Financial Statements for the Six Months Ended June 30, 2009 and 2008 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, 2009 and 2008, 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, 2009 and 2008, and the results of its operations and its cash flows for the six months then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting with respect to financial accounting standards, and accounting principles generally accepted in the Republic of China.

As discussed in Note 3 to the financial statements, effective January 1, 2009, Taiwan Semiconductor Manufacturing Company Limited adopted the newly revised Statements of Financial Accounting Standards No. 10, "Accounting for Inventories." In addition, effective January 1, 2008, Taiwan Semiconductor Manufacturing Company Limited adopted Interpretation 2007-052, "Accounting for Bonuses to Employees, Directors and Supervisors," issued by the Accounting Research and Development Foundation of the Republic of China and relevant requirements promulgated by the Financial Supervisory Commission of the Executive Yuan.

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, 2009 and 2008, and expressed an unqualified opinion with an explanatory paragraph relating to the adoption of the newly revised Statement of Financial Accounting Standard, Accounting for Inventories, and the adoption of Interpretation 2007-052, respectively, on such consolidated financial statements.

July 27, 2009

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.

BALANCE SHEETS JUNE 30, 2009 AND 2008 (In Thousands of New Taiwan Dollars, Except Par Value)

	2009		2008			2009		2008	
ASSETS	Amount	%	Amount	%	LIABILITIES AND SHAREHOLDERS' EQUITY	Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 171,474,261	30 \$	146,745,700	25	Financial liabilities at fair value through profit or loss (Notes 2, 5 and 23)	\$ 32,709	_	\$ 115,320	
Financial assets at fair value through profit or loss (Notes 2, 5 and 23)	38,883	30 4	22,996	25	Accounts payable	7,784,982	1	8,734,095	2
Available-for-sale financial assets (Notes 2, 6 and 23)	30,003	-	6.880.784	1	Payables to related parties (Note 24)	2.222.351	1	2.486.070	-
Held-to-maturity financial assets (Notes 2, 7 and 23)	5,476,955	1	5,771,334	1	Income tax payable (Notes 2 and 17)	2,997,283	1	5,718,520	1
Receivables from related parties (Note 24)	18.716.737	3	24.139.822	4	Cash dividends payable (Note 19)	76,876,312	14	76,881,311	13
Notes and accounts receivable	20,561,613	4	20,912,315	4	Bonuses payable to employees and directors (Notes 2, 3 and 19)	11,599,659	2	12,753,706	2
Allowance for doubtful receivables (Notes 2 and 8)	(398,419)		(687,619)	-	Payables to contractors and equipment suppliers	15,549,894	3	8,614,287	1
Allowance for sales returns and others (Notes 2 and 8)	(7,311,251)		(4,194,528)		Accrued expenses and other current liabilities (Note 15)	8,128,016	1	19,154,139	4
Other receivables from related parties (Note 24)	794,151	(1)	1.644.824	(1)	Current portion of bonds payable (Note 14)	0,120,010	1	8,000,000	1
Other financial assets (Note 25)	1,333,913	_	417,822	-	Current portion of bonds payable (Note 14)			8,000,000	
Inventories (Notes 2, 3 and 9)	17,153,932	3	20,816,966	4	Total current liabilities	125,191,206	22	142,457,448	24
Deferred income tax assets (Notes 2 and 17)	5,669,448	1	6,004,789	1	Total current habilities	123,191,200		142,437,446	
Prepaid expenses and other current assets	883,166	1	927,421		LONG-TERM LIABILITIES				
Frepaid expenses and other current assets	003,100		927,421		Bonds payable (Note 14)	4,500,000	1	4,500,000	1
T-4-1	234,393,389	4.1	220 402 626	20			1	1.005.988	_
Total current assets	234,393,389	41	229,402,626	39	Other long-term payables (Note 15)	590,724		1,005,988	
LONG-TERM INVESTMENTS (Notes 2, 6, 7, 10, 11 and 23)					Total long-term liabilities	5,090,724	1	5,505,988	1
Investments accounted for using equity method	106,116,192	19	106,640,304	18	· ·				
Available-for-sale financial assets	1,035,686	-	-	-	OTHER LIABILITIES				
Held-to-maturity financial assets	8,615,988	2	7,240,785	1	Accrued pension cost (Notes 2 and 16)	3,760,071	1	3,691,624	1
Financial assets carried at cost	501.060	-	747,521	-	Guarantee deposits (Note 27)	1,212,250	-	1,704,666	-
1 manetal about carried at cost	201,000		717,021	_	Deferred credits (Notes 2 and 24)	162,529	_	668,408	_
Total long-term investments	116,268,926	21	114,628,610	19	(
e g			, , , , , ,		Total other liabilities	5,134,850	1	6,064,698	1
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 12 and 24)									
Cost					Total liabilities	135,416,780	24	154,028,134	26
Buildings	114,927,509	20	103,267,057	17					
Machinery and equipment	644,746,923	113	618,319,896	104	CAPITAL STOCK - NT\$10 PAR VALUE (Notes 19 and 21)				
Office equipment	9,902,124	2	9,477,430	2	Authorized: 28,050,000 thousand shares				
1 1	769,576,556	135	731,064,383	123	Issued: 25,626,356 thousand shares in 2009				
Accumulated depreciation	(592,207,395)	(104)	(520,741,784)	(87)	25,631,371 thousand shares in 2008	256,263,562	45	256,313,709	43
Advance payments and construction in progress	25,712,586		26,550,147	4	To be issued	2,699,971		5,221,238	1
Net property, plant and equipment	203,081,747	36	236,872,746	40		258,963,533	45	261,534,947	44
INTANGIBLE ASSETS					CAPITAL SURPLUS (Notes 2 and 19)	55,331,535	10	50,916,645	9
Goodwill (Note 2)	1,567,756		1,567,756		CAPITAL SURPLUS (Notes 2 and 19)	33,331,333	10	30,910,043	9
	5,666,736	-	7,068,055	1	RETAINED EARNINGS (Note 19)				
Deferred charges, net (Notes 2 and 13)	3,000,/30	1	7,008,033	1		77.317.710	14	67,324,393	11
T-4-1 i-4ibl4-	7 224 402	1	0.625.011	1	Appropriated as legal capital reserve	//,51/,/10	14	391,857	11
Total intangible assets	7,234,492		8,635,811		Appropriated as special capital reserve Unappropriated earnings	41,347,655	7	84,236,793	14
OTHER ASSETS					Chappropriated earnings	41,547,055		04,230,733	
Deferred income tax assets (Notes 2 and 17)	5,030,761	1	4,724,630	1		118,665,365	21	151,953,043	25
Refundable deposits	2,699,751	1	2,722,875	1		110,005,505		131,733,043	
Others (Note 2)	469,209	-	281,402	-	OTHERS (Notes 2, 21 and 23)				
Officis (Note 2)	409,209		201,402		Cumulative translation adjustments	456,824		(6,787,320)	(1)
Total other assets	8,199,721	1	7,728,907	1	Unrealized gain on financial instruments	344,238	-	468,749	(1)
Total other assets	6,199,721		7,728,907		Treasury stock: 250,770 thousand shares	344,236	-	(14,845,498)	(3)
					Treasury stock. 230,770 thousand shares			(14,043,496)	(3)
						801,062	_	(21,164,069)	(4)
						001,002		(21,101,00)	
					Total shareholders' equity	433,761,495	76	443,240,566	74
TOTAL	\$ 569,178,275	100 9	597,268,700	_100	TOTAL	\$ 569,178,275	100	\$ 597,268,700	100
	<u> </u>	17//		100	10mb	<u>w 202,170,272</u>	100	<u> </u>	100

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

(With Deloitte & Touche audit report dated July 27, 2009)

STATEMENTS OF INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2009 AND 2008 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2009		2008	
	Amount	%	Amount	%
GROSS SALES (Notes 2 and 24)	\$ 114,227,264		\$ 173,877,093	
SALES RETURNS AND ALLOWANCES (Notes 2 and 8)	4,671,054		3,052,847	
NET SALES	109,556,210	100	170,824,246	100
COST OF SALES (Notes 3, 9, 18 and 24)	67,820,643	62	94,108,599	<u>55</u>
GROSS PROFIT	41,735,567	38	76,715,647	45
UNREALIZED GROSS PROFIT FROM AFFILIATES (Note 2)	79,066		130,977	
REALIZED GROSS PROFIT	41,656,501	38	76,584,670	<u>45</u>
OPERATING EXPENSES (Notes 18 and 24) Research and development General and administrative Marketing	7,934,763 3,975,992 822,469	7 4 <u>1</u>	9,874,836 5,171,447 1,261,930	6 3 <u>1</u>
Total operating expenses	12,733,224	12	16,308,213	<u>10</u>
INCOME FROM OPERATIONS	28,923,277	<u>26</u>	60,276,457	<u>35</u>
NON-OPERATING INCOME AND GAINS Interest income (Note 2) Settlement income (Note 27) Technical service income (Notes 24 and 27) Gain on settlement and disposal of financial assets, net (Notes 2 and 23)	740,068 494,070 149,052 53,461	1 1 -	1,441,583 456,195 364,485 391,888	1 -
Valuation gain on financial instruments, net (Notes 2, 5 and 23) Equity in earnings of equity method investees, net	-	-	1,737,652	1
(Notes 2 and 10) Others (Notes 2 and 24)	219,593	<u>-</u>	946,787 467,689	1
Total non-operating income and gains	1,656,244	2	<u>5,806,279</u> (Con	3 (tinued)

STATEMENTS OF INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2009 AND 2008 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2009				2008			
		Amount	%		Amoun	t	%	
NON-OPERATING EXPENSES AND LOSSES								
Equity in losses of equity method investees, net								
(Notes 2 and 10)	\$	3,276,49	91 3	\$		-	-	
Interest expense		74,5	26 -		177,	500	-	
Valuation loss on financial instruments, net								
(Notes 2, 5 and 23)		42,3				-	-	
Foreign exchange loss, net (Note 2)		32,6	12 -		1,790,		1	
Provision for litigation loss		60.1 1			459,		-	
Others (Note 2)		63,1	<u>/4</u>	_	47,	<u>052</u>		
Total non-operating expenses and losses		3,489,1	<u>50</u> <u>3</u>		2,474,	<u>239</u>	1	
INCOME BEFORE INCOME TAX		27,090,3	71 25		63,608,	497	37	
INCOME TAX EXPENSE (Notes 2 and 17)		1,089,8	<u>52</u> <u>1</u>		6,694,	<u>609</u>	4	
NET INCOME	<u>\$</u>	26,000,5	<u>19</u> <u>24</u>	\$	56,913,	888	33	
		2009)		200	08		
	I	Before	After		Before		fter	
	I	ncome	Income]	Income	In	come	
		Tax	Tax		Tax	7	Гах	
EARNINGS PER SHARE (NT\$, Note 22)								
Basic earnings per share	\$	1.05	\$ 1.01	<u>\$</u>	2.42	\$	2.17	
Diluted earnings per share	<u>\$</u>	1.04	<u>\$ 1.00</u>	<u>\$</u>	2.42	\$	2.16	

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 available-for-sale financial assets instead of treasury stock for the six months ended June 30, 2008 (Notes 2 and 21):

	2008
NET INCOME	\$ 57,016,167
EARNINGS PER SHARE (NT\$) Basic earnings per share Diluted earnings per share	<u>\$2.17</u> \$2.16

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

(With Deloitte & Touche audit report dated July 27, 2009)

(Concluded)

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2009 AND 2008 (In Thousands of New Taiwan Dollars, Except Dividends Per Share)

