

**Taiwan Semiconductor Manufacturing  
Company Limited**

**Financial Statements for the  
Six Months Ended June 30, 2007 and 2006 and  
Independent Auditors' Report**

## **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, 2007 and 2006, 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, 2007 and 2006, 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.

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, 2007 and 2006, and have expressed an unqualified opinion on the consolidated financial statements.

July 12, 2007

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.*

## Taiwan Semiconductor Manufacturing Company Limited

### BALANCE SHEETS

JUNE 30, 2007 AND 2006

(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2007		2006	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 2 and 4)	\$ 143,256,382	23	\$ 127,713,018	22
Financial assets at fair value through profit or loss (Notes 2, 3 and 5)	172,240	-	322,456	-
Available-for-sale financial assets (Notes 2, 3 and 6)	15,259,717	3	62,102,387	11
Held-to-maturity financial assets (Notes 2 and 7)	9,909,497	2	5,738,737	1
Receivables from related parties (Note 23)	20,675,167	3	22,909,889	4
Notes and accounts receivable	16,923,301	3	19,713,819	4
Allowance for doubtful receivables (Note 2)	(694,039)	-	(975,704)	-
Allowance for sales returns and others (Note 2)	(2,595,838)	-	(5,571,076)	(1)
Other receivables from related parties (Note 23)	1,280,419	-	1,659,482	-
Other financial assets	545,717	-	872,627	-
Inventories, net (Notes 2 and 8)	21,677,958	3	18,375,580	3
Deferred income tax assets (Notes 2 and 16)	5,622,000	1	6,084,277	1
Prepaid expenses and other current assets	1,197,661	-	954,026	-
<b>Total current assets</b>	<b>233,230,182</b>	<b>38</b>	<b>259,899,518</b>	<b>45</b>
<b>LONG-TERM INVESTMENTS (Notes 2, 6, 7, 9 and 10)</b>				
Investments accounted for using equity method	105,071,276	17	54,000,233	9
Available-for-sale financial assets	4,518,721	1	4,873,970	1
Held-to-maturity financial assets	20,788,140	3	23,524,067	4
Financial assets carried at cost	747,218	-	818,969	-
<b>Total long-term investments</b>	<b>131,125,355</b>	<b>21</b>	<b>83,217,239</b>	<b>14</b>
<b>PROPERTY, PLANT AND EQUIPMENT (Notes 2, 11 and 23)</b>				
Cost				
Buildings	99,707,179	16	91,815,148	16
Machinery and equipment	550,470,017	89	484,487,876	84
Office equipment	8,908,044	1	8,090,185	1
	659,085,240	106	584,393,209	101
Accumulated depreciation	(452,483,898)	(73)	(388,228,761)	(67)
Advance payments and construction in progress	31,434,579	5	27,054,673	5
<b>Net property, plant and equipment</b>	<b>238,035,921</b>	<b>38</b>	<b>223,219,121</b>	<b>39</b>
<b>INTANGIBLE ASSETS</b>				
Goodwill (Note 2)	1,567,756	-	1,567,756	-
Deferred charges, net (Notes 2 and 12)	5,179,415	1	6,163,992	1
<b>Total intangible assets</b>	<b>6,747,171</b>	<b>1</b>	<b>7,731,748</b>	<b>1</b>
<b>OTHER ASSETS</b>				
Deferred income tax assets (Notes 2 and 16)	8,489,812	1	7,394,956	1
Refundable deposits	2,552,561	1	83,655	-
Assets leased to others, net (Note 2)	64,278	-	70,012	-
Others	-	-	6,789	-
<b>Total other assets</b>	<b>11,106,651</b>	<b>2</b>	<b>7,555,412</b>	<b>1</b>
<b>TOTAL</b>	<b>\$ 620,245,280</b>	<b>100</b>	<b>\$ 581,623,038</b>	<b>100</b>

LIABILITIES AND SHAREHOLDERS' EQUITY	2007		2006	
	Amount	%	Amount	%
<b>CURRENT LIABILITIES</b>				
Financial liabilities at fair value through profit or loss (Notes 2, 3 and 5)	\$ 3,460	-	\$ 599,909	-
Accounts payable	7,497,105	1	6,772,076	1
Payables to related parties (Note 23)	3,108,623	1	3,281,423	-
Income tax payable (Notes 2 and 16)	4,410,166	1	4,486,901	1
Cash dividends and bonus payable (Note 18)	82,061,862	13	65,257,190	11
Payables to contractors and equipment suppliers	16,515,598	3	16,952,057	3
Accrued expenses and other current liabilities (Note 14)	9,835,302	1	7,385,228	1
Current portion of bonds payable (Note 13)	4,500,000	1	2,500,000	1
<b>Total current liabilities</b>	<b>127,932,116</b>	<b>21</b>	<b>107,234,784</b>	<b>18</b>
<b>LONG-TERM LIABILITIES</b>				
Bonds payable (Note 13)	12,500,000	2	17,000,000	3
Other long-term payables (Note 14)	1,343,935	-	1,458,603	-
Other payables to related parties (Notes 23 and 25)	-	-	1,085,366	-
<b>Total long-term liabilities</b>	<b>13,843,935</b>	<b>2</b>	<b>19,543,969</b>	<b>3</b>
<b>OTHER LIABILITIES</b>				
Accrued pension cost (Notes 2 and 15)	3,583,542	1	3,484,350	1
Guarantee deposits (Note 25)	3,001,515	-	3,354,046	1
Deferred credits (Notes 2 and 23)	997,610	-	1,173,542	-
<b>Total other liabilities</b>	<b>7,582,667</b>	<b>1</b>	<b>8,011,938</b>	<b>2</b>
<b>Total liabilities</b>	<b>149,358,718</b>	<b>24</b>	<b>134,790,691</b>	<b>23</b>
<b>CAPITAL STOCK - \$10 PAR VALUE</b>				
Authorized: 28,050,000 thousand shares in 2007				
27,050,000 thousand shares in 2006				
Issued: 26,423,517 thousand shares in 2007				
25,823,357 thousand shares in 2006				
	264,235,168	43	258,233,569	44
<b>CAPITAL SURPLUS (Notes 2 and 18)</b>	<b>53,725,604</b>	<b>8</b>	<b>53,822,486</b>	<b>9</b>
<b>RETAINED EARNINGS (Note 18)</b>				
Appropriated as legal capital reserve	56,406,684	9	43,705,711	8
Appropriated as special capital reserve	629,550	-	640,742	-
Unappropriated earnings	96,973,825	16	92,376,976	16
	154,010,059	25	136,723,429	24
<b>OTHERS (Notes 2, 3, 20 and 22)</b>				
Cumulative translation adjustments	(613,674)	-	(1,145,616)	-
Unrealized gain on financial instruments	447,480	-	116,554	-
Treasury stock: 34,096 thousand shares in 2007 and 33,926 thousand shares in 2006	(918,075)	-	(918,075)	-
	(1,084,269)	-	(1,947,137)	-
<b>Total shareholders' equity</b>	<b>470,886,562</b>	<b>76</b>	<b>446,832,347</b>	<b>77</b>
<b>TOTAL</b>	<b>\$ 620,245,280</b>	<b>100</b>	<b>\$ 581,623,038</b>	<b>100</b>

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

# Taiwan Semiconductor Manufacturing Company Limited

## STATEMENTS OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2007		2006	
	Amount	%	Amount	%
GROSS SALES (Notes 2 and 23)	\$ 138,166,350		\$ 161,789,754	
SALES RETURNS AND ALLOWANCES (Note 2)	<u>1,967,831</u>		<u>3,269,063</u>	
NET SALES	136,198,519	100	158,520,691	100
COST OF SALES (Notes 17 and 23)	<u>81,342,396</u>	<u>60</u>	<u>80,991,942</u>	<u>51</u>
GROSS PROFIT	54,856,123	40	77,528,749	49
UNREALIZED GROSS PROFIT FROM AFFILIATES	<u>178,259</u>	<u>-</u>	<u>-</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>54,677,864</u>	<u>40</u>	<u>77,528,749</u>	<u>49</u>
OPERATING EXPENSES (Notes 17 and 23)				
Research and development	7,279,536	5	7,255,721	4
General and administrative	3,436,220	2	3,379,438	2
Marketing	<u>705,335</u>	<u>1</u>	<u>1,053,473</u>	<u>1</u>
Total operating expenses	<u>11,421,091</u>	<u>8</u>	<u>11,688,632</u>	<u>7</u>
INCOME FROM OPERATIONS	<u>43,256,773</u>	<u>32</u>	<u>65,840,117</u>	<u>42</u>
NON-OPERATING INCOME AND GAINS				
Equity in earnings of equity method investees, net (Notes 2 and 9)	1,983,358	2	3,404,382	2
Interest income (Note 2)	1,447,702	1	1,910,958	1
Settlement income (Note 25)	491,385	1	483,734	1
Technical service income (Notes 23 and 25)	353,441	-	344,601	-
Foreign exchange gain, net (Note 2)	214,508	-	-	-
Rental income (Note 23)	200,453	-	100,858	-
Gain on disposal of property, plant and equipment and other assets (Notes 2 and 23)	144,800	-	257,239	-
Valuation gain on financial instruments, net (Notes 2, 5 and 22)	134,930	-	-	-
Gain on settlement and disposal of financial instruments, net (Notes 2, 5 and 22)	-	-	468,482	-
Others (Note 23)	<u>287,575</u>	<u>-</u>	<u>71,693</u>	<u>-</u>
Total non-operating income and gains	<u>5,258,152</u>	<u>4</u>	<u>7,041,947</u>	<u>4</u>

(Continued)

# Taiwan Semiconductor Manufacturing Company Limited

## STATEMENTS OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2007		2006	
	Amount	%	Amount	%
<b>NON-OPERATING EXPENSES AND LOSSES</b>				
Loss on settlement and disposal of financial instruments, net (Notes 2, 5 and 22)	\$ 480,606	1	\$ -	-
Interest expense	300,973	-	330,600	-
Foreign exchange loss, net (Note 2)	-	-	1,250,047	1
Valuation loss on financial instruments, net (Notes 2, 5 and 22)	-	-	277,453	-
Others (Note 2)	29,957	-	117,909	-
Total non-operating expenses and losses	811,536	1	1,976,009	1
INCOME BEFORE INCOME TAX	47,703,389	35	70,906,055	45
INCOME TAX EXPENSE (Notes 2 and 16)	3,380,808	2	4,051,241	3
NET INCOME BEFORE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	44,322,581	33	66,854,814	42
CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES, NET OF TAX BENEFIT OF \$82,062 THOUSAND (Note 3)	-	-	(246,186)	-
NET INCOME	\$ 44,322,581	33	\$ 66,608,628	42
	<b>2007</b>		<b>2006</b>	
	<b>Before Income Tax</b>	<b>After Income Tax</b>	<b>Before Income Tax</b>	<b>After Income Tax</b>
<b>EARNINGS PER SHARE (NT\$, Note 21)</b>				
Basic earnings per share	\$ 1.81	\$ 1.68	\$ 2.68	\$ 2.53
Diluted earnings per share	\$ 1.81	\$ 1.68	\$ 2.67	\$ 2.52

(Continued)

# Taiwan Semiconductor Manufacturing Company Limited

## STATEMENTS OF INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

---

Certain pro forma information (after income tax) is shown as follows, based on the assumption that the Company's stock held by subsidiaries is treated as an investment instead of treasury stock (Notes 2 and 20):

	2007	2006
NET INCOME BEFORE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	<u>\$ 44,424,343</u>	<u>\$ 66,937,134</u>
NET INCOME	<u>\$ 44,424,343</u>	<u>\$ 66,690,948</u>
EARNINGS PER SHARE (NT\$)		
Basic earnings per share	<u>\$1.68</u>	<u>\$2.53</u>
Diluted earnings per share	<u>\$1.68</u>	<u>\$2.52</u>

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

(Concluded)

## Taiwan Semiconductor Manufacturing Company Limited

### STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006 (In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Capital Stock		Capital Surplus	Retained Earnings				Others			Total Shareholders' Equity	
	Shares (in Thousands)	Amount		Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Total	Cumulative Translation Adjustments	Unrealized Gain on Financial Instruments	Treasury Stock		Total
BALANCE, JANUARY 1, 2007	25,829,688	\$ 258,296,879	\$ 54,107,498	\$ 43,705,711	\$ 640,742	\$ 152,778,079	\$ 197,124,532	\$ (1,191,165)	\$ 561,615	\$ (918,075)	\$ (1,547,625)	\$ 507,981,284
Appropriations of prior year's earnings												
Legal capital reserve	-	-	-	12,700,973	-	(12,700,973)	-	-	-	-	-	-
Special capital reserve	-	-	-	-	(11,192)	11,192	-	-	-	-	-	-
Bonus to employees - in cash	-	-	-	-	-	(4,572,798)	(4,572,798)	-	-	-	-	(4,572,798)
Bonus to employees - in stock	457,280	4,572,798	-	-	-	(4,572,798)	(4,572,798)	-	-	-	-	-
Cash dividends to shareholders - NT\$3.00 per share	-	-	-	-	-	(77,489,064)	(77,489,064)	-	-	-	-	(77,489,064)
Stock dividends to shareholders - NT\$0.02 per share	51,659	516,594	-	-	-	(516,594)	(516,594)	-	-	-	-	-
Bonus to directors and supervisors	-	-	-	-	-	(285,800)	(285,800)	-	-	-	-	(285,800)
Capital surplus transferred to capital stock	77,489	774,891	(774,891)	-	-	-	-	-	-	-	-	-
Net income for the six months ended June 30, 2007	-	-	-	-	-	44,322,581	44,322,581	-	-	-	-	44,322,581
Adjustment arising from changes in percentage of ownership in equity method investees	-	-	68,411	-	-	-	-	-	-	-	-	68,411
Translation adjustments	-	-	-	-	-	-	-	577,491	-	-	577,491	577,491
Issuance of stock from exercising employee stock options	7,401	74,006	222,824	-	-	-	-	-	-	-	-	296,830
Cash dividends received by subsidiaries from the Company	-	-	101,762	-	-	-	-	-	-	-	-	101,762
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	(83,408)	-	(83,408)	(83,408)
Equity in the valuation loss on available-for-sale financial assets held by equity method investees	-	-	-	-	-	-	-	-	(30,727)	-	(30,727)	(30,727)
BALANCE, JUNE 30, 2007	<u>26,423,517</u>	<u>\$ 264,235,168</u>	<u>\$ 53,725,604</u>	<u>\$ 56,406,684</u>	<u>\$ 629,550</u>	<u>\$ 96,973,825</u>	<u>\$ 154,010,059</u>	<u>\$ (613,674)</u>	<u>\$ 447,480</u>	<u>\$ (918,075)</u>	<u>\$ (1,084,269)</u>	<u>\$ 470,886,562</u>

(Continued)



	Capital Stock		Capital Surplus	Retained Earnings				Others			Total Shareholders' Equity	
	Shares (in Thousands)	Amount		Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Total	Cumulative Translation Adjustments	Unrealized Gain on Financial Instruments	Treasury Stock		Total
BALANCE, JANUARY 1, 2006	24,730,025	\$ 247,300,246	\$ 57,117,886	\$ 34,348,208	\$ 2,226,427	\$ 106,196,399	\$ 142,771,034	\$ (640,742)	\$ -	\$ (918,075)	\$ (1,558,817)	\$ 445,630,349
Appropriations of prior year's earnings												
Legal capital reserve	-	-	-	9,357,503	-	(9,357,503)	-	-	-	-	-	-
Special capital reserve	-	-	-	-	(1,585,685)	1,585,685	-	-	-	-	-	-
Bonus to employees - in cash	-	-	-	-	-	(3,432,129)	(3,432,129)	-	-	-	-	(3,432,129)
Bonus to employees - in stock	343,213	3,432,129	-	-	-	(3,432,129)	(3,432,129)	-	-	-	-	-
Cash dividends to shareholders - NT\$2.50 per share	-	-	-	-	-	(61,825,061)	(61,825,061)	-	-	-	-	(61,825,061)
Stock dividends to shareholders - NT\$0.15 per share	370,950	3,709,504	-	-	-	(3,709,504)	(3,709,504)	-	-	-	-	-
Bonus to directors and supervisors	-	-	-	-	-	(257,410)	(257,410)	-	-	-	-	(257,410)
Capital surplus transferred to capital stock	370,950	3,709,504	(3,709,504)	-	-	-	-	-	-	-	-	-
Net income for the six months ended June 30, 2006	-	-	-	-	-	66,608,628	66,608,628	-	-	-	-	66,608,628
Adjustment arising from changes in percentage of ownership in equity method investees	-	-	87,920	-	-	-	-	-	-	-	-	87,920
Translation adjustments	-	-	-	-	-	-	-	(504,874)	-	-	(504,874)	(504,874)
Issuance of stock from exercising employee stock options	8,219	82,186	243,864	-	-	-	-	-	-	-	-	326,050
Cash dividends received by subsidiaries from the Company	-	-	82,320	-	-	-	-	-	-	-	-	82,320
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	(191,469)	-	(191,469)	(191,469)
Equity in the valuation gain on available-for-sale financial assets held by equity method investees	-	-	-	-	-	-	-	-	308,023	-	308,023	308,023
<b>BALANCE, JUNE 30, 2006</b>	<b><u>25,823,357</u></b>	<b><u>\$ 258,233,569</u></b>	<b><u>\$ 53,822,486</u></b>	<b><u>\$ 43,705,711</u></b>	<b><u>\$ 640,742</u></b>	<b><u>\$ 92,376,976</u></b>	<b><u>\$ 136,723,429</u></b>	<b><u>\$ (1,145,616)</u></b>	<b><u>\$ 116,554</u></b>	<b><u>\$ (918,075)</u></b>	<b><u>\$ (1,947,137)</u></b>	<b><u>\$ 446,832,347</u></b>

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

(Concluded)

# Taiwan Semiconductor Manufacturing Company Limited

## STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006 (In Thousands of New Taiwan Dollars)

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 44,322,581	\$ 66,608,628
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	36,293,514	32,154,504
Unrealized gross profit from affiliates	178,259	-
Amortization of premium/ discount of financial assets	(64,051)	43,781
Gain on disposal of available-for-sale financial assets, net	(233,970)	(1,116)
Gain on disposal of property, plant and equipment and other assets, net	(142,673)	(248,243)
Equity in earnings of equity method investees, net	(1,983,358)	(3,404,382)
Loss on idle assets	-	37,283
Deferred income tax	(518,685)	293,722
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Financial assets and liabilities at fair value through profit or loss	(134,930)	1,424,079
Receivables from related parties	(3,805,658)	(1,859,285)
Notes and accounts receivable	(645,137)	877,999
Allowance for doubtful receivables	3,108	(640)
Allowance for sales returns and others	(155,227)	1,301,107
Other receivables from related parties	(145,024)	473,280
Other financial assets	107,743	233,403
Inventories	(2,525,744)	(2,117,625)
Prepaid expenses and other current assets	23,538	217,747
Increase (decrease) in:		
Accounts payable	1,353,426	(1,280,030)
Payables to related parties	(218,293)	24,117
Income tax payable	(3,440,252)	671,013
Accrued expenses and other current liabilities	1,421,840	(645,267)
Accrued pension cost	53,426	22,958
Deferred credits	(47,872)	(47,872)
Net cash provided by operating activities	<u>69,696,561</u>	<u>94,779,161</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of:		
Available-for-sale financial assets	(2,151,252)	(64,826,510)
Held-to-maturity financial assets	-	(7,754,790)
Financial assets carried at cost	(34,375)	(11,479)
Investments accounted for using equity method	(2,054,634)	(274,687)
Property, plant and equipment	(38,511,341)	(32,170,773)
Proceeds from disposal or redemption of:		
Available-for-sale financial assets	15,163,560	44,101,660
Held-to-maturity financial assets	6,825,120	7,837,000
Property, plant and equipment and other assets	4,787	710,702

(Continued)

# Taiwan Semiconductor Manufacturing Company Limited

## STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006 (In Thousands of New Taiwan Dollars)

	2007	2006
Proceeds from return of capital by investees	\$ 44,258	\$ 102,662
Increase in deferred charges	(1,322,268)	(693,239)
Increase in refundable deposits	<u>(1,246,327)</u>	<u>(13)</u>
Net cash used in investing activities	<u>(23,282,472)</u>	<u>(52,979,467)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in guarantee deposits	(808,446)	461,101
Repayment of long-term bonds payable	(2,500,000)	-
Proceeds from exercise of employee stock options	296,830	326,050
Bonus to directors and supervisors	<u>(285,800)</u>	<u>(257,410)</u>
Net cash provided by (used in) financing activities	<u>(3,297,416)</u>	<u>529,741</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	43,116,673	42,329,435
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>100,139,709</u>	<u>85,383,583</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 143,256,382</u>	<u>\$ 127,713,018</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest paid	<u>\$ 420,000</u>	<u>\$ 420,000</u>
Income tax paid	<u>\$ 7,330,375</u>	<u>\$ 2,994,232</u>
<b>INVESTING ACTIVITIES AFFECTING BOTH CASH AND NON-CASH ITEMS</b>		
Acquisition of property, plant and equipment	\$ 44,357,416	\$ 40,263,600
Increase in payables to contractors and equipment suppliers	<u>(5,846,075)</u>	<u>(8,092,827)</u>
Cash paid	<u>\$ 38,511,341</u>	<u>\$ 32,170,773</u>
<b>NON-CASH FINANCING ACTIVITIES</b>		
Current portion of bonds payable	<u>\$ 4,500,000</u>	<u>\$ 2,500,000</u>
Current portion of other long-term payables (under accrued expenses and other current liabilities)	<u>\$ 2,433,227</u>	<u>\$ 940,123</u>

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

(Concluded)

# Taiwan Semiconductor Manufacturing Company Limited

## NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

---

### 1. GENERAL

Taiwan Semiconductor Manufacturing Company Limited (the Company or TSMC), a Republic of China (R.O.C.) corporation, was incorporated as a venture among the Government of the R.O.C., acting through the Development Fund of the Executive Yuan; Philips Electronics N.V. and certain of its affiliates (Philips); and certain other private investors. On September 5, 1994, its shares were listed on the Taiwan Stock Exchange (TSE). On October 8, 1997, TSMC listed some of its shares of stock on the New York Stock Exchange (NYSE) in the form of American Depositary Shares (ADSs).

