,552)	(0.3)	-	-	634	(40.9)
Others	(32)	(1,029)	(0.1)	(1,066)	(0.1)	(2,613)	(0.5)	37	(3.5)	1,584	(60.6)
Total equity attributable to shareholders of the parent	13,791	446,832	75.3	477,933	86.1	384,200	75.1	(31,101)	(6.5)	62,632	16.3
Minority interest	21	667	0.1	678	0.1	741	0.2	(11)	(1.6)	(74)	(10.0)
Total shareholders' equity	13,812	447,499	75.4	478,611	86.2	384,941	75.3	(31,112)	(6.5)	62,558	16.3
Total Liabilities & Shareholders' Equity	\$ 18,326	\$ 593,743	100.0	\$ 555,292	100.0	\$ 511,421	100.0	\$ 38,451	6.9	\$ 82,322	16.1

Note : (1) Amounts in NTD have been translated into USD at the rate of NT\$32.399 as of June 30, 2006.

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



TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Unaudited Condensed Income Statements (Consolidated)

For the Three Months Ended June 30, 2006, March 31, 2006 And June 30, 2005
(Expressed in Million New Taiwan Dollars ("NTD") and U.S. Dollars ("USD") ⁽¹⁾
Except for Per Share Amounts and Shares Outstanding)

	Q2 2006			Q1 2006		Q2 2005		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	Amount	%	Amount	%
Net Sales	\$2,552	\$82,118	100.0	\$77,850	100.0	\$59,978	100.0	\$4,268	5.5	\$22,140	36.9
Cost of Sales	(1,231)	(39,620)	(48.2)	(40,123)	(51.5)	(35,724)	(59.6)	503	(1.3)	(3,896)	10.9
Gross Profit	1,321	42,498	51.8	37,727	48.5	24,254	40.4	4,771	12.6	18,244	75.2
Operating Expenses											
Research and Development Expenses ⁽⁴⁾	(126)	(4,053)	(4.9)	(3,787)	(4.9)	(3,561)	(5.9)	(266)	7.0	(492)	13.8
General and Administrative Expenses ⁽⁴⁾	(69)	(2,226)	(2.7)	(1,821)	(2.3)	(2,253)	(3.8)	(405)	22.2	27	(1.2)
Sales and Marketing Expenses	(28)	(896)	(1.2)	(1,217)	(1.6)	(1,227)	(2.0)	321	(26.4)	331	(27.0)
Total Operating Expenses	(223)	(7,175)	(8.8)	(6,825)	(8.8)	(7,041)	(11.7)	(350)	5.1	(134)	1.9
Income from Operations	1,098	35,323	43.0	30,902	39.7	17,213	28.7	4,421	14.3	18,110	105.2
Non-Operating Income, Net	9	299	0.4	1,417	1.8	464	0.8	(1,118)	(78.9)	(165)	(35.6)
Investment Gains	20	650	0.8	600	0.8	226	0.4	50	8.3	424	187.6
Income before Income Tax	1,127	36,272	44.2	32,919	42.3	17,903	29.8	3,353	10.2	18,369	102.6
Income Tax (Expenses) Benefits	(71)	(2,281)	(2.8)	(1,855)	(2.4)	491	0.8	(426)	23.0	(2,772)	(564.6)
Net Income Before Cumulative Effect of Changes in Accounting Principles	1,056	33,991	41.4	31,064	39.9	18,394	30.7	2,927	9.4	15,597	84.8
Cumulative Effect of Changes in Accounting Principles (Net of Tax)	-	-	-	1,607	2.1	-	-	(1,607)	(100.0)	-	-
Net Income	\$1,056	\$33,991	41.4	\$32,671	42.0	\$18,394	30.7	\$1,320	4.0	\$15,597	84.8
Attributable to:											
Shareholders of the parent	\$1,056	\$34,002	41.4	\$32,607	41.9	\$18,369	30.6	\$1,395	4.3	\$15,633	85.1
Minority Interest	-	(11)	-	64	0.1	25	0.1	(75)	(116.5)	(36)	(142.4)
	\$1,056	\$33,991	41.4	\$32,671	42.0	\$18,394	30.7	\$1,320	4.0	\$15,597	84.8
Earnings per Share - Diluted	\$0.04	\$1.32		\$1.26		\$0.71		\$0.06	4.3	\$0.60	84.8
Earnings per ADR ⁽²⁾	\$0.20	\$6.59		\$6.32		\$3.56		\$0.27	4.3	\$3.03	84.8
Weighted Average Outstanding Shares - Diluted ('M) ⁽³⁾		25,809		25,802		25,771					

Note: (1) Amounts in NTD have been translated into USD at the weighted average rate of NTD32.174 for the second quarter of 2006.