											Others		
						1		ned Earnings			Unrealized		
		- Common Stock		Issued		Legal	Special				Gain (Loss)		Total
	Shares (in Thousands)	Amount	Shares (in Thousands)	Amount	Capital Surplus	Capital Reserve	Capital Reserve	Unappropriated Earnings	Total		On financial Instruments		Shareholders' Equity
BALANCE, JANUARY 1, 2009	25,625,437	\$ 256,254,373	-	\$ -	\$ 49,875,255	\$ 67,324,393	\$ 391,857	\$ 102,337,417	\$ 170,053,667	\$ 481,158	\$ (287,342)	- \$	\$ 476,377,111
Appropriations of prior year's earnings (Note)													
Legal capital reserve	-	-	-	-	-	9,993,317	-	(9,993,317)	-	-	-	-	-
Reversal of special capital reserve	-	-	-	-	-	-	(391,857)	391,857	-	-	-	-	-
Cash dividends to shareholders - NT\$3.00 per share	-	-	-	-	-	-	-	(76,876,312)	(76,876,312)	-	-	-	(76,876,312)
Stock dividends to shareholders - NT\$0.02 per share	-	-	51,251	512,509	-	-	-	(512,509)	(512,509)	-	-	-	-
Bonus to employees - in stock	-	-	141,870	1,418,699	6,076,289	-	-	-	-	-	-	-	7,494,988
Capital surplus transferred to capital stock	-	-	76,876	768,763	(768,763)	-	-	-	-	-	-	-	-
Net income for the six months ended June 30, 2009	-	-	-	-	-	-	-	26,000,519	26,000,519	-	-	-	26,000,519
Adjustment arising from changes in percentage of ownership in equity													
method investees	-	-	-	-	129,081	-	-	-	-		-	-	129,081
Translation adjustments	-		-	-	-	-	-	-	-	(24,334)	-	-	(24,334)
Issuance of stock from exercising stock options	919	9,189	-	-	19,673	-	-	-	-	-	-	-	28,862
Valuation gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	3,028	-	3,028
Net change in unrealized gain (loss) on financial instruments from equity											520 552		500 550
method investees											628,552		628,552
BALANCE, JUNE 30, 2009	25,626,356	<u>\$ 256,263,562</u>	269,997	\$ 2,699,971	\$ 55,331,535	\$ 77,317,710	<u>\$ -</u>	<u>\$ 41,347,655</u>	\$ 118,665,365	\$ 456,824	\$ 344,238	\$ -	<u>\$ 433,761,495</u>
BALANCE, JANUARY 1, 2008	26,427,104	\$ 264,271,037	-	\$ -	\$ 53,732,682	\$ 56,406,684	\$ 629,550	\$ 161,828,337	\$ 218,864,571	\$ (1,072,853)	\$ 680,997	\$ (49,385,032)	\$ 487,091,402
Appropriations of prior year's earnings													
Legal capital reserve	-	-	-	-	-	10,917,709	-	(10,917,709)	-	-	-	-	
Reversal of special capital reserve	-	-	-	-	-	-	(237,693)	237,693	-	-	-	-	-
Bonus to employees - in cash	-	-	-	-	-	-	-	(3,939,883)	(3,939,883)	-	-	-	(3,939,883)
Bonus to employees - in stock	-	-	393,988	3,939,883	-	-	-	(3,939,883)	(3,939,883)	-	-	-	-
Cash dividends to shareholders - NT\$3.00 per share	-	-	-	-	-	-	-	(76,881,311)	(76,881,311)	-	-	-	(76,881,311)
Stock dividends to shareholders - NT\$0.02 per share	-	-	51,254	512,542	-	-	-	(512,542)	(512,542)		-	-	-
Bonus to directors	-	-	-	-	-	-	-	(176,890)	(176,890)	-	-	-	(176,890)
Capital surplus transferred to capital stock	-	-	76,881	768,813	(768,813)	-	-	-	-	-	-	-	-
Net income for the six months ended June 30, 2008	-	-	-	-	-	-	-	56,913,888	56,913,888	-	-	-	56,913,888
Adjustment arising from changes in percentage of ownership in equity													
method investees	-	-	-	-	(186,344)	-	-	-	-		-	-	(186,344)
Translation adjustments			-	-	-	-	-	-	-	(5,714,467)	-	-	(5,714,467)
Issuance of stock from exercising stock options	4,267	42,672	-	-	128,891	-	-	-	-	-	-	-	171,563
Cash dividends received by subsidiaries from the Company	-	-	-	-	102,279	-	-	-	-	-	(251215)	-	102,279
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	(264,247)	-	(264,247)
Net change in unrealized gain (loss) on financial instruments from equity method investees											51,000		51,000
method investees Treasury stock retired	(800,000)	(8,000,000)		-	(2,092,050)	-	-	(38,374,907)	(38,374,907)		51,999	48,466,957	51,999
Treasury stock retured Treasury stock repurchased by the company	(000,000)	(8,000,000)	-	-	(2,092,030)	-	-	(30,374,907)	(30,374,907)	-	-	(13,927,423)	(13,927,423)
reasury stock reputchased by the company												(13,321,423)	(13,721,423)
BALANCE, JUNE 30, 2008	25,631,371	\$ 256,313,709	522,123	\$ 5,221,238	\$ 50,916,645	\$ 67,324,393	\$ 391,857	<u>\$ 84,236,793</u>	\$ 151,953,043	<u>\$ (6,787,320</u>)	<u>\$ 468,749</u>	<u>\$ (14,845,498</u>)	\$ 443,240,566

Note: Bonus to employees and directors in the amount of NT\$14,989,976 thousand and NT\$158,080 thousand, respectively, had been charged against earnings of 2008.

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

(With Deloitte & Touche audit report dated July 27, 2009)

STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2009 AND 2008

(In Thousands of New Taiwan Dollars)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 26,000,519	\$ 56,913,888
Adjustments to reconcile net income to net cash provided by operating	, , ,	. , ,
activities:		
Depreciation and amortization	37,142,624	36,227,938
Unrealized gross profit from affiliates	79,066	130,977
Amortization of premium/ discount of financial assets	(15,843)	(51,144)
Gain on disposal of available-for-sale financial assets, net	(37,370)	(391,218)
Gain on held-to-maturity financial assets redeemed by the issuer	(16,091)	-
Gain on disposal of financial assets carried at cost, net	-	(670)
Equity in losses (earnings) of equity method investees, net	3,276,491	(946,787)
Dividends received from equity method investees	988,201	589,071
Gain on disposal of property, plant and equipment and other assets, net	(55,936)	(153,449)
Deferred income tax	(551,537)	1,780,514
Changes in operating assets and liabilities:		
Decrease (increase) in:	/	
Financial assets and liabilities at fair value through profit or loss	(47,332)	(113,239)
Receivables from related parties	(6,988,533)	2,561,826
Notes and accounts receivable	(9,120,437)	(3,000,987)
Allowance for doubtful receivables	(38,327)	(1,353)
Allowance for sales returns and others	1,442,669	337,843
Other receivables from related parties	168,432	222,924
Other financial assets	(603,233)	(86,124)
Inventories	(4,345,996)	170,176
Prepaid expenses and other current assets	309,309	(65,956)
Increase (decrease) in:	2 470 717	(751 702)
Accounts payable Payables to related parties	3,470,717 1,020,001	(751,723) (513,560)
Payables to related parties Income tax payable	(6,225,528)	(5,259,443)
Bonuses payable to employees and directors	3,946,590	8,636,933
Accrued expenses and other current liabilities	154,947	302,852
Accrued pension cost	50,062	33,945
Deferred credits		(47,87 <u>3</u>)
Deferred credits	(113,031)	(47,073)
Net cash provided by operating activities	49,887,634	96,525,361
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property, plant and equipment	(12,638,153)	(36,086,150)
Available-for-sale financial assets	-	(4,300,000)
Held-to-maturity financial assets	(662,685)	(549,455)
Investments accounted for using equity method	(210,999)	(301,607)
Financial assets carried at cost	(483)	(1,142)
Proceeds from disposal or redemption of:	1 027 270	21 225 7.40
Available-for-sale financial assets	1,037,370	21,235,748
Held-to-maturity financial assets	4,245,000	7,788,000
Financial assets carried at cost	202	2,451
Property, plant and equipment and other assets	383	1,764,920
		(Continued)

STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2009 AND 2008

(In Thousands of New Taiwan Dollars)

	2009	2008
Proceeds from return of capital by investees Increase in deferred charges Decrease in refundable deposits	\$ 20,201 (194,313 19,986	·
Net cash used in investing activities	(8,383,693	(12,168,419)
CASH FLOWS FROM FINANCING ACTIVITIES Repayment of bonds payable Decrease in guarantee deposits Proceeds from exercise of employee stock options Repurchase of treasury stock	(8,000,000 (266,902 28,862	•
Net cash used in financing activities	(8,238,040	(10,033,344)
NET INCREASE IN CASH AND CASH EQUIVALENTS	33,265,901	74,323,598
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	138,208,360	72,422,102
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$171,474,261	\$146,745,700
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION Interest paid Income tax paid	\$ 351,803 \$ 7,694,716	\$ 355,000 \$ 10,105,861
INVESTING AND FINANCING ACTIVITIES AFFECTING BOTH CASH AND NON-CASH ITEMS Acquisition of property, plant and equipment Increase in payables to contractors and equipment suppliers Cash paid	\$ 20,613,156 (7,975,003 \$ 12,638,153	(3,224,547)
Disposal of property, plant and equipment and other assets Increase in other payables to related parties Cash received	\$ 58,833 (58,450 \$ 383	\$ 1,901,048) (136,128) \$ 1,764,920
Repurchase of treasury stock Increase in accrued expenses and other current liabilities Cash paid	\$ - <u>-</u> \$ -	\$ 13,927,423 (4,258,527) \$ 9,668,896
NON-CASH FINANCING ACTIVITIES Bonus to employees transferred to capital stock Current portion of bonds payable Current portion of other long-term payables (under accrued expenses and other current liabilities)	\$ 7,494,988 \$ - \$ 935,825	\$ - \$ 8,000,000 \$ 2,012,071

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

(With Deloitte & Touche audit report dated July 27, 2009)

(Concluded)

NOTES TO FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2009 AND 2008 (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 on February 21, 1987. The Company is a dedicated foundry in the semiconductor industry which engaged mainly in the manufacturing, selling, packaging, testing and computer-aided designing of integrated circuits and other semiconductor devices and the manufacturing of masks. 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).

As of June 30, 2009 and 2008, the Company had 19,759 and 20,835 employees, respectively.

2. SUMMARY OF 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 and repurchase agreements collateralized by short-term 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

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.

Fair value of open-end mutual funds is determined using the net assets value at the end of the period. For debt securities, fair value is determined using the average of bid and asked prices at the end of the period.

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

Debt 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 the 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, the rewards of ownership and significant risk of the goods has been transferred to the buyer, price is fixed or determinable, and collectibility is reasonably assured. Provisions for estimated sales returns and others are 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 recorded at standard cost and adjusted to approximate weighted-average cost on the balance sheet date. Prior to January 1, 2009, inventories were stated at the lower of cost or market value. Any write-down was made on a total-inventory basis. Market value represented replacement cost for raw materials, supplies and spare parts and net realizable value for work in process and finished goods. As stated in note 3, effective January 1, 2009, inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made on an item-by-item basis, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and necessary selling costs.

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. 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. 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 (except for financial assets other than investments accounted for using the equity method and deferred income tax assets). 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 percentages 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 over each of which the Company has control are deferred in proportion to the Company's weighted-average ownership percentage in the investee which records gains or losses. In transactions between equity method investees over either or both of which the Company has no control, gains or losses on sales are deferred in proportion to the multiplication of the Company's weighted-average ownership percentages in the investees. Such gains or losses are recorded until they are realized through transactions with third parties.

If an investee's functional currency is a foreign currency, differences will result from the translation of the investee's financial statements into the reporting currency of the Company. Such differences are charged or credited to cumulative translation adjustments, 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.

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.

Property, Plant and Equipment, Assets Leased to Others and Idle Assets

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 and assets leased to others, 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.

When property, plant and equipment are determined to be idle or useless, they are transferred to idle assets at the lower of the net realizable value or carrying amount. Depreciation on the idle assets is provided continuously, and the idle assets are tested for impairment on a periodical basis.

Intangible Assets

Goodwill represents the excess of the consideration paid for acquisition over the fair value of identifiable net assets acquired. 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 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.

Expenditures related to research activities and those related to development activities that do not meet the criteria for capitalization are charged to expenses 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 an inter-period allocation for its income tax whereby 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.

Stock-based Compensation

Employee stock options that were granted or modified in the period from January 1, 2004 to December 31, 2007 are accounted for by the interpretations issued by the Accounting Research and Development Foundation of the Republic of China. The Company adopted the intrinsic value method and any compensation cost determined using this method is recognized in earnings over the employee vesting period. Employee stock option plans that were granted or modified after December 31, 2007 are accounted for using fair value method in accordance with Statement of Financial Accounting Standards No. 39, "Accounting for Share-based Payment." The Company did not grant or modify any employee stock options since January 1, 2008.

Bonuses to Employees and Directors

Effective January 1, 2008, the Company adopted Interpretation 2007-052, "Accounting for Bonuses to Employees, Directors and Supervisors," which requires companies to record bonuses paid to employees and directors as an expense rather than as an appropriation of earnings.

Treasury Stock

Treasury stock is stated at cost and shown as a deduction in shareholders' equity. When the Company retires treasury stock, the treasury stock account is reduced and the common stock as well as the capital surplus - additional paid-in capital are reversed on a pro rata basis. When the book value of the treasury stock exceeds the sum of the par value and additional paid-in capital, the difference is charged to capital surplus - treasury stock transactions and to retained earnings for any remaining amount.

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 other than derivative contracts 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.

3. ACCOUNTING CHANGES

Effective January 1, 2009, the Company adopted the newly revised SFAS No. 10, "Accounting for Inventories." The main revisions are (1) inventories are stated at the lower of cost or net realizable value, and inventories are written down to net realizable value item-by-item except when the grouping of similar or related items is appropriate; (2) unallocated overheads are recognized as expenses in the period in which they are incurred; and (3) abnormal cost, write-downs of inventories and any reversal of write-downs are recorded as cost of sales for the period. Such changes in accounting principle did not have significant effect on the Company's financial statements for the six months ended June 30, 2009.

Effective January 1, 2008, the Company adopted Interpretation 2007-052, "Accounting for Bonuses to Employees, Directors and Supervisors," issued in March 2007 by the ARDF, which requires companies to record bonuses paid to employees, directors and supervisors as an expense rather than as an appropriation of earnings. The adoption of this interpretation resulted in a decrease in net income and earnings per share (after income tax and retroactively adjusted for the issuance of stock dividend) of NT\$7,194,657 thousand and NT\$0.27, respectively, for the six months ended June 30, 2008.

Effective January 1, 2008, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 39, "Accounting for Share-based Payment," which requires companies to record share-based payment transactions in the financial statements at fair value. Such a change in accounting principle did not have any effect on the Company's financial statements as of and for the six months ended June 30, 2008.