The Company is engaged mainly in the manufacturing, selling, packaging, testing and computer-aided designing of integrated circuits and other semiconductor devices and the manufacturing of masks.

As of June 30, 2007 and 2006, the Company had 20,572 and 20,357 employees, respectively.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are presented in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, Business Accounting Law, Guidelines Governing Business Accounting, and accounting principles generally accepted in the R.O.C.

For the convenience of readers, the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the R.O.C. 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 financial statements shall prevail.

Significant accounting policies are summarized as follows:

#### Use of Estimates

The preparation of financial statements in conformity with the aforementioned guidelines, law and principles requires management to make reasonable assumptions and estimates of matters that are inherently uncertain. The actual results may differ from management's estimates.

#### Classification of Current and Noncurrent Assets and Liabilities

Current assets are assets held for trading purposes and assets expected to be converted to cash, sold or consumed within one year from the balance sheet date. Current liabilities are obligations incurred for trading purposes and obligations expected to be settled within one year from the balance sheet date. Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

#### Cash Equivalents

Repurchase agreements collateralized by government bonds, asset-backed commercial papers and corporate notes acquired with maturities of less than three months from the date of purchase are classified as cash equivalents. The carrying amount approximates fair value.

## **Financial Assets/Liabilities at Fair Value Through Profit or Loss**

Derivatives that do not meet the criteria for hedge accounting are initially recognized at fair value, with transaction costs expensed as incurred. The derivatives are remeasured at fair value subsequently with changes in fair value recognized in earnings. A regular way purchase or sale of financial assets is accounted for using settlement date accounting.

Fair value is estimated using valuation techniques incorporating estimates and assumptions that are consistent with prevailing market conditions. When the fair value is positive, the derivative is recognized as a financial asset; when the fair value is negative, the derivative is recognized as a financial liability.

## **Available-for-Sale Financial Assets**

Investments designated as available-for-sale financial assets include debt securities and equity securities. Available-for-sale financial assets are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition. Changes in fair value from subsequent remeasurement are reported as a separate component of shareholders' equity. The corresponding accumulated gains or losses are recognized in earnings when the financial asset is derecognized from the balance sheet. A regular way purchase or sale of financial assets is accounted for using settlement date accounting.

Except structured time deposits whose fair value is estimated using valuation techniques, fair values of open-end mutual funds and publicly traded stocks are determined using the net assets value and the closing-price at the end of the period, respectively. For debt securities, fair value is determined using the average of bid and asked prices at the end of the period.

Cash dividends are recognized as investment income upon resolution of shareholders of an investee but are accounted for as a reduction to the original cost of investment if such dividends are declared on the earnings of the investee attributable to the period prior to the purchase of the investment. Stock dividends are recorded as an increase in the number of shares held and do not affect investment income. The cost per share is recalculated based on the new total number of shares. Any difference between the initial carrying amount of a debt security and the amount due at maturity is amortized using the effective interest method, with the amortization recognized in earnings.

If there is objective evidence which indicates that a financial asset is impaired, a loss is recognized. If, in a subsequent period, the amount of the impairment loss decreases, for equity securities, the previously recognized impairment loss is reversed to the extent of the decrease and recorded as an adjustment to shareholders' equity; for debt securities, the amount of the decrease is recognized in earnings, provided that the decrease is clearly attributable to an event which occurred after the impairment loss was recognized.

## **Held-to-Maturity Financial Assets**

Financial securities for which the Company has a positive intention and ability to hold to maturity are categorized as held-to-maturity financial assets and are carried at amortized cost under the effective interest method except for structured time deposits which are carried at acquisition cost. Those financial assets are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition. Gains or losses are recognized at the time of derecognition, impairment or amortization. A regular way purchase or sale of financial assets is accounted for using settlement date accounting.

If there is objective evidence which indicates that a financial asset is impaired, a loss is recognized. If, in a subsequent period, the amount of the impairment loss decreases and the decrease is clearly attributable to an event which occurred after the impairment loss was recognized, the previously recognized impairment loss is reversed to the extent of the decrease. The reversal may not result in a carrying amount that exceeds the amortized cost that would have been determined as if no impairment loss had been recognized.

### **Allowance for Doubtful Receivables**

An allowance for doubtful receivables is provided based on a review of the collectibility of notes and accounts receivable. The Company determines the amount of allowance for doubtful receivables by examining the aging analysis of outstanding notes and accounts receivable and current trends in the credit quality of its customers as well as its internal credit policies.

### **Revenue Recognition and Allowance for Sales Returns and Others**

The Company recognizes revenue when evidence of an arrangement exists, shipment is made, price is fixed or determinable, and collectibility is reasonably assured. Revenues from the design and manufacturing of photo masks, which are used as manufacturing tools in the fabrication process, are recognized when the photo masks are qualified by customers. Provisions for estimated sales returns and others are generally recorded in the period the related revenue is recognized, based on historical experience, management's judgment, and any known factors that would significantly affect the allowance.

Sales prices are determined using fair value taking into account related sales discounts agreed to by the Company and its customers. Sales agreements typically provide that payment is due 30 days from invoice date for a majority of the customers and 30 to 45 days after the end of the month in which sales occur for some customers. Since the receivables from sales are collectible within one year and such transactions are frequent, fair value of the receivables is equivalent to the nominal amount of the cash to be received.

### **Inventories**

Inventories are stated at the lower of cost or market value. Inventories are recorded at standard cost and adjusted to the approximate weighted-average cost at the balance sheet date. Market value represents replacement cost for raw materials, supplies and spare parts and net realizable value for work in process and finished goods. The Company assesses the impact of changing technology on its inventories on hand and writes off inventories that are considered obsolete. Period-end inventories are evaluated for estimated excess quantities and obsolescence based on a demand forecast within a specific time horizon, which is generally 180 days or less. Estimated losses on scrap and slow-moving items are recognized and included in the allowance for losses.

### **Investments Accounted for Using Equity Method**

Investments in companies wherein the Company exercises significant influence over the operating and financial policy decisions are accounted for using the equity method. The Company's share of the net income or net loss of an investee is recognized in the "equity in earnings/losses of equity method investees, net" account. Prior to January 1, 2006, the difference, if any, between the cost of investment and the Company's proportionate share of the investee's equity was amortized by the straight-line method over five years, with the amortization recorded in the "equity in earnings/losses of equity method investees, net" account. Effective January 1, 2006, pursuant to the revised Statement of Financial Accounting Standards No. 5, "Long-term Investments in Equity Securities" (SFAS No. 5), the cost of an investment shall be analyzed and the cost of investment in excess of the fair value of identifiable net assets acquired, representing goodwill, shall not be amortized and instead shall be tested for impairment annually. If the fair value of identifiable net assets acquired exceeds the cost of investment, the excess shall be proportionately allocated as reductions to fair values of non-current assets. The accounting treatment for the investment premiums paid before January 1, 2006 is the same as that for goodwill which is no longer being amortized; while investment discounts continue to be amortized over the remaining periods. When an indication of impairment is identified, the carrying amount of the investment is reduced, with the related impairment loss recognized in earnings.

When the Company subscribes for additional investee's shares at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment in the investee differs from the amount of the Company's share of the investee's equity. The Company records such a difference as an adjustment to long-term investments with the corresponding amount charged or credited to capital surplus.

Gains or losses on sales from the Company to equity method investees are deferred in proportion to the Company's ownership percentage in the investees until such gains or losses are realized through transactions with third parties. The entire amount of the gains or losses on sales to investees over which the Company has a controlling interest is deferred until such gains or losses are realized through subsequent sales of the related products to third parties. Gains or losses on sales from equity method investees to the Company are deferred in proportion to the Company's ownership percentages in the investees until they are realized through transactions with third parties. Gains or losses on sales between equity method investees are deferred in proportion to the Company's weighted-average ownership percentages in the investees that the record such gains or losses until they are realized through transactions with third parties.

If an investee's functional currency is a foreign currency, translation adjustments will result from the translation of the investee's financial statements into the reporting currency of the Company. Such adjustments are accumulated and reported as a separate component of shareholders' equity.

### **Financial Assets Carried at Cost**

Investments for which the Company does not exercise significant influence and that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, such as non-publicly traded stocks and mutual funds, are carried at their original cost. The costs of non-publicly traded stocks and mutual funds are determined using the weighted-average method. If there is objective evidence which indicates that a financial asset is impaired, a loss is recognized. A subsequent reversal of such impairment loss is not allowed.

The accounting treatment for cash dividends and stock dividends arising from financial assets carried at cost is the same as that for cash and stock dividends arising from available-for-sale financial assets.

### **Property, Plant and Equipment and Assets Leased to Others**

Property, plant and equipment and assets leased to others are stated at cost less accumulated depreciation. When an indication of impairment is identified, any excess of the carrying amount of an asset over its recoverable amount is recognized as a loss. If the recoverable amount increases in a subsequent period, the amount previously recognized as impairment would be reversed and recognized as a gain. However, the adjusted amount may not exceed the carrying amount that would have been determined, net of depreciation, as if no impairment loss had been recognized. Significant additions, renewals and betterments incurred during the construction period are capitalized. Maintenance and repairs are expensed as incurred.

Depreciation is computed using the straight-line method over the following estimated service lives: Buildings - 10 to 20 years; machinery and equipment - 5 years; and office equipment - 3 to 5 years.

Upon sale or disposal of property, plant and equipment, the related cost and accumulated depreciation are deducted from the corresponding accounts, with any gain or loss recorded as non-operating gains or losses in the period of sale or disposal.

### **Goodwill**

Goodwill represents the excess of the consideration paid for acquisition over the fair value of identifiable net assets acquired. Prior to January 1, 2006, goodwill was amortized using the straight-line method over the estimated life of 10 years. Effective January 1, 2006, pursuant to the newly revised Statement of Financial Accounting Standards No. 25, "Business Combinations - Accounting Treatment under Purchase Method" (SFAS No. 25), goodwill is no longer amortized and instead is tested for impairment annually. If an event occurs or circumstances change which indicated that the fair value of goodwill is more likely than not below its carrying amount, an impairment loss is recognized. A subsequent reversal of such impairment loss is not allowed.

## **Deferred Charges**

Deferred charges consist of technology license fees, software and system design costs and other charges. The amounts are amortized over the following periods: Technology license fees - the shorter of the estimated life of the technology or the term of the technology transfer contract; software and system design costs and other charges - 3 years. When an indication of impairment is identified, any excess of the carrying amount of an asset over its recoverable amount is recognized as a loss. If the recoverable amount increases in a subsequent period, the previously recognized impairment loss would be reversed and recognized as a gain. However, the adjusted amount may not exceed the carrying amount that would have been determined, net of amortization, as if no impairment loss had been recognized.

## **Research and Development**

Expenditures related to research activities and those related to development activities that do not meet the criteria for capitalization are charged to expense when incurred.

## **Pension Costs**

For employees who participate in defined contribution pension plans, pension costs are recorded based on the actual contributions made to employees' individual pension accounts during their service periods. For employees who participate in defined benefit pension plans, pension costs are recorded based on actuarial calculations.

## **Income Tax**

The Company applies intra-period and inter-period allocations for its income tax whereby (1) a portion of current period's income tax expense is allocated to the cumulative effect of changes in accounting principles; and (2) deferred income tax assets and liabilities are recognized for the tax effects of temporary differences and unused tax credits. Valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. A deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of its related asset or liability. However, if a deferred tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or noncurrent based on the expected length of time before it is realized or settled.

Any tax credits arising from purchases of machinery, equipment and technology, research and development expenditures, personnel training expenditures, and investments in important technology-based enterprises are recognized using the flow-through method.

Adjustments of prior years' tax liabilities are added to or deducted from the current period's tax provision.

Income tax on unappropriated earnings at a rate of 10% is expensed in the year of shareholder approval which is the year subsequent to the year the earnings are generated.

The R.O.C. government enacted the Alternative Minimum Tax Act (the AMT Act), which became effective on January 1, 2006. The alternative minimum tax (AMT) imposed under the AMT Act is a supplemental tax levied at a rate of 10% which is payable if the income tax payable determined pursuant to the Income Tax Law is below the minimum amount prescribed under the AMT Act. The taxable income for calculating the AMT includes most of the tax-exempt income under various laws and statutes. The Company has considered the impact of the AMT Act in the determination of its tax liabilities.

## **Stock-based Compensation**

Employee stock option plans that are amended or have options granted on or after January 1, 2004 are accounted for by the interpretations issued by the Accounting Research and Development Foundation. The Company adopted the intrinsic value method and any compensation cost determined using this method is recognized in earnings over the employee vesting period.



## Treasury Stock

The Company's stock held by its subsidiaries is treated as treasury stock and reclassified from investments accounted for using equity method to treasury stock. The gains resulted from disposal of the treasury stock held by subsidiaries and cash dividends received by subsidiaries from the Company are recorded under capital surplus - treasury stock transactions.

## Foreign-currency Transactions

Foreign-currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Exchange gains or losses derived from foreign-currency transactions or monetary assets and liabilities denominated in foreign currencies are recognized in earnings. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are revalued at prevailing exchange rates with the resulting gains or losses recognized in earnings.

## Recent Accounting Pronouncement

Effective January 1, 2007, the Company adopted the newly released Statement of Financial Accounting Standards No. 37, "Accounting for Intangible Assets". The Company had reassessed the useful lives and the amortization method of its recognized intangible assets at the effective date. The adoption of the SFAS did not have an effect on the Company's financial statements as of and for the six months ended June 30, 2007.

### 3. ACCOUNTING CHANGES

On January 1, 2006, the Company adopted the newly released Statements of Financial Accounting Standards No. 34, "Financial Instruments: Recognition and Measurement" (SFAS No. 34) and No. 36, "Financial Instruments: Disclosure and Presentation".

The Company had categorized its financial assets and liabilities upon initial adoption of the newly released SFASs. The adjustments made to the carrying amounts of the financial instruments categorized as financial assets or liabilities at fair value through profit or loss were included in the cumulative effect of changes in accounting principles; the adjustments made to the carrying amounts of those categorized as available-for-sale financial assets were recognized as adjustments to shareholders' equity.

The effect of adopting the newly released SFASs is summarized as follows:

	<b>Recognized as Cumulative Effect of Changes in Accounting Principles (Net of Tax)</b>	<b>Recognized as a Separate Component of Shareholders' Equity</b>
Financial assets or liabilities at fair value through profit or loss	\$ (246,186)	\$ -
Available-for-sale financial assets	<u>-</u>	<u>-</u>
	<u>\$ (246,186)</u>	<u>\$ -</u>

The adoption of the newly released SFASs resulted in a decrease in net income before cumulative effect of changes in accounting principles of NT\$31,267 thousand, a decrease in net income of NT\$277,453 thousand, and a decrease in basic earnings per share (after income tax) of NT\$0.01, for the six months ended June 30, 2006.

Effective January 1, 2006, the Company adopted the newly revised SFAS No. 5 and SFAS No. 25, which prescribe that investment premiums, representing goodwill, be assessed for impairment at least on an annual basis instead of being amortized. Such a change in accounting principle did not have a material effect on the Company's financial statements as of and for the six months ended June 30, 2006.

#### 4. CASH AND CASH EQUIVALENTS

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Cash and deposits in banks	\$ 84,229,386	\$ 67,694,314
Repurchase agreements collateralized by government bonds	58,429,635	59,351,764
Asset-backed commercial papers	597,361	-
Corporate notes	-	666,940
	<u>\$ 143,256,382</u>	<u>\$ 127,713,018</u>

#### 5. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
<u>Derivatives - financial assets</u>		
Forward exchange contracts	\$ 15,335	\$ -
Cross currency swap contracts	<u>156,905</u>	<u>322,456</u>
	<u>\$ 172,240</u>	<u>\$ 322,456</u>
<u>Derivatives - financial liabilities</u>		
Forward exchange contracts	\$ 3,460	\$ 8,265
Cross currency swap contracts	-	<u>591,644</u>
	<u>\$ 3,460</u>	<u>\$ 599,909</u>

The Company entered into derivative contracts during the six months ended June 30, 2007 and 2006 to manage exposures due to fluctuations of foreign exchange rates. The derivative contracts entered into by the Company did not meet the criteria for hedge accounting prescribed by SFAS No. 34. Therefore, the Company did not apply hedge accounting treatment for its derivative contracts.

Outstanding forward exchange contracts as of June 30, 2007 and 2006:

	<b>Maturity Date</b>	<b>Contract Amount (in Thousands)</b>
<u>June 30, 2007</u>		
Sell EUR/buy NT\$	July 2007 to July 2008	EUR 50,700
<u>June 30, 2006</u>		
Sell US\$/buy NT\$	July 2006	US\$ 10,000
Sell EUR/buy US\$	July 2006	EUR 10,000

Outstanding cross currency swap contracts as of June 30, 2007 and 2006:

<b>Maturity Date</b>	<b>Contract Amount (in Thousands)</b>	<b>Range of Interest Rates Paid</b>	<b>Range of Interest Rates Received</b>
<u>June 30, 2007</u>			
July 2007 to August 2007	US\$ 765,000	2.36%-5.43%	1.70%-4.21%
<u>June 30, 2006</u>			
July 2006 to September 2006	US\$2,266,000	2.40%-5.57%	0.60%-2.78%

For the six months ended June 30, 2007 and 2006, net losses and net gains arising from derivative financial instruments were NT\$579,646 thousand (including realized settlement losses of NT\$714,576 thousand and valuation gains of NT\$134,930 thousand) and NT\$189,913 thousand (including realized settlement gains of NT\$467,366 thousand and valuation losses of NT\$277,453 thousand), respectively.

## 6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<b>June 30</b>	
	<b>2007</b>	<b>2006</b>
Open-end mutual funds	\$ 10,971,467	\$ 22,157,124
Corporate bonds	4,176,057	14,297,001
Government bonds	4,133,533	4,831,843
Structured time deposits	497,381	498,190
Agency bonds	-	13,787,394
Corporate issued asset-backed securities	-	10,921,185
Money market funds	-	385,937
Corporate notes	-	97,683
	<u>19,778,438</u>	<u>66,976,357</u>
Current portion	<u>(15,259,717)</u>	<u>(62,102,387)</u>
	<u>\$ 4,518,721</u>	<u>\$ 4,873,970</u>

In 2004, the Company entered into investment management agreements with three well-known financial institutions (fund managers) to manage its investment portfolios. In accordance with the investment guidelines and terms specified in these agreements, the securities invested by the fund managers cannot be below a pre-defined credit rating. In the second half year of 2006, the Company transferred investment portfolios managed by the fund managers of US\$1,277,789 thousand to TSMC Global Ltd. (TSMC Global), a subsidiary of TSMC. The transferred investment portfolios held by TSMC Global are still being managed by the same fund managers in accordance with the aforementioned investment guidelines and terms.

Structured time deposits categorized as available-for-sale financial assets consisted of the following:

	<b>Principal Amount</b>	<b>Carrying Amount</b>	<b>Interest Rate</b>	<b>Maturity Date</b>
<u>June 30, 2007</u>				
Step-up callable deposits				
Domestic deposits	\$ <u>500,000</u>	\$ <u>497,381</u>	1.76%	March 2008
<u>June 30, 2006</u>				
Step-up callable deposits				
Domestic deposits	\$ <u>500,000</u>	\$ <u>498,190</u>	1.76%	March 2008

The interest rate of the step-up callable deposits was pre-determined by the Company and the banks.

## 7. HELD-TO-MATURITY FINANCIAL ASSETS

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Corporate bonds	\$ 11,968,229	\$ 12,895,132
Structured time deposits	10,047,000	11,127,780
Government bonds	<u>8,682,408</u>	<u>5,239,892</u>
	30,697,637	29,262,804
Current portion	<u>(9,909,497)</u>	<u>(5,738,737)</u>
	<u>\$ 20,788,140</u>	<u>\$ 23,524,067</u>

Structured time deposits categorized as held-to-maturity financial assets consisted of the following:

	<b>Principal Amount</b>	<b>Interest Receivable</b>	<b>Range of Interest Rates</b>	<b>Maturity Date</b>
<u>June 30, 2007</u>				
Step-up callable deposits				
Domestic deposits	\$ 3,500,000	\$ 13,267	1.69%-1.83%	October 2007 to October 2008
Callable range accrual deposits				
Domestic deposits	3,928,200	4,556	(See below)	September 2009 to December 2009
Foreign deposits	<u>2,618,800</u>	<u>4,828</u>	(See below)	October 2009 to December 2009
	<u>\$ 10,047,000</u>	<u>\$ 22,651</u>		
<u>June 30, 2006</u>				
Step-up callable deposits				
Domestic deposits	\$ 4,000,000	\$ 27,016	1.40%-2.01%	June 2007 to March 2009
Callable range accrual deposits				
Domestic deposits	3,887,880	4,725	(See below)	September 2009 to December 2009
Foreign deposits	<u>3,239,900</u>	<u>4,914</u>	(See below)	October 2009 to January 2010
	<u>\$ 11,127,780</u>	<u>\$ 36,655</u>		

The amount of interest earned from the callable range accrual deposits is based on a pre-defined range as determined by the 3-month or 6-month LIBOR plus an agreed upon rate ranging between 2.10% and 3.45%. Based on the terms of the contracts, if the 3-month or 6-month LIBOR moves outside of the pre-defined range, the interest paid to the Company is at a fixed rate ranging between zero and 1.5%. Under the terms of the contracts, the bank has the right to cancel the contracts prior to the maturity date.

