TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD
Form 6-K
October 27, 2004

1934 Act Registration No. 1-14700

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

For the month of October 2004

Taiwan Semiconductor Manufacturing Company Ltd.
(Translation of Registrant s Name Into English)

No.8, Li-Hsin Rd. 6,
Hsin-chu Science Park
Taiwan
(Address of Principal Executive Offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F þ Form 40-F o

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes o No þ

(If Yes is marked, indicated below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82: _____.)

FOR IMMEDIATE RELEASE

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Topics in This Report

Revenue Analysis

Utilization & Capacity

Profit & Expense Analysis

Financial Condition Review

Cash Flow & CapEx

Recap of Recent Important Events & Announcements

Operating Results Review:

Summary:

(Amount in NT$ billion except noted otherwise)	**3Q04**	**2Q04**	**3Q03**	**QoQ**	**YoY**
EPS (NT$ per com. shr.)	1.20	1.00	0.65	19.5%	84.6%
(US$ per ADR unit)	0.18	0.15	0.09		
Net Sales	69.74	64.87	54.88	7.5%	27.1%
Gross Profit	32.14	28.14	21.45	14.2%	49.9%
Operating Expense	(6.02)	(6.01)	(4.96)	0.2%	21.4%
Non-Operating Items	2.01	0.99	0.22	103.5%	808.7%
Net Income	27.93	23.41	15.17	19.3%	84.1%
Wafers Shipped (kpcs 8 inch-equiv.)	1,333	1,282	992	4.0%	34.4%
Capacity Utilization	103%	106%	98%	2.2%	5.6%
Net Profit Margin	40.1%	36.1%	27.6%		

Remarks:

The third quarter EPS of NT$1.20 represents a 19.5% increase compared with 2Q04. The unconsolidated operating results of 3Q04 are summarized below:

Net sales increased 7.5% to NT$69.7 billion compared with NT$64.9 billion in the second quarter due mainly to a 4.0% increase in wafer shipments and a 1.4% increase in wafer average selling price (ASP), further helped by a 1.8% weaker local currency to US dollar exchange rate.

Gross profit improved to NT$32.1 billion, representing a 14.2% increase from the previous quarter. Gross margin increased to 46.1% from 43.4% in 2Q04 driven by higher levels of wafer output, continuing improvement on 12-inch wafer yield, and a better product mix.

Operating expenses remained relatively flat at NT$6.0 billion.

Combined non-operating income and long-term investments gains more than doubled to NT$2.0 billion over the previous quarter. This quarter s significant gain was due mainly to higher returns earned from short-term money market investments, a gain from foreign currency translation, higher royalty income received, and an improved operating performance by TSMC subsidiary/affiliates.

Income before tax rose 21.7% sequentially to NT$28.1 billion. The Company s provision for tax expenses of NT$2.9 billion was partially offset by an investment tax credit of NT$2.7 billion. TSMC s 3Q04 net income increased 19.3% to NT$27.9 billion while net margin improved to 40.1% from the previous quarter s 36.1%.

Taiwan Semiconductor Manufacturing Company, Ltd.
October 26, 2004

I. Revenue Analysis

I-1. Wafer Sales Analysis

By Application	**3Q04**	**2Q04**	**3Q03**
Computer	31%	27%	36%
Communication	42%	45%	36%
Consumer	20%	22%	21%
Industrial/Others	5%	5%	5%
Memory	2%	1%	2%

By Technology	**3Q04**	**2Q04**	**3Q03**
0.13um-	30%	25%	19%
0.15/0.18um	38%	42%	47%
0.25um	14%	15%	19%
0.35um+	10%	10%	8%
0.50um+	8%	8%	7%

By Customer Type	**3Q04**	**2Q04**	**3Q03**
Fabless	69%	68%	73%
IDM	31%	31%	26%
System	0%	1%	1%

By Geography	**3Q04**	**2Q04**	**3Q03**
North America	75%	73%	76%
Asia Pacific	11%	12%	11%
Europe	7%	7%	5%
Japan	7%	8%	8%

Revenue Analysis:

Net sales increased 7.5% to NT$69.7 billion compared with NT$64.9 billion in the second quarter. The growth in net sales was attributable to a 4.0% increase in wafer shipments and a 1.4% increase in wafer average selling price (ASP), further helped by a 1.8% weaker local currency to US dollar exchange rate.