4. CASH AND CASH EQUIVALENTS

	June 30			
		2009		2008
Cash and deposits in banks Repurchase agreements collaterized by government bonds Repurchase agreements collaterized by short-term notes	\$	164,060,131 7,414,130		130,545,705 12,229,689 3,970,306
	<u>\$</u>	171,474,261	<u>\$</u>	146,745,700

June 30

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

	June 30			
<u>Trading financial assets</u>		2009		2008
Cross currency swap contracts	\$	38,883	\$	22,996
Trading financial liabilities				
Forward exchange contracts Cross currency swap contracts	\$	6,284 26,425	\$	112,709 2,611
	\$	32,709	\$	115,320

The Company entered into derivative contracts during the six months ended June 30, 2009 and 2008 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. Therefore, the Company did not apply hedge accounting treatment for its derivative contracts.

Outstanding forward exchange contracts consisted of the following:

	Maturity Date	Contract Amount (in Thousands)
<u>June 30, 2009</u>	·	,
Sell EUR/Buy US\$	July 2009	EUR12,200/US\$17,019
<u>June 30, 2008</u>		
Sell EUR/Buy US\$	July 2008	EUR11,500/US\$17,826
Sell EUR/Buy NT\$	July 2008	EUR20,000/NT\$858,620
Sell US\$/Buy NT\$	July 2008	US\$30,000/NT\$909,600

Outstanding cross currency swap contracts consisted of the following:

Maturity Date	Contract Amount (in Thousands)	Range of Interest Rates Paid	Range of Interest Rates Received
<u>June 30, 2009</u>			
July 2009	US\$767,000/NT\$25,197,800	0.46%-9.26%	0.00%-0.76%
June 30, 2008			
July 2008	US\$971,000/NT\$29,509,297	2.49%-4.68%	0.43%-2.42%

For the six months ended June 30, 2009 and 2008, valuation on financial instruments arising from derivative financial instruments was a net loss of NT\$42,347 thousand and a net gain of NT\$1,737,652 thousand, respectively.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Ju	ne 30
	2009	2008
Corporate bonds	\$ 1,035,686	\$ 3,177,927
Open-end mutual funds		3,702,857
	1,035,686	6,880,784
Current portion	_	<u>(6,880,784</u>)
	\$ 1,035,686	<u>\$</u>

7. HELD-TO-MATURITY FINANCIAL ASSETS

	June 30	
	2009 2008	
Corporate bonds	\$ 13,209,510 \$ 9,516,207	,
Government bonds	883,433 2,995,912	,
Structured time deposits	500,000	<u> </u>
•	14,092,943 13,012,119	i
Current portion	(5,476,955) (5,771,334)
	<u>\$ 8,615,988</u> <u>\$ 7,240,785</u>	!

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

	Principal Amount	Interest Receivable	Range of Interest Rates	Maturity Date
June 30, 2008				•
Step-up callable domestic deposits	\$ 500,000	\$ 2,031	1.83%	October 2008

8. ALLOWANCES FOR DOUBTFUL RECEIVABLES, SALES RETURNS AND OTHERS $\,$

Movements of the allowance for doubtful receivables were as follows:

	2	Six Months Ended June 30				
	2009	2008				
Balance, beginning of period Provision Write-off	\$ 436,746 205,480 (243,807)	\$ 688,972 (1,353)				
Balance, end of period	<u>\$ 398,419</u>	\$ 687,619				

Movements of the allowance for sales returns and others were as follows:

	Six Months Ended June 30
	2009 2008
Balance, beginning of period Provision Write-off	\$ 5,868,582 \$ 3,856,685 4,671,054 3,052,847 (3,228,385) (2,715,004)
Balance, end of period	<u>\$ 7,311,251</u> <u>\$ 4,194,528</u>

9. INVENTORIES

	June 30				
	2009	2008			
Finished goods	\$ 1,762,370	\$ 3,095,657			
Work in process	13,832,628	16,395,692			
Raw materials	872,203	764,863			
Supplies and spare parts	686,731	560,754			
	<u>\$ 17,153,932</u>	\$ 20,816,966			

Write-down of inventories to net realizable value in the amount of NT\$691,760 thousand and NT\$329,560 thousand, respectively, were included in the cost of sales for sales for the six months ended June 30, 2009 and 2008.

10. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	June 30			
	2009		2008	
	Carrying Amount	% of Owner- ship	Carrying Amount	% of Owner- ship
TSMC Global Ltd. (TSMC Global)	\$ 46,275,534	100	\$ 41,946,173	100
TSMC Partners, Ltd. (TSMC Partners)	32,889,200	100	3,534,832	100
Vanguard International Semiconductor Corporation				
(VIS)	9,209,323	37	9,926,933	36
Systems on Silicon Manufacturing Company Pte Ltd.				
(SSMC)	5,744,178	39	8,641,503	39
TSMC China Company Limited (TSMC China)	4,286,079	100	7,574,803	100
TSMC North America	2,593,228	100	2,246,123	100
VentureTech Alliance Fund III, L.P. (VTAF III)	1,418,421	98	1,106,412	98
XinTec Inc. (XinTec)	1,349,779	42	1,396,316	43
Global UniChip Corporation (GUC)	920,198	36	798,498	37
VentureTech Alliance Fund II, L.P. (VTAF II)	807,446	98	963,211	98
Emerging Alliance Fund, L.P. (Emerging Alliance)	332,124	99	388,216	99
Taiwan Semiconductor Manufacturing Company				
Europe B.V. (TSMC Europe)	141,821	100	107,796	100
			(C	Continued)

	June 30						
		2009			2008		
	(Carrying Amount	% of Owner- ship		Carrying Amount	% of Owner- ship	
TSMC Japan Limited (TSMC Japan)	\$	132,285	100	\$	104,842	100	
TSMC Korea Limited (TSMC Korea)		16,576	100		15,286	100	
TSMC International Investment Ltd. (TSMC							
International)		-	-		27,447,357	100	
Chi Cherng Investment Co., Ltd. (Chi Cherng)		-	-		221,911	36	
Hsin Ruey Investment Co., Ltd. (Hsin Ruey)			-	_	220,092	36	
	<u>\$ 10</u>	06,116,192		\$	106,640,304		
					(C	oncluded)	

TSMC Partners and TSMC International were both 100% owned subsidiaries of the Company. To simplify the organization structure of investment, TSMC Partners merged TSMC International in June 2009.

Chi Cherng and Hsin Ruey, both 100% owned subsidiaries of the Company, were engaged in investing activities. To simplify the organization structure of investment, the Company merged Chi Cherng and Hsin Ruey in the third quarter of 2008.

For the six months ended June 30, 2009 and 2008, equity in earnings/losses of equity method investees was a net loss of NT\$3,276,491 thousand and a net gain of NT\$946,787 thousand, respectively. Related equity in earnings/losses of equity method investees were determined based on the audited financial statements, except those of Emerging Alliance, TSMC Japan, TSMC Europe and TSMC Korea for the six months ended June 30, 2009. The Company believes that, had Emerging Alliance, TSMC Japan, TSMC Europe and TSMC Korea's financial statements been audited, any adjustments arising would have had no material effect on the Company's financial statements.

As of June 30, 2009 and 2008, fair value of publicly traded stocks in investments accounted for using equity method (VIS and GUC) was NT\$15,082,092 thousand and NT\$23,162,413 thousand, respectively.

Movements of the difference between the cost of investments and the Company's share in investees' net assets allocated to depreciable assets were as follows:

	Six Months Ended June 30			
		2009		2008
Balance, beginning of period Amortization	\$	2,053,253 (312,068)		2,677,388 (312,068)
Balance, end of period	\$	1,741,185	\$	2,365,320

As of June 30, 2009 and 2008, balance of the aforementioned difference allocated to goodwill was NT\$1,061,885 thousand and NT\$987,349 thousand, respectively. There are no any additions or impairment for the six months ended June 30, 2009 and 2008.

11. FINANCIAL ASSETS CARRIED AT COST

	June 30			
	2009	2008		
Non-publicly traded stocks Mutual funds	\$ 338,584 162,476			
	\$ 501,060	<u>\$ 747,521</u>		

12. PROPERTY, PLANT AND EQUIPMENT

	Six Months Ended June 30, 2009									
]	Balance, Beginning of Period		Additions		Disposals	Rec	classification	E	Balance, and of Period
Cost		444044 = 00		04.2.520	_	(000)			_	
Buildings	\$	114,014,588	\$	913,730	\$	(809)	\$	_	\$	114,927,509
Machinery and equipment		635,008,261		11,454,368		(1,718,271)		2,565		644,746,923
Office equipment	_	9,748,869	_	290,510	_	(137,255)	_		_	9,902,124
		758,771,718	\$	12,658,608	\$	(1,856,335)	\$	2,565	_	769,576,556
Accumulated depreciation										
Buildings		65,351,514	\$	4,051,294	\$	(809)	\$	-		69,401,999
Machinery and equipment		484,046,160		31,694,103		(1,115,264)		2,565		514,627,564
Office equipment		7,849,580	_	465,322		(137,070)		<u>-</u>	_	8,177,832
	_	557,247,254	\$	36,210,719	\$	(1,253,143)	\$	2,565		592,207,395
Advance payments and construction in progress		17,758,038	\$	7,954,548	\$	_	\$	<u>-</u>		25,712,586
	<u>\$</u>	219,282,502							<u>\$</u>	203,081,747
				a				200		
		D 1		Six Moi	nths	Ended June 3	0, 20	008		
	_]	Balance, Beginning of			<u>nths</u>					Balance,
]	,		Six Mon	nths	Ended June 3 Disposals		008 classification	E	Balance,
Cost		Beginning of Period		Additions		Disposals	Rec	classification		nd of Period
Buildings		Beginning of Period 101,907,892	\$	Additions 1,361,363	<u>nths</u> \$	Disposals (1,887)	Rec	classification (311)	\$	and of Period 103,267,057
Buildings Machinery and equipment		Beginning of Period 101,907,892 589,131,625	\$	Additions 1,361,363 32,074,642		Disposals (1,887) (2,665,119)	Rec	(311) (221,252)	\$	103,267,057 618,319,896
Buildings		Beginning of Period 101,907,892 589,131,625 9,167,107	_	Additions 1,361,363 32,074,642 407,498	\$	Disposals (1,887) (2,665,119) (97,232)	Red \$	(311) (221,252) 57	\$	103,267,057 618,319,896 9,477,430
Buildings Machinery and equipment Office equipment		Beginning of Period 101,907,892 589,131,625	\$	Additions 1,361,363 32,074,642		Disposals (1,887) (2,665,119)	Red \$	(311) (221,252)	\$	103,267,057 618,319,896
Buildings Machinery and equipment		Beginning of Period 101,907,892 589,131,625 9,167,107	_	Additions 1,361,363 32,074,642 407,498	\$	Disposals (1,887) (2,665,119) (97,232) (2,764,238)	Rec \$	(311) (221,252) 57	\$	103,267,057 618,319,896 9,477,430
Buildings Machinery and equipment Office equipment Accumulated depreciation Buildings		Beginning of Period 101,907,892 589,131,625 9,167,107	_	Additions 1,361,363 32,074,642 407,498	\$	Disposals (1,887) (2,665,119) (97,232)	Rec \$	(311) (221,252) 57	\$	103,267,057 618,319,896 9,477,430
Buildings Machinery and equipment Office equipment Accumulated depreciation		Beginning of Period 101,907,892 589,131,625 9,167,107 700,206,624	\$	Additions 1,361,363 32,074,642 407,498 33,843,503	\$	Disposals (1,887) (2,665,119) (97,232) (2,764,238)	Rec \$	(311) (221,252) 57 (221,506)	\$	103,267,057 618,319,896 9,477,430 731,064,383
Buildings Machinery and equipment Office equipment Accumulated depreciation Buildings		Beginning of Period 101,907,892 589,131,625 9,167,107 700,206,624 57,349,828	\$	Additions 1,361,363 32,074,642 407,498 33,843,503 3,848,827	\$	Disposals (1,887) (2,665,119) (97,232) (2,764,238) (1,887)	Rec \$	(311) (221,252) 57 (221,506)	\$	103,267,057 618,319,896 9,477,430 731,064,383 61,196,764
Buildings Machinery and equipment Office equipment Accumulated depreciation Buildings Machinery and equipment		Beginning of Period 101,907,892 589,131,625 9,167,107 700,206,624 57,349,828 422,278,071	\$	Additions 1,361,363 32,074,642 407,498 33,843,503 3,848,827 30,674,584	\$	(1,887) (2,665,119) (97,232) (2,764,238) (1,887) (667,487)	\$ \$ \$	(311) (221,252) 57 (221,506) (4) (206,424)	\$	103,267,057 618,319,896 9,477,430 731,064,383 61,196,764 452,078,744
Buildings Machinery and equipment Office equipment Accumulated depreciation Buildings Machinery and equipment		Beginning of Period 101,907,892 589,131,625 9,167,107 700,206,624 57,349,828 422,278,071 7,097,120	\$	Additions 1,361,363 32,074,642 407,498 33,843,503 3,848,827 30,674,584 466,362	\$	(1,887) (2,665,119) (97,232) (2,764,238) (1,887) (667,487) (97,232)	\$ \$ \$	(311) (221,252) 57 (221,506) (4) (206,424) 26	\$	103,267,057 618,319,896 9,477,430 731,064,383 61,196,764 452,078,744 7,466,276

No interest was capitalized during the six months ended June 30, 2009 and 2008.