As of June 30, 2007 and 2006, the principal of the deposits that resided in banks located in Hong Kong amounted to US\$60,000 thousand and US\$80,000 thousand, respectively; the principal of those resided in banks located in Singapore amounted to US\$20,000 thousand.

## 8. INVENTORIES, NET

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Finished goods	\$ 4,545,835	\$ 4,163,346
Work in process	16,447,979	13,243,014
Raw materials	1,137,465	1,236,095
Supplies and spare parts	<u>421,597</u>	<u>537,546</u>
	22,552,876	19,180,001
Allowance for losses	<u>(874,918)</u>	<u>(804,421)</u>
	<u>\$ 21,677,958</u>	<u>\$ 18,375,580</u>

## 9. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<u>June 30</u>			
	<u>2007</u>		<u>2006</u>	
	<u>Carrying Amount</u>	<u>% of Owner- ship</u>	<u>Carrying Amount</u>	<u>% of Owner- ship</u>
TSMC Global (Note 6)	\$ 43,613,633	100	\$ -	-
TSMC International Investment Ltd. (TSMC International)	27,053,657	100	25,984,419	100
TSMC (Shanghai) Company Limited (TSMC-Shanghai)	8,799,540	100	9,093,788	100
Systems on Silicon Manufacturing Company Pte Ltd. (SSMC)	8,289,538	39	5,094,733	32
Vanguard International Semiconductor Corporation (VIS)	5,637,861	27	5,087,101	27
TSMC Partners, Ltd. (TSMC Partners)	4,567,193	100	4,225,071	100
TSMC North America (TSMC-North America)	2,207,039	100	1,790,365	100
Xintec Inc. (Xintec)	1,366,816	43	-	-
VentureTech Alliance Fund II, L.P. (VTAF II)	858,453	98	707,835	98
VentureTech Alliance Fund III, L.P. (VTAF III)	756,146	98	145,055	98
Emerging Alliance Fund, L.P. (Emerging Alliance)	717,200	99	1,050,087	99
Global UniChip Corporation (GUC)	694,111	38	447,762	45
Chi Cherng Investment Co., Ltd. (Chi Cherng)	168,359	36	113,574	36
Hsin Ruey Investment Co., Ltd. (Hsin Ruey)	166,857	36	113,246	36
TSMC Japan Limited (TSMC-Japan)	94,250	100	96,536	100
Taiwan Semiconductor Manufacturing Company Europe B.V. (TSMC-Europe)	65,109	100	36,909	100
TSMC Korea Limited (TSMC-Korea)	<u>15,514</u>	100	<u>13,752</u>	100
	<u>\$ 105,071,276</u>		<u>\$ 54,000,233</u>	

In November 2006, the Company acquired 81 thousand shares in SSMC for SGD115,227 thousand from EDB Investments Pte Ltd. under a Shareholders Agreement. After the acquisition, the number of SSMC shares owned by the Company increased to 463 thousand; the percentage of ownership increased from 32% to 39%.

In January 2007, the Company acquired 90,526 thousand shares in Xintec, representing 43% of the total common shares, for NT\$1,357,890 thousand.

For the six months ended June 30, 2007 and 2006, net equity in earnings of NT\$1,983,358 thousand and NT\$3,404,382 thousand was recognized, respectively. The carrying amounts of the investments accounted for using the equity method and the related equity in earnings or losses of equity method investees were determined based on the audited financial statements of the investees for the same periods as the Company.

## 10. FINANCIAL ASSETS CARRIED AT COST

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Non-publicly traded stocks	\$ 364,913	\$ 472,500
Funds	<u>382,305</u>	<u>346,469</u>
	<u>\$ 747,218</u>	<u>\$ 818,969</u>

## 11. PROPERTY, PLANT AND EQUIPMENT

Accumulated depreciation consisted of the following:

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Buildings	\$ 53,445,978	\$ 46,538,174
Machinery and equipment	392,217,826	335,618,032
Office equipment	<u>6,820,094</u>	<u>6,072,555</u>
	<u>\$ 452,483,898</u>	<u>\$ 388,228,761</u>

No interest was capitalized during the six months ended June 30, 2007 and 2006.

## 12. DEFERRED CHARGES, NET

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Technology license fees	\$ 3,723,447	\$ 4,708,484
Software and system design costs	1,155,163	1,401,428
Others	<u>300,805</u>	<u>54,080</u>
	<u>\$ 5,179,415</u>	<u>\$ 6,163,992</u>

### 13. BONDS PAYABLE

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Domestic unsecured bonds:		
Issued in December 2000 and repayable in December 2007, 5.36% interest payable annually	\$ 4,500,000	\$ 4,500,000
Issued in January 2002 and repayable in January 2007, 2009 and 2012 in three installments, 2.60%, 2.75% and 3.00% interest payable annually, respectively	<u>12,500,000</u>	<u>15,000,000</u>
	17,000,000	19,500,000
Current portion	<u>(4,500,000)</u>	<u>(2,500,000)</u>
	<u>\$ 12,500,000</u>	<u>\$ 17,000,000</u>

As of June 30, 2007, future principal repayments for the Company's bonds were as follows:

<b>Year of Repayment</b>	<b>Amount</b>
2007 (4 <sup>th</sup> quarter)	\$ 4,500,000
2009	8,000,000
2012	<u>4,500,000</u>
	<u>\$ 17,000,000</u>

### 14. OTHER LONG-TERM PAYABLES

Most of the payables resulted from license agreements for certain semiconductor-related patents. As of June 30, 2007, future payments for other long-term payables were as follows:

<b>Year of Payment</b>	<b>Amount</b>
2007 (3 <sup>rd</sup> and 4 <sup>th</sup> quarter)	\$ 2,094,747
2008	743,575
2009	338,480
2010	338,480
2011	<u>261,880</u>
	3,777,162
Current portion (classified under accrued expenses and other current liabilities)	<u>(2,433,227)</u>
	<u>\$ 1,343,935</u>

### 15. PENSION PLANS

The Labor Pension Act (the Act) became effective on July 1, 2005. The employees who were subject to the Labor Standards Law prior to July 1, 2005 were allowed to choose to be subject to the pension mechanism under the Act with their seniority as of July 1, 2005 retained or continue to be subject to the pension mechanism under the Labor Standards Law. Employees who joined the Company after July 1, 2005 can only be subject to the pension mechanism under the Act.

The pension mechanism under the Act is deemed a defined contribution plan. Pursuant to the Act, the Company has made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts starting from July 1, 2005, and recognized pension costs of NT\$298,794 thousand and NT\$ 309,691 thousand for the six months ended June 30, 2007 and 2006, respectively.

The Company has a defined benefit plan under the Labor Standards Law that provides benefits based on an employee's service years and average monthly salary for the six-month period prior to retirement. The Company contributes an amount equal to 2% of salaries paid each month to a pension fund (the Fund), which is administered by the pension fund monitoring committee (the Committee) and deposited in the Committee's name in the Central Trust of China. The Company recognized pension costs of NT\$162,308 thousand and NT\$152,702 thousand for the six months ended June 30, 2007 and 2006, respectively.

Changes in the Fund and accrued pension cost under the defined benefit plan are summarized as follows:

	<b><u>Six Months Ended June 30</u></b>	
	<b>2007</b>	<b>2006</b>
<b>The Fund</b>		
Balance, beginning of period	\$ 1,913,002	\$ 1,658,864
Contributions	111,502	131,250
Interest	46,279	34,384
Payments	<u>-</u>	<u>(4,677)</u>
Balance, end of period	<u>\$ 2,070,783</u>	<u>\$ 1,819,821</u>
<b>Accrued pension cost</b>		
Balance, beginning of period	\$ 3,530,116	\$ 3,461,392
Accruals	<u>53,426</u>	<u>22,958</u>
Balance, end of period	<u>\$ 3,583,542</u>	<u>\$ 3,484,350</u>

## 16. INCOME TAX

- a. A reconciliation of income tax expense based on "income before income tax" at statutory rate and income tax currently payable was as follows:

	<b><u>Six Months Ended June 30</u></b>	
	<b>2007</b>	<b>2006</b>
Income tax expense based on "income before income tax" at statutory rate (25%)	\$ 11,925,847	\$ 17,726,514
Tax effect of the following:		
Tax-exempt income	(2,770,225)	(6,411,975)
Temporary and permanent differences	(320,582)	(721,070)
Additional tax at 10% on unappropriated earnings	2,686,561	1,156,130
Cumulative effect of changes in accounting principles	-	(82,062)
Investment tax credits used	<u>(7,260,151)</u>	<u>(7,462,975)</u>
Income tax currently payable	<u>\$ 4,261,450</u>	<u>\$ 4,204,562</u>



	<u>Six Months Ended June 30</u>	
	2007	2006
b. Income tax expense consisted of the following:		
Income tax currently payable	\$ 4,261,450	\$ 4,204,562
Other income tax adjustments	(361,957)	(447,043)
Net change in deferred income tax assets		
Investment tax credits	3,082,172	2,756,331
Temporary differences	(760,228)	(1,423,579)
Valuation allowance	<u>(2,840,629)</u>	<u>(1,039,030)</u>
Income tax expense	<u>\$ 3,380,808</u>	<u>\$ 4,051,241</u>

c. Net deferred income tax assets consisted of the following:

	<u>June 30</u>	
	2007	2006
Current deferred income tax assets		
Investment tax credits	<u>\$ 5,622,000</u>	<u>\$ 6,084,277</u>
Noncurrent deferred income tax assets		
Investment tax credits	\$ 11,252,720	\$ 15,025,163
Temporary differences	1,600,692	741,309
Valuation allowance	<u>(4,363,600)</u>	<u>(8,371,516)</u>
	<u>\$ 8,489,812</u>	<u>\$ 7,394,956</u>

d. Integrated income tax information:

The balance of the imputation credit account as of June 30, 2007 and 2006 was NT\$2,759,715 thousand and NT\$743,590 thousand, respectively.

The creditable ratios for distribution of earnings of 2006 and 2005 were 5.23% (expected) and 2.88%, respectively.

The imputation credit allocated to shareholders is based on its balance as of the date of dividend distribution. The estimated creditable ratio may change when the actual distribution of imputation credit is made.

e. All earnings generated prior to December 31, 1997 have been appropriated.

f. As of June 30, 2007, investment tax credits consisted of the following:

Law/Statute	Item	Total Creditable Amount	Remaining Creditable Amount	Expiry Year
Statute for Upgrading Industries	Purchase of machinery and equipment	\$ 238,012	\$ -	2007
		3,177,526	-	2008
		6,029,482	5,114,037	2009
		6,424,473	6,424,473	2010
		<u>832,574</u>	<u>832,574</u>	2011
		<u>\$ 16,702,067</u>	<u>\$ 12,371,084</u>	

(Continued)

Law/Statute	Item	Total Creditable Amount	Remaining Creditable Amount	Expiry Year
Statute for Upgrading Industries	Research and development expenditures	\$ 1,245,142	\$ -	2007
		1,627,095	-	2008
		1,534,230	1,534,230	2009
		1,944,546	1,944,546	2010
		<u>869,050</u>	<u>869,050</u>	2011
		<u>\$ 7,220,063</u>	<u>\$ 4,347,826</u>	
Statute for Upgrading Industries	Personnel training expenditures	\$ 16,197	\$ -	2007
		40,734	-	2008
		40,442	40,442	2009
		<u>35,564</u>	<u>35,564</u>	2010
				<u>\$ 132,937</u>
Statute for Upgrading Industries	Investments in important technology-based enterprises	<u>\$ 79,804</u>	<u>\$ 79,804</u>	2010

(Concluded)

- g. The profits generated from the following projects are exempt from income tax for a four-year or five-year period:

**Tax-Exemption Period**

Construction of Fab 12 - Module A	2004 to 2007
Construction of Fab 14 - Module A	2006 to 2010

- h. The tax authorities have examined income tax returns of the Company through 2004.

**17. LABOR COST, DEPRECIATION AND AMORTIZATION**

	Six Months Ended June 30, 2007		
	Classified as Cost of Sales	Classified as Operating Expenses	Total
Labor cost			
Salary	\$ 4,405,268	\$ 2,160,377	\$ 6,565,645
Labor and health insurance	277,788	150,831	428,619
Pension	298,525	162,577	461,102
Meal	213,703	80,294	293,997
Welfare	109,186	66,138	175,324
Others	<u>62,796</u>	<u>3,017</u>	<u>65,813</u>
	<u>\$ 5,367,266</u>	<u>\$ 2,623,234</u>	<u>\$ 7,990,500</u>
Depreciation	<u>\$ 33,044,630</u>	<u>\$ 1,919,406</u>	<u>\$ 34,964,036</u>
Amortization	<u>\$ 905,291</u>	<u>\$ 403,390</u>	<u>\$ 1,308,681</u>

	<b>Six Months Ended June 30, 2006</b>		
	<b>Classified as</b>	<b>Classified as</b>	
	<b>Cost of Sales</b>	<b>Operating Expenses</b>	<b>Total</b>
Labor cost			
Salary	\$ 5,183,360	\$ 2,144,658	\$ 7,328,018
Labor and health insurance	340,274	167,998	508,272
Pension	309,451	152,942	462,393
Meal	225,304	76,220	301,524
Welfare	94,186	48,784	142,970
Others	<u>103,858</u>	<u>12,901</u>	<u>116,759</u>
	<u>\$ 6,256,433</u>	<u>\$ 2,603,503</u>	<u>\$ 8,859,936</u>
Depreciation	<u>\$ 29,319,569</u>	<u>\$ 1,617,095</u>	<u>\$ 30,936,664</u>
Amortization	<u>\$ 722,358</u>	<u>\$ 479,323</u>	<u>\$ 1,201,681</u>

## 18. SHAREHOLDERS' EQUITY

As of June 30, 2007, 1,134,382 thousand ADSs of the Company were traded on the NYSE. The number of common shares represented by the ADSs was 5,671,912 thousand (one ADS represents five common shares).

Capital surplus can only be used to offset a deficit under the Company Law. However, the capital surplus generated from donations and the excess of the issuance price over the par value of capital stock (including the stock issued for new capital, mergers, convertible bonds and the surplus from treasury stock transactions) may be appropriated as stock dividends, which are limited to a certain percentage of the Company's paid-in capital.

Capital surplus consisted of the following:

	<b>June 30</b>	
	<b>2007</b>	<b>2006</b>
From merger	\$ 24,003,546	\$ 24,003,546
Additional paid-in capital	19,422,365	19,788,594
From convertible bonds	9,360,424	9,360,424
From treasury stock transactions	490,950	389,188
From long-term investments	448,264	280,679
Donations	<u>55</u>	<u>55</u>
	<u>\$ 53,725,604</u>	<u>\$ 53,822,486</u>

The Company's Articles of Incorporation provide that, when allocating the net profits for each fiscal year, the Company shall first offset its losses in previous years and then set aside the following items accordingly:

- a. Legal capital reserve at 10% of the profits left over, until the accumulated legal capital reserve has equaled the Company's paid-in capital;
- b. Special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge;

- c. Bonus to directors and bonus to employees of the Company of not more than 0.3% and not less than 1% of the remainder, respectively. Directors who also serve as executive officers of the Company are not entitled to receive the bonus to directors. The Company may issue stock bonuses to employees of an affiliated company meeting the conditions set by the Board of Directors or, by the person duly authorized by the Board of Directors;
- d. Any balance left over shall be allocated according to the resolution of the shareholders' meeting.

The Company's Articles of Incorporation also provide that profits of the Company may be distributed by way of cash dividend and/or stock dividend. However, distribution of profits shall be made preferably by way of cash dividend. Distribution of profits may also be made by way of stock dividend; provided that the ratio for stock dividend shall not exceed 50% of the total distribution.

Any appropriations of the profits are recorded in the year of shareholder approval and given effect to in the financial statements of that year.

The Company no longer has supervisors since January 1, 2007. The required duties of supervisors are being fulfilled by the Audit Committee.

The appropriation for legal capital reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit, or be distributed as dividends and bonuses for the portion in excess of 50% of the paid-in capital if the Company has no unappropriated earnings and the reserve balance has exceeded 50% of the Company's paid-in capital. The Company Law also prescribes that, when the reserve has reached 50% of the Company's paid-in capital, up to 50% of the reserve may be transferred to capital.

A special capital reserve equivalent to the net debit balance of the other components of shareholders' equity (for example, cumulative translation adjustments and unrealized loss on financial instruments, but excluding treasury stock) shall be made from unappropriated earnings pursuant to existing regulations promulgated by the Securities and Futures Bureau (SFB). Any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

The appropriations of earnings for 2006 and 2005 had been approved in the shareholders' meetings held on May 7, 2007 and May 16, 2006, respectively. The appropriations and dividends per share were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share</u>	
	<u>For Fiscal Year 2006</u>	<u>For Fiscal Year 2005</u>	<u>(NT\$)</u>	
			<u>For Fiscal Year 2006</u>	<u>For Fiscal Year 2005</u>
Legal capital reserve	\$ 12,700,973	\$ 9,357,503		
Special capital reserve	(11,192)	(1,585,685)		
Bonus to employees - in cash	4,572,798	3,432,129		
Bonus to employees - in stock	4,572,798	3,432,129		
Cash dividends to shareholders	77,489,064	61,825,061	\$ 3.00	\$ 2.50
Stock dividends to shareholders	516,594	3,709,504	0.02	0.15
Bonus to directors and supervisors	<u>285,800</u>	<u>257,410</u>		
	<u>\$ 100,126,835</u>	<u>\$ 80,428,051</u>		

The shareholders' meeting held on May 7, 2007 also resolved to distribute stock dividends out of capital surplus in the amount of NT\$ 774,891 thousand.

The amounts of the appropriations of earnings for 2006 and 2005 were consistent with the resolutions of the meetings of the Board of Directors held on February 6, 2007 and February 14, 2006, respectively. If the above bonus to employees, directors and supervisors had been paid entirely in cash and charged to earnings of 2006 and 2005, the basic earnings per share (after income tax) for the years ended December 31, 2006 and 2005 shown in the respective financial statements would have decreased from NT\$4.93 to NT\$4.56 and NT\$3.79 to NT\$3.50, respectively. The shares distributed as a bonus to employees represented 1.77% and 1.39% of the Company's total outstanding common shares as of December 31, 2006 and 2005, respectively.

The information about the appropriations of bonuses to employees, directors and supervisors is available at the Market Observation Post System website.

Under the Integrated Income Tax System that became effective on January 1, 1998, the R.O.C. resident shareholders are allowed a tax credit for their proportionate share of the income tax paid by the Company on earnings generated since January 1, 1998.

## 19. STOCK-BASED COMPENSATION PLANS

The Company's Employee Stock Option Plans under the 2004 Plan, 2003 Plan and 2002 Plan were approved by the SFB on January 6, 2005, October 29, 2003 and June 25, 2002, respectively. The maximum number of options authorized to be granted under the 2004 Plan, 2003 Plan and 2002 Plan was 11,000 thousand, 120,000 thousand and 100,000 thousand, respectively, with each option eligible to subscribe for one common share when exercisable. The options may be granted to qualified employees of the Company or any of its domestic or foreign subsidiaries, in which the Company's shareholding with voting rights, directly or indirectly, is more than fifty percent (50%). The options of all the plans are valid for ten years and exercisable at certain percentages subsequent to the second anniversary of the grant date. Under the terms of the plans, the options are granted at an exercise price equals to the closing price of the Company's common shares listed on the TSE on the grant date.

Options of the plans that had never been granted or had been granted but subsequently canceled had expired as of June 30, 2007.

Information about outstanding options for the six months ended June 30, 2007 and 2006 was as follows:

	Number of Options (in Thousands)	Weighted- average Exercise Price (NT\$)
<u>Six months ended June 30, 2007</u>		
Balance, beginning of period	52,814	\$ 37.9
Options granted	1,094	37.9
Options exercised	(7,401)	40.1
Options canceled	<u>(598)</u>	45.2
Balance, end of period	<u>45,909</u>	37.6
<u>Six months ended June 30, 2006</u>		
Balance, beginning of period	67,758	39.4
Options granted	2,517	39.7
Options exercised	(8,219)	39.7
Options canceled	<u>(2,304)</u>	44.5
Balance, end of period	<u>59,752</u>	39.6

The number of outstanding options and exercise prices have been adjusted to reflect the distribution of dividends in accordance with the plans. The options granted were the result of the aforementioned adjustment.