Computer applications represent this quarter s principle revenue driver, while revenues from communication applications remained at the same level. After strong growth in the second quarter, revenues from consumer applications declined slightly.

Demand from advanced technologies - defined as 0.13-micron and below - strengthened in 3Q04. Revenue contribution from advanced technology wafers improved to 30% of total wafer sales, compared to 25% in the previous quarter.

Fabless and IDM wafer sales weightings during the quarter remained similar to the previous quarter.

Geographically, the weightings for North America increased by two percentage points, while Asian and Japan markets declined by one percentage point. Meanwhile, Europe s sales weightings remained unchanged.

ASP Trend:

During the third quarter, the average selling price in U.S. dollars increased 1.4% compared to last quarter s 3.2% increase. This quarter s ASP increase was attributable to a better product mix.

Taiwan Semiconductor Manufacturing Company, Ltd.
October 26, 2004

II. Utilization & Capacity

Utilization Rate:

Overall capacity utilization levels declined slightly from 106% in the second quarter to 103% in the third quarter.

II-2. Capacity

Fab/(Wafer size)		1Q04 (Act.)	2Q04 (Act.)	3Q04 (Act.)	4Q04 (Est.)	2004 (Est.)
Fab-2	(6 [1])	217	228	237	248	930
Fab-3	(8)	208	221	246	247	922
Fab-5	(8)	106	116	123	124	470
Fab-6	(8)	187	196	214	217	813
Fab-7	(8)	51	35	40	40	165
Fab-8	(8)	182	202	216	224	823
Fab-12	(12 [2])	43	52	69	80	244
Fab-14	(12 [2])				6	6
TSMC-owned capacity 8 -equivalent Kpcs		**953**	**1,014**	**1,128**	**1,184**	**4,279**
Wafer Tech	(8)	88	92	97	97	373
SSMC	(8)	29	33	34	39	136
TSMC (Shanghai)	(8)				1	1
Total TSMC-managed 8 -equivalent Kpcs		**1,070**	**1,138**	**1,259**	**1,320**	**4,788**

Note:
1. Figures represent number of 6 wafers. Conversion to 8 -equivalent wafers is by dividing this number by 1.78
2. Figures represent number of 12 wafers. Conversion to 8 -equivalent wafers is by multiplying this number by 2.25

Capacity:

Total TSMC managed capacity in 3Q04 was 1,259 kpcs/quarter in terms of 8-inch equivalent wafers, representing 10.6% sequential capacity growth, where 12-inch wafer capacity increased by 32.7% sequentially.

Overall installed capacity for year 2004 is to remain at about 4.8 million 8-inch equivalent wafers.

III. Profit & Expense Analysis

III-1. Gross Profit Analysis

(Amount: NT$ billion)	3Q04	2Q04	3Q03
COGS	**37.6**	**36.7**	**33.4**
Depreciation	13.7	14.0	14.0
Other MFG Cost	23.9	22.8	19.4
Gross Profit	**32.1**	**28.1**	**21.4**
Gross Margin			
TSMC	46.1%	43.4%	39.1%
TSMC w/o affiliates	51.9%	49.1%	43.0%

Gross Profit Analysis:

Gross profit improved to NT$32.1 billion, representing a 14.2% increase from the previous quarter. Gross margin increased to 46.1% from 43.4% in 2Q04 mainly due to higher levels of wafer output, continuing improvement on 12-inch wafer yield, and a better product mix.

During the quarter, the gross margin from TSMC s own fab manufacturing activities grew significantly to 51.9%.

III-2. Operating Expense Analysis

(Amount: NT$ billion)	3Q04	2Q04	3Q03
Total Operating Exp.	**6.02**	**6.01**	**4.96**
SG&A	2.90	3.04	1.89
Research & Development	3.12	2.96	3.07

Operating Expenses:

Operating expenses remained relatively flat at NT$6.0 billion. R&D expenditures were sequentially higher due mainly to further development efforts related to 65-nm process technology. The ratio between R&D expenses to total net sales remained at about 5%. Overall, operating expenses represented 8.6% of net sales, which was lower than last quarter s 9.3%.

III-3. Non-Operating Items

(Amount: NT$ million)	**3Q04**	**2Q04**	**3Q03**
Non-Operating Income/(Exp.)	**630**	**(264)**	**(140)**
Net Interest Income/(Exp.)	228	30	(168)
Other Non-Operating	402	(294)	27
L-T Investments	**1,378**	**1,251**	**361**
WaferTech*	1,643	1,433	289
SSMC	268	288	73
Vanguard	326	257	124
TSMC (Shanghai)	(237)	(102)	n/a
Miscellaneous	(622)	(626)	(125)

* Operation results only; does not include amortization of impaired assets.