13. DEFERRED CHARGES, NET

	Six Months Ended June 30, 2009							
	Balance, Beginning of Period	Additions	Amortization	Disposals	Reclassification	Balance, End of Period		
Technology license fees Software and system design costs Patent and others	\$ 3,786,251 1,559,857 1,055,353	\$ - 194,313 -	\$ (423,468) \$ (370,739)	- - -	\$ - - -	\$ 3,362,783 1,383,431 920,522		
	<u>\$ 6,401,461</u>	<u>\$ 194,313</u>	<u>\$ (929,038)</u>	<u>-</u>	<u>\$</u> -	\$ 5,666,736		
			Six Months Ended	d June 30, 200	8			
	Balance, Beginning of Period	Additions	Amortization	Disposals	Reclassification	Balance, End of Period		
Technology license fees Software and system design costs Patent and others	\$ 5,349,937 1,309,272 513,204	\$ - 666,273 454,125	\$ (781,844) \$ (347,384) <u>(81,308)</u>	(14,279)	\$ - 59 -	\$ 4,568,093 1,613,941 886,021		
	\$ 7,172,413	\$ 1,120,398	\$ (1,210,536) \$	(14,279)	\$ 59	\$ 7,068,055		

14. BONDS PAYABLE

		June 30			
		2009		2008	
Domestic unsecured bonds:					
Issued in January 2002 and repayable in January 2009 and 2012					
in two installments, 2.75% and 3.00% interest payable					
annually, respectively	\$	4,500,000	\$	12,500,000	
Current portion			_	(8,000,000)	
	<u>\$</u>	4,500,000	\$	4,500,000	

15. OTHER LONG-TERM PAYABLES

Most of the Company's long-term payables resulted from license agreements for certain semiconductor-related patents. As of June 30, 2009, future payments for other long-term payables were as follows:

Year of Payment	Amount
2009 (3 rd and 4 th quarter)	\$ 596,487
2010 2011	503,428 426,634
Current portion (classified under accrued expenses and other current liabilities)	1,526,549 (935,825)
	\$ 590,724

16. PENSION PLANS

The pension mechanism under the Labor Pension 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, and recognized pension costs of NT\$284,118 thousand and NT\$326,409 thousand for the six months ended June 30, 2009 and 2008, respectively.

The Company has a defined benefit plan under the Labor Standards Law that provides benefits based on an employee's length of service 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 Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. The Company recognized pension costs of NT\$144,341 thousand and NT\$134,494 thousand for the six months ended June 30, 2009 and 2008, respectively.

Movements of the Fund and accrued pension cost under the defined benefit plan were summarized as follows:

	Six Months Ended June 3			ed June 30
		2009		2008
The Fund				
Balance, beginning of period	\$	2,389,519	\$	2,145,010
Contributions		98,290	Ċ	109,289
Interest		52,445		71,236
Payments		(37,801)	_	(13,726)
Balance, end of period	\$	2,502,453	\$	2,311,809
Accrued pension cost				
Balance, beginning of period	\$	3,710,009	\$	3,657,679
Accruals		50,062	_	33,945
Balance, end of period	\$	3,760,071	\$	3,691,624

17. 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:

	Six Months Ended June 30			
		2009		2008
Income tax expense based on "income before income tax" at	Φ	6 772 502	Φ	15 002 124
statutory rate (25%)	\$	6,772,583	\$	15,902,124
Tax effect of the following:				
Tax-exempt income		(3,229,360)		(5,071,328)
Temporary and permanent differences		2,063,571		310,461
Others		69,174		41,235
Investment tax credits used	_	(2,837,984)	_	(5,591,246)
Income tax currently payable	<u>\$</u>	2,837,984	<u>\$</u>	5,591,246

b. Income tax expense consisted of the following:

	Six Months Ended June 30		
		2009	2008
Income tax currently payable	\$	2,837,984 \$	5,591,246
Income tax adjustments on prior years		(1,155,113)	(707,255)
Other income tax adjustments		(41,482)	30,104
Net change in deferred income tax assets			
Investment tax credits		(2,296,767)	1,318,658
Temporary differences		308,450	25,929
Valuation allowance	_	1,436,780	435,927
Income tax expense	<u>\$</u>	1,089,852 \$	6,694,609

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

	June 30		
	2009	2008	
Current deferred income tax assets			
Investment tax credits	\$ 4,956,104 \$	6,004,789	
Temporary differences	713,344	<u> </u>	
	<u>\$ 5,669,448</u> <u>\$</u>	6,004,789	
Noncurrent deferred income tax assets			
Investment tax credits	\$ 10,952,881 \$	7,513,308	
Temporary differences	1,914,306	1,117,382	
Valuation allowance	(7,836,426)	(3,906,060)	
	<u>\$ 5,030,761</u> <u>\$</u>	4,724,630	

The amendment of Article 5 of the Income Tax Law which was public in May, 2009 announced that the income tax rate of profit-seeking enterprises reduces from 25% to 20% since 2010. The Company recalculated its deferred tax assets and liabilities in accordance with the amended Article and adjusted the resulting difference as an income tax benefit and expense.

d. Integrated income tax information:

The balance of the imputation credit account as of June 30, 2009 and 2008 was NT\$8,102,454 thousand and NT\$12,141,222 thousand, respectively.

The estimated and actual creditable ratios for distribution of earnings of 2008 and 2007 was 9.06% and 9.83%, 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, 2009, 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	\$ 500,000 1,053,410 4,592,615 3,076,348 47,066	\$ 500,000 - 4,592,615 3,076,348 <u>47,066</u>	2009 2010 2011 2012 2013
Statute for Upgrading Industries	Research and development expenditures	\$ 9,269,439 \$ 2,663,784 2,687,841 2,688,201 1,184,049	\$ 8,216,029 \$ 879,210 2,687,841 2,688,201 1,184,049	2010 2011 2012 2013
Statute for Upgrading Industries	Personnel training expenditures	\$ 9,223,875 \$ 23,146 36,568 27,036	\$ 7,439,301 \$ 23,146 36,568 27,036	2010 2011 2012
Statute for Upgrading Industries	Investments in important technology-based enterprises	\$ 86,750 \$ 87,101 79,804 \$ 166,905	\$ 86,750 \$ 87,101 79,804 \$ 166,905	2009 2010

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

Tax-exemption Period

Construction of Fab 14 - Module A	2006 to 2010
Construction of Fab 12 - Module B and expansion of Fab 14 - Module A	2007 to 2011
Construction of Fab 14 - Module B and expansion of Fab 12 and others	2008 to 2012

h. The tax authorities have examined income tax returns of the Company through 2006. All investment tax credit adjustments assessed by the tax authorities have been recognized accordingly.

18. LABOR COST, DEPRECIATION AND AMORTIZATION

	Six Months Ended June 30, 2009			
	Classified as Cost of Sales	Classified as Operating Expenses	Total	
Labor cost				
Salary and bonus	\$ 6,099,123	\$ 4,445,518	\$ 10,544,641	
Labor and health insurance	290,166	172,465	462,631	
Pension	268,466	159,993	428,459	
Meal	193,992	80,986	274,978	
Welfare	62,101	37,965	100,066	
Others	37,969	8,800	46,769	
	\$ 6,951,817	\$ 4,905,727	<u>\$ 11,857,544</u>	
Depreciation	\$ 34,426,607	\$ 1,775,979	\$ 36,202,586	
Amortization	\$ 608,828	\$ 320,210	\$ 929,038	
	Six Mon	ths Ended June	30, 2008	
		Classified as	30, 2008	
	Classified as	Classified as Operating	_	
		Classified as	Total	
Labor cost	Classified as Cost of Sales	Classified as Operating Expenses	Total	
Salary and bonus	Classified as Cost of Sales \$ 9,092,200	Classified as Operating Expenses \$ 6,656,160	Total \$ 15,748,360	
Salary and bonus Labor and health insurance	Classified as Cost of Sales \$ 9,092,200	Classified as Operating Expenses \$ 6,656,160 189,700	Total \$ 15,748,360 525,449	
Salary and bonus Labor and health insurance Pension	Classified as Cost of Sales \$ 9,092,200 335,749 294,502	Classified as Operating Expenses \$ 6,656,160	Total \$ 15,748,360 525,449 460,903	
Salary and bonus Labor and health insurance Pension Meal	Classified as Cost of Sales \$ 9,092,200 335,749 294,502 219,219	Classified as Operating Expenses \$ 6,656,160	Total \$ 15,748,360 525,449 460,903 307,514	
Salary and bonus Labor and health insurance Pension	Classified as Cost of Sales \$ 9,092,200 335,749 294,502 219,219 92,539	Classified as Operating Expenses \$ 6,656,160	Total \$ 15,748,360	
Salary and bonus Labor and health insurance Pension Meal	Classified as Cost of Sales \$ 9,092,200 335,749 294,502 219,219	Classified as Operating Expenses \$ 6,656,160	Total \$ 15,748,360 525,449 460,903 307,514	
Salary and bonus Labor and health insurance Pension Meal Welfare	Classified as Cost of Sales \$ 9,092,200 335,749 294,502 219,219 92,539	Classified as Operating Expenses \$ 6,656,160 189,700 166,401 88,295 54,046	Total \$ 15,748,360	
Salary and bonus Labor and health insurance Pension Meal Welfare	Classified as Cost of Sales \$ 9,092,200 335,749 294,502 219,219 92,539 89,637	Classified as Operating Expenses \$ 6,656,160 189,700 166,401 88,295 54,046 3,876	Total \$ 15,748,360	

19. SHAREHOLDERS' EQUITY

As of June 30, 2009, 1,092,053 thousand ADSs of the Company were traded on the NYSE. The number of common shares represented by the ADSs was 5,460,265 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. In addition, the capital surplus from long-term investments may not be used for any purpose.

Capital surplus consisted of the following:

	June 30	
	2009	2008
Additional paid-in capital	\$ 23,289,667	\$ 18,295,464
From merger	22,805,390	23,276,911
From convertible bonds	8,893,190	9,077,065
From long-term investments	343,233	164,871
Donations	55	55
From treasury stock transactions		102,279
	\$ 55,331,535	\$ 50,916,645

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 equals 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 subject to shareholders' approval in the following year.

The Company has recorded bonuses to employees and directors with an estimate based on historical experience with a charge to earnings of approximately 15% of net income. If the actual amounts subsequently resolved by the shareholders differ from the estimated amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate. If stock bonuses are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonuses by the closing price (after considering the effect of dividends) of the shares on the day preceding the shareholders' meeting.

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 2008 and 2007 had been approved in the shareholders' meeting held on June 10, 2009 and June 13, 2008, respectively. The appropriations and dividends per share were as follows:

	Appropriation	n of Earnings		Per Share T\$)
	For Fiscal Year 2008	For Fiscal Year 2007	For Fiscal Year 2008	For Fiscal Year 2007
Legal capital reserve Special capital reserve Bonus to employees - in cash Bonus to employees - in stock Cash dividends to shareholders Stock dividends to shareholders Bonus to directors	\$ 9,993,317 (391,857) - 76,876,312 512,509	\$ 10,917,709 (237,693) 3,939,883 3,939,883 76,881,311 512,542 176,890	\$3.00 0.02	\$3.00 0.02
	<u>\$ 86,990,281</u>	\$ 96,130,525		

Bonus to employees that to be paid in cash and in stock as well as bonus to directors in the amounts of NT\$7,494,988 thousand, NT\$7,494,988 thousand and NT\$158,080 thousand for 2008, respectively, had been approved in the shareholders' meeting held on June 10, 2009. The employee stock bonus of 141,870 thousand shares were determined by the closing price of the Company's common share (after considering the effect of dividends) of the day immediately preceding the shareholders' meeting, which is NT\$52.83. The resolved amounts of the bonus to employees and to directors were consistent with the resolutions of meeting of the Board of Directors held on February 10, 2009 and same amount had been charged against earnings of 2008.

The shareholders' meeting held on June 10, 2009 also resolved to distribute stock dividends out of capital surplus, and stock dividends to shareholders as well as bonus to employee to be paid in stock in the amount of NT\$768,763 thousand, NT\$512,509 thousand and NT\$7,494,988 thousand, respectively. The aforementioned capital increase had been approved by SFB and has taken effect on July 21, 2009.

The information about the appropriations of bonuses to employees and directors 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.

20. 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 aforementioned plans that had never been granted or had been granted but subsequently cancelled had expired as of June 30, 2009.

Information about outstanding options for the six months ended June 30, 2009 and 2008 was as follows:

Six months ended June 30, 2009	Number of Options (in Thousands)	Weighted- average Exercise Price (NT\$)
Balance, beginning of period Options exercised Options canceled	36,234 (919) (243)	\$ 35.3 31.4 46.4
Balance, end of period	<u>35,072</u>	35.3
Six months ended June 30, 2008		
Balance, beginning of period Options exercised Options canceled	41,875 (4,267) (260)	\$ 37.4 40.2 46.8
Balance, end of period	37,348	37.0

The number of outstanding options and exercise prices have been adjusted to reflect the distribution of earnings in accordance with the plans.