As of June 30, 2007, information about outstanding and exercisable options was as follows:

Range of Exercise Price (NT\$)	Options Outstanding			Options Exercisable	
	Number of Options (in Thousands)	Weighted-average Remaining Contractual Life (Years)	Weighted-average Exercise Price (NT\$)	Number of Options (in Thousands)	Weighted-average Exercise Price (NT\$)
\$25.9-\$36.4	30,754	3.66	\$ 33.2	30,754	\$ 33.2
\$38.9-\$51.3	<u>15,155</u>	5.41	46.6	<u>9,264</u>	46.3
	<u>45,909</u>		37.6	<u>40,018</u>	36.2

No compensation cost was recognized under the intrinsic value method for the six months ended June 30, 2007 and 2006. Had the Company used the fair value based method (based on the Black-Scholes model) to evaluate the options granted after January 1, 2004, the assumptions and pro forma results of the Company would have been as follows:

	Six Months Ended June 30	
	2007	2006
Assumptions:		
Expected dividend yield	1.00%-3.44%	1.00%-3.44%
Expected volatility	43.77%-46.15%	43.77%-46.15%
Risk free interest rate	3.07%-3.85%	3.07%-3.85%
Expected life	5 years	5 years
Net income:		
Net income as reported	\$ 44,322,581	\$ 66,608,628
Pro forma net income	44,287,092	66,552,140
Earnings per share (EPS) - after income tax (NT\$):		
Basic EPS as reported	\$1.68	\$2.53
Pro forma basic EPS	1.68	2.52
Diluted EPS as reported	1.68	2.52
Pro forma diluted EPS	1.68	2.52

## 20. TREASURY STOCK

(Shares in Thousands)

	Beginning Shares	Stock Dividend	Disposal	Ending Shares
<u>Six months ended June 30, 2007</u>				
Parent company stock held by subsidiaries	<u>33,926</u>	<u>170</u>	<u>-</u>	<u>34,096</u>
<u>Six months ended June 30, 2006</u>				
Parent company stock held by subsidiaries	<u>32,938</u>	<u>988</u>	<u>-</u>	<u>33,926</u>

As of June 30, 2007 and 2006, the book value of the treasury stock was NT\$918,075 thousand each; the market value was NT\$2,417,400 thousand and NT\$1,952,452 thousand, respectively. The Company's stock held by subsidiaries is treated as treasury stock and the holders are entitled to the rights of shareholders, with the exception of voting rights.

## 21. EARNINGS PER SHARE

	<b>Six Months Ended June 30</b>			
	<b>2007</b>		<b>2006</b>	
	<b>Before Income Tax</b>	<b>After Income Tax</b>	<b>Before Income Tax</b>	<b>After Income Tax</b>
Basic EPS (NT\$)				
Income before cumulative effect of changes in accounting principles	\$ 1.81	\$ 1.68	\$ 2.69	\$ 2.54
Cumulative effect of changes in accounting principles	-	-	(0.01)	(0.01)
Income for the period	<u>\$ 1.81</u>	<u>\$ 1.68</u>	<u>\$ 2.68</u>	<u>\$ 2.53</u>
Diluted EPS (NT\$)				
Income before cumulative effect of change in accounting principles	\$ 1.81	\$ 1.68	\$ 2.68	\$ 2.53
Cumulative effect of changes in accounting principles	-	-	(0.01)	(0.01)
Income for the period	<u>\$ 1.81</u>	<u>\$ 1.68</u>	<u>\$ 2.67</u>	<u>\$ 2.52</u>

EPS is computed as follows:

	<b>Amounts (Numerator)</b>		<b>Number of Shares (Denominator) (in Thousands)</b>	<b>EPS (NT\$)</b>	
	<b>Before Income Tax</b>	<b>After Income Tax</b>		<b>Before Income Tax</b>	<b>After Income Tax</b>
<u>Six months ended June 30, 2007</u>					
Basic EPS					
Income available to shareholders	\$ 47,703,389	\$ 44,322,581	26,385,050	<u>\$ 1.81</u>	<u>\$ 1.68</u>
Effect of dilutive potential common stock - stock options	-	-	23,482		
Diluted EPS					
Income available to shareholders (including effect of dilutive potential common stock)	<u>\$ 47,703,389</u>	<u>\$ 44,322,581</u>	<u>26,408,532</u>	<u>\$ 1.81</u>	<u>\$ 1.68</u>
<u>Six months ended June 30, 2006</u>					
Basic EPS					
Income available to shareholders	\$ 70,577,807	\$ 66,608,628	26,371,073	<u>\$ 2.68</u>	<u>\$ 2.53</u>
Effect of dilutive potential common stock - stock options	-	-	22,850		
Diluted EPS					
Income available to shareholders (including effect of dilutive potential common stock)	<u>\$ 70,577,807</u>	<u>\$ 66,608,628</u>	<u>26,393,923</u>	<u>\$ 2.67</u>	<u>\$ 2.52</u>

## 22. DISCLOSURES FOR FINANCIAL INSTRUMENTS

a. Fair values of financial instruments were as follows:

	<b>June 30</b>			
	<b>2007</b>		<b>2006</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
<u>Assets</u>				
Financial assets at fair value through profit or loss	\$ 172,240	\$ 172,240	\$ 322,456	\$ 322,456
Available-for-sale financial assets	19,778,438	19,778,438	66,976,357	66,976,357
Held-to-maturity financial assets	30,697,637	30,616,918	29,262,804	28,857,510
Investments accounted for using equity method (with market price)	6,331,972	28,683,049	5,087,101	9,567,918
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss	3,460	3,460	599,909	599,909
Bonds payable (including current portion)	17,000,000	17,241,349	19,500,000	19,888,147
Other long-term payable (including current portion)	3,777,162	3,777,162	3,484,092	3,484,092

b. Methods and assumptions used in the determination of fair values of financial instruments

- 1) The aforementioned financial instruments do not include cash and cash equivalents, receivables, other financial assets, payables, and payables to contractors and equipment suppliers. The carrying amounts of these financial instruments approximate their fair values due to their short maturities.
- 2) Fair values of financial assets/liabilities at fair value through profit or loss were determined using valuation techniques incorporating estimates and assumptions that were consistent with prevailing market conditions.
- 3) Fair values of available-for-sale and held-to-maturity financial assets were based on their quoted market prices; while fair values of structured time deposits were estimated using valuation techniques.
- 4) Fair value of bonds payable was based on their quoted market price.
- 5) Fair value of other long-term payables was based on the present value of expected cash flows, which approximates their carrying amount.

c. Gains and losses recognized for the changes in fair value of derivatives estimated using valuation techniques were NT\$134,930 thousand and NT\$277,453 thousand for the six months ended June 30, 2007 and 2006, respectively.

d. As of June 30, 2007 and 2006, financial assets exposed to fair value interest rate risk were NT\$50,648,315 thousand and NT\$96,561,617 thousand, respectively; financial liabilities exposed to fair value interest rate risk were NT\$3,460 thousand and NT\$599,909 thousand, respectively, and financial assets exposed to cash flow interest rate risk were NT\$6,547,000 thousand and NT\$7,127,780 thousand, respectively.



- e. The Company recognized an unrealized gain of NT\$150,562 thousand and an unrealized loss of NT\$190,353 thousand directly in shareholders' equity for the changes in fair value of available-for-sale financial assets for the six months ended June 30, 2007 and 2006, respectively; the Company recognized gains of NT\$233,970 thousand and NT\$1,116 thousand which was removed from shareholders' equity and recognized in earnings for the six months ended June 30, 2007 and 2006, respectively. The Company also recognized unrealized losses of NT\$30,727 thousand and unrealized gains of NT\$308,023 thousand in shareholders' equity for the changes in fair value of available-for-sale financial assets held by equity method investees for the six months ended June 30, 2007 and 2006, respectively.
- f. Information about financial risks
- 1) Market risk. The derivative financial instruments categorized as financial assets/liabilities at fair value through profit or loss are mainly used to hedge the exchange rate fluctuations of foreign-currency assets and liabilities; therefore, the market risk of derivatives will be offset by the foreign exchange risk of these hedged items. Available-for-sale financial assets held by the Company are mainly fixed-interest-rate debt securities; therefore, the fluctuations in market interest rates will result in changes in fair values of these debt securities.
  - 2) Credit risk. Credit risk represents the potential loss that would be incurred by the Company if the counter-parties or third-parties breached contracts. Financial instruments with positive fair values at the balance sheet date are evaluated for credit risk. The counter-parties or third-parties to the foregoing financial instruments are reputable financial institutions, business organizations and government agencies. Management believes that the Company's exposure to default by those parties is low.
  - 3) Liquidity risk. The Company has sufficient operating capital to meet cash needs upon settlement of derivative financial instruments and bonds payable. Therefore, the liquidity risk is low.
  - 4) Cash flow interest rate risk. The Company mainly invests in fixed-interest-rate debt securities. Therefore, cash flows are not expected to fluctuate significantly due to changes in market interest rates.

## 23. RELATED PARTY TRANSACTIONS

The Company engages in business transactions with the following related parties:

- a. Philips, a major shareholder of the Company.
- b. Subsidiaries
  - TSMC-North America
  - TSMC-Shanghai
  - TSMC-Europe
  - TSMC-Japan
- c. Investees
  - GUC (with a controlling financial interest)
  - VIS (accounted for using equity method)
  - SSMC (accounted for using equity method)

d. Indirect subsidiaries

WaferTech, LLC (WaferTech)  
TSMC Technology, Inc. (TSMC Technology)

e. Indirect investee

VisEra (accounted for using equity method)

f. Others

Related parties over which the Company has control or exercises significant influence but with which the Company had no material transactions.

Transactions with the aforementioned parties, other than those disclosed in other notes, are summarized as follows:

	<b>2007</b>		<b>2006</b>	
	Amount	%	Amount	%
<u>For the six months ended June 30</u>				
Sales				
TSMC-North America	\$ 83,546,469	60	\$ 94,075,632	58
Philips	-	-	2,318,898	2
Others	<u>465,685</u>	<u>1</u>	<u>406,336</u>	<u>-</u>
	<u>\$ 84,012,154</u>	<u>61</u>	<u>\$ 96,800,866</u>	<u>60</u>
Purchases				
WaferTech	\$ 4,804,106	21	\$ 6,505,148	28
SSMC	2,765,116	12	3,718,466	16
TSMC-Shanghai	2,485,579	11	1,918,584	8
VIS	1,681,324	8	1,712,082	7
Others	<u>732</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 11,736,857</u>	<u>52</u>	<u>\$ 13,854,280</u>	<u>59</u>
Manufacturing expenses				
VisEra	\$ 20,500	-	\$ -	-
Philips (technical assistance fees, see Note 25a)	<u>-</u>	<u>-</u>	<u>377,952</u>	<u>1</u>
	<u>\$ 20,500</u>	<u>-</u>	<u>\$ 377,952</u>	<u>1</u>
Marketing expenses - commission				
TSMC-Europe	\$ 146,354	21	\$ 116,934	11
TSMC-Japan	115,663	16	125,553	12
Others	<u>11,146</u>	<u>2</u>	<u>1,118</u>	<u>-</u>
	<u>\$ 273,163</u>	<u>39</u>	<u>\$ 243,605</u>	<u>23</u>

	<u>2007</u>		<u>2006</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
General and administrative expenses - rental				
GUC	\$ 3,473	-	\$ 7,659	-
Research and development expenses				
TSMC Technology	\$ 145,596	2	\$ -	-
Others	59,381	1	19,582	-
	<u>\$ 204,977</u>	<u>3</u>	<u>\$ 19,582</u>	<u>-</u>
Sales of property, plant and equipment				
TSMC-Shanghai	\$ 2,378	33	\$ 173,299	42
Non-operating income and gains				
VisEra	\$ 177,414	4	\$ 140,079	2
VIS (primarily technical service income, see Note 25h)	173,765	3	105,937	2
TSMC-Shanghai	168,625	3	123,891	2
SSMC (primarily technical service income, see Note 25e)	116,257	2	147,219	2
	<u>\$ 636,061</u>	<u>12</u>	<u>\$ 517,126</u>	<u>8</u>
<u>As of June 30</u>				
Receivables				
TSMC-North America	\$ 20,642,259	100	\$ 22,374,338	98
Philips	-	-	382,251	2
Others	32,908	-	153,300	-
	<u>\$ 20,675,167</u>	<u>100</u>	<u>\$ 22,909,889</u>	<u>100</u>
Other receivables				
VIS	\$ 809,153	63	\$ 688,807	42
VisEra	147,186	11	17,376	1
SSMC	97,977	8	92,700	6
TSMC-North America	88,131	7	205,327	12
TSMC-Shanghai	60,263	5	167,585	10
TSMC Technology	-	-	485,449	29
Others	77,709	6	2,238	-
	<u>\$ 1,280,419</u>	<u>100</u>	<u>\$ 1,659,482</u>	<u>100</u>
Payables				
WaferTech	\$ 804,285	26	\$ 1,155,023	35
VIS	780,221	25	943,129	29
SSMC	728,808	23	662,385	20
TSMC-Shanghai	611,054	20	401,379	12
Others	184,255	6	119,507	4
	<u>\$ 3,108,623</u>	<u>100</u>	<u>\$ 3,281,423</u>	<u>100</u>

	2007		2006	
	Amount	%	Amount	%
Other long-term payables				
Philips (Note 25a)	\$ -	-	\$ 1,085,366	100
Deferred credits				
TSMC-Shanghai	\$ 617,113	62	\$ 635,124	54
VisEra	<u>93,262</u>	<u>9</u>	<u>155,437</u>	<u>13</u>
	<u>\$ 710,375</u>	<u>71</u>	<u>\$ 790,561</u>	<u>67</u>

The terms of sales to related parties were not significantly different from those of sales to third parties. For other related party transactions, prices were determined in accordance with mutual agreements.

The Company deferred the gains (classified under the deferred credits) derived from sales of property, plant, and equipment to TSMC-Shanghai and VisEra, and then recognized such gains (classified under non-operating income and gains) over the depreciable lives of the disposed assets.

The Company leased part of its office space from GUC and also leased certain buildings and facilities to VisEra. The related rental expense and rental income were classified under non-operating expenses and income, respectively. The lease terms and prices were determined in accordance with mutual agreements.

#### 24. SIGNIFICANT LONG-TERM LEASES

The Company leases several parcels of land from the Science Park Administration. These operating leases expire on various dates from December 2007 to December 2026 and can be renewed upon expiration.

As of June 30, 2007, future lease payments were as follows:

Year	Amount
2007 (3 <sup>rd</sup> and 4 <sup>th</sup> quarter)	\$ 170,581
2008	301,926
2009	292,960
2010	243,762
2011	242,180
2012 and thereafter	<u>1,820,594</u>
	<u>\$ 3,072,003</u>

#### 25. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The significant commitments and contingencies of the Company as of June 30, 2007, except as disclosed in other notes, were as follows:

- a. On June 20, 2004, the Company and Philips (Philips parted with its semiconductor company which was renamed as NXP B.V. in September 2006) amended the Technical Cooperation Agreement, which was originally signed on May 12, 1997. The amended Technical Cooperation Agreement is for five years beginning from January 1, 2004. Upon expiration, this amended Technical Cooperation Agreement will be terminated and will not be automatically renewed; however, the patent cross license arrangement between the Company and Philips (now NXP B.V.) will survive the expiration of the amended Technical Cooperation Agreement. Under this amended Technical Cooperation Agreement, the Company will pay Philips (now NXP B.V.) royalties based on a fixed amount mutually agreed-on,

rather than under a certain percentage of the Company's annual net sales. The Company and Philips (now NXP B.V.) agreed to cross license the patents owned by each party. The Company also obtained through Philips (now NXP B.V.) a number of cross patent licenses.

- b. Under a technical cooperation agreement with ITRI, the R.O.C. Government or its designee approved by TSMC can use up to 35% of TSMC's capacity if TSMC's outstanding commitments to its customers are not prejudiced. The term of this agreement is for five years beginning from January 1, 1987 and is automatically renewed for successive periods of five years unless otherwise terminated by either party with one year prior notice. The agreement was automatically renewed in 1992, 1997, 2002 and on January 1, 2007.
- c. Under several foundry agreements, the Company shall reserve a portion of its production capacity for certain major customers that have guarantee deposits with the Company. As of June 30, 2007, the Company had a total of US\$90,985 thousand of guarantee deposits.
- d. Under a Shareholders Agreement entered into with Philips and EDB Investments Pte Ltd. on March 30, 1999, the parties formed a joint venture company, SSMC, which is an integrated circuit foundry in Singapore. The Company's equity interest in SSMC was 32%. Nevertheless, Philips parted with its semiconductor company which was renamed as NXP B.V. in September 2006. The Company and NXP B.V. purchased all the SSMC shares owned by EDB Investments Pte Ltd. pro rata according to the Shareholders Agreement on November 15, 2006. After the purchase, the Company and NXP B.V. currently own approximately 39% and 61% of the SSMC shares, respectively. The Company and Philips (now NXP B.V.) committed to buy specific percentages of the production capacity of SSMC. The Company and Philips (now NXP B.V.) are required, in the aggregate, to purchase up to 70% of SSMC's capacity, but the Company alone is not required to purchase more than 28% of the capacity. If any party defaults on the commitment and the capacity utilization of SSMC falls below a specific percentage of its capacity, the defaulting party is required to compensate SSMC for all related unavoidable costs.
- e. The Company provides technical services to SSMC under a Technical Cooperation Agreement (the Agreement) entered into on May 12, 1999. The Company receives compensation for such services computed at a specific percentage of net selling price of all products sold by SSMC. The Agreement shall remain in force for ten years and may be automatically renewed for successive periods of five years each unless pre-terminated by either party under certain conditions.
- f. Under a Technology Transfer Agreement (TTA) with National Semiconductor Corporation (National) entered into on June 27, 2000, the Company shall receive payments for the licensing of certain technology to National. The agreement was to remain in force for ten years and could be automatically renewed for successive periods of two years thereafter unless either party gives written notice for early termination under certain conditions. In January 2003, the Company and National entered into a Termination Agreement whereby the TTA was terminated. Under the Termination Agreement, the Company will be relieved of any further obligation to transfer any additional technology. In addition, the Company granted National an option to request the transfer of certain technologies under the same terms and conditions as the terminated TTA. The option will expire in January 2008.
- g. In December 2003, the Company entered into a Technology Development and License Agreement with Freescale Semiconductor, Inc. to jointly develop 65-nm SOI (silicon on insulator) technology. The Company will also license related 90-nm SOI technology from Freescale Semiconductor, Inc. Any intellectual properties arising out of the co-development project shall be jointly owned by the parties. In accordance with the agreement, the Company will pay royalties to Freescale Semiconductor, Inc. and will share a portion of the costs associated with the joint development project.

- h. The Company provides a technology transfer to VIS under a Manufacturing License and Technology Transfer Agreement entered into on April 1, 2004. The Company receives compensation for such technology transfer in the form of royalty payments from VIS computed at specific percentages of net selling price of certain products sold by VIS. VIS agreed to reserve its certain capacity to manufacture for the Company certain products at prices as agreed by the parties.
- i. TSMC, TSMC-North America and WaferTech filed a series of lawsuits in late 2003 and 2004 against Semiconductor Manufacturing International Corporation (“SMIC”), SMIC (Shanghai) and SMIC Americas. The lawsuits alleged that SMIC companies infringed multiple TSMC patents and misappropriated TSMC’s trade secrets. These suits were settled out of court on January 30, 2005. As part of the settlement, SMIC shall pay TSMC US\$175,000 thousand over six years to resolve TSMC’s claims. As of June 30, 2007, SMIC had paid US\$75,000 thousand in accordance with the terms of this settlement agreement. In August 2006, TSMC, TSMC-North America and Wafertech filed a lawsuit against SMIC in Alameda County Superior Court in California for breach of aforementioned settlement agreement, breach of promissory notes and trade secret misappropriation, seeking injunctive relief and monetary damages. In September 2006, SMIC filed a cross-complaint against TSMC in the same court, alleging TSMC of breach of the settlement agreement and implied covenant of good faith and fair dealing, in response to TSMC's August complaint. In November 2006, SMIC filed a complaint with Beijing People's High Court against TSMC, TSMC-North America, and Wafertech, alleging defamation and breach of good faith. The result of the above-mentioned litigation cannot be determined at this time.
- j. Amounts available under unused letters of credit as of June 30, 2007 were NT\$6,480 thousand.

## 27. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the SFB for the Company and its investees:

- a. Financing provided: None;
- b. Endorsement/guarantee provided: None;
- c. Marketable securities held: Please see Table 1 attached;
- d. Marketable securities acquired or disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Please see Table 2 attached;
- e. Acquisition of individual real estate properties at costs of at least NT\$100 million or 20% of the paid-in capital: Please see Table 3 attached;
- f. Disposal of individual real estate properties at prices of at least NT\$100 million or 20% of the paid-in capital: None;
- g. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Please see Table 4 attached;
- h. Receivable from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please see Table 5 attached;
- i. Names, locations, and related information of investees over which the Company exercises significant influence: Please see Table 6 attached;
- j. Information about derivatives of investees in which the Company has a controlling interest:

TSMC-Shanghai entered into forward exchange contracts during the six months ended June 30, 2007 to manage exposures due to foreign exchange rate fluctuations.