(2) 1 ADR equals 5 ordinary shares.

(3) Total diluted weighted average outstanding shares were 25,809M shares for 2Q06 and 25,771M shares for 2Q05 after the retroactive adjustments for stock dividends and stock bonus.

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



TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Audited Condensed Income Statements (Consolidated)

For the Six Months Ended June 30, 2006 And 2005

(Expressed in Million New Taiwan Dollars ("NTD") and U.S. Dollars ("USD")⁽¹⁾
Except for Per Share Amounts and Shares Outstanding)

	2006			2005		YoY	
	USD	NTD	%	NTD	%	Amount	%
Net Sales	\$4,959	\$159,968	100.0	\$116,836	100.0	\$43,132	36.9
Cost of Sales	(2,472)	(79,743)	(49.8)	(70,904)	(60.7)	(8,839)	12.5
Gross Profit	2,487	80,225	50.2	45,932	39.3	34,293	74.7
Operating Expenses							
Research and Development Expenses	(243)	(7,840)	(4.9)	(6,973)	(6.0)	(867)	12.4
General and Administrative Expenses	(125)	(4,047)	(2.5)	(4,766)	(4.1)	719	(15.1)
Sales and Marketing Expenses	(66)	(2,113)	(1.4)	(1,811)	(1.5)	(302)	16.7
Total Operating Expenses	(434)	(14,000)	(8.8)	(13,550)	(11.6)	(450)	3.3
Income from Operations	2,053	66,225	41.4	32,382	27.7	33,843	104.5
Non-Operating Income, Net	53	1,716	1.1	1,203	1.0	513	42.6
Investment income	39	1,250	0.8	623	0.5	627	100.6
Income before Income Tax	2,145	69,191	43.3	34,208	29.3	34,983	102.3
Income Tax (Expenses) Benefits	(128)	(4,136)	(2.6)	1,004	0.9	(5,140)	(512.0)
Net Income Before Cumulative Effect of Changes in Accounting Principles	2,017	65,055	40.7	35,212	30.1	29,843	84.8
Cumulative Effect of Changes in Accounting Principles (Net of Tax)	50	1,607	1.0	-	-	1,607	-
Net Income	\$2,067	\$66,662	41.7	\$35,212	30.1	\$31,450	89.3
Attributable to:							
Shareholders of the parent	\$1,056	\$66,609	41.6	\$35,187	30.1	\$31,422	89.3
Minority Interest	-	53	0.0	25	-	28	112.0
	\$1,056	\$66,662	41.7	\$35,212	30.1	\$31,450	89.3
Earnings per Share - Diluted	\$0.08	\$2.58		\$1.37		\$1.22	89.0
Earnings per ADR ⁽²⁾	\$0.40	\$12.90		\$6.83		\$6.08	89.0
Weighted Average Outstanding Shares - Diluted ('M) ⁽³⁾		25,808		25,770			

Note: (1) Amounts in NTD have been translated into USD at the weighted average rate of NTD 32.256 for the six months of 2006.

(2) 1 ADR equals 5 ordinary shares.

(3) Total diluted weighted average outstanding shares were 25,808M shares for the six months ended June 30, 2006 and 25,770M shares for the six months ended June 30, 2005 after the retroactive adjustments for stock dividends and stock bonus.



TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Condensed Statements of Cash Flows (Consolidated)

For the Six Months Ended June 30, 2006 and for the Three months Ended June 30, 2006, March 31, 2006 and June 30, 2005

(Figures in Million of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD")) ⁽¹⁾

	6 Months 2006 (Audited)		2Q 2006 (Unaudited)	1Q 2006 (Unaudited)	2Q 2005 ⁽²⁾ (Unaudited)
	USD	NTD	NTD	NTD	NTD
Cash Flows from Operating Activities:					
Net Income	\$ 2,065	\$ 66,609	\$ 34,002	\$ 32,607	\$ 18,369
Net Income attributable to minority interest	2	53	(11)	64	24
Depreciation & Amortization	1,104	35,622	17,888	17,734	19,464
Deferred Income Tax	8	251	860	(609)	(634)
Investment Income From Equity Method Investees	(39)	(1,250)	(650)	(600)	(226)
Changes in Working Capital & Others	(62)	(1,980)	(1,698)	(282)	(8,384)
Net Cash Provided by Operating Activities	3,078	99,305	50,391	48,914	28,613
Cash Flows from Investing Activities:					
Acquisitions:					
Marketable Financial Instruments ⁽³⁾	(2,250)	(72,581)	(39,850)	(32,731)	(26,003)
Financial assets carried at cost	(9)	(290)	(168)	(122)	(103)
Property, Plant and Equipment	(1,020)	(32,901)	(21,391)	(11,510)	(14,239)
Long-term investments by equity method	(1)	(48)	(48)	-	-
Proceeds from disposal or maturity of:					
Marketable Financial Instruments ⁽³⁾	1,612	52,006	32,075	19,931	28,765
Financial assets carried at cost	-	-	-	-	12
Property, Plant and Equipment	8	247	(215)	462	(54)
Long-term investments by equity method	-	-	-	-	-
Decrease in Others	(25)	(795)	(653)	(142)	(222)
Net Cash Used In Investing Activities	(1,685)	(54,362)	(30,250)	(24,112)	(11,844)
Cash Flows from Financing Activities:					
Repurchase of treasury stock	-	-	-	-	(26)
Cash Dividend - Common Shares	(8)	-	-	-	-
Bonus Paid to Employees, Directors and Supervisors	-	(257)	(257)	-	(231)
Repayment of Long Term Bonds Payable	-	(3)	(2)	(1)	(944)
Increase in Guarantee Deposits	14	461	139	322	1,147
Proceeds from Exercise of Stock Options	10	326	209	117	82
Decrease in Others	(10)	(337)	(15)	(322)	(3)
Net Cash Provided by Financing Activities	6	190	74	116	25
Net Increase in Cash and Cash Equivalents	1,399	45,133	20,215	24,918	16,794
Effect of exchange rate changes on cash and cash equivalents and others	(5)	(165)	(14)	(151)	(95)
Effect of first inclusion for consolidation of certain subsidiaries	-	-	-	-	166
Cash and Cash Equivalents at Beginning of Period	2,991	96,484	121,251	96,484	71,540
Cash and Cash Equivalents at End of Period	\$ 4,385	\$ 141,452	\$ 141,452	\$ 121,251	\$ 88,405

Note: (1) Amounts in NTD have been translated into USD at the rate of NTD32.256, the weighted average rate for the six months ended June 30, 2006.

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

(3) Marketable financial instruments include available-for-sale and held-to-maturity financial assets, which non-current portions are classified as long-term investments in Balance Sheet.



TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED

Condensed Balance Sheets (Unconsolidated)

(Figures in Million of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD")) ⁽¹⁾