Non-Operating Items:

Combined non-operating income and net gains from long-term investments more than doubled to NT$2.0 billion over the previous quarter.

During the quarter, non-operating income amounted to NT$630 million, compared to last quarter s expense of NT$264 million. This quarter s significant gain was due mainly to higher returns earned from short-term money market investments, a gain from foreign currency translation, and a higher royalty income received.

A NT$127 million sequential increase in long-term investments gains resulted from the general improvement of business operations at WaferTech and Vanguard, offset partially by higher expenses incurred at TSMC (Shanghai).

IV. Financial Condition Review

IV-1. Liquidity Analysis

(Amount: NT$ billion)	3Q04	2Q04	3Q03
Cash &S-T Investments	124.4	123.3	94.4
Accounts Receivable - Trade	33.4	30.8	25.0
Inventory	12.6	11.7	11.8
Total Current Assets	177.7	173.8	135.2
Accounts Payable and Others	33.3	25.6	18.9
Accrued Liabilities	11.0	23.4	8.3
Total Current Liabilities	44.2	49.0	27.2
Current Ratio (x)	4.0	3.5	5.0
Net Working Capital	133.4	124.8	108.0

Liquidity Analysis:

Total current assets were NT$3.9 billion higher on a sequential basis mainly because of higher accounts receivable.

Meanwhile, total current liabilities decreased significantly as a result of the pay down of cash dividends, partially offset by increased equipment purchases.

As a result, the Company s current ratio improved to 4.0x and net working capital amounted to NT$133.4 billion, an increase of NT$8.7 billion over the previous quarter.

Receivable/Inventory Days Trend:

Turnover of receivables increased slightly from 42 days in the last quarter to 43 days.

Inventory turnover also increased marginally to 38 days as compared to 36 days in the previous quarter.

IV-3. Debt Service

(Amount: NT$ billion)	**3Q04**	**2Q04**	**3Q03**
Cash &S-T Investments	124.4	123.3	94.4
Interest-Bearing Debt	35.0	35.0	35.0
Net Cash Reserves	89.4	88.3	59.4

Debt Service:

Net cash reserves, defined as the excess of cash and short term investments over interest-bearing debt, increased by NT$1.1 billion to NT$89.4 billion in 3Q04, reflecting slightly higher cash and short-term investment levels.

Interest-bearing debt remained unchanged at NT$35 billion.

V. Cash Flow & CapEx

V-1. Cash Flow Analysis

(Amount: NT$ billion)	**3Q04**	**2Q04**	**3Q03**
Net Income	27.9	23.4	15.2
Depreciation & Amortization	15.4	16.0	15.5
Other Op Sources/(Uses)	(5.1)	(3.3)	3.2
Total Op Sources/(Uses)	**38.2**	**36.1**	**33.9**
Capital Expenditure	(16.5)	(22.8)	(8.2)
Short TermInvestment	(4.9)	(24.8)	(8.6)
Long TermInvestment	(7.3)	(5.8)	(0.0)
Other Investing Sources/(Uses)	(0.4)	(0.1)	(0.5)
Net Investing Sources/(Uses)	**(29.1)**	**(53.5)**	**(17.4)**
Treasury Stock	0.0	(6.6)	0.0
Cash dividends paid to common stocks	(12.2)	0.0	0.0
Bonus paid to Employees	(0.7)	0.0	0.0
Paid to directors and supervisors	0.0	(0.1)	0.0
Cash dividends paid to preferred stocks	0.0	(0.2)	0.0
Other Financing Sources/(Uses)	(0.1)	(0.1)	(0.4)
Net Financing Sources/(Uses)	**(12.9)**	**(7.0)**	**(0.4)**
Net Cash Position Changes	**(3.9)**	**(24.4)**	**16.2**

Summary of Cash Flow:

During the quarter, TSMC generated NT$38.2 billion operating cash inflow mainly from net income of NT$27.9 billion and depreciation & amortization of NT$15.4 billion. This was partly offset by increases in net working capital.

Net cash used in investing activities totaled NT$29.1 billion including (i) capital spending of NT$16.5 billion (ii) a continued accumulation of NT$4.9 billion in short-term investments, primarily in various money market instruments (iii) long-term investments of NT$2.8 billion in government and corporate bonds and NT$4.4 billion capital injection

to TSMC (Shanghai).