Outstanding forward exchange contracts as of June 30, 2007:

	<b>Maturity Date</b>	<b>Contract Amount (in Thousands)</b>
Sell RMB/buy EUR	July 2007	EUR 189

Net realized settlement losses and valuation gains arising from TSMC-Shanghai's forward exchange transactions for the six months ended June 30, 2007 were NT\$669 thousand and NT\$130 thousand, respectively.

Xintec entered into forward exchange contracts during the six months ended June 30, 2007 to manage exposures due to foreign exchange rate fluctuations.

Outstanding forward exchange contracts as of June 30, 2007:

	<b>Maturity Date</b>	<b>Contract Amount (in Thousands)</b>
Sell US\$/buy NT\$	July 2007	US\$ 2,000

Net realized settlement losses and valuation gains arising from Xintec's forward exchange transactions for the six months ended June 30, 2007 were NT\$1,500 thousand and NT\$176 thousand, respectively.

k. Information on investment in Mainland China

- 1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, equity in the net gain or net loss, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 7 attached.
- 2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: Please see Note 23.

## Taiwan Semiconductor Manufacturing Company Limited and Investees

## MARKETABLE SECURITIES HELD

JUNE 30, 2007

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2007				Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)	
The Company	<u>Government Bond</u>							
	2003 Government Bond Series B	-	Available-for-sale financial assets	-	\$ 2,344,207	N/A	\$ 2,344,207	
	2004 Government Bond Series B	-	"	-	1,192,161	N/A	1,192,161	
	2004 Government Bond Series G	-	"	-	198,586	N/A	198,586	
	2006 Government Bond Series D	-	"	-	398,579	N/A	398,579	
	2003 Government Bond Series F	-	Held-to-maturity financial assets	-	798,163	N/A	844,440	
	2006 Government Bond Series D	-	"	-	3,654,613	N/A	3,637,028	
	2003 Government Bond Series B	-	"	-	1,647,899	N/A	1,643,938	
	2003 Government Bond Series H	-	"	-	401,144	N/A	399,721	
	2004 Kaohsiung Municipal Series A	-	"	-	620,000	N/A	620,273	
	2004 Kaohsiung Municipal Series B	-	"	-	249,998	N/A	250,004	
	2003 Asian Development Bank Govt. Bond	-	"	-	845,464	N/A	875,103	
	European Investment Bank Bonds	-	"	-	376,047	N/A	400,000	
	2003 European Bank for Reconstruction and Development Govt. Bond Series A	-	"	-	89,080	N/A	90,000	
	<u>Open-end mutual funds</u>							
	NITC Bond Fund	-	Available-for-sale financial assets	12,239	2,028,897	N/A	2,028,897	
	Fuh Hwa Bond	-	"	102,783	1,380,442	N/A	1,380,442	
	Prudential Financial Bond Fund	-	"	83,306	1,226,681	N/A	1,226,681	
	NITC Taiwan Bond	-	"	79,132	1,123,358	N/A	1,123,358	
	ING Taiwan Income Fund	-	"	63,947	1,020,211	N/A	1,020,211	
	Mega Diamond Bond Fund	-	"	70,262	814,510	N/A	814,510	
	Taishin Lucky Fund	-	"	68,945	712,420	N/A	712,420	
	Polaris De-Bao Fund	-	"	63,273	706,359	N/A	706,359	
	Dresdner Bond DAM Fund	-	"	54,286	633,827	N/A	633,827	
	HSBC Taiwan Money Management	-	"	34,093	510,018	N/A	510,018	
	JF Taiwan Bond Fund	-	"	26,542	408,003	N/A	408,003	
	INVESCO Bond Fund	-	"	27,176	406,741	N/A	406,741	
	<u>Corporate Bond</u>							
	Hua Nan Bank	-	Available-for-sale financial assets	-	1,559,462	N/A	1,559,462	
	Cathay Bank	-	"	-	1,169,901	N/A	1,169,901	
	Taiwan Power Company	-	"	-	1,048,083	N/A	1,048,083	
	Formosa Petrochemical Corporation	-	"	-	398,611	N/A	398,611	
	Formosa Petrochemical Corporation	-	Held-to-maturity financial assets	-	3,574,211	N/A	3,555,654	
	Taiwan Power Company	-	"	-	3,262,876	N/A	3,262,707	
	Nan Ya Plastics Corporation	-	"	-	2,003,757	N/A	2,000,821	
	CPC Corporation, Taiwan	-	"	-	1,450,830	N/A	1,449,750	
	China Steel Corporation	-	"	-	1,000,000	N/A	996,986	
	Formosa Plastic Corporation	-	"	-	386,989	N/A	386,866	
	Shanghai commercial & Saving Bank	-	"	-	289,566	N/A	289,495	

(Continued)



Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2007				Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)	
	<u>Stocks</u>							
	TSMC Global	Subsidiary	Investment accounted for using equity method	1	\$ 43,613,633	100	\$ 43,613,633	
	TSMC International	Subsidiary	"	987,968	27,053,657	100	27,053,657	
	SSMC	Investee accounted for using equity method	"	463	8,289,538	39	7,221,894	
	VIS	Investee accounted for using equity method	"	442,262	5,637,861	27	14,550,413	
	TSMC Partners	Subsidiary	"	300	4,567,193	100	4,567,193	
	TSMC-NA	Subsidiary	"	11,000	2,207,039	100	2,207,039	
	Xintec	Investee with a controlling interest	"	90,526	1,366,816	43	1,271,218	
	GUC	Investee with a controlling interest	"	41,263	694,111	38	14,132,636	
	TSMC-Japan	Subsidiary	"	6	94,250	100	94,250	
	TSMC-Europe	Subsidiary	"	-	65,109	100	65,109	
	TSMC-Korea	Subsidiary	"	80	15,514	100	15,514	
	United Industrial Gases Co., Ltd.	-	Financial assets carried at cost	16,783	193,584	10	277,359	
	Shin-Etsu Handotai Taiwan Co., Ltd.	-	"	10,500	105,000	7	257,909	
	W.K. Technology Fund IV	-	"	4,000	40,000	2	57,472	
	Hontung Venture Capital Co., Ltd.	-	"	2,633	26,329	10	25,113	
	<u>Fund</u>							
	Horizon Ventures Fund	-	Financial assets carried at cost	-	312,950	12	312,950	
	Crimson Asia Capital	-	"	-	69,355	1	69,355	
	<u>Capital</u>							
	TSMC-Shanghai	Subsidiary	Investment accounted for using equity method	-	8,799,540	100	8,792,573	
	VTAF II	Subsidiary	"	-	858,453	98	855,775	
	VTAF III	Subsidiary	"	-	756,146	98	748,203	
	Emerging Alliance	Subsidiary	"	-	717,200	99	717,200	
	Chi Cheng	Subsidiary	"	-	168,359	36	626,923	Treasury stock of NT\$458,564 thousand is deducted from the carrying value
	Hsin Ruey	Subsidiary	"	-	166,857	36	626,368	Treasury stock of NT\$459,511 thousand is deducted from the carrying value
Chi Cherng	<u>Stocks</u>							
	TSMC	Parent Company	Available-for-sale financial assets	17,032	1,207,568	-	1,207,568	
	VIS	Investee accounted for using equity method	Investments accounted for using equity method	5,032	104,426	-	165,556	
Hsin Ruey	<u>Stocks</u>							
	TSMC	Parent Company	Available-for-sale financial assets	17,064	1,209,832	-	1,209,832	
	VIS	Investee accounted for using equity method	Investments accounted for using equity method	3,711	81,743	-	122,087	
TSMC International	<u>Stocks</u>							
	InveStar	Subsidiary	Investments accounted for using equity method	9,207	US\$ 36,466	97	US\$ 36,466	
	InveStar II	Subsidiary	"	51,300	US\$ 54,498	97	US\$ 54,498	
	TSMC Development	Subsidiary	"	1	US\$ 662,082	100	US\$ 662,082	
	TSMC Technology	Subsidiary	"	1	US\$ 6,286	100	US\$ 6,286	

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2007				Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)	
TSMC-Development	WaferTech	Subsidiary	Investments accounted for using equity method	-	US\$ 249,316	100	US\$ 249,316	
TSMC Partners	<u>Common stock</u> VisEra Holding Company	Investee accounted for using equity method	Investments accounted for using equity method	43,000	US\$ 63,098	49	US\$ 63,098	
Emerging Alliance	<u>Common stock</u> NetLogic Microsystems, Inc.	-	Financial assets at fair value through profit or loss	55	US\$ 1,767	-	US\$ 1,767	
	Ikanos Communication, Inc.	-	Available-for-sale financial assets	515	US\$ 3,917	2	US\$ 3,917	
	Global Investment Holding, Inc.	-	Financial assets carried at cost	10,800	\$ 100,000	6	\$ 100,000	
	RichWave Technology Corp.	-	"	4,247	US\$ 1,648	13	US\$ 1,648	
	Pixim, Inc.	-	"	1,036	US\$ 275	2	US\$ 275	
	<u>Preferred stock</u> Pixim, Inc.	-	Financial assets carried at cost	3,606	US\$ 862	-	US\$ 862	
	Mosaic Systems, Inc.	-	"	2,481	US\$ 12	6	US\$ 12	
	Reflectivity, Inc.	-	"	3,252	US\$ 102	4	US\$ 102	
	Miradia, Inc.	-	"	3,040	US\$ 1,000	3	US\$ 1,000	
	Axiom Microdevices, Inc.	-	"	1,000	US\$ 1,000	1	US\$ 1,000	
	Optichron, Inc.	-	"	714	US\$ 1,000	4	US\$ 1,000	
	NuCORE Technology, Inc.	-	"	2,254	US\$ 1,388	2	US\$ 1,388	
	Next IO, Inc.	-	"	800	US\$ 500	2	US\$ 500	
	Audience, Inc.	-	"	1,654	US\$ 250	1	US\$ 250	
	Centrality Communications	-	"	1,325	US\$ 1,800	3	US\$ 1,800	
	Teknovus, Inc.	-	"	6,977	US\$ 1,327	3	US\$ 1,327	
	Optimal Corporation	-	"	583	US\$ 600	4	US\$ 600	
	Mobilygen	-	"	1,415	US\$ 750	1	US\$ 750	
VTAF II	<u>Common stock</u> Yobon	-	Financial assets carried at cost	1,875	US\$ 919	13	US\$ 919	
	Sentelic	-	"	1,200	US\$ 2,040	15	US\$ 2,040	
	Leadtrend	-	"	1,150	US\$ 660	6	US\$ 660	
	RichWave Technology Corp.	-	"	500	US\$ 231	2	US\$ 231	
	<u>Preferred stock</u> Powerprecise Solutions, Inc.	-	Financial assets carried at cost	1,445	US\$ 1,400	11	US\$ 1,400	
	Tzero Technologies, Inc.	-	"	730	US\$ 1,500	2	US\$ 1,500	
	Miradia, Inc.	-	"	2,740	US\$ 2,424	3	US\$ 2,424	
	Axiom Microdevices, Inc.	-	"	4,142	US\$ 1,812	4	US\$ 1,812	
	Next IO, Inc.	-	"	216	US\$ 182	-	US\$ 182	
	Ageia Technologies, Inc.	-	"	2,030	US\$ 2,074	2	US\$ 2,074	
	Audience, Inc.	-	"	2,208	US\$ 474	1	US\$ 474	
	GemFire Corporation	-	"	600	US\$ 68	1	US\$ 68	
	Optichron, Inc.	-	"	353	US\$ 869	2	US\$ 869	
	Xceive	-	"	714	US\$ 1,000	2	US\$ 1,000	
	5V Technologies, Inc.	-	"	2,357	US\$ 1,768	11	US\$ 1,768	
	Power Analog Microelectronics	-	"	2,000	US\$ 1,500	13	US\$ 1,500	
	Impinj, Inc.	-	"	475	US\$ 1,000	-	US\$ 1,000	
	Beceem Communications	-	"	650	US\$ 1,600	1	US\$ 1,600	
	Teknovus, Inc.	-	"	518	US\$ 119	-	US\$ 119	
	Aquantia Corporation	-	"	1,264	US\$ 1,150	5	US\$ 1,150	
	Pixim, Inc.	-	"	3,279	US\$ 641	2	US\$ 641	

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2007				Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)	
VTAF III	<u>Preferred stock</u>							
	Mutual-Pak Limited	-	Financial assets carried at cost	370	US\$ 112	13	US\$ 112	
	Quellan, Inc	-	"	2,231	US\$ 2,500	7	US\$ 2,500	
	M2000, Inc.	-	"	1,500	US\$ 1,500	4	US\$ 1,500	
	SynDiTec, Inc.	-	"	4,296	US\$ 720	7	US\$ 720	
	Validity Sensors, Inc.	-	"	5,333	US\$ 2,000	7	US\$ 2,000	
	Silicon Technical Services, LLC	-	"	915	US\$ 1,000	2	US\$ 1,000	
	Neoconix, Inc.	-	"	2,458	US\$ 4,000	6	US\$ 4,000	
	Advasense Sensors, Inc.	-	"	1,624	US\$ 1,500	6	US\$ 1,500	
	Tilera, Inc.	-	"	1,698	US\$ 2,360	3	US\$ 2,360	
	<u>Corporate Bond</u>							
	GTBF, Inc.	-	Financial assets carried at cost	-	US\$ 1,500	N/A	US\$ 1,500	
Investar	<u>Common stock</u>							
	Monolithic Power Systems, Inc.	-	Financial assets at fair value through profit or loss	1,975	US\$ 34,458	7	US\$ 34,458	
	Advanced Power Electronics Corp.	-	Available-for-sale financial assets	58	US\$ 20	-	US\$ 20	
	Capella Microsystems (Taiwan), Inc.	-	Financial assets carried at cost	530	US\$ 154	2	US\$ 154	
		<u>Preferred stock</u>						
	Integrated Memory Logic, Inc.	-	Financial assets carried at cost	2,831	US\$ 1,221	9	US\$ 1,221	
	IP Unity, Inc.	-	"	1,008	US\$ 494	1	US\$ 494	
	Sonics, Inc.	-	"	1,843	US\$ 3,530	2	US\$ 3,530	
	NanoAmp Solutions, Inc.	-	"	541	US\$ 853	2	US\$ 853	
	Memsic, Inc.	-	"	2,727	US\$ 1,500	9	US\$ 1,500	
Investar II	<u>Common stock</u>							
	Monolithic Power Systems, Inc.	-	Financial assets at fair value through profit or loss	864	US\$ 15,085	3	US\$ 15,085	
	Geo Vision, Inc.	-	"	6	US\$ 40	-	US\$ 40	
	Rich Tek Technology Corp.	-	"	132	US\$ 2,088	-	US\$ 2,088	
	Geo Vision, Inc.	-	Available-for-sale financial assets	15	US\$ 91	-	US\$ 91	
	Rich Tek Technology Corp.	-	"	227	US\$ 3,597	-	US\$ 3,597	
	Ralink Technology (Taiwan), Inc.	-	Financial assets carried at cost	2,383	US\$ 791	3	US\$ 791	
	Capella Microsystems (Taiwan), Inc.	-	"	534	US\$ 210	2	US\$ 210	
	Auden Technology MFG. Co., Ltd.	-	"	1,049	US\$ 223	4	US\$ 223	
	EoNEX Technologies, Inc.	-	"	55	US\$ 3,048	5	US\$ 3,048	
	Goyatek Technology, Corp.	-	"	2,088	US\$ 545	7	US\$ 545	
	Trendchip Technologies Corp.	-	"	1,000	US\$ 574	4	US\$ 574	
	EON Technology, Corp.	-	"	4,243	US\$ 1,175	6	US\$ 1,175	
	eLCOS Microdisplay Technology, Ltd.	-	"	270	US\$ 27	1	US\$ 27	
	Epic Communication, Inc.	-	"	191	US\$ 37	1	US\$ 37	
	Sonics, Inc.	-	"	2,220	US\$ 32	3	US\$ 32	
		<u>Preferred stock</u>						
	Memsic, Inc.	-	Financial assets carried at cost	2,289	US\$ 1,560	7	US\$ 1,560	
	NanoAmp Solutions, Inc.	-	"	375	US\$ 1,500	1	US\$ 1,500	
	Kilopass Technology, Inc.	-	"	3,887	US\$ 2,000	6	US\$ 2,000	
FangTek, Inc.	-	"	6,930	US\$ 3,250	16	US\$ 3,250		
Sonics, Inc.	-	"	2,115	US\$ 3,082	3	US\$ 3,082		
eLCOS Microdisplay Technology, Ltd.	-	"	3,500	US\$ 3,500	8	US\$ 3,500		
Alchip Technologies Limited	-	"	6,128	US\$ 2,450	15	US\$ 2,450		

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2007				Note	
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)		
TSMC Global	<u>Government bonds</u>								
	United States Treas Nts	-	Available-for-sale financial assets	-	US\$ 300	N/A	US\$ 300		
	United States Treas Nts	-	"	-	US\$ 41,177	N/A	US\$ 41,177		
	United States Treas Nts	-	"	-	US\$ 16,896	N/A	US\$ 16,896		
	United States Treas Nts	-	"	-	US\$ 46,322	N/A	US\$ 46,322		
	United States Treas Nts	-	"	-	US\$ 5,724	N/A	US\$ 5,724		
	United States Treas Nt	-	"	-	US\$ 26,065	N/A	US\$ 26,065		
	United States Treas Nts	-	"	-	US\$ 20,611	N/A	US\$ 20,611		
	United States Treas Nts	-	"	-	US\$ 14,742	N/A	US\$ 14,742		
	United States Treas Nts	-	"	-	US\$ 5,829	N/A	US\$ 5,829		
	Us Treasury Nts	-	"	-	US\$ 4,841	N/A	US\$ 4,841		
	Us Treasury Nts	-	"	-	US\$ 2,480	N/A	US\$ 2,480		
	Us Treasury Nts	-	"	-	US\$ 2,483	N/A	US\$ 2,483		
	Us Treas Nts	-	"	-	US\$ 10,290	N/A	US\$ 10,290		
	<u>Corporate bonds</u>								
	Anz Cap Tr I	-	Available-for-sale financial assets	-	US\$ 970	N/A	US\$ 970		
	Axa Finl, Inc.	-	"	-	US\$ 2,118	N/A	US\$ 2,118		
	Abbott Labs	-	"	-	US\$ 2,538	N/A	US\$ 2,538		
	Abbott Labs	-	"	-	US\$ 1,503	N/A	US\$ 1,503		
	Allstate Life Global Fdg Secd	-	"	-	US\$ 2,978	N/A	US\$ 2,978		
	American Gen Fin Corp.	-	"	-	US\$ 3,198	N/A	US\$ 3,198		
	American Gen Fin Corp. Mtn	-	"	-	US\$ 3,458	N/A	US\$ 3,458		
	American Gen Fin Corp. Mtn	-	"	-	US\$ 1,970	N/A	US\$ 1,970		
	American Honda Fin Corp. Mtn	-	"	-	US\$ 9,310	N/A	US\$ 9,310		
	American Honda Fin Corp. Mtn	-	"	-	US\$ 800	N/A	US\$ 800		
	Amgen, Inc.	-	"	-	US\$ 2,909	N/A	US\$ 2,909		
	Associates Corp. North Amer	-	"	-	US\$ 2,529	N/A	US\$ 2,529		
	Atlantic Richfield Co	-	"	-	US\$ 2,168	N/A	US\$ 2,168		
	Bp Cap Mkts P L C	-	"	-	US\$ 4,447	N/A	US\$ 4,447		
	Bank New York, Inc.	-	"	-	US\$ 1,496	N/A	US\$ 1,496		
	Bank One Corp.	-	"	-	US\$ 2,017	N/A	US\$ 2,017		
	Bank One Corp.	-	"	-	US\$ 1,461	N/A	US\$ 1,461		
	Bank Utd Houston Tx Mtn	-	"	-	US\$ 522	N/A	US\$ 522		
	Beneficial Corp. Mtn Bk Entry	-	"	-	US\$ 2,286	N/A	US\$ 2,286		
	Burlington Res, Inc.	-	"	-	US\$ 3,639	N/A	US\$ 3,639		
	Cit Group Hldgs, Inc.	-	"	-	US\$ 3,018	N/A	US\$ 3,018		
	Cit Group, Inc. New	-	"	-	US\$ 2,504	N/A	US\$ 2,504		
	Chase Manhattan Corp. New	-	"	-	US\$ 2,102	N/A	US\$ 2,102		
	Chase Manhattan Corp. New	-	"	-	US\$ 5,059	N/A	US\$ 5,059		
	Chubb Corp.	-	"	-	US\$ 2,123	N/A	US\$ 2,123		
	Cogentrix Energy, Inc.	-	"	-	US\$ 3,701	N/A	US\$ 3,701		
	Colonial Pipeline Co.	-	"	-	US\$ 1,479	N/A	US\$ 1,479		
	Consolidated Edison, Inc.	-	"	-	US\$ 2,938	N/A	US\$ 2,938		
	Countrywide Fdg Corp. Mtn	-	"	-	US\$ 2,026	N/A	US\$ 2,026		
	Credit Suisse First Boston Usa	-	"	-	US\$ 3,119	N/A	US\$ 3,119		
	Credit Suisse First Boston Usa	-	"	-	US\$ 2,185	N/A	US\$ 2,185		
	Credit Suisse First Boston	-	"	-	US\$ 732	N/A	US\$ 732		
	Daimlerchrysler North Amer	-	"	-	US\$ 988	N/A	US\$ 988		
	Daimlerchrysler North Amer Hld	-	"	-	US\$ 751	N/A	US\$ 751		
	Dayton Hudson Corp.	-	"	-	US\$ 2,014	N/A	US\$ 2,014		
	Deere John Cap Corp. Mtn Bk Ent	-	"	-	US\$ 2,159	N/A	US\$ 2,159		
	Deere John Cap Corp.	-	"	-	US\$ 5,927	N/A	US\$ 5,927		