As of June 30, 2009, information about outstanding and exercisable options was as follows:

	Op	Options Outstanding		Options Ex	ercisable
Range of Exercise Price (NT\$)	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\$)
\$24.2-\$33.9 38.2 - 50.4	24,903 	3.66 5.39	\$ 31.0 45.8	24,903 10,160	\$ 31.0 45.8
	<u>35,072</u>		35.3	35,063	35.3

No compensation cost was recognized under the intrinsic value method for the six months ended June 30, 2009 and 2008. Had the Company used the fair value based method to evaluate the options using the Black-Scholes model, the assumptions and pro forma results of the Company for the six months ended June 30, 2009 and 2008 would have been as follows:

	Six Months Ended June 3			
		2009		2008
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	\$	26,000,519	\$	56,913,888
Pro forma net income		25,823,759		56,802,663
Earnings per share (EPS) - after income tax (NT\$):				
Basic EPS as reported		\$1.01		\$2.17
Pro forma basic EPS		1.00		2.16
Diluted EPS as reported		1.00		2.16
Pro forma diluted EPS		1.00		2.16

21. TREASURY STOCK

(Shares in Thousands)

Six months ended June 30, 2008	Beginning Shares	Addition	Retirement	Ending Shares
Parent company stock held by subsidiaries Repurchase under share buyback plan	34,096 800,000	216,674	- 800,000	34,096 216,674
	<u>834,096</u>	216,674	800,000	250,770

As of June 30, 2008, the book value of the treasury stock was NT\$14,845,498 thousand and the market value was NT\$16,300,044 thousand. The Company's common shares held by subsidiaries were treated as treasury stock and the holders are entitled to the rights of shareholders, with the exception of voting rights.

The Company held a meeting of the Board of Directors on November 13, 2007 and approved a share buyback plan to repurchase the Company's common shares up to 800,000 thousand shares listed on the TSE during the period from November 14, 2007 to January 13, 2008 for the buyback price in the range from NT\$43.2 to NT\$94.2. The Company had repurchased 800,000 thousand common shares. All the treasury stock repurchased under this share buyback plan was retired on February 2008.

The Company held a meeting of the Board of Directors on May 13, 2008 and approved a share buyback plan to repurchase the Company's common shares up to 500,000 thousand shares listed on the TSE during the period from May 14, 2008 to July 13, 2008 for the buyback price in the range from NT\$48.25 to NT\$100.50. The Company had repurchased 216,674 thousand common shares. All the treasury stock repurchased under this share buyback plan was retired in August 2008.

As discussed in Note 10, the Company merged Chi Cherng and Hsin Ruey in the third quarter of 2008. The Company's common shares held by Chi Cherng and Hsin Ruey in the number of 34,267 thousand shares were retired in August 2008.

22. EARNINGS PER SHARE

EPS is computed as follows:

	A mounts ()	Numerator)	Number of Shares	EPS ((NT\$) After
	Before Income Tax	After Income Tax	(Denominator) (in Thousands)	Income Tax	Income Tax
Six months ended June 30, 2009			()		
Basic EPS					
Earnings available to common shareholders Effect of dilutive potential common shares	\$ 27,090,371	\$ 26,000,519	25,770,637	\$ 1.05	<u>\$ 1.01</u>
Bonus to employees	-	-	163,412		
Stock options			10,118		
Diluted EPS					
Earnings available to common shareholders (including effect of dilutive potential common shares)	\$ 27,090,371	\$ 26,000,519	25,944,167	\$ 1.04	\$ 1.00
Six months ended June 30, 2008					
Basic EPS	¢ 62.600.407	¢ 56012000	26.245.749	¢ 2.42	¢ 0.17
Earnings available to common shareholders Effect of dilutive potential common shares	\$ 63,608,497	\$ 56,913,888	26,245,748	\$ 2.42	<u>\$ 2.17</u>
Bonus to employees	-	-	69,348		
Stock options			<u>17,401</u>		
Diluted EPS Earnings available to common shareholders (including					
effect of dilutive potential common shares)	\$ 63,608,497	\$ 56,913,888	26,332,497	<u>\$ 2.42</u>	<u>\$ 2.16</u>

As discussed in Note 3, effective January 1, 2008, the Company adopted Interpretation 2007-052 that requires companies to record bonuses paid to employees as an expense rather than as an appropriation of earnings. If the Company may settle the obligation by cash, by issuing share, or in combination of both cash and shares, potential shares from bonus to employees which will be settled in shares should be included in the weighted average number of shares outstanding in calculation of diluted EPS, if the shares have a dilutive effect. The number of shares is estimated by dividing the amount of bonus to employees by the closing price (after considering the dilutive effect of dividends) of the common shares on the balance sheet date. Such dilutive effect of the potential shares needs to be included in the calculation of diluted EPS until the shares of employee bonus are resolved in the shareholders' meeting in the following year.

The average number of shares outstanding for EPS calculation has been retroactively adjusted for the issuance of stock dividends and employee stock bonuses. This adjustment caused each of the basic and diluted after income tax EPS for the six months ended June 30, 2008 to decrease from NT\$2.22 to NT\$2.17 and NT\$2.22 to NT\$2.16, respectively.

23. DISCLOSURES FOR FINANCIAL INSTRUMENTS

a. Fair values of financial instruments were as follows:

		Jun	e 30	
	20	09	20	08
<u>Assets</u>	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets at fair value through profit or loss Available-for-sale financial assets Held-to-maturity financial assets <u>Liabilities</u>	\$ 38,883 1,035,686 14,092,943	\$ 38,883 1,035,686 14,181,730	\$ 22,996 6,880,784 13,012,119	\$ 22,996 6,880,784 13,004,523
Financial liabilities at fair value through profit or loss Bonds payable (including current portion) Other long-term payable (including	32,709 4,500,000	32,709 4,592,795	115,320 12,500,000	115,320 12,642,479
current portion)	1,526,549	1,526,549	3,018,059	3,018,059

- b. Methods and assumptions used in the estimation of fair values of financial instruments
 - 1) The aforementioned financial instruments do not include cash and cash equivalents, receivables, other financial assets, refundable deposits, payables and guarantee deposits. The carrying amounts of these financial instruments approximate their fair values due to their short maturities.
 - 2) Except for derivatives and structured time deposits, fair values of financial assets at fair value through profit or loss, available-for-sale and held-to-maturity financial assets were based on their quoted market prices.
 - 3) For those derivatives and structured time deposits with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions that were consistent with prevailing market conditions.
 - 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. The changes in fair value of derivatives contracts which were outstanding as of June 30, 2009 and 2008 estimated using valuation techniques were recognized gains of NT\$6,174 thousand and losses of NT\$92,324 thousand, respectively.
- d. As of June 30, 2009 and 2008, financial assets exposed to fair value interest rate risk were NT\$15,167,512 thousand and NT\$19,915,899 thousand, respectively, financial liabilities exposed to fair value interest rate risk were NT\$4,532,709 thousand and NT\$12,615,320 thousand, respectively.

e. Movements of unrealized gains or losses on financial instruments for the six months ended June 30, 2009 and 2008 were as follows:

	Six Months Ended June 30, 2009				
	From Available- for-sale Financial Assets	Avail sale l Asset	From lable-for- Financial s Held by vestees		Total
Balance, beginning of period Recognized directly in shareholders' equity Removed from shareholders' equity and recognized in earnings	\$ 32,658 40,398 (37,370		(320,000) 628,552	\$	(287,342) 668,950 (37,370)
Balance, end of period	\$ 35,686	\$	308,552	<u>\$</u>	344,238
	Six Mon	nths En	ded June	30, 2	008
	Six Mor From Available- for-sale Financial Assets	Avail sale l Asset	ded June : From lable-for- Financial s Held by vestees	30, 2	008 Total
Balance, beginning of period Recognized directly in shareholders' equity Removed from shareholders' equity and recognized	From Available- for-sale Financial Assets \$ 266,573 126,971	Avail sale l Asset Inv	From lable-for- Financial s Held by	30, 2	Total 680,997 178,970
Recognized directly in shareholders' equity	From Available- for-sale Financial Assets \$ 266,573	Avail sale l Asset Inv	From lable-for- Financial s Held by vestees 414,424		Total 680,997

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. Subject to recent turmoil in the global financial market, the Company had evaluated its financial instruments and the Company believed the exposure to market risk as of June 30, 2009 was not significant.
- 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. Subject to recent turmoil in the global financial market, the Company evaluated whether the financial instruments for any possible counter-party or third-parties are reputable financial institutions, business enterprises, and government agencies and accordingly, the Company believed that the Company's exposure to credit risk as of June 30, 2009 was not significant.
- 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.

24. RELATED PARTY TRANSACTIONS

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

a. Subsidiaries

TSMC North America

TSMC China

TSMC Europe

TSMC Japan

TSMC Korea

b. Investees

GUC (with a controlling financial interest)

XinTec (with a controlling financial interest)

VIS (accounted for using equity method)

SSMC (accounted for using equity method)

c. Indirect subsidiaries

WaferTech, LLC (WaferTech)

TSMC Technology, Inc. (TSMC Technology)

TSMC Design Technology Canada Inc. (TSMC Canada)

d. Indirect investee

VisEra Technology Company, Ltd. (VisEra), an indirect investee accounted for using equity method.

e. 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:

	2009	2008		
	Amount	%	Amount	%
For the six months ended June 30				
Sales				
TSMC North America	\$ 61,280,891	53	\$103,800,578	60
Others	906,621	1	769,027	
	<u>\$ 62,187,512</u>	54	<u>\$104,569,605</u>	<u>60</u>
Purchases				
WaferTech	\$ 2,012,386	16	\$ 4,410,290	20
SSMC	1,422,840	11	2,300,893	10
VIS	1,399,271	11	1,718,897	8
TSMC China	1,288,201	<u>10</u>	2,650,161	12
	\$ 6,122,698	<u>48</u>	<u>\$ 11,080,241</u>	50

	2009			2008		
		Amount	%		Amount	%
Manufacturing expenses - outsourcing						
VisEra	\$	15,168		\$	45,313	
Marketing expenses - commission						
TSMC Europe	\$	151,844	18	\$	184,005	15
TSMC Japan		104,755	13		116,844	9
TSMC Korea		6,336	1	_	9,837	1
	\$	262,935	32	\$	310,686	<u>25</u>
Research and development expenses						
TSMC Technology (primarily consulting fee)	\$	179,751	2	\$	167,355	2
TSMC Canada (primarily consulting fee)		76,380	1		95,549	1
Others		24,608		_	12,156	
	\$	280,739	3	\$	275,060	3
Sales of property, plant and equipment and other assets						
XinTec	\$	58,450	99	\$	_	_
TSMC China		-	_		1,871,252	99
Others	_	263		_	10,665	
	\$	58,713	99	\$	1,881,917	99
Non-operating income and gains						
TSMC China	\$	97,186	6	\$	161,523	3
VIS (primarily technical service income, see Note 27e)	_	88,964	5	_	181,670	3
SSMC (primarily technical service income, see		57.560	4		121 104	2
Note 27d) Others		57,560 263	4		131,194 69,597	2 1
Others	_	203		_	09,391	1
	\$	243,973	<u>15</u>	\$	543,984	9
As of June 30						
Receivables						
TSMC North America	\$	18,436,885	99	\$	23,871,291	99
Others		279,852	1	_	268,531	1
	\$	18,716,737	100	\$	24,139,822	100
Other receivables						
VIS	\$	373,849	47	\$	1,132,499	69
GUC	4	153,874	19	4	140,489	9
TSMC China		136,106	17		191,032	12
XinTec		70,823	9		18,214	1
SSMC		36,923	5		108,319	7
Others	_	22,576	3	_	54,271	2
	\$	794,151	100	\$	1,644,824	100

	2009			2008		
		Amount	%		Amount	%
Payables						
VIS	\$	735,925	33	\$	685,168	28
WaferTech		480,794	22		666,082	27
SSMC		400,558	18		501,436	20
TSMC China		365,620	16		476,025	19
TSMC Technology		123,536	6		52,761	2
Others		115,918	5		104,598	4
	<u>\$</u>	2,222,351	<u>100</u>	\$	2,486,070	<u>100</u>
Deferred credits						
TSMC China	\$	90,452	56	\$	277,340	41
VisEra					31,087	5
	<u>\$</u>	90,452	<u>56</u>	\$	308,427	<u>46</u>

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

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

The Company leased certain buildings and facilities to VisEra. The rental income were classified under non-operating income and gains. The lease terms and prices were determined in accordance with mutual agreements. The lease agreement between the Company and VisEra expired in April 2008.

25. PLEDGED OR MORTGAGED ASSETS

As of June 30, 2009, the Company had pledged time deposits of NT\$605,602 thousand (classified as other financial assets) as collateral for land lease agreements and customs duty guarantee.

26. 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 2009 to December 2028 and can be renewed upon expiration.