	June 30, 2006 (Audited)			March 31, 2006 (Unaudited)		June 30, 2005 (Audited) ⁽²⁾		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	Amount	%	Amount	%
ASSETS											
Current Assets											
Cash and Cash Equivalents	\$ 3,942	\$ 127,713	22.0	\$ 109,990	20.2	\$ 78,597	15.8	\$ 17,723	16.1	\$ 49,116	62.5
Investments in Marketable Financial Instruments	2,104	68,164	11.7	67,994	12.5	49,530	9.9	170	0.2	18,634	37.6
Accounts Receivable - Trade	1,114	36,077	6.2	35,780	6.6	30,116	6.0	297	0.8	5,961	19.8
Inventories, Net	567	18,376	3.2	16,901	3.1	14,114	2.8	1,475	8.7	4,262	30.2
Other Current Assets	295	9,570	1.6	10,123	1.9	9,470	1.9	(553)	(5.5)	100	1.1
Total Current Assets	8,022	259,900	44.7	240,788	44.3	181,827	36.4	19,112	7.9	78,073	42.9
Long Term Investments	2,569	83,217	14.3	75,439	13.9	76,434	15.3	7,778	10.3	6,783	8.9
Properties, Plant and Equipment	18,872	611,448	105.1	586,213	107.8	555,917	111.3	25,235	4.3	55,531	10.0
Less: Accumulated Depreciation	(11,982)	(388,229)	(66.7)	(373,691)	(68.7)	(330,854)	(66.2)	(14,538)	3.9	(57,375)	17.3
Properties, Plant and Equipment, Net	6,890	223,219	38.4	212,522	39.1	225,063	45.1	10,697	5.0	(1,844)	(0.8)
Other Assets	471	15,287	2.6	14,975	2.7	16,108	3.2	312	2.1	(821)	(5.1)
Total Assets	\$ 17,952	\$ 581,623	100.0	\$ 543,724	100.0	\$ 499,432	100.0	\$ 37,899	7.0	\$ 82,191	16.5
LIABILITIES AND SHAREHOLDERS' EQUITY											
Current Liabilities											
Accounts Payables	\$ 310	\$ 10,053	1.7	\$ 10,874	2.0	\$ 7,827	1.6	(\$821)	69.4	\$ 2,226	(28.3)
Payables to Contractors and Equipment Suppliers	523	16,952	2.9	11,621	2.1	10,004	2.0	5,331	45.9	6,948	69.4
Accrued Expenses and Other Current Liabilities	2,400	77,730	13.4	13,352	2.4	58,393	11.7	64,378	482.2	19,337	34.0
Current Portion of Bonds Payable	77	2,500	0.4	2,500	0.6	10,500	2.1	-	-	(8,000)	(76.2)
Total Current Liabilities	3,310	107,235	18.4	38,347	7.1	86,724	17.4	68,888	179.6	20,511	23.7
Bonds Payable	525	17,000	2.9	17,000	3.1	19,500	3.9	-	-	(2,500)	(12.8)
Other Long Term Liabilities	325	10,556	1.9	10,444	1.9	9,008	1.8	112	1.1	1,548	17.2
Total Liabilities	4,160	134,791	23.2	65,791	12.1	115,232	23.1	69,000	104.9	19,559	17.0
Shareholders' Equity											
Common Stock	7,970	258,234	44.4	247,331	45.5	247,261	49.5	10,903	4.4	10,973	4.4
Capital Surplus	1,661	53,822	9.3	57,208	10.5	56,721	11.3	(3,386)	(5.9)	(2,899)	(5.1)
Retained Earnings	4,220	136,723	23.5	175,378	32.3	84,383	16.9	(38,655)	(22.0)	52,340	62.0
Others	(31)	(1,029)	(0.2)	(1,066)	(0.2)	(2,613)	(0.5)	37	(3.4)	1,584	(60.6)
Treasury Stock	(28)	(918)	(0.2)	(918)	(0.2)	(1,552)	(0.3)	0	0.0	634	(40.9)
Total Shareholders' Equity	13,792	446,832	76.8	477,933	87.9	384,200	76.9	(31,101)	(6.5)	62,632	16.3
Total Liabilities & Shareholders' Equity	\$ 17,952	\$ 581,623	100.0	\$ 543,724	100.0	\$ 499,432	100.0	\$ 37,899	7.0	\$ 82,191	16.5

Note : (1) Amounts in NTD have been translated into USD at the rate of NT\$32.399 as of June 30, 2006.

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



TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED
Unaudited Condensed Income Statements (Unconsolidated)

For the Three Months Ended June 30, 2006, March 31, 2006 and June 30, 2005
 (Expressed in Million New Taiwan Dollars ("NTD") and U.S. Dollars ("USD") ⁽¹⁾
 Except for Per Share Amounts and Shares Outstanding)