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2007				Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)	
	Dell Computer Corp.	-	Available-for-sale financial assets	-	US\$ 2,809	N/A	US\$ 2,809	
	Diageo Plc	-	"	-	US\$ 3,478	N/A	US\$ 3,478	
	Emerson Elec Co.	-	"	-	US\$ 3,208	N/A	US\$ 3,208	
	European Invt Bk	-	"	-	US\$ 6,054	N/A	US\$ 6,054	
	Federal Home Ln Bks	-	"	-	US\$ 7,937	N/A	US\$ 7,937	
	Fifth Third Bk Cinc. Innati Oh	-	"	-	US\$ 2,448	N/A	US\$ 2,448	
	Fleet Finl Group, Inc. New	-	"	-	US\$ 902	N/A	US\$ 902	
	Fleet Boston Corp.	-	"	-	US\$ 2,614	N/A	US\$ 2,614	
	Ge Global Ins Hldg Corp.	-	"	-	US\$ 1,893	N/A	US\$ 1,893	
	General Dynamics Corp.	-	"	-	US\$ 2,064	N/A	US\$ 2,064	
	General Elec Cap Corp. Mtn	-	"	-	US\$ 1,167	N/A	US\$ 1,167	
	General Elec Cap Corp. Mtn	-	"	-	US\$ 3,907	N/A	US\$ 3,907	
	General Elec Cap Corp. Mtn	-	"	-	US\$ 2,094	N/A	US\$ 2,094	
	General Elec Cap Corp. Mtn	-	"	-	US\$ 11,267	N/A	US\$ 11,267	
	General Re Corp.	-	"	-	US\$ 3,233	N/A	US\$ 3,233	
	Genworth Finl, Inc.	-	"	-	US\$ 3,245	N/A	US\$ 3,245	
	Greenpoint Finl Corp.	-	"	-	US\$ 980	N/A	US\$ 980	
	Hbos Plc Medium Term Sr Nts	-	"	-	US\$ 2,976	N/A	US\$ 2,976	
	Hancock John Global Fdg Ii Mtn	-	"	-	US\$ 5,065	N/A	US\$ 5,065	
	Hancock John Global Fdg Mtn	-	"	-	US\$ 982	N/A	US\$ 982	
	Hancock John Global Fdg Ii Mtn	-	"	-	US\$ 2,920	N/A	US\$ 2,920	
	Hartford Finl Svcs Group, Inc.	-	"	-	US\$ 1,338	N/A	US\$ 1,338	
	Hartford Finl Svcs Group, Inc.	-	"	-	US\$ 5,025	N/A	US\$ 5,025	
	Heller Finl, Inc.	-	"	-	US\$ 1,908	N/A	US\$ 1,908	
	Hewlett Packard Co.	-	"	-	US\$ 1,829	N/A	US\$ 1,829	
	Household Fin Corp.	-	"	-	US\$ 3,075	N/A	US\$ 3,075	
	Household Fin Corp.	-	"	-	US\$ 2,916	N/A	US\$ 2,916	
	Huntington National Bank	-	"	-	US\$ 1,862	N/A	US\$ 1,862	
	Ing Sec Life Instl Fdg	-	"	-	US\$ 2,478	N/A	US\$ 2,478	
	International Business Machs	-	"	-	US\$ 3,455	N/A	US\$ 3,455	
	Intl Lease Fin Corp. Mtn	-	"	-	US\$ 2,951	N/A	US\$ 2,951	
	Intl Lease Fin Corp. Mtn	-	"	-	US\$ 4,159	N/A	US\$ 4,159	
	J P Morgan Chase + Co.	-	"	-	US\$ 3,285	N/A	US\$ 3,285	
	Key Bk Na Med Term Nts Bk Entr	-	"	-	US\$ 4,423	N/A	US\$ 4,423	
	KeyCorp. Mtn Book Entry	-	"	-	US\$ 3,016	N/A	US\$ 3,016	
	Lehman Brothers Hldgs, Inc.	-	"	-	US\$ 1,067	N/A	US\$ 1,067	
	Lehman Brothers Hldgs, Inc.	-	"	-	US\$ 3,150	N/A	US\$ 3,150	
	Lehman Brothers Hldgs, Inc.	-	"	-	US\$ 486	N/A	US\$ 486	
	Lehman Brothers Hldgs, Inc.	-	"	-	US\$ 983	N/A	US\$ 983	
	Lehman Brothers Hldgs, Inc.	-	"	-	US\$ 1,162	N/A	US\$ 1,162	
	Lehman Brothers Hldgs, Inc.	-	"	-	US\$ 1,628	N/A	US\$ 1,628	
	Mbna America Bank Na Y	-	"	-	US\$ 6,418	N/A	US\$ 6,418	
	Mgic Invt Corp.	-	"	-	US\$ 1,197	N/A	US\$ 1,197	
	Ameritech Capital Funding Co.	-	"	-	US\$ 2,785	N/A	US\$ 2,785	
	Marshall + Ilsley Corp.	-	"	-	US\$ 8,435	N/A	US\$ 8,435	
	Massmutual Global Fdg Ii Mtn	-	"	-	US\$ 3,627	N/A	US\$ 3,627	
	Metropolitan Life Global Mtn	-	"	-	US\$ 3,415	N/A	US\$ 3,415	
	Monumental Global Fdg Ii	-	"	-	US\$ 1,471	N/A	US\$ 1,471	
	Monunmetal Global Fdg Ii	-	"	-	US\$ 1,959	N/A	US\$ 1,959	
	Mony Group, Inc.	-	"	-	US\$ 2,142	N/A	US\$ 2,142	
	Morgan Stanley	-	"	-	US\$ 1,931	N/A	US\$ 1,931	
	Morgan Stanley	-	"	-	US\$ 5,458	N/A	US\$ 5,458	

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2007				Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)	
	National City Corp.	-	Available-for-sale financial assets	-	US\$ 3,443	N/A	US\$ 3,443	
	National Westminster Bk Plc	-	"	-	US\$ 1,308	N/A	US\$ 1,308	
	Nationwide Life Global Fdg I	-	"	-	US\$ 3,477	N/A	US\$ 3,477	
	Oracle Corp. / Ozark Hldg, Inc.	-	"	-	US\$ 1,966	N/A	US\$ 1,966	
	Pnc Fdg Corp.	-	"	-	US\$ 1,001	N/A	US\$ 1,001	
	Pepsico, Inc. Mtn Book Entry	-	"	-	US\$ 3,616	N/A	US\$ 3,616	
	Popular North Amer, Inc.	-	"	-	US\$ 2,907	N/A	US\$ 2,907	
	Praxair, Inc.	-	"	-	US\$ 3,122	N/A	US\$ 3,122	
	Premark Intl, Inc.	-	"	-	US\$ 2,706	N/A	US\$ 2,706	
	Pricoa Global Fdg I Mtn	-	"	-	US\$ 3,421	N/A	US\$ 3,421	
	Principal Finl Group Australia	-	"	-	US\$ 1,001	N/A	US\$ 1,001	
	Principal Life Global Fdg I GI	-	"	-	US\$ 1,172	N/A	US\$ 1,172	
	Protective Life Secd Trs	-	"	-	US\$ 2,935	N/A	US\$ 2,935	
	Protective Life Secd Trs Mtn	-	"	-	US\$ 3,403	N/A	US\$ 3,403	
	Public Svc Elec Gas Co.	-	"	-	US\$ 3,706	N/A	US\$ 3,706	
	Regions Finl Corp. New	-	"	-	US\$ 2,381	N/A	US\$ 2,381	
	Mizuho Fin(Cayman)	-	"	-	US\$ 2,167	N/A	US\$ 2,167	
	Sbc Communications, Inc.	-	"	-	US\$ 3,312	N/A	US\$ 3,312	
	Sbc Communications, Inc.	-	"	-	US\$ 695	N/A	US\$ 695	
	Sp Powerassests Ltd Global	-	"	-	US\$ 980	N/A	US\$ 980	
	Safeco Corp.	-	"	-	US\$ 711	N/A	US\$ 711	
	St Paul Cos, Inc. Mtn Bk Ent	-	"	-	US\$ 2,536	N/A	US\$ 2,536	
	Simon Ppty Group L P	-	"	-	US\$ 2,177	N/A	US\$ 2,177	
	Simon Ppty Group Lp	-	"	-	US\$ 998	N/A	US\$ 998	
	Suntrust Bk Atlanta Ga Medium	-	"	-	US\$ 3,454	N/A	US\$ 3,454	
	Us Bk Natl Assn Cincinnati Oh	-	"	-	US\$ 2,935	N/A	US\$ 2,935	
	Vodafone Airtouch Plc	-	"	-	US\$ 1,662	N/A	US\$ 1,662	
	Wps Resources Corp.	-	"	-	US\$ 1,029	N/A	US\$ 1,029	
	Wachovia Corp. New	-	"	-	US\$ 3,479	N/A	US\$ 3,479	
	Wachovia Corp. New	-	"	-	US\$ 3,125	N/A	US\$ 3,125	
	Washington Mut, Inc.	-	"	-	US\$ 1,698	N/A	US\$ 1,698	
	Washington Post Co.	-	"	-	US\$ 3,001	N/A	US\$ 3,001	
	Wells Fargo + Co. New	-	"	-	US\$ 2,961	N/A	US\$ 2,961	
	Wells Fargo + Co. New Med Trm	-	"	-	US\$ 4,310	N/A	US\$ 4,310	
	Westfield Cap Corp. Ltd	-	"	-	US\$ 2,003	N/A	US\$ 2,003	
	<u>Corporate issued asset-backed securities</u>							
	American Home Mtg Invt Tr	-	Available-for-sale financial assets	-	US\$ 53	N/A	US\$ 53	
	Americredit Automobile Rec Tr	-	"	-	US\$ 3,253	N/A	US\$ 3,253	
	Americredit Automobile Rec Tr	-	"	-	US\$ 2,294	N/A	US\$ 2,294	
	Americredit Auto Rec Tr	-	"	-	US\$ 1,000	N/A	US\$ 1,000	
	Americredit Automobile Receivb	-	"	-	US\$ 1,996	N/A	US\$ 1,996	
	Americredit Automobile Receiva	-	"	-	US\$ 2,728	N/A	US\$ 2,728	
	Atlantic City Elc Trns Fdglc	-	"	-	US\$ 298	N/A	US\$ 298	
	Ba Cr Card Tr	-	"	-	US\$ 4,264	N/A	US\$ 4,264	
	Banc Amer Fdg 2006 I Tr	-	"	-	US\$ 4,044	N/A	US\$ 4,044	
	Bear Stearns Coml Mtg Secs, Inc.	-	"	-	US\$ 3,518	N/A	US\$ 3,518	
	Bear Stearns Alt A Tr	-	"	-	US\$ 532	N/A	US\$ 532	
	Bear Stearns Arm Tr	-	"	-	US\$ 3,259	N/A	US\$ 3,259	
	Bear Stearns Arm Tr	-	"	-	US\$ 1,943	N/A	US\$ 1,943	
	Cit Equip Coll Tr	-	"	-	US\$ 893	N/A	US\$ 893	
	Cit Equip Coll Tr	-	"	-	US\$ 3,986	N/A	US\$ 3,986	
	Cnh Equip Tr	-	"	-	US\$ 276	N/A	US\$ 276	

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2007				Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)	
	Cwabs, Inc.	-	Available-for-sale financial assets	-	US\$ 139	N/A	US\$ 139	
	Cwabs	-	"	-	US\$ 3,619	N/A	US\$ 3,619	
	Cwabs, Inc.	-	"	-	US\$ 784	N/A	US\$ 784	
	Capital Auto Receivables Asset	-	"	-	US\$ 3,236	N/A	US\$ 3,236	
	Capital Auto Receivables Asset	-	"	-	US\$ 2,238	N/A	US\$ 2,238	
	Capital One Auto Fin Tr	-	"	-	US\$ 2,628	N/A	US\$ 2,628	
	Capital One Auto Fin Tr	-	"	-	US\$ 2,995	N/A	US\$ 2,995	
	Capital One Auto Fin Tr	-	"	-	US\$ 4,997	N/A	US\$ 4,997	
	Capital One Multi Asset Execut	-	"	-	US\$ 3,961	N/A	US\$ 3,961	
	Capital One Multi Asset Execut	-	"	-	US\$ 2,965	N/A	US\$ 2,965	
	Capital One Prime Auto Receiv	-	"	-	US\$ 1,414	N/A	US\$ 1,414	
	Capital One Prime Auto Rec	-	"	-	US\$ 3,968	N/A	US\$ 3,968	
	Caterpillar Finl Asset Tr	-	"	-	US\$ 8,198	N/A	US\$ 8,198	
	Cbass Tr	-	"	-	US\$ 4,248	N/A	US\$ 4,248	
	Cendant Rent Car Fdg Aesop Llc	-	"	-	US\$ 9,361	N/A	US\$ 9,361	
	Chase Mtge Finance Corp.	-	"	-	US\$ 2,763	N/A	US\$ 2,763	
	Chase Mtg Fin Tr	-	"	-	US\$ 2,881	N/A	US\$ 2,881	
	Chase Mtge Finance Corp.	-	"	-	US\$ 1,831	N/A	US\$ 1,831	
	Chase Mtg Fin Tr	-	"	-	US\$ 950	N/A	US\$ 950	
	Chase Mtg Fin Tr	-	"	-	US\$ 1,900	N/A	US\$ 1,900	
	Citicorp Mtg Secs	-	"	-	US\$ 375	N/A	US\$ 375	
	Citibank Cr Card Issuance Tr	-	"	-	US\$ 9,970	N/A	US\$ 9,970	
	Credit Suisse First Boston Mtg	-	"	-	US\$ 7,629	N/A	US\$ 7,629	
	Credit Suisse First Boston Mtg	-	"	-	US\$ 7,677	N/A	US\$ 7,677	
	Credit Suisse First Boston Mtg	-	"	-	US\$ 300	N/A	US\$ 300	
	Credit Suisse First Boston Mtg	-	"	-	US\$ 3,563	N/A	US\$ 3,563	
	Credit Suisse First Boston Mtg	-	"	-	US\$ 3,715	N/A	US\$ 3,715	
	Daimlerchrysler Auto Tr	-	"	-	US\$ 1,694	N/A	US\$ 1,694	
	Daimlerchrysler Auto Tr	-	"	-	US\$ 4,295	N/A	US\$ 4,295	
	Deere John Owner Tr	-	"	-	US\$ 2,447	N/A	US\$ 2,447	
	Drive Auto Receivables Tr	-	"	-	US\$ 2,306	N/A	US\$ 2,306	
	First Franklin Mtg Ln Tr	-	"	-	US\$ 4,187	N/A	US\$ 4,187	
	First Horizon Abs Tr	-	"	-	US\$ 422	N/A	US\$ 422	
	First Union Lehman Bros Mtg Tr	-	"	-	US\$ 795	N/A	US\$ 795	
	First Un Natl Bk Coml Mtg Tr	-	"	-	US\$ 2,854	N/A	US\$ 2,854	
	Ford Credit Auto Owner Trust	-	"	-	US\$ 4,299	N/A	US\$ 4,299	
	Ge Cap Cr Card Master Nt Tr	-	"	-	US\$ 2,827	N/A	US\$ 2,827	
	Gs Mtg Secs Corp.	-	"	-	US\$ 4,127	N/A	US\$ 4,127	
	Harley Davidson Motorcycle Tr	-	"	-	US\$ 4,943	N/A	US\$ 4,943	
	Hertz Veh Fing Llc	-	"	-	US\$ 5,320	N/A	US\$ 5,320	
	Home Equity Mtg Tr 2006 4	-	"	-	US\$ 4,167	N/A	US\$ 4,167	
	Honda Auto Receivables	-	"	-	US\$ 3,362	N/A	US\$ 3,362	
	Hsbc Automotive Tr	-	"	-	US\$ 2,690	N/A	US\$ 2,690	
	Hyundai Auto Receivables Tr	-	"	-	US\$ 4,083	N/A	US\$ 4,083	
	Hyundai Auto Receivables Tr	-	"	-	US\$ 3,941	N/A	US\$ 3,941	
	J P Morgan Mtg Tr	-	"	-	US\$ 955	N/A	US\$ 955	
	J P Morgan Mtg Tr	-	"	-	US\$ 943	N/A	US\$ 943	
	J P Morgan Mtg Tr	-	"	-	US\$ 938	N/A	US\$ 938	
	Jp Morgan Mtg Tr	-	"	-	US\$ 924	N/A	US\$ 924	
	Lb Ubs Coml Mtg Tr	-	"	-	US\$ 3,318	N/A	US\$ 3,318	
	Mbna Cr Card Master Nt Tr	-	"	-	US\$ 4,449	N/A	US\$ 4,449	
	Mastr Asset Backed	-	"	-	US\$ 3,510	N/A	US\$ 3,510	

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2007				Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)	
	Merrill Lynch Mtg Invs, Inc.	-	Available-for-sale financial assets	-	US\$ 5,262	N/A	US\$ 5,262	
	Morgan Stanley Ixis Estate Tr	-	"	-	US\$ 3,113	N/A	US\$ 3,113	
	Nomura Asset Accep Corp.	-	"	-	US\$ 4,138	N/A	US\$ 4,138	
	Onyx Accep Owner Tr	-	"	-	US\$ 2,542	N/A	US\$ 2,542	
	Pg+E Energy Recovery Fdg Llc	-	"	-	US\$ 3,231	N/A	US\$ 3,231	
	Reliant Energy Transition Bd	-	"	-	US\$ 1,630	N/A	US\$ 1,630	
	Residential Asset Mtg Prods	-	"	-	US\$ 2,374	N/A	US\$ 2,374	
	Residential Asset Sec Mtg Pass	-	"	-	US\$ 1,096	N/A	US\$ 1,096	
	Residential Asset Sec Mtg Pass	-	"	-	US\$ 2,062	N/A	US\$ 2,062	
	Residential Fdg Mtg Secs I, Inc.	-	"	-	US\$ 1,770	N/A	US\$ 1,770	
	Residential Fdg Mtg Secs I, Inc.	-	"	-	US\$ 3,718	N/A	US\$ 3,718	
	Sequoia Mtg Tr	-	"	-	US\$ 560	N/A	US\$ 560	
	Sequoia Mtg Tr	-	"	-	US\$ 364	N/A	US\$ 364	
	Sequoia Mtg Tr	-	"	-	US\$ 422	N/A	US\$ 422	
	Structured Adj Rate Mtg Ln Tr	-	"	-	US\$ 1,140	N/A	US\$ 1,140	
	Structured Adj Rate Mtg Ln Tr	-	"	-	US\$ 387	N/A	US\$ 387	
	Txu Elec Delivery Transition	-	"	-	US\$ 1,844	N/A	US\$ 1,844	
	Terwin Mtg Tr	-	"	-	US\$ 4,068	N/A	US\$ 4,068	
	Usaa Auto Owner Tr	-	"	-	US\$ 4,221	N/A	US\$ 4,221	
	Wamu Mtg	-	"	-	US\$ 3,545	N/A	US\$ 3,545	
	Wamu Mtg Pass Thru Cifs Tr	-	"	-	US\$ 4,405	N/A	US\$ 4,405	
	Wfs Finl 2004 4 Owner Tr	-	"	-	US\$ 368	N/A	US\$ 368	
	Wfs Finl 2005 2 Oner Tr	-	"	-	US\$ 2,222	N/A	US\$ 2,222	
	Wamu Mtg	-	"	-	US\$ 925	N/A	US\$ 925	
	Washington Mut Mtg Secs Corp.	-	"	-	US\$ 2,626	N/A	US\$ 2,626	
	Wells Fargo Mtg Backed Secs	-	"	-	US\$ 4,066	N/A	US\$ 4,066	
	Wells Fargo Finl Auto Owner Tr	-	"	-	US\$ 4,922	N/A	US\$ 4,922	
	Wells Fargo Mtg Bkd Secs	-	"	-	US\$ 2,501	N/A	US\$ 2,501	
	Wells Fargo Mtg Bkd Secs	-	"	-	US\$ 3,152	N/A	US\$ 3,152	
	Wells Fargo Mtg Bkd Secs Tr	-	"	-	US\$ 2,334	N/A	US\$ 2,334	
	Whole Auto Ln Tr	-	"	-	US\$ 624	N/A	US\$ 624	
	Whole Auto Ln Tr	-	"	-	US\$ 2,982	N/A	US\$ 2,982	
	<u>Agency bonds</u>							
	Fed Hm Ln Pc Pool M80855	-	Available-for-sale financial assets	-	US\$ 3,099	N/A	US\$ 3,099	
	Fed Hm Ln Pc Pool G11295	-	"	-	US\$ 1,217	N/A	US\$ 1,217	
	Fed Hm Ln Pc Pool E89857	-	"	-	US\$ 1,401	N/A	US\$ 1,401	
	Fed Hm Ln Pc Pool 1b1107	-	"	-	US\$ 590	N/A	US\$ 590	
	Fed Hm Ln Pc Pool 1b1150	-	"	-	US\$ 1,121	N/A	US\$ 1,121	
	Fed Hm Ln Pc Pool 1b1225	-	"	-	US\$ 154	N/A	US\$ 154	
	Fed Hm Ln Pc Pool 1b2776	-	"	-	US\$ 365	N/A	US\$ 365	
	Fed Hm Ln Pc Pool 1b2792	-	"	-	US\$ 239	N/A	US\$ 239	
	Fed Hm Ln Pc Pool 1b2566	-	"	-	US\$ 176	N/A	US\$ 176	
	Fed Hm Ln Pc Pool 1b2632	-	"	-	US\$ 191	N/A	US\$ 191	
	Fed Hm Ln Pc Pool 1b2642	-	"	-	US\$ 264	N/A	US\$ 264	
	Fed Hm Ln Pc Pool 1b2810	-	"	-	US\$ 316	N/A	US\$ 316	
	Fed Hm Ln Pc Pool 847628	-	"	-	US\$ 3,467	N/A	US\$ 3,467	
	Fed Hm Ln Pc Pool 1j0410	-	"	-	US\$ 5,820	N/A	US\$ 5,820	
	Fed Hm Ln Pc Pool G12009	-	"	-	US\$ 3,900	N/A	US\$ 3,900	
	Fed Hm Ln Pc Pool 1g0038	-	"	-	US\$ 318	N/A	US\$ 318	
	Fed Hm Ln Pc Pool 1g0053	-	"	-	US\$ 403	N/A	US\$ 403	
	Fed Hm Ln Pc Pool 1g0104	-	"	-	US\$ 157	N/A	US\$ 157	
	Fed Hm Ln Pc Pool 1g1282	-	"	-	US\$ 4,388	N/A	US\$ 4,388	