As of June 30, 2009, future lease payments were as follows:

Year	Amount
2009 (3 rd and 4 th quarter)	\$ 156,983
2010	256,543
2011	254,962
2012	287,491
2013	265,847
2014 and thereafter	2,014,873
	<u>\$ 3,236,699</u>

27. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Significant commitments and contingencies of the Company as of June 30, 2009, excluding those disclosed in other notes, were as follows:

- a. Under a technical cooperation agreement with ITRI, the R.O.C. Government or its designee approved by the Company can use up to 35% of the Company's capacity if the Company'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.
- b. 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, 2009 the Company had a total of US\$35,302 thousand of guarantee deposits.
- c. 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.) are required, in the aggregate, to purchase at least 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 fall below a specific percentage of its capacity, the defaulting party is required to compensate SSMC for all related unavoidable costs.
- d. The Company provides technical services to SSMC under a Technical Cooperation Agreement (the Agreement) effective March 30, 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 will be automatically renewed for successive periods of five years each unless pre-terminated by either party under certain conditions.
- e. 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.
- TSMC, TSMC North America and WaferTech filed a series of lawsuits in late 2003 and 2004 against Semiconductor Manufacturing International Corporation, SMIC (Shanghai) and SMIC Americas (aggregately referring to as "SMIC"). The lawsuits alleged that SMIC infringed multiple TSMC, TSMC North America and WaferTech patents and misappropriated TSMC, TSMC North America and WaferTech's trade secrets. These suits were settled out of court on January 30, 2005. As part of the settlement, Semiconductor Manufacturing International Corporation shall pay US\$175 million over six years to resolve TSMC, TSMC North America and WaferTech's claims. As of June 30, 2009, SMIC had paid US\$135 million 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. September 2006, SMIC filed a cross-complaint against TSMC, TSMC North America and WaferTech in the same court, alleging TSMC, TSMC North America and WaferTech of breach of the settlement agreement and implied covenant of good faith and fair dealing, in response to TSMC, TSMC North America and WaferTech'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 California State Superior Court of Alameda County issued an Order on

TSMC, TSMC North America and WaferTech's pre-trial motion for a preliminary injunction against SMIC on September 7, 2007. In the Order, the Court found "TSMC has demonstrated a significant likelihood that it will ultimately prevail on the merits of its claim for breach of certain paragraphs of the (2005) Settlement Agreement" with SMIC. The Court also found "TSMC has demonstrated a significant probability of establishing that SMIC retains and is using TSMC Information in SMIC's 0.13um and smaller technologies, and there is significant threat of serious irreparable harm to TSMC if SMIC were to disclose or transfer that information before final resolution of the case." Therefore, the Court ordered that, effective immediately, SMIC must provide advance notice and an opportunity for TSMC, TSMC North America and WaferTech to object before disclosing items enumerated in the Court Order to SMIC's third party partners. The Court, however, did not grant a preliminary injunction as requested by TSMC, TSMC North America and WaferTech. In January 2009, the court in the California action held a four-day bench trial to determine whether a Settlement Agreement existed between the parties, and if there were an agreement, the interpretation of certain terms. SMIC contended that there was no binding Settlement Agreement, and TSMC, TSMC North America and WaferTech contended that the Settlement Agreement signed on January 30, 2005 and finalized shortly thereafter and repeatedly ratified bound the parties. On March 10, 2009, the Court issued its Statement of Decision. The Court rejected SMIC's contention, and found that the parties were bound by the Settlement Agreement identified by TSMC, TSMC North America and WaferTech. The Court also interpreted the meaning of certain provisions within the Settlement Agreement. Regarding the claims raised by SMIC in the Beijing lawsuit, the Beijing People's High Court has on June 10, 2009 rejected those claims and dismissed the lawsuit. SMIC has appealed. The matters are pending in both courts. The result of the above-mentioned litigation cannot be determined at this time.

28. 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: None;
- 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 3 attached;
- h. Receivable from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please see Table 4 attached;
- i. Names, locations, and related information of investees over which the Company exercises significant influence: Please see Table 5 attached;

j. Information about derivatives of investees in which the Company has a controlling interest:

TSMC China entered into forward exchange contracts during the six months ended June 30, 2009 to manage exposures due to foreign exchange rate fluctuations. Outstanding forward exchange contracts as of June 30, 2009:

	Maturity Date	Contract Amount (in Thousands)
Sell RMB/Buy US\$	July 2009	RMB27,360/US\$4,000

For the six months ended June 30, 2009, net losses arising from forward exchange contracts of TSMC China were NT\$1,072 thousand.

XinTec entered into forward exchange contracts during the six months ended June 30, 2009 to manage exposures due to foreign exchange rate fluctuations. Outstanding forward exchange contracts as of June 30, 2009:

	Maturity Date	Contract Amount (in Thousands)
Sell US\$/Buy NT\$	July 2009	US\$3,730/NT\$122,418
Sell NT\$/Buy US\$	September 2009	NT\$17,221/US\$530

For the six months ended June 30, 2009, net losses arising from forward exchange contracts of XinTec were NT\$4,201 thousand.

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 6 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 24.

MARKETABLE SECURITIES HELD JUNE 30, 2009

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

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership (%)	Market Value or Net Asset Value (US\$ in Thousands)	Note
- C	Corporate bond							
e Company	Taiwan Mobile Co., Ltd.		Available-for-sale financial assets	_	\$ 1.035.686	N/A	\$ 1.035.686	
	Formosa Petrochemical Corporation		Held-to-maturity financial assets		3,377,910	N/A	3,400,029	
	Taiwan Power Company	_	"		3,360,659	N/A	3,370,778	
	Nan Ya Plastics Corporation	_	"	_	2,697,204	N/A	2,726,018	
	Formosa Plastics Corporation	_	"	_	1,569,297	N/A	1,583,713	
	China Steel Corporation	_	"	_	1,204,374	N/A	1,226,296	
		-	"		1,000,066	N/A		
	CPC Corporation, Taiwan	-	"	-	1,000,066	N/A	999,793	
	Government bond				002.422	27/4	975 192	
	2003 Asian Development Bank Govt. Bond	-	Held-to-maturity financial assets	-	883,433	N/A	875,103	
	Stocks TSMC Global	Culturidia	I	4	46 275 524	100	46 275 524	
	ISMC Global	Subsidiary	Investments accounted for using	1	46,275,534	100	46,275,534	
	TSMC Partners	Subsidiary	equity method	988,268	32,889,200	100	32.889.200	
	VIS	Investee accounted for using equity	"	628,223	9,209,323	37	8,166,905	
	VIS	method	"	028,223	9,209,323	37	8,100,903	
	SSMC	Investee accounted for using equity	"	314	5,744,178	39	5,070,531	
		method						
	TSMC North America	Subsidiary	"	11,000	2,593,228	100	2,593,228	
	XinTec	Investee with a controlling financial interest	"	92,620	1,349,779	42	1,299,653	
	GUC	Investee with a controlling financial	"	44,904	920,198	36	6,915,187	
	TSMC Europe	interest Subsidiary			141,821	100	141,821	
		Subsidiary	"	-	132,285	100	132,285	
	TSMC Japan		"	6				
	TSMC Korea	Subsidiary	"	80	16,576	100	16,576	
	United Industrial Gases Co., Ltd.	-	Financial assets carried at cost	16,783	193,584	10	277,884	
	Shin-Etsu Handotai Taiwan Co., Ltd.	-	"	10,500	105,000	7	325,997	
	W.K. Technology Fund IV	-	"	4,000	40,000	2	41,033	
	<u>Fund</u>							
	Horizon Ventures Fund	-	Financial assets carried at cost	-	103,992	12	103,992	
	Crimson Asia Capital	-	"	-	58,484	1	58,484	
	Capital							
	TSMC China	Subsidiary	Investments accounted for using equity method	-	4,286,079	100	4,285,507	
	VTAF III	Subsidiary	"	-	1,418,421	98	1,401,742	
	VTAF II	Subsidiary	"	_	807,446	98	802,990	
	Emerging Alliance	Subsidiary	"	_	332,124	99	332,124	

					June 30	, 2009		
Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership (%)	Market Value or Net Asset Value (US\$ in Thousands)	Note
TSMC Partners	Corporate bond							
	General Elec Cap Corp. Mtn	-	Held-to-maturity financial assets	-	US\$ 20,669	N/A	US\$ 20,625	
	General Elec Cap Corp. Mtn	-	"	-	US\$ 20,257	N/A	US\$ 20,761	
	Stocks							
	TSMC Development, Inc. (TSMC Development)	Subsidiary	Investments accounted for using equity method	1	US\$ 677,274	100	US\$ 677,274	
	VisEra Holding Company	Investee accounted for using equity	equity inclined	43,000	US\$ 65,749	49	US\$ 65,749	
	InveStar Semiconductor Development Fund, Inc. (II) LDC.	method Subsidiary	"	32,289	US\$ 29,763	97	US\$ 29,763	
	(ISDF II) InveStar Semiconductor Development Fund, Inc. (ISDF)	Subsidiary	,,	7,680	US\$ 8,924	97	US\$ 8,924	
			"	7,000				
l	TSMC Technology	Subsidiary	"	2 200	US\$ 8,630	100	US\$ 8,630	
	TSMC Canada	Subsidiary	"	2,300	US\$ 2,814	100	US\$ 2,814	
TSMC Development	Corporate bond		II-14 to motivate f		110¢ 20.201	NT/ 4	1100 20761	
	GE Capital Corp. JP Morgan Chase & Co.	-	Held-to-maturity financial assets		US\$ 20,391 US\$ 15,000	N/A N/A	US\$ 20,761 US\$ 15,135	
	Jr Morgan Chase & Co.	-	"	-	055 15,000	N/A	055 15,155	
	Stocks							
I	WaferTech	Subsidiary	Investments accounted for using equity method	293,637	US\$ 186,304	100	US\$ 186,304	
			1. 3					
Emerging Alliance	Common stock RichWave Technology Corp.		Financial assets carried at cost	4,247	US\$ 1,648	10	US\$ 1,648	
	Global Investment Holding Inc.	-	"	10,000	US\$ 3,065	6	US\$ 3,065	
	Desfermed starts							
	Preferred stock Audience, Inc.	_	Financial assets carried at cost	1,654	US\$ 250	1	US\$ 250	
	Axiom Microdevices, Inc.		manetar assets carried at cost	1,000	US\$ 24	1	US\$ 24	
	GemFire Corporation	_	"	-	US\$ 31	-	US\$ 31	
	Mosaic Systems, Inc.	_	"	2,481	US\$ 12	6	US\$ 12	
	Next IO, Inc.	_	"	800	US\$ 500	1	US\$ 500	
	Optichron, Inc.	_	"	714	US\$ 1,000	2	US\$ 1,000	
	Optimal Corporation	_		,	US\$ 229	-	US\$ 229	
	Pixim, Inc.	_		4,642	US\$ 1,137	2	US\$ 1,137	
	QST Holding, LLC	_		.,0.2	US\$ 131	4	US\$ 131	
	Teknovus, Inc.	-	"	6,977	US\$ 1,327	2	US\$ 1,327	
	<u>Capital</u>							
	VentureTech Alliance Holdings, LLC (VTA Holdings)	Subsidiary	Investments accounted for using	_	_	8	_	
			equity method					
VTAF II	Common stock							
	Leadtrend	-	Financial assets carried at cost	1,265	US\$ 660	5	US\$ 660	
	RichWave Technology Corp.	-	"	1,043	US\$ 730	1	US\$ 730	
	Sentelic	-	"	1,200	US\$ 2,040	15	US\$ 2,040	
	Preferred stock							
	5V Technologies, Inc.	-	Financial assets carried at cost	2,890	US\$ 2,168	15	US\$ 2,168	
	Aquantia	-	"	2,108	US\$ 2,573	5	US\$ 2,573	
	Audience, Inc.	-	"	7,956	US\$ 1,838	2	US\$ 1,838	
	Axiom Microdevices, Inc.	-	"	7,017	US\$ 757	13	US\$ 757	

						June 30, 2009		
Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	Shares/Units (in Thousands)	Carrying V (US\$ in Thous			Note
	Beceem Communications	_	Financial assets carried at cost	834	US\$ 1,7	01 1	US\$ 1,701	
	GemFire Corporation	_	"	600		68 1	US\$ 68	
	Impinj, Inc.	_	"	475		00 -	US\$ 1,000	
	Next IO, Inc.	_	"			53 2	US\$ 953	
		-	"	3,795				
	Optichron, Inc.	-	"	1,050		44 4	US\$ 1,844	
	Pixim, Inc.	-	"	32,836		78 2	US\$ 1,878	
	Power Analog Microelectronics	-	"	5,232		90 18	US\$ 2,790	
	QST Holding, LLC	-	"	-	US\$ 4	-15 13	US\$ 415	
	Teknovus, Inc.	-	"	1,599	US\$ 4	.54 -	US\$ 454	
	Xceive	-	"	870	US\$ 1,1	77 2	US\$ 1,177	
	<u>Capital</u>							
	VTA Holdings	Subsidiary	Investments accounted for using equity method	-		- 24	-	
TAF III	Common stock							
	Mutual-Pak Technology Co., Ltd.	Subsidiary	Investments accounted for using equity method	4,590	·	72 51	US\$ 1,172	
	Acionn Technology Corporation	Investee accounted for using equity method	II.	4,500	US\$ 8	30 41	US\$ 830	
	Preferred stock							
	Advasense Sensors, Inc.	-	Financial assets carried at cost	1,929	US\$ 1	88 6	US\$ 188	
	Auramicro, Inc.	-	"	3,816	US\$ 1,1	45 20	US\$ 1,145	
	BridgeLux, Inc.	_	"	3,333	US\$ 5,0	00 3	US\$ 5,000	
	Exclara, Inc.	_	"	21,708	US\$ 4,5		US\$ 4,568	
	GTBF, Inc.	_	"	1,154		00 N/A	US\$ 1,500	
	InvenSense, Inc.		"	816	US\$ 1,0		US\$ 1,000	
	· · · · · · · · · · · · · · · · · · ·	-	"					
	LiquidLeds Lighting Corp.	-	"	1,600		00 11	US\$ 800	
	M2000, Inc.	-	"	3,000	US\$ 3,0		US\$ 3,000	
	Neoconix, Inc.	-	"	2,458		00 6	US\$ 4,000	
	Powervation, Ltd.	-	"	191	US\$ 2,9	30 19	US\$ 2,930	
	Quellan, Inc.	-	"	3,106	US\$ 3,5	00 6	US\$ 3,500	
	Silicon Technical Services, LLC	-	"	1,055	US\$ 1,2	08 2	US\$ 1,208	
	Tilera, Inc.	_	"	3,222	US\$ 2,7	81 3	US\$ 2,781	
	Validity Sensors, Inc.	-	"	8,070	US\$ 3,0		US\$ 3,089	
	<u>Capital</u>							
	Growth Fund Limited (Growth Fund)	Subsidiary	Investments accounted for using equity method	-	US\$ 8	100	US\$ 887	
	VTA Holdings	Subsidiary	"	-		- 68	-	
rowth Fund	Common stock							
	Staccato	-	Financial assets carried at cost	10		25 -	US\$ 25	
	SiliconBlue Technologies Inc.	-	"	5,107	US\$ 7	62 2	US\$ 762	
DF	Common stock		A	1.264	TICO 7.7	01	1100 5701	
	Memsic, Inc.	-	Available-for-sale financial assets	1,364	US\$ 5,7		US\$ 5,781	
	Capella Microsystems (Taiwan), Inc.	-	Financial assets carried at cost	530	US\$ 1	54 2	US\$ 154	
	Preferred stock Integrated Memory Logic, Inc.	_	Financial assets carried at cost	2,872	US\$ 1,2	21 9	US\$ 1,221	
	IP Unity, Inc.	_	"	1,008		90 1	US\$ 290	
	NanoAmp Solutions, Inc.	_	"	541		27 2	US\$ 327	
							050 527	