	Q2 2006			Q1 2006		Q2 2005		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	Amount	%	Amount	%
Net Sales	\$ 2,525	\$ 81,227	100.0	\$ 77,293	100.0	\$ 58,516	100.0	\$ 3,934	5.1	\$ 22,711	38.8
Cost of Sales	(1,254)	(40,340)	(49.7)	(40,651)	(52.6)	(35,311)	(60.3)	311	(0.8)	(5,029)	14.2
Gross Profit	1,271	40,887	50.3	36,642	47.4	23,205	39.7	4,245	11.6	17,682	76.2
Operating Expenses											
Research and Development Expenses	(115)	(3,707)	(4.6)	(3,549)	(4.6)	(3,283)	(5.6)	(158)	4.5	(424)	12.9
General and Administrative Expenses	(57)	(1,825)	(2.1)	(1,555)	(2.0)	(1,799)	(3.1)	(270)	17.4	(26)	1.4
Sales and Marketing Expenses	(12)	(382)	(0.5)	(671)	(0.9)	(339)	(0.6)	289	(43.1)	(43)	12.7
Total Operating Expenses	(184)	(5,914)	(7.2)	(5,775)	(7.5)	(5,421)	(9.3)	(139)	2.4	(493)	9.1
Income from Operations	1,087	34,973	43.1	30,867	39.9	17,784	30.4	4,106	13.3	17,189	96.7
Non-Operating Income, Net	27	846	1.0	816	1.1	537	0.9	30	3.6	309	57.5
Investment Gains (Losses)	13	432	0.5	2,972	3.8	(588)	(1.0)	(2,540)	(85.5)	1,020	(173.5)
Income before Income Tax	1,127	36,251	44.6	34,655	44.8	17,733	30.3	1,596	4.6	18,518	104.4
Income Tax Benefits (Expenses)	(70)	(2,249)	(2.7)	(1,802)	(2.3)	636	1.1	(447)	24.8	(2,885)	(453.3)
Net Income Before Cumulative Effect of Changes in Accounting Principles	1,057	34,002	41.9	32,853	42.5	18,369	31.4	1,149	3.5	15,633	85.1
Cumulative Effect of Changes in Accounting Principles (Net of Tax)	-	-	-	(246)	0.3	-	-	246	(100.0)	-	-
Net Income	\$ 1,057	\$ 34,002	41.9	\$ 32,607	42.2	\$ 18,369	31.4	\$ 1,395	4.3	\$ 15,633	85.1
Earnings per Share - Diluted	0.04	1.32		1.26		0.71		0.06	4.3	0.60	84.8
Earnings per ADR ⁽²⁾	0.20	6.59		6.32		3.56		0.27	4.3	3.03	84.8
Weighted Average Outstanding Shares-Diluted ('M) ⁽³⁾		25,809		25,802		25,771					

Note:(1) Amounts in NTD have been translated into USD at the weighted average rate of NTD32.174 for the second quarter of 2006.

(2) 1 ADR equals 5 ordinary shares.

(3) Total diluted weighted average outstanding shares were 25,809M shares for 2Q06 and 25,771M shares for 2Q05 after the retroactive adjustments for stock dividends and stock bonus.



TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED
Audited Condensed Income Statements (Unconsolidated)

For the Six Months Ended June 30, 2006 and 2005

(Expressed in Million New Taiwan Dollars ("NTD") and U.S. Dollars ("USD") ⁽¹⁾
 Except for Per Share Amounts and Shares Outstanding)

	2006			2005		YoY	
	USD	NTD	%	NTD	%	Amount	%
Net Sales	\$ 4,914	\$ 158,521	100.0	\$ 114,169	100.0	\$ 44,352	38.8
Cost of Sales	(2,510)	(80,992)	(51.1)	(69,315)	(60.7)	(11,677)	16.8
Gross Profit	2,404	77,529	48.9	44,854	39.3	32,675	72.8
Operating Expenses							
Research and Development Expenses	(225)	(7,256)	(4.6)	(6,632)	(5.8)	(624)	9.4
General and Administrative Expenses	(105)	(3,380)	(2.1)	(3,744)	(3.3)	364	(9.7)
Sales and Marketing Expenses	(33)	(1,053)	(0.7)	(618)	(0.5)	(435)	70.5
Total Operating Expenses	(363)	(11,689)	(7.4)	(10,994)	(9.6)	(695)	6.3
Income from Operations	2,041	65,840	41.5	33,860	29.7	31,980	94.4
Non-Operating Income , Net	51	1,662	1.1	924	0.8	738	79.9
Investment Gains (Losses)	106	3,404	2.1	(786)	(0.7)	4,190	(533.1)
Income before Income Tax	2,198	70,906	44.7	33,998	29.8	36,908	108.6
Income Tax Benefits (Expenses)	(125)	(4,051)	(2.5)	1,189	1.0	(5,240)	(440.6)
Net Income Before Cumulative Effect of Changes in Accounting Principles	2,073	66,855	42.2	35,187	30.8	31,668	90.0
Cumulative Effect of Changes in Accounting Principles (Net of Tax)	(8)	(246)	(0.2)	-	-	(246)	100.0
Net Income	\$ 2,065	\$ 66,609	42.0	\$ 35,187	30.8	\$ 31,422	89.3
Earnings per Share-Diluted	0.08	2.58		1.37		1.22	89.0
Earnings per ADR ⁽²⁾	0.40	12.90		6.83		6.08	89.0
Weighted Average Outstanding Shares-Diluted ('M) ⁽³⁾		25,808		25,770			