(Continued)



Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2007				Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)	
	Fed Hm Ln Pc Pool 1g1411	-	Available-for-sale financial assets	-	US\$ 4,126	N/A	US\$ 4,126	
	Fed Hm Ln Pc Pool 1h2520	-	"	-	US\$ 2,861	N/A	US\$ 2,861	
	Fed Hm Ln Pc Pool 1h2524	-	"	-	US\$ 2,166	N/A	US\$ 2,166	
	Fed Hm Ln Pc Pool 1g2593	-	"	-	US\$ 5,554	N/A	US\$ 5,554	
	Fed Hm Ln Pc Pool 1g1921	-	"	-	US\$ 4,344	N/A	US\$ 4,344	
	Fed Hm Ln Pc Pool B19205	-	"	-	US\$ 7,598	N/A	US\$ 7,598	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 3,753	N/A	US\$ 3,753	
	Fed Hm Ln Pc Pool 780870	-	"	-	US\$ 825	N/A	US\$ 825	
	Fed Hm Ln Pc Pool 781959	-	"	-	US\$ 4,945	N/A	US\$ 4,945	
	Fed Hm Ln Pc Pool 782785	-	"	-	US\$ 280	N/A	US\$ 280	
	Fed Hm Ln Pc Pool 782837	-	"	-	US\$ 538	N/A	US\$ 538	
	Fed Hm Ln Pc Pool 782968	-	"	-	US\$ 1,219	N/A	US\$ 1,219	
	Fed Hm Ln Pc Pool 783022	-	"	-	US\$ 571	N/A	US\$ 571	
	Fed Hm Ln Pc Pool 783026	-	"	-	US\$ 334	N/A	US\$ 334	
	Fed Hm Ln Pc Pool 783058	-	"	-	US\$ 1,122	N/A	US\$ 1,122	
	Fnma Pool 254507	-	"	-	US\$ 1,355	N/A	US\$ 1,355	
	Fnma Pool 254834	-	"	-	US\$ 1,272	N/A	US\$ 1,272	
	Fnma Pool 255883	-	"	-	US\$ 3,258	N/A	US\$ 3,258	
	Fnma Pool 555549	-	"	-	US\$ 1,450	N/A	US\$ 1,450	
	Fnma Pool 555715	-	"	-	US\$ 182	N/A	US\$ 182	
	Fnma Pool 632399	-	"	-	US\$ 402	N/A	US\$ 402	
	Fnma Pool 662401	-	"	-	US\$ 602	N/A	US\$ 602	
	Fnma Pool 667766	-	"	-	US\$ 1,384	N/A	US\$ 1,384	
	Fnma Pool 681393	-	"	-	US\$ 2,498	N/A	US\$ 2,498	
	Fnma Pool 680932	-	"	-	US\$ 1,173	N/A	US\$ 1,173	
	Federal Natl Mtg Assn	-	"	-	US\$ 209	N/A	US\$ 209	
	Federal Natl Mtg Assn	-	"	-	US\$ 3,888	N/A	US\$ 3,888	
	Federal Natl Mtg Assn	-	"	-	US\$ 1,998	N/A	US\$ 1,998	
	Federal Natl Mtg Assn	-	"	-	US\$ 3,625	N/A	US\$ 3,625	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 3,864	N/A	US\$ 3,864	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 1,339	N/A	US\$ 1,339	
	Federal Natl Mtg Assn	-	"	-	US\$ 2,641	N/A	US\$ 2,641	
	Federal Natl Mtg Assn	-	"	-	US\$ 1,684	N/A	US\$ 1,684	
	Federal Natl Mtg Assn Gtd	-	"	-	US\$ 1,960	N/A	US\$ 1,960	
	Federal Natl Mtg Assn	-	"	-	US\$ 2,410	N/A	US\$ 2,410	
	Federal Natl Mtg Assn Gtd	-	"	-	US\$ 1,576	N/A	US\$ 1,576	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 2,688	N/A	US\$ 2,688	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 1,659	N/A	US\$ 1,659	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 504	N/A	US\$ 504	
	Federal National Mort Assoc	-	"	-	US\$ 3,192	N/A	US\$ 3,192	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 3,621	N/A	US\$ 3,621	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 2,675	N/A	US\$ 2,675	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 3,611	N/A	US\$ 3,611	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 3,247	N/A	US\$ 3,247	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 2,532	N/A	US\$ 2,532	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 2,778	N/A	US\$ 2,778	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 3,842	N/A	US\$ 3,842	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 2,517	N/A	US\$ 2,517	
	Federal Home Ln Mtg	-	"	-	US\$ 2,596	N/A	US\$ 2,596	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 3,876	N/A	US\$ 3,876	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 7,683	N/A	US\$ 7,683	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 4,119	N/A	US\$ 4,119	

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2007			Market Value or Net Asset Value (US\$ in Thousands)	Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership		
	Federal Home Ln Mtg	-	Available-for-sale financial assets	-	US\$ 5,996	N/A	US\$ 5,996	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 1,241	N/A	US\$ 1,241	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 4,359	N/A	US\$ 4,359	
	Fnma Pool 685116	-	"	-	US\$ 602	N/A	US\$ 602	
	Fnma Pool 694287	-	"	-	US\$ 25	N/A	US\$ 25	
	Fnma Pool 703711	-	"	-	US\$ 488	N/A	US\$ 488	
	Fnma Pool 725095	-	"	-	US\$ 1,077	N/A	US\$ 1,077	
	Fnma Pool 730033	-	"	-	US\$ 1,300	N/A	US\$ 1,300	
	Fnma Pool 740934	-	"	-	US\$ 1,172	N/A	US\$ 1,172	
	Fnma Pool 742232	-	"	-	US\$ 24	N/A	US\$ 24	
	Fnma Pool 750798	-	"	-	US\$ 22	N/A	US\$ 22	
	Fnma Pool 773246	-	"	-	US\$ 245	N/A	US\$ 245	
	Fnma Pool 790828	-	"	-	US\$ 2,244	N/A	US\$ 2,244	
	Fnma Pool 793025	-	"	-	US\$ 2,134	N/A	US\$ 2,134	
	Fnma Pool 793932	-	"	-	US\$ 521	N/A	US\$ 521	
	Fnma Pool 794040	-	"	-	US\$ 743	N/A	US\$ 743	
	Fnma Pool 795548	-	"	-	US\$ 301	N/A	US\$ 301	
	Fnma Pool 799664	-	"	-	US\$ 103	N/A	US\$ 103	
	Fnma Pool 799868	-	"	-	US\$ 33	N/A	US\$ 33	
	Fnma Pool 804764	-	"	-	US\$ 434	N/A	US\$ 434	
	Fnma Pool 804852	-	"	-	US\$ 370	N/A	US\$ 370	
	Fnma Pool 804962	-	"	-	US\$ 424	N/A	US\$ 424	
	Fnma Pool 805163	-	"	-	US\$ 438	N/A	US\$ 438	
	Fnma Pool 806642	-	"	-	US\$ 1,124	N/A	US\$ 1,124	
	Fnma Pool 806721	-	"	-	US\$ 679	N/A	US\$ 679	
	Fnma Pool 813641	-	"	-	US\$ 3,299	N/A	US\$ 3,299	
	Fnma Pool 814418	-	"	-	US\$ 368	N/A	US\$ 368	
	Fnma Pool 815626	-	"	-	US\$ 2,597	N/A	US\$ 2,597	
	Fnma Pool 816594	-	"	-	US\$ 1,932	N/A	US\$ 1,932	
	Fnma Pool 819423	-	"	-	US\$ 563	N/A	US\$ 563	
	Fnma Pool 821129	-	"	-	US\$ 568	N/A	US\$ 568	
	Fnma Pool 825395	-	"	-	US\$ 2,615	N/A	US\$ 2,615	
	Fnma Pool 825398	-	"	-	US\$ 3,864	N/A	US\$ 3,864	
	Fnma Pool 841069	-	"	-	US\$ 2,616	N/A	US\$ 2,616	
	Fnma Pool 879906	-	"	-	US\$ 1,484	N/A	US\$ 1,484	
	Fnma Pool 888388	-	"	-	US\$ 6,540	N/A	US\$ 6,540	
	Fnma Pool 888249	-	"	-	US\$ 4,672	N/A	US\$ 4,672	
	Fnma Pool 888527	-	"	-	US\$ 75	N/A	US\$ 75	
	Fnma Pool 888499	-	"	-	US\$ 2,884	N/A	US\$ 2,884	
	Fnma Pool 888502	-	"	-	US\$ 253	N/A	US\$ 253	
	Fnma Pool 888507	-	"	-	US\$ 960	N/A	US\$ 960	
	Fnma Pool 888515	-	"	-	US\$ 2,295	N/A	US\$ 2,295	
	Fnma Pool 888519	-	"	-	US\$ 146	N/A	US\$ 146	
	Fnma Pool 900296	-	"	-	US\$ 3,513	N/A	US\$ 3,513	
	Gnma li Pool 081150	-	"	-	US\$ 534	N/A	US\$ 534	
	Gnma li Pool 081153	-	"	-	US\$ 1,777	N/A	US\$ 1,777	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 5,946	N/A	US\$ 5,946	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 5,987	N/A	US\$ 5,987	
	Federal Farm Cr Bks	-	"	-	US\$ 3,380	N/A	US\$ 3,380	
	Federal Home Ln Bks	-	"	-	US\$ 4,877	N/A	US\$ 4,877	
	Federal Home Ln Bks	-	"	-	US\$ 2,374	N/A	US\$ 2,374	
	Federal Home Ln Bks	-	"	-	US\$ 5,352	N/A	US\$ 5,352	

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2007				Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)	
	Federal Home Ln Bks	-	Available-for-sale financial assets	-	US\$ 3,014	N/A	US\$ 3,014	
	Federal Home Ln Bks	-	"	-	US\$ 4,901	N/A	US\$ 4,901	
	Federal Home Ln Bks	-	"	-	US\$ 8,782	N/A	US\$ 8,782	
	Federal Home Ln Bks	-	"	-	US\$ 8,852	N/A	US\$ 8,852	
	Federal Home Ln Bks	-	"	-	US\$ 5,876	N/A	US\$ 5,876	
	Federal Home Ln Bks	-	"	-	US\$ 5,896	N/A	US\$ 5,896	
	Federal Home Ln Bks	-	"	-	US\$ 7,952	N/A	US\$ 7,952	
	Federal Home Ln Bks	-	"	-	US\$ 6,154	N/A	US\$ 6,154	
	Federal Home Ln Bks	-	"	-	US\$ 12,338	N/A	US\$ 12,338	
	Federal Home Ln Bks	-	"	-	US\$ 6,915	N/A	US\$ 6,915	
	Federal Home Ln Bks	-	"	-	US\$ 7,501	N/A	US\$ 7,501	
	Federal Home Loan Banks	-	"	-	US\$ 8,004	N/A	US\$ 8,004	
	Fed Home Ln Bank	-	"	-	US\$ 4,986	N/A	US\$ 4,986	
	Federal Home Ln Bks	-	"	-	US\$ 4,478	N/A	US\$ 4,478	
	Federal Home Ln Bks	-	"	-	US\$ 8,972	N/A	US\$ 8,972	
	Federal Home Loan Bank	-	"	-	US\$ 4,477	N/A	US\$ 4,477	
	Federal Home Loan Bank	-	"	-	US\$ 3,443	N/A	US\$ 3,443	
	Federal Natl Mtg Assn	-	"	-	US\$ 4,983	N/A	US\$ 4,983	
	Federal Natl Mtg Assn	-	"	-	US\$ 6,485	N/A	US\$ 6,485	
	Federal Natl Mtg Assn	-	"	-	US\$ 8,477	N/A	US\$ 8,477	
	Federal Natl Mtg Assn	-	"	-	US\$ 4,967	N/A	US\$ 4,967	
	Federal Natl Mtg Assn	-	"	-	US\$ 4,470	N/A	US\$ 4,470	
	Federal Natl Mtg Assn	-	"	-	US\$ 1,944	N/A	US\$ 1,944	
	Federal Natl Mtg Assn	-	"	-	US\$ 4,297	N/A	US\$ 4,297	
	Federal Natl Mtg Assn	-	"	-	US\$ 4,387	N/A	US\$ 4,387	
	Federal Natl Mtg Assn	-	"	-	US\$ 7,893	N/A	US\$ 7,893	
	Federal Natl Mtg Assn	-	"	-	US\$ 19,838	N/A	US\$ 19,838	
	Federal Natl Mtg Assn Mtn	-	"	-	US\$ 2,945	N/A	US\$ 2,945	
	Federal Natl Mtg Assn Mtn	-	"	-	US\$ 2,935	N/A	US\$ 2,935	
	Federal Natl Mtg Assn Mtn	-	"	-	US\$ 3,111	N/A	US\$ 3,111	
	Federal Natl Mtg Assn Mtn	-	"	-	US\$ 5,353	N/A	US\$ 5,353	
	Federal Natl Mtg Assn Medium	-	"	-	US\$ 3,414	N/A	US\$ 3,414	
	Federal Natl Mtg Assn	-	"	-	US\$ 4,996	N/A	US\$ 4,996	
	Tennessee Valley Auth	-	"	-	US\$ 6,014	N/A	US\$ 6,014	
	<u>Money market funds</u>							
	Ssga Cash Mgmt Global Offshore	-	Available-for-sale financial assets	-	US\$ 6,256	N/A	US\$ 6,256	

(Concluded)

## Taiwan Semiconductor Manufacturing Company Limited and Investees

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE SIX MONTHS ENDED JUNE 30, 2007  
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal (Note 1)				Ending Balance		
					Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Carrying Value (US\$ in Thousands)	Gain (Loss) on Disposal (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands) (Note 2)	
The Company	<u>Government Bond</u>														
	2004 Government Bond Series B	Available-for-sale financial assets	Chung Shing Bills Finance Corp. and several financial institutions	-	-	\$ 999,779	-	\$ 200,280	-	\$ -	\$ -	\$ -	-	-	\$ 1,192,162
	2003 Government Bond Series B	"	"	-	-	998,288	-	1,348,634	-	-	-	-	-	-	2,344,207
	2004 Government Bond Series G	"	"	-	-	-	-	201,561	-	-	-	-	-	-	198,586
	2006 Government Bond Series D	"	"	-	-	-	-	400,778	-	-	-	-	-	-	398,578
	2005 Government Bond Series A	Held-to-maturity financial assets	"	-	-	3,049,919	-	-	-	3,050,000	3,050,000	-	-	-	-
	2002 Government Bond Series B	"	"	-	-	350,399	-	-	-	350,000	350,000	-	-	-	-
	<u>Open-end mutual funds</u>														
	NITC Bond Fund	Available-for-sale financial assets	National Investment Trust Co., Ltd.	-	22,219	3,655,939	-	-	9,980	1,650,000	1,621,826	28,174	12,239	2,028,897	
	ING Taiwan Bond Fund	"	ING Securities Investment Trust Co., Ltd.	-	175,156	2,639,459	-	-	175,156	2,656,012	2,604,862	51,150	-	-	
	Cathay Bond	"	Cathay Securities Investment Trust Co., Ltd.	-	109,720	1,265,092	-	-	109,720	1,271,995	1,251,264	20,731	-	-	
	NITC Taiwan Bond	"	National Investment Trust Co., Ltd.	-	93,312	1,314,669	-	-	14,180	200,000	197,557	2,443	79,132	1,123,358	
	Dresdner Bond DAM Fund	"	Allianz Global Investors Taiwan Ltd.	-	95,553	1,107,206	-	-	41,267	480,000	472,022	7,978	54,286	633,827	
	JF Taiwan First Bond Fund	"	JF Asset Management (Taiwan) Limited	-	66,826	939,082	-	-	66,826	944,083	926,945	17,138	-	-	
	JF Taiwan Bond Fund	"	JF Asset Management (Taiwan) Limited	-	85,145	1,299,088	-	-	58,603	900,000	883,347	16,653	26,542	408,003	
	ING Taiwan select Bond Fund	"	ING Securities Investment Trust Co., Ltd.	-	76,593	868,076	-	-	76,593	872,639	857,682	14,957	-	-	
	TIIM High Yield	"	Taiwan International Investment management	-	44,685	554,863	-	-	44,685	557,263	550,724	6,539	-	-	
	Prudential Financial Bond Fund	"	Prudential Financial Securities Investment Trust Enterprise	-	103,751	1,516,294	-	-	20,445	300,000	295,582	4,418	83,306	1,226,681	
	Jih Sun Bond Fund	"	Jih Sun Securities Investment Trust Co., Ltd.	-	88,165	1,202,901	-	-	88,165	1,209,618	1,200,000	9,618	-	-	
	AIG Taiwan Bond Fund	"	AIG Global Asset management Corporation(Taiwan) Ltd.	-	78,629	1,002,595	-	-	78,629	1,008,733	1,000,000	8,733	-	-	
	Shinkong Chi Shin Bond Fund	"	Shinkong Investment Trust Co., Ltd.	-	62,183	890,660	-	-	62,183	896,299	879,940	16,359	-	-	
	President James Bond	"	President Investment Trust Co., Ltd.	-	65,496	1,010,426	-	-	65,496	1,016,917	1,000,599	16,318	-	-	
	Mega Diamond Bond Fund	"	Mega Investment Trust Co., Ltd.	-	139,333	1,602,947	-	-	69,071	800,000	793,155	6,845	70,262	814,510	
	Fuh Hwa Bond	"	Fuh Hwa Investment Trust Co., Ltd.	-	125,122	1,667,908	-	-	22,339	300,000	295,611	4,389	102,783	1,380,442	
	Taishin Lucky Fund	"	Taishin Investment Trust Co., Ltd.	-	78,624	806,386	-	-	9,679	100,000	98,476	1,524	68,945	712,420	