						, 2009		
Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership (%)	Market Value or Net Asset Value (US\$ in Thousands)	Note
ISDF II	Common stock							
1001 11	Memsic, Inc.	_	Available-for-sale financial assets	1,145	US\$ 4,853	5	US\$ 4,853	
	Richtek Technology Corp.	_	"	224	US\$ 1,407	-	US\$ 1,407	
	Ralink Technology (Taiwan), Inc.	_	"	243	US\$ 694	_	US\$ 694	
	Treadchip Technologies Corp.	_	"	883	US\$ 2,637	3	US\$ 2,637	
	Sonics, Inc.	_	Financial assets carried at cost	278	US\$ 32	3	US\$ 32	
	Epic Communication, Inc.	_	"	50	US\$ 23	-	US\$ 23	
	EON Technology, Corp.	_	"	2,494	US\$ 691	3	US\$ 691	
	Goyatek Technology, Corp.	_	"	932	US\$ 545	6	US\$ 545	
	Capella Microsystems (Taiwan), Inc.	_	"	534	US\$ 210	2	US\$ 210	
	Auden Technology MFG. Co., Ltd.	-	"	1,049	US\$ 223	3	US\$ 223	
	Preferred stock		Fig	6,979	1100 2.664	10	US\$ 3,664	
	Alchip Technologies Limited FangTek, Inc.	-	Financial assets carried at cost	7,064	US\$ 3,664 US\$ 3,428	18 16	US\$ 3,664 US\$ 3,428	
	Kilopass Technology, Inc.		"	3,887	US\$ 3,428 US\$ 1,000	5	US\$ 3,428 US\$ 1,000	
	NanoAmp Solutions, Inc.	-	"	375	US\$ 1,000 US\$ 227	1	US\$ 1,000 US\$ 227	
	Sonics, Inc.	-	"	264	US\$ 1,685	3	US\$ 1,685	
		-	"	204	0.53 1,083	3	03\$ 1,083	
GUC	Open-end mutual funds							
	Prudential Financial Bond Fund	-	Available-for-sale financial assets	11,261	170,272	-	170,272	
	PCA Well Pool Fund	-	"	13,121	170,211	-	170,211	
	Jih Sun Bond Fund	-	"	7,804	110,024	-	110,024	
	Hua Nan Phoenix Bond Fund	-	"	6,434	100,111	-	100,111	
	FSITC Taiwan Bond Fund	-	"	500	85,164	-	85,164	
	Uni-President James Bond Fund	-	"	4,392	70,152	-	70,152	
	Yuanta Wan Tai Bond Fund	-	"	1,385	20,019	-	20,019	
	Cathay Bond Fund	-	"	1,259	15,026	-	15,026	
	Common stock GUC-NA	Subsidiary	Investments accounted for using	800	35,618	100	35,618	
	GC-NA	Subsidiary	equity method	800	33,016	100	33,016	
	GUC-Japan	Subsidiary	equity method	1	12,101	100	12,101	
	GUC-Europe	Subsidiary	"		5,137	100	5,137	
	GUC-BVI	Subsidiary	"	50	1,641	100	1,641	
XinTec	Capital							
21111100	Compositech Ltd.	_	Financial assets carried at cost	587	_	3	_	
	1			23,		-		
TSMC Global	Government bonds			10.202	***************************************	27/4	***************************************	
	United States Treas Nts	-	Available-for-sale financial assets	10,392	US\$ 10,600	N/A	US\$ 10,600	
	Corporate issued asset-backed securities							
	Cbass Tr	-	Available-for-sale financial assets	4,260	US\$ 832	N/A	US\$ 832	
	Credit Suisse First Boston Mtg	-	"	3,580	US\$ 393	N/A	US\$ 393	
	First Franklin Mtg Ln Tr	-	"	4,300	US\$ 375	N/A	US\$ 375	
	Gs Mtg Secs Corp.	-	"	4,049	US\$ 786	N/A	US\$ 786	
	Home Equity Mortgage Trust	-	"	3,750	US\$ 537	N/A	US\$ 537	
	Home Equity Mtg Tr 2006 4	-	"	4,200	US\$ 225	N/A	US\$ 225	
	Nomura Asset Accep Corp.	-	"	4,150	US\$ 428	N/A	US\$ 428	
	Terwin Mtg Tr	-	"	4,150	US\$ 278	N/A	US\$ 278	
	Money market funds							
	Ssga Cash Mgmt Global Offshore		Available-for-sale financial assets	498	US\$ 498	N/A	US\$ 498	

(Concluded)

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 30,2009

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

		T: . 1			Beginnin	g Balance		Acqui	isition		Disp	osal (N	Note 2)		Ending Bala	ance (Note 3)
Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Shares/Units (in Thousands)	Amour (US\$ i Thousan	in (Shares/Units (in Thousands) (Note 1)	Amount (US\$ in Thousands)	Shares/Units (In Thousands)	Amount (US\$ in Thousands		arrying Value (US\$ in Thousands)	Gain (Loss) or Disposal (US\$ in Thousands)	Shares/Units (In Thousands)	Amount (US\$ in Thousands)
The Company	Corporate bond Taiwan Mobile Co., Ltd.	Available-for-sale financial assets	Grand Cathay Securities Corp. and several financial institutions	-	-	\$ 2,032	2,658	-	\$ -	-	\$ 1,037,37	0 \$	1,000,000	\$ 37,370	-	\$ 1,035,686
	Formosa Petrochemical Corporation	Held-to-maturity financial assets	"	-	-	3,554	,908	-	355,966	-		-	-	-	-	3,377,910
	Formosa Plastic Corporation China Steel Corporation	"	"	-	-	2,385 1,000	,	-	101,729 204,990	-		-	-	-	-	1,569,297 1,204,374
	Government bond European Investment Bank Bonds	Held-to-maturity financial assets	Grand Cathay Securities Corp. and several financial institutions	-	-	383,	3,387	-	-	-	400,00	0	383,909	16,091	-	-
	<u>Capital</u> VTAF III	Investments accounted for using equity method	-	Subsidiary	-	1,305	,605	-	210,999	-		-	-	-	-	1,418,421
TSMC Development	Corporate bond JP Morgan Chase & Co.	Held-to-maturity financial assets	JP Morgan Securitied Inc.	-	-		-	-	US\$ 15,000	-		-	-	-	-	US\$ 15,000
GUC	Open-end mutual funds Prudential Financial Bond Fund	Available-for-sale financial assets	Prudential Financial Securities Investment Trust Enterprise	-	-		-	11,261	170,000	-		-	-	-	11,261	170,272
	PCA Well Pool Fund	"	PCA Securities Investment Trust Co., Ltd.	-	-		-	13,121	170,000	-		-	-	-	13,121	170,211
	Jih Sun Bond Fund	"	Jih Sun Investment Trust Co., Ltd.	-	-		-	7,804	110,000	-		-	-	-	7,804	110,024
	Hua Nan Phoenix Bond Fund	"	Hua Nan Investment Trust Co., Ltd.	-	-		-	6,434	100,000	-		-	-	-	6,434	100,111
TSMC Global	Corporate issued asset-backed securities															
	Banc Amer Coml Mtg Inc.	Available-for-sale financial assets	-	-	4,597	US\$ 4.	,584	-	-	4,472	US\$ 4,48	0 U	JS\$ 4,584	US\$ (104)	125	-
	Cit Equip Coll Tr	"	-	-	4,000		,884	-	-	4,000	US\$ 3,92		JS\$ 3,996	US\$ (71)	-	-
	Credit Suisse First Boston Mtg	"	-	-	4,353		,349	-	-	4,090	US\$ 4,08		JS\$ 4,188	US\$ (103)	263	-
	First Un Natl Bk Coml Mtg Tr	"	-	-	4,788		,715	-	-	4,774	US\$ 4,78		JS\$ 4,954	US\$ (174)	14	-
	Lb Ubs Coml Mtg Tr	"	-	-	3,737		,495	-	-	3,725	US\$ 3,53		JS\$ 3,697	US\$ (160)	12	-
	Tiaa Seasoned Coml Mtg Tr	"	-	-	3,397		,163	-	-	3,375	US\$ 3,28		JS\$ 3,392	US\$ (109)	22	-
	Wamu Mtg	"	-	-	3,214	US\$ 2.	,925	-	-	3,127	US\$ 3,10	6 U	JS\$ 3,114	US\$ (8)	42	-
	Money market funds Ssga Cash Mgmt Global Offshore	Available-for-sale financial assets	-	-	30,435	US\$ 30.	,435	245,938	US\$ 245,939	275,875	US\$ 275,87	5 U	JS\$ 275,875	-	498	US\$ 498

	T			Beginning Balance Acquisition				Disposal (Note 2)							Ending Bala	nce (Note 3)	
Company Name Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Shares/Units (in Thousands)	π	mount JS\$ in ousands)	Shares/Units (in Thousands) (Note 1)	Amount (US\$ in Thousands)	Shares/Units (In Thousands)	(U	nount JS\$ in usands)	(t	ring Value JS\$ in ousands)	Dispo	(Loss) or sal (US\$ ousands)	Shares/Units (In Thousands)	Amount (US\$ in Thousands)
							` '	Í			,						
Agency bonds Fed Hm Ln Pc Pool 1g1282	Available-for-sale	-	-	3,215	US\$	3,285	_	US\$ -	3,179	US\$	3,281	US\$	3,171	US\$	110	36	US\$ -
	financial assets																
Fed Hm Ln Pc Pool B19205	"	-	-	5,449	US\$	5,501	-	-	5,335	US\$	5,511	US\$	5,225	US\$	286	114	-
Federal Home Ln Mtg Corp.	"	-	-	3,060	US\$	3,108	-	-	3,005	US\$	3,078	US\$	3,003	US\$	75	55	-
Fnma Pool 257245	//	=	-	3,456	US\$	3,513	-	-	3,415	US\$	3,513	US\$	3,437	US\$	76	41	-
Fnma Pool 691283	//	=	-	2,963	US\$	3,039	-	-	2,932	US\$	3,028	US\$	2,920	US\$	108	31	-
Fnma Pool 888738	"	-	-	3,669	US\$	3,776	-	-	3,659	US\$	3,828	US\$	3,801	US\$	27	10	-
Fnma Pool 888793	"	-	-	4,105	US\$	4,242	-	-	4,071	US\$	4,265	US\$	4,207	US\$	58	34	-
Fed Home Ln Bank	"	-	-	5,000	US\$	5,305	-	-	5,000	US\$	5,282	US\$	5,035	US\$	247	-	-
Federal Farm Cr Bks	"	-	-	3,400	US\$	3,610	-	-	3,400	US\$	3,590	US\$	3,411	US\$	179	-	-
Federal Farm Credit Bank	"	-	-	3,375	US\$	3,433	-	-	3,375	US\$	3,430	US\$	3,370	US\$	60	-	-
Federal Home Ln Bks	"	-	-	3,725	US\$	3,854	-	-	3,725	US\$	3,852	US\$	3,721	US\$	131	-	-
Federal Home Ln Bks	"	-	-	5,000	US\$	5,320	-	-	5,000	US\$	5,312	US\$	5,098	US\$	214	-	-
Federal Home Ln Bks	"	-	-	4,000	US\$	4,148	-	-	4,000	US\$	4,151	US\$	4,136	US\$	15	-	-
Federal Home Ln Mtg	"	-	-	5,000	US\$	5,340	-	-	5,000	US\$	5,334	US\$	5,186	US\$	148	-	-
Federal Home Ln Mtg Corp.	//	-	-	3,340	US\$	3,428	-	-	3,340	US\$	3,432	US\$	3,336	US\$	96	-	-
Federal Home Ln Mtg Corp.	"	-	-	3,500	US\$	3,560	-	-	3,500	US\$	3,561	US\$	3,494	US\$	67	-	-
Federal Home Ln Mtg Corp.	//	-	-	3,500	US\$	3,743	-	-	3,500	US\$	3,749	US\$	3,786	US\$	(37)	-	-
Federal Home Loan Bank	//	-	-	4,500	US\$	4,710	-	-	4,500	US\$	4,709	US\$	4,518	US\$	191	-	-
Federal Natl Mtg Assn	//	-	-	3,700	US\$	3,713	_	-	3,700	US\$	3,712	US\$	3,700	US\$	12	-	-
Federal Natl Mtg Assn	//	-	-	4,000	US\$	4,169	_	-	4,000	US\$	4,179	US\$	4,116	US\$	63	-	-
Federal Natl Mtg Assn	//	-	-	3,500	US\$	3,809	_	-	3,500	US\$	3,801	US\$	3,645	US\$	156	-	-
Federal Natl Mtg Assn	"	-	-	3,750	US\$	4,134	-	-	3,750	US\$	4,127	US\$	4,151	US\$	(24)	-	-
Corporate bonds																	
Chase Manhattan Corp. New	Available-for-sale financial assets	-	-	3,250	US\$	3,353	-	-	3,250	US\$	3,380	US\$	3,480	US\$	(100)	-	-
Deutsche Bank Ag London	"	-	-	2,995	US\$	3,013	-	-	2,995	US\$	3,021	US\$	3,041	US\$	(20)	-	-
Morgan Stanley	"	-	-	4,855	US\$	4,552	-	-	4,855	US\$	4,751	US\$	4,768	US\$	(17)	-	-
Wachovia Corp. New	"	-	-	3,130	US\$	3,135	-	-	3,130	US\$	3,195	US\$	3,100	US\$	95	-	-
Wells Fargo + Co. New Med Trm	"	-	-	4,500	US\$	4,493	-	-	4,500	US\$	4,524	US\$	4,282	US\$	242	-	-