Note:(1) Amounts in NTD have been translated into USD at the weighted average rate of NTD 32.256 for the six months of 2006.

(2) 1 ADR equals 5 ordinary shares.

(3) Total diluted weighted average outstanding shares were 25,808M shares for the six months ended June 30, 2006 and 25,770M shares for the six months ended June 30, 2005 after the retroactive adjustments for stock dividends and stock bonus.



TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED
Condensed Statement of Cash Flows (Unconsolidated)

For the Six Months Ended June 30, 2006 and the Three Months Ended June 30, 2006, March 31, 2006 and June 30, 2005

(Figures in Million of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD")) ⁽¹⁾

	6 Months 2006 (Audited)		2Q 2006 (Unaudited)	1Q 2006 (Unaudited)	2Q 2005 ⁽²⁾ (Unaudited)
	USD	NTD	NTD	NTD	NTD
Cash Flows from Operating Activities:					
Net Income	\$ 2,065	\$ 66,609	\$ 34,002	\$ 32,607	\$ 18,369
Depreciation & Amortization	997	32,155	16,180	15,975	17,661
Deferred Income Tax	9	294	862	(569)	(597)
Investment Loss(Income) Recognized by Equity Method	(106)	(3,404)	(432)	(2,972)	588
Changes in Working Capital & Others	(27)	(875)	(3,581)	2,707	(8,254)
Net Cash Provided by Operating Activities	<u>2,938</u>	<u>94,779</u>	<u>47,031</u>	<u>47,748</u>	<u>27,767</u>
Cash Flows from Investing Activities:					
Acquisitions:					
Marketable Financial Instruments ⁽³⁾	(2,250)	(72,581)	(39,850)	(32,731)	(26,003)
Long Term Investments by Equity Method	(9)	(275)	(255)	(19)	(234)
Property, Plant and Equipment	(997)	(32,171)	(21,056)	(11,115)	(13,033)
Proceeds from Disposal or Maturity of:					
Marketable Financial Instruments ⁽³⁾	1,610	51,939	32,014	19,924	27,798
Property, Plant and Equipment	22	711	250	461	1,310
Decrease in Others	(18)	(603)	(501)	(102)	(226)
Net Cash Used in Investing Activities	<u>(1,642)</u>	<u>(52,980)</u>	<u>(29,398)</u>	<u>(23,582)</u>	<u>(10,387)</u>
Cash Flows from Financing Activities:					
Increase in Guarantee Deposits	14	461	139	322	1,147
Proceeds from Exercise of Stock Options	10	326	208	118	82
Bonus to Directors and Supervisors	(8)	(257)	(257)	-	(231)
Net Cash Provided by Financing Activities	<u>16</u>	<u>530</u>	<u>90</u>	<u>440</u>	<u>998</u>
Net Increase in Cash and Cash Equivalents	1,312	42,329	17,723	24,606	18,378
Cash and Cash Equivalents at Beginning of Period	<u>2,647</u>	<u>85,384</u>	<u>109,990</u>	<u>85,384</u>	<u>60,219</u>
Cash and Cash Equivalents at End of Period	<u>\$ 3,959</u>	<u>\$ 127,713</u>	<u>\$ 127,713</u>	<u>\$ 109,990</u>	<u>\$ 78,597</u>

Note : (1) Amounts in NTD have been translated into USD at the rate of NTD32.256 , the weighted average rate for the six months ended June 30, 2006.

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

(3) Marketable financial instruments include available-for-sale and held-to-maturity financial assets, which non-current portions are classified as long-term investments in Balance Sheet.