(Continued)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal (Note 1)				Ending Balance						
					Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Carrying Value (US\$ in Thousands)	Gain (Loss) on Disposal (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands) (Note 2)					
TSMC Global	<u>Corporate Bond</u>	Held-to-maturity financial assets	Chung Shing Bills Finance Corp.	-	-	\$ 4,080,391	-	\$ -	-	\$ 825,000	\$ 825,000	\$ -	-	\$ 3,262,876					
	Taiwan Power Company				-	-	-	136,000	136,000	-	-	386,989							
	Formosa Plastic Corporation				-	-	-	772,000	772,000	-	-	2,003,757							
	Nan Ya Plastics Corporation	-	2,773,810	-	-	-	-	-	-	-	-	-	-	-					
	<u>Stock</u>	Investment accounted for using equity method	-	Investee with a controlling interest	-	-	90,526	1,357,890	-	-	-	-	-	90,526	1,366,816				
	Xintec, Inc.				-	-	-	-	-	-	-	-	-	-	-	-			
	<u>Capital</u>	Investment accounted for using equity method	-	Subsidiary	-	733,130	-	134,165	-	-	-	-	-	-	858,453				
	VTAF II				-	228,005	-	542,831	-	-	-	-	-	-	-	756,146			
	VTAF III	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
	<u>Government Bond</u>	Available-for-sale financial assets	-	-	-	-	-	-	US\$ 5,059	-	US\$ 5,007	US\$ 5,059	US\$ (52)	-	-				
	United States Treas Nt					-	-	-	US\$ 42,302	-	US\$ 16,173	US\$ 16,174	US\$ (1)	-	US\$ 26,065				
	United States Treas Nt					-	US\$ 5,936	-	-	US\$ 5,936	US\$ 5,944	US\$ (8)	-	-					
	United States Treas Nts					-	US\$ 12,350	-	-	US\$ 9,860	US\$ 9,826	US\$ 34	-	US\$ 2,480					
	United States Treas Nts					-	US\$ 4,009	-	-	US\$ 4,019	US\$ 3,996	US\$ 23	-	-					
	United States Treas Nts					-	-	-	US\$ 204,525	-	US\$ 163,117	US\$ 163,324	US\$ (207)	-	US\$ 41,177				
	United States Treas Nts					-	-	-	US\$ 34,573	-	US\$ 34,574	US\$ 34,573	US\$ 1	-	-				
	United States Treas Nts					-	US\$ 56,526	-	US\$ 131,185	-	US\$ 187,636	US\$ 187,804	US\$ (168)	-	-				
	United States Treas Nts					-	US\$ 60,929	-	-	US\$ 43,769	US\$ 44,153	US\$ (384)	-	US\$ 16,896					
	United States Treas Nts					-	-	-	US\$ 52,529	-	US\$ 5,997	US\$ 5,994	US\$ 3	-	US\$ 46,322				
	United States Treas Nts					-	-	-	US\$ 16,788	-	US\$ 11,017	US\$ 11,032	US\$ (15)	-	US\$ 5,724				
	United States Treas Nts					-	-	-	US\$ 20,692	-	-	-	-	-	US\$ 20,611				
	United States Treas Nts					-	-	-	US\$ 17,331	-	US\$ 2,562	US\$ 2,586	US\$ (24)	-	US\$ 14,742				
	United States Treas Nts					-	-	-	US\$ 17,464	-	US\$ 11,690	US\$ 11,656	US\$ 34	-	US\$ 5,829				
	Us Treas Nts					-	-	-	US\$ 14,102	-	US\$ 3,793	US\$ 3,801	US\$ (8)	-	US\$ 10,290				
	<u>Corporate Bonds</u>					Available-for-sale financial assets	-	-	-	-	US\$ 3,452	-	-	-	US\$ 3,466	US\$ 3,431	US\$ 35	-	-
	American Express Co.									-	US\$ 3,092	-	US\$ 6,220	-	-	-	-	US\$ 9,310	
	American Honda Fin Corp. Mtn	-	US\$ 3,379	-	-					US\$ 3,395	US\$ 3,340	US\$ 55	-	-					
	Bear Stearns Cos, Inc.	-	-	-	US\$ 4,496					-	-	-	-	US\$ 4,447					
	Bp Cap Mkts P L C	-	-	-	US\$ 3,648					-	-	-	-	US\$ 3,639					
	Burlington Res, Inc.	-	-	-	US\$ 3,175					-	-	-	-	US\$ 3,119					
Credit Suisse First Boston Usa	-	-	-	US\$ 4,928	-					US\$ 4,945	US\$ 4,899	US\$ 46	-	-					
Deere John Cap Corp.	-	-	-	US\$ 5,900	-					-	-	-	US\$ 5,927						
Deere John Cap Corp.	-	US\$ 3,970	-	-	US\$ 3,973					US\$ 3,930	US\$ 43	-	-						
European Invt Bk	-	US\$ 8,759	-	-	US\$ 7,627					US\$ 7,559	US\$ 68	-	US\$ 1,167						
General Elec Cap Corp. Mtn	-	-	-	US\$ 3,250	-					-	-	-	US\$ 3,245						
Genworth Finl, Inc.	-	US\$ 3,456	-	-	US\$ 3,471					US\$ 3,453	US\$ 18	-	-						
Goldman Sachs Group, Inc.	-	US\$ 4,989	-	-	US\$ 5,011					US\$ 4,941	US\$ 70	-	-						
Goldman Sachs Group, Inc.	-	US\$ 3,205	-	-	US\$ 3,215	US\$ 3,182	US\$ 33	-	-										
Hbos Plc Medium Term Sr Nts	-	-	-	US\$ 3,120	-	-	-	-	US\$ 3,075										
Household Fin Corp.	-	-	-	-	-	-	-	-	-										

(Continued)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal (Note 1)				Ending Balance	
					Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Carrying Value (US\$ in Thousands)	Gain (Loss) on Disposal (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands) (Note 2)
	Hsbc Fin Corp.	Available-for-sale financial assets	-	-	-	US\$ 3,028	-	US\$ -	-	US\$ 3,028	US\$ 3,028	US\$ -	-	US\$ -
	Hsbc Fin Corp. Mtn	"	-	-	-	US\$ 5,096	-	-	-	US\$ 5,114	US\$ 5,066	US\$ 48	-	-
	International Business Machs	"	-	-	-	-	-	US\$ 3,496	-	-	-	-	-	US\$ 3,455
	Lehman Brothers Hldgs, Inc.	"	-	-	-	-	-	US\$ 3,150	-	-	-	-	-	US\$ 3,150
	Lehman Brothers Hldgs, Inc.	"	-	-	-	US\$ 3,150	-	-	-	US\$ 3,152	US\$ 3,150	US\$ 2	-	-
	Massmutual Global Fdg Li Mtn	"	-	-	-	-	-	US\$ 3,647	-	-	-	-	-	US\$ 3,627
	Merrill Lynch + Co., Inc.	"	-	-	-	US\$ 3,453	-	-	-	US\$ 3,464	US\$ 3,426	US\$ 38	-	-
	Merrill Lynch + Co., Inc.	"	-	-	-	US\$ 4,865	-	-	-	US\$ 4,880	US\$ 4,842	US\$ 38	-	-
	Morgan Stanley	"	-	-	-	US\$ 2,126	-	US\$ 3,337	-	-	-	-	-	US\$ 5,458
	Nucor Corp.	"	-	-	-	US\$ 3,797	-	-	-	US\$ 3,790	US\$ 3,811	US\$ (21)	-	-
	Slm Corp. Medium Term Nts	"	-	-	-	US\$ 8,998	-	-	-	US\$ 9,008	US\$ 8,949	US\$ 59	-	-
	Wachovia Corp. New	"	-	-	-	-	-	US\$ 3,491	-	-	-	-	-	US\$ 3,479
	Wachovia Corp. New	"	-	-	-	US\$ 2,040	-	US\$ 1,534	-	US\$ 3,563	US\$ 3,582	US\$ (19)	-	-
	Wachovia Corp. New	"	-	-	-	-	-	US\$ 3,100	-	-	-	-	-	US\$ 3,125
	Washington Mut Bk Fa	"	-	-	-	US\$ 3,997	-	-	-	US\$ 3,998	US\$ 4,000	US\$ (2)	-	-
	Corporate issued asset-backed securities													
	Credit Suisse First Boston Mtg	Available-for-sale financial assets	-	-	-	-	-	US\$ 7,613	-	-	-	-	-	US\$ 7,629
	Credit Suisse First Boston Mtg	"	-	-	-	-	-	US\$ 7,654	-	-	-	-	-	US\$ 7,677
	Gsamp Tr	"	-	-	-	US\$ 4,251	-	-	-	US\$ 3,868	US\$ 4,241	US\$ (373)	-	-
	Honda Auto Receivables	"	-	-	-	-	-	US\$ 3,373	-	-	-	-	-	US\$ 3,362
	Mbna Cr Card Master Nt Tr	"	-	-	-	-	-	US\$ 4,500	-	-	-	-	-	US\$ 4,449
	Mbna Master Cr Card Tr Ii	"	-	-	-	US\$ 7,605	-	-	-	US\$ 7,552	US\$ 7,653	US\$ (101)	-	-
	Nissan Auto Receivables	"	-	-	-	US\$ 3,928	-	-	-	US\$ 3,928	US\$ 3,943	US\$ (15)	-	-
	Providian Gateway Owner Tr	"	-	-	-	US\$ 3,942	-	-	-	US\$ 3,961	US\$ 3,911	US\$ 50	-	-
	Tw Hotel Fdg 2005 Llc	"	-	-	-	US\$ 4,103	-	-	-	US\$ 3,325	US\$ 3,338	US\$ (13)	-	-
	Wamu Mtg	"	-	-	-	-	-	US\$ 3,656	-	-	-	-	-	US\$ 3,545
	Wamu Mtg Pass Thru Ctf Tr	"	-	-	-	-	-	US\$ 4,854	-	-	-	-	-	US\$ 4,405
	Wells Fargo Finl Auto Owner Tr	"	-	-	-	US\$ 4,986	-	-	-	US\$ 3,535	US\$ 3,515	US\$ 20	-	-
	Agency Bonds													
	Fed Hm Ln Pc Pool 1g1282	Available-for-sale financial assets	-	-	-	-	-	US\$ 4,378	-	-	-	-	-	US\$ 4,388
	Fed Hm Ln Pc Pool 1g1411	"	-	-	-	-	-	US\$ 4,424	-	-	-	-	-	US\$ 4,126
	Fed Hm Ln Pc Pool 1g1921	"	-	-	-	-	-	US\$ 4,404	-	-	-	-	-	US\$ 4,344
	Fed Hm Ln Pc Pool 1g2593	"	-	-	-	-	-	US\$ 5,600	-	-	-	-	-	US\$ 5,554
	Fed Hm Ln Pc Pool 1j0410	"	-	-	-	-	-	US\$ 6,024	-	-	-	-	-	US\$ 5,820
	Fed Hm Ln Pc Pool G12009	"	-	-	-	-	-	US\$ 3,935	-	-	-	-	-	US\$ 3,900
	Federal Home Ln Mtg	"	-	-	-	-	-	US\$ 6,513	-	-	-	-	-	US\$ 5,996
	Federal Home Ln Mtg Corp.	"	-	-	-	-	-	US\$ 3,868	-	-	-	-	-	US\$ 3,876
	Federal Home Ln Mtg Corp	"	-	-	-	-	-	US\$ 4,354	-	-	-	-	-	US\$ 4,119
	Federal National Mort Assoc	"	-	-	-	-	-	US\$ 3,250	-	-	-	-	-	US\$ 3,192
	Fnma Pool 888249	"	-	-	-	-	-	US\$ 4,822	-	-	-	-	-	US\$ 4,672
	Fnma Pool 888388	"	-	-	-	-	-	US\$ 6,530	-	-	-	-	-	US\$ 6,540
	Fnma Pool 900296	"	-	-	-	-	-	US\$ 4,336	-	-	-	-	-	US\$ 3,513
	Fed Home Ln Bank	"	-	-	-	-	-	US\$ 5,035	-	-	-	-	-	US\$ 4,986
	Federal Farm Cr Bks	"	-	-	-	-	-	US\$ 3,411	-	-	-	-	-	US\$ 3,380
	Federal Home Ln Bks	"	-	-	-	-	-	US\$ 5,365	-	-	-	-	-	US\$ 5,352

(Continued)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal (Note 1)				Ending Balance	
					Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Carrying Value (US\$ in Thousands)	Gain (Loss) on Disposal (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands) (Note 2)
	Federal Home Ln Bks	Available-for-sale financial assets	-	-	-	US\$ 4,920	-	US\$ -	-	US\$ 4,938	US\$ 4,872	US\$ 66	-	US\$ -
	Federal Home Ln Bks	"	-	-	-	-	-	US\$ 4,494	-	-	-	-	-	US\$ 4,478
	Federal Home Ln Bks	"	-	-	-	-	-	US\$ 8,983	-	-	-	-	-	US\$ 8,972
	Federal Home Ln Mtg Corp.	"	-	-	-	US\$ 6,440	-	-	US\$ 6,453	US\$ 6,410	US\$ 43	-	-	-
	Federal Home Ln Mtg Corp.	"	-	-	-	-	-	US\$ 6,000	-	-	-	-	-	US\$ 5,987
	Federal Home Loan Bank	"	-	-	-	-	-	US\$ 4,518	-	-	-	-	-	US\$ 4,477
	Federal Home Loan Bank	"	-	-	-	-	-	US\$ 5,083	-	US\$ 4,981	US\$ 5,083	US\$ (102)	-	-
	Federal Home Loan Bank	"	-	-	-	-	-	US\$ 3,453	-	-	-	-	-	US\$ 3,443
	Federal Natl Mtg Assn	"	-	-	-	-	-	US\$ 4,982	-	-	-	-	-	US\$ 4,983
	Federal Natl Mtg Assn	"	-	-	-	-	-	US\$ 6,500	-	-	-	-	-	US\$ 6,485
	Federal Natl Mtg Assn	"	-	-	-	-	-	US\$ 8,458	-	-	-	-	-	US\$ 8,477
	Federal Natl Mtg Assn	"	-	-	-	-	-	US\$ 4,997	-	-	-	-	-	US\$ 4,967
	Federal Natl Mtg Assn	"	-	-	-	-	-	US\$ 4,500	-	-	-	-	-	US\$ 4,470
	Federal Natl Mtg Assn	"	-	-	-	US\$ 14,973	-	-	-	US\$ 14,993	US\$ 14,931	US\$ 62	-	-
	Federal Natl Mtg Assn	"	-	-	-	-	-	US\$ 4,368	-	-	-	-	-	US\$ 4,297
	Federal Natl Mtg Assn	"	-	-	-	US\$ 6,511	-	-	-	US\$ 6,514	US\$ 6,516	US\$ (2)	-	-
	Federal Natl Mtg Assn	"	-	-	-	US\$ 3,943	-	-	-	US\$ 3,957	US\$ 3,950	US\$ 7	-	-
	Federal Natl Mtg Assn	"	-	-	-	US\$ 10,467	-	-	-	US\$ 10,477	US\$ 10,459	US\$ 18	-	-
	Federal Natl Mtg Assn	"	-	-	-	-	-	US\$ 4,994	-	-	-	-	-	US\$ 4,996
	Federal Natl Mtg Assn	"	-	-	-	US\$ 5,915	-	-	-	US\$ 5,933	US\$ 5,885	US\$ 48	-	-

Note 1: The proceeds of bond investments matured are excluded.

Note 2: The ending balance included the amortization of premium/discount on bonds investments, unrealized valuation gains/losses on financial assets or equity in earnings of equity method investees.

(Concluded)

**Taiwan Semiconductor Manufacturing Company Limited**

**ACQUISITION OF INDIVIDUAL REAL ESTATE PROPERTIES AT COSTS OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE SIX MONTHS ENDED JUNE 30, 2007  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Company Name	Types of Property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Nature of Relationships	Prior Transaction of Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
The Company	Fab 14	January 4, 2007	\$198,000	By the construction progress	Lead Fu Industry Corp.	-	N/A	N/A	N/A	N/A	Public bidding	Manufacturing purpose	None



**Taiwan Semiconductor Manufacturing Company Limited and Investees**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE SIX MONTHS ENDED JUNE 30, 2007  
(Amounts in Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price (Note)	Payment Terms (Note)	Ending Balance	% to Total	
The Company	TSMC-NA GUC	Subsidiary Investee with a controlling interest	Sales	\$ 83,546,469	60	Net 30 days after invoice date	-	-	\$ 20,642,259	55	
			Sales	427,557	-	Net 30 days after monthly closing	-	-	32,762	-	
	WaferTech SSMC	Indirect subsidiary Investee accounted for using equity method	Purchases	4,804,106	21	Net 30 days after monthly closing	-	-	(804,285)	8	
			Purchases	2,765,116	12	Net 30 days after monthly closing	-	-	(728,808)	7	
	TSMC-Shanghai VIS	Subsidiary Investee accounted for using equity method	Purchases	2,485,579	11	Net 30 days after monthly closing	-	-	(611,054)	6	
			Purchases	1,681,324	8	Net 30 days after monthly closing	-	-	(780,221)	7	
GUC	TSMC-NA	Same parent company	Purchases	697,701	66	Net 30 days after invoice date/Net 45 days after monthly closing	-	-	(149,929)	33	
Xintec	VisEra OmniVision	Same president Director (represented for Xintec)	Sales	1,033,712	76	Net 45 days after shipping	-	-	332,178	66	
			Sales	110,776	8	Net 45 days after shipping	-	-	110,222	22	

Note: The terms of sales to related parties are not significantly different from those to third parties. For purchase transactions, prices are determined in accordance with the related contractual agreements and no other similar transaction could be compared with.

**Taiwan Semiconductor Manufacturing Company Limited and Investees**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
JUNE 30, 2007  
(Amounts in Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationships	Ending Balance	Turnover Days (Note)	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amounts	Action Taken		
The Company	TSMC-NA	Subsidiary	\$ 20,730,390	41	\$ 5,312,050	-	\$ 11,951,492	\$ -
	VIS	Investee accounted for using equity method	809,153	-	87,894	-		
	VisEra	Investee accounted for using equity method	147,332	30	-	-	-	-
Xintec	VisEra	Same president	332,178	64	133	Accelerate demand on account receivable	-	-
	OmniVision	Director (represented for Xintec)	110,222	91	-	-	-	-

Note: The calculation of turnover days excludes other receivables from related parties.

## Taiwan Semiconductor Manufacturing Company Limited

## NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE

JUNE 30, 2007

(Amounts in Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2007			Net Income (Losses) of the Investee	Equity in the Earnings (Losses) (Note 2)	Note
				June 30, 2007	December 31, 2006	Shares (in Thousands)	Percentage of Ownership	Carrying Value (Note 1)			
The Company	TSMC Global	Tortola, British Virgin Islands	Investment activities	\$ 42,327,245	\$ 42,327,245	1	100	\$ 43,613,633	\$ 1,014,649	\$ 1,014,649	Subsidiary
	TSMC International	Tortola, British Virgin Islands	Providing investment in companies involved in the design, manufacture, and other related business in the semiconductor industry	31,445,780	31,445,780	987,968	100	27,053,657	292,101	292,101	Subsidiary
	TSMC-Shanghai	Shanghai, China	Manufacturing and sales of integrated circuits at the order of and pursuant to product design specifications provided by customers	12,180,367	12,180,367	-	100	8,799,540	(503,187)	(496,220)	Subsidiary
	SSMC	Singapore	Fabrication and supply of integrated circuits	8,840,895	8,840,895	463	39	8,289,538	1,035,374	303,100	Investee accounted for using equity method
	VIS	Hsin-Chu, Taiwan	Research, design, development, manufacture, packaging, testing and sale of memory integrated circuits, LSI, VLSI and related parts	8,119,816	8,119,816	442,262	27	5,637,861	1,914,583	448,057	Investee accounted for using equity method
	TSMC Partners	Tortola, British Virgin Islands	Investment activities	10,350	10,350	300	100	4,567,193	127,093	127,093	Subsidiary
	TSMC-NA	San Jose, California, U.S.A.	Sales and marketing of integrated circuits and semiconductor devices	333,718	333,718	11,000	100	2,207,039	185,026	185,026	Subsidiary
	Xintec	Taoyuan, Taiwan	Wafer level chip size packaging service	1,357,890	-	90,526	43	1,366,816	117,703	33,550	Investee with a controlling interest
	VTAF II	Cayman Islands	Investing in new start-up technology companies	919,630	785,465	-	98	858,453	(10,994)	(10,774)	Subsidiary
	VTAF III	Cayman Islands	Investing in new start-up technology companies	786,376	243,545	-	98	756,146	(11,153)	(10,930)	Subsidiary
	Emerging Alliance	Cayman Islands	Investing in new start-up technology companies	1,394,208	1,418,717	-	99	717,200	(38,158)	(37,967)	Subsidiary
	GUC	Hsin-Chu, Taiwan	Researching, developing, manufacturing, testing and marketing of integrated circuits	386,568	386,568	41,263	38	694,111	332,078	115,990	Investee with a controlling interest
	Chi Cherng	Taipei, Taiwan	Investment activities	300,000	300,000	-	36	168,359	52,759	1,926	Subsidiary
	Hsin Ruey	Taipei, Taiwan	Investment activities	300,000	300,000	-	36	166,857	52,473	1,544	Subsidiary
TSMC-Japan	Yokohama, Japan	Marketing activities	83,760	83,760	6	100	94,250	1,551	1,551	Subsidiary	
TSMC-Europe	Amsterdam, the Netherlands	Marketing activities	15,749	15,749	-	100	65,109	14,011	14,011	Subsidiary	
TSMC-Korea	Seoul, Korea	Marketing activities	13,656	13,656	80	100	15,514	651	651	Subsidiary	

Note 1: The treasury stock is deducted from the carrying value.

Note 2: Equity in earnings/losses of investees have already deducted the effect of unrealized gross profit from affiliates.

**Taiwan Semiconductor Manufacturing Company Limited**

**INFORMATION OF INVESTMENT IN MAINLAND CHINA  
FOR THE SIX MONTHS ENDED JUNE 30, 2007**

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (RMB in Thousand)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2007 (US\$ in Thousand)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2007 (US\$ in Thousand)	Percentage of Ownership	Equity in the Earnings (Losses) (Note 2)	Carrying Value as of June 30, 2007	Accumulated Inward Remittance of Earnings as of June 30, 2007
					Outflow (US\$ in Thousand)	Inflow					
TSMC (Shanghai) Company Limited	Manufacturing and sales of integrated circuits at the order of and pursuant to product design specifications provided by customers	\$12,180,367 (RMB3,070,623)	(Note 1)	\$12,180,367 (US\$371,000)	\$ -	\$ -	\$12,180,367 (US\$371,000)	100%	\$(496,220)	\$8,799,540	\$ -

Accumulated Investment in Mainland China as of June 30, 2007 (US\$ in Thousand)	Investment Amounts Authorized by Investment Commission, MOEA (US\$ in Thousand)	Upper Limit on Investment (US\$ in Thousand)
\$12,180,367 (US\$371,000)	\$12,180,367 (US\$371,000)	\$12,180,367 (US\$371,000)

Note 1: Direct investments US\$371,000 thousand in TSMC-Shanghai.

Note 2: Amount was recognized based on the audited financial statements.