Note 1: The shares/units and amount of marketable securities acquired do not include stock dividends from investees.

(Concluded)

Note 2: The data for marketable securities disposed exclude bonds maturities and capital return from subsidiaries.

Note 3: The ending balance includes the amortization of premium/discount on bonds investments, unrealized valuation gains/ losses on financial assets, translation adjustments or equity in earnings/ losses of equity method 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 30,2009

(Amounts in Thousands of New Taiwan Dollars)

Common Norma	Daladad Danda	Nature of Relationships		Tra	ansaction	Details	Abno	rmal Transaction	Notes/Accounts Pay Receivable	,	Note
Company Name	Related Party		Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price (Note)	Payment Terms (Note)	Ending Balance	% to Total	Note
The Company	TSMC North America	Subsidiary	Sales	\$ 61,280,891	53	Net 30 days after invoice date	-	-	\$ 18,436,885	47	
	GUC	Investee with a controlling financial interest	Sales	803,180	1	Net 30 days after monthly closing	-	-	279,729	1	
	WaferTech	Indirect subsidiary	Purchases	2,012,386	16	Net 30 days after monthly closing	-	-	(480,794)	5	
	SSMC	Investee accounted for using equity method	Purchases	1,422,840	11	Net 30 days after monthly closing	-	-	(400,558)	4	
	VIS	Investee accounted for using equity method	Purchases	1,399,271	11	Net 30 days after monthly closing	-	-	(735,925)	7	
	TSMC China	Subsidiary	Purchases	1,288,201	10	Net 30 days after monthly closing	-	-	(365,620)	4	
GUC	TSMC North America	Same parent company	Purchases	391,623	28	Net 30 days after invoice date/net 45 days after monthly closing	-	-	(179,010)	22	
XinTec	OmniVision	Parent company of director (represented for XinTec)	Sales	437,434	73	Net 30 days after monthly closing	-	-	202,326	83	

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

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

JUNE 30, 2009

(Amounts in Thousands of New Taiwan Dollars)

				Turnover Days		Overdue	Amounts Received	Allowance for Bad
Company Name	Related Party	Nature of Relationships	Ending Balance	(Note 1)	Amounts	Action Taken	in Subsequent Period	Debts Debts
The Company	TSMC North America GUC	Subsidiary Investee with a controlling financial interest	\$ 18,444,729 433,603	45 56	\$ 5,981,651	- -	\$ 8,330,730	\$ - -
	VIS	Investee accounted for using equity method	373,849	(Note 2)	16,188	Accelerate demand on account receivable	-	-
	TSMC China	Subsidiary	136,106	(Note 2)	-	-	-	-
XinTec	OmniVision	Parent company of director (represented for XinTec)	202,326	107	2,029	-	112,580	-

Note 1: The calculation of turnover days excludes other receivables from related parties.

Note 2: The ending balance primarily consisted of other receivables, which is not applicable for the calculation of turnover days.

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE JUNE 30,2009

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

				Original Inv	estment Amount	Bala	nce as of June 30), 2009	N T	Equity in the	
Investor Company	Investee Company	Location	Main Businesses and Products	June 30, 2009 (Foreign Currencies in Thousands)	2008 (Foreign	Shares (in	Percentage of Ownership	Carrying Value (Foreign Currencies in Thousands)	Net Income (Losses) of the Investee (Foreign Currencies in Thousands)	Earnings (Losses) (Note 1) (Foreign Currencies in Thousands)	Note
The Company	TSMC Global	Tortola, British Virgin Islands	Investment activities	\$ 42,327,245	\$ 42,327,245	1	100	\$ 46,275,534	\$ 221,327	\$ 221,327	Subsidiary
	TSMC Partners	Tortola, British Virgin Islands	Investment in companies involved in the design, manufacture, and other related business in the semiconductor industry.	31,456,130	31,456,130	988,268	100	32,889,200	(668,969)	(668,969	Subsidiary
	VIS	Hsin-Chu, Taiwan	Research, design, development, manufacture, packaging, testing and sale of memory integrated circuits, LSI, VLSI and related parts	13,232,288	13,232,288	628,223	37	9,209,323	(682,228)	(456,558	Investee accounted for using equity method
	SSMC	Singapore	Fabrication and supply of integrated circuits	5,120,028	5,120,028	314	39	5,744,178	(76,050)	(127,999	Investee accounted for using equity method
	TSMC China	Shanghai, China	Manufacturing and selling of integrated circuits at the order of and pursuant to product design specifications provided by customers	12,180,36	12,180,367	-	100	4,286,079	(2,006,898)	(2,006,326	Subsidiary
	TSMC North America	San Jose, California, U.S.A.	Sales and marketing of integrated circuits and semiconductor devices	333,718	333,718	11,000	100	2,593,228	164,078	164,078	Subsidiary
	VTAF III XinTec	Cayman Islands Taoyuan, Taiwan	Investing in new start-up technology companies Wafer level chip size packaging service	1,651,240 1,357,890		92,620	98 42	1,418,421 1,349,779	(96,004) (335,684)) Subsidiary) Investee with a controlling financial interest
	GUC	Hsin-Chu, Taiwan	Researching, developing, manufacturing, testing and marketing of integrated circuits	386,568	386,568	44,904	36	920,198	211,554	75,667	
	VTAF II Emerging Alliance TSMC Europe TSMC Japan TSMC Korea	Cayman Islands Cayman Islands Amsterdam, the Netherlands Yokohama, Japan Seoul, Korea	Investing in new start-up technology companies Investing in new start-up technology companies Marketing and engineering supporting activities Marketing activities Customer service and technical support activities	1,036,422 966,590 15,749 83,760 13,650	986,797 15,749 83,760	6	98 99 100 100 100	807,446 332,124 141,821 132,285 16,576	(173,684) (82,606) 16,778 2,360 1,526	(82,193) Subsidiary Subsidiary (Note 3) Subsidiary (Note 3) Subsidiary (Note 3)
TSMC Partners	TSMC Development VisEra Holding Company	Delaware, U.S.A. Cayman Islands	Investment activities Investment in companies involved in the design, manufacturing, and other related businesses in the semiconductor industry	US\$ 0.000 US\$ 43,000		43,000	100 49	US\$ 677,274 US\$ 65,749	US\$ (12,820) US\$ (6,947)		Subsidiary Investee accounted for using equity method
	ISDF II ISDF TSMC Technology TSMC Canada	Cayman Islands Cayman Islands Delaware, U.S.A. Ontario, Canada	Investing in new start-up technology companies Investing in new start-up technology companies Engineering support activities Engineering support activities	US\$ 32,289 US\$ 7,680 US\$ 0.000 US\$ 2,300	US\$ 7,680 US\$ 0.001	7,680 1	97 97 100 100	US\$ 29,763 US\$ 8,924 US\$ 8,630 US\$ 2,814	US\$ 1,074 US\$ (1,176) US\$ 222 US\$ 108	Note 2 Note 2 Note 2 Note 2	Subsidiary Subsidiary (Note 3) Subsidiary (Note 3)
TSMC Development	WaferTech	Washington, U.S.A.	Manufacturing, selling, testing and computer-aided designing of integrated circuits and other semiconductor devices	US\$ 380,000	US\$ 380,000	293,637	100	US\$ 186,304	US\$ (18,253)	Note 2	Subsidiary
VisEra Holding Company	/ VisEra	Hsin-Chu, Taiwan	Manufacturing and selling of electronic parts and providing turn-key services in back-end color filter fabrication, package, test, and optical solutions	US\$ 91,04	US\$ 91,041	253,120	89	US\$ 115,422	US\$ (7,781)	Note 2	Subsidiary

				Origi	nal Inves	tment A	Amount	Balar	ce as of June 30	, 2009		Net Income	Equity in the	
Investor Company	tor Company Investee Company Location Main B		Main Businesses and Products	(Foreign Currencies in		2008 (Foreign		Shares (in Thousands)	Percentage of Ownership	Carrying Value (Foreign Currencies Thousands	in ((Losses) of the Investee (Foreign Currencies in Thousands)	Earnings (Losses) (Note 1) (Foreign Currencies in Thousands)	Note
VTAF III	Mutual-Pak Technology Co., Ltd.	Taipei, Taiwan	Manufacturing and selling of electronic parts and researching, developing, and testing of RFID	US\$	1,705	US\$	1,705	4,590	51	US\$ 1,1	72 L	US\$ (436)	Note 2	Subsidiary (Note 3)
	Aiconn Technology Corp.	Taipei, Taiwan	Wholesaling telecommunication equipments, and manufacturing wired and wireless communication equipments		-		-	4,500	41	US\$ 83	30 L	US\$ (560)	Note 2	Investee accounted for using equity method (Note 3)
	Growth Fund VTA Holdings	Cayman Islands Delaware, U.S.A.	Investing in new start-up technology companies Investing in new start-up technology companies	US\$	1,550	US\$	700	-	100 68	US\$ 8	37 L	US\$ (63)	Note 2 Note 2	Subsidiary (Note 3) Subsidiary (Note 3)
VTAF II	VTA Holdings	Delaware, U.S.A.	Investing in new start-up technology companies		-		-	-	24		-	-	Note 2	Subsidiary (Note 3)
GUC	GUC-NA GUC-Japan GUC-Europe GUC-BVI	U.S.A. Japan The Netherlands British Virgin Islands	Consulting services in main products Consulting services in main products Consulting services in main products Investment activities	US\$ JPY EUR US\$		US\$ JPY EUR	800 30,000 50	800 1 - 50	100 100 100 100	35,6 12,1 5,1 1,6	01 37	1,624 931 248		Subsidiary (Note 3) Subsidiary (Note 3) Subsidiary (Note 3) Subsidiary (Note 3)
Emerging Alliance	VTA Holdings	Delaware, U.S.A.	Investing in new start-up technology companies		-		-	-	8		-	-	Note 2	Subsidiary (Note 3)

Note 1: Equity in earnings/losses of investees include the effect of unrealized gross profit from affiliates.

(Concluded)

Note 2: The equity in the earnings/losses of the investee company is not reflected herein as such amount is already included in the equity in the earnings/losses of the investor company.

Note 3: Equity in earnings/losses was determined based on the unaudited financial statements.

Taiwan Semiconductor Manufacturing Company Limited

INFORMATION OF INVESTMENT IN MAINLAND CHINA FOR THE SIX MONTHS ENDED JUNE 30, 2009 (Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

				Accumulated Outflow of	Investment Flows		Accumulated Outflow of				
Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (RMB in Thousand)	Method of Investment	Investment from Taiwan as of January 1, 2009 (US\$ in Thousand)	Outflow	Inflow	Investment from Taiwan as of June 30, 2009 (US\$ in Thousand)	Percentage of Ownership	Equity in the Earnings (Losses) (Note 2)	Carrying Value as of June 30, 2009	Accumulated Inward Remittance of Earnings as of June 30, 2009
TSMC China	Manufacturing and selling 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%	\$(2,006,326)	\$4,286,079	\$ -

Accumulated Investment in Mainland China as of June 30, 2009 (US\$ in Thousand)	Investment Amounts Authorized by Investment Commission, MOEA (US\$ in Thousand)	Upper Limit on Investment (US\$ in Thousand)
\$12,180,367	\$12,180,367	\$12,180,367
(US\$371,000)	(US\$371,000)	(US\$371,000)

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

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