A net financing charge of NT$12.9 billion was largely attributable to the Company s NT$12.2 billion cash dividends and NT$0.7 billion employee bonus.

As a result, TSMC ended the quarter with a cash balance of NT$78.3 billion.

Operating Cash Flow Trend:

Operating cash flow of NT$38.2 billion was 5.7% higher than the previous quarter due mainly to higher net income.

V-3. Capital Expenditure

TSMC s actual 3Q04 capital expenditure: US$490 million.

During the quarter, capital spending for TSMC (Shanghai) and WaferTech was US$8 million and US$26 million, respectively.

Estimated 2004 capital expenditure to be about US$2.4 billion.

Capital Spending:

TSMC s capital expenditures during the quarter totaled US$490 million. Most of the spending was for 12-inch capacity ramp-up in Fab 12 and Fab 14.

During the quarter, capital spending for TSMC (Shanghai) was US$8 million, while WaferTech amounted to US$26 million. Year-to-date, total capital expenditures for TSMC have amounted to approximately US$1.7 billion.

Management reiterates 2004 capex to be about US$2.4 billion.

VI. Recap of Recent Important Events & Announcements

TSMC was Awarded the 2004 National Invention and Creation Award and the Gold Medal Contribution Award by the Ministry of Economic Affairs Intellectual Property Bureau (2004/10/13)

TSMC and Freescale to Jointly Develop Silicon-on-Insulator (SOI) Technology focusing on 65-nm process technology (2004/10/12)

TSMC Consistently Selected by *Common Wealth Magazine* as The Most Admired Company for Eight Consecutive Years (1997-2004) (2004/10/01)

TSMC Ships One Million 0.13-Micron Eight Inch Equivalent Wafers (2004/09/20)

TSMC Distinguished by the KNOW Network as Asia s Most Admired Knowledge Enterprise in 2004 (2004/09/01)

TSMC Filed a Complaint with the US ITC Alleging that SMIC Misappropriated Trade Secrets and Infringed on Patents (2004/08/18)

Please visit TSMC s Web site (http://www.tsmc.com) for details about these and other announcements.

Attachment A

TAIWAN SEMICONDUCTOR MANUFACTURING CO., LTD.
UNCONSOLIDATED BALANCE SHEET
As of September 30, 2004 and 2003
(Figures in Millions of New Taiwan Dollars (NTD) and U.S. Dollars (USD))[1]

	September 30, 2004			September 30, 2003		YoY	
ASSETS	**USD**	**NTD**	**%**	**NTD**	**%**	**Move**	**Inc(Dec)%**
Cash	**2,304**	**78,290**	16.9	**82,731**	21.6	**(4,441)**	(5.4)
Short Term Investment	**1,357**	**46,128**	10.0	**11,664**	3.1	**34,464**	295.5
Accounts Receivable - Trade	**983**	**33,415**	7.2	**24,858**	6.5	**8,557**	34.4
Inventories	**372**	**12,629**	2.7	**11,813**	3.1	**816**	6.9
Other Current Assets	**212**	**7,220**	1.6	**4,107**	1.1	**3,113**	75.8
Total Current Assets	**5,228**	**177,682**	38.4	**135,173**	35.4	**42,509**	31.4
Long Term Investment	**1,712**	**58,186**	12.6	**34,669**	9.1	**23,517**	67.8
Fixed Assets	**14,506**	**492,964**	106.6	**425,904**	111.4	**67,060**	15.7
Less Accumulated Depreciation	**(8,410)**	**(285,808)**	(61.8)	**(233,610)**	(61.1)	**(52,198)**	22.3
Net Fixed Assets	**6,096**	**207,156**	44.8	**192,294**	50.3	**14,862**	7.7
Other Assets	**573**	**19,484**	4.2	**20,055**	5.2	**(571)**	(2.8)
Total Assets	**13,609**	**462,508**	100.0	**382,191**	100.0	**80,317**	21.0
LIABILITIES							
Accounts Payables	**383**	**12,997**	2.8	**9,387**	2.5	**3,610**	38.5
Payables to Contractors and Equipment Suppliers	**449**	**15,261**	3.3	**9,481**	2.5	**5,780**	61.0
Accured Expenses and Other Current Liabilities	**323**	**10,974**	2.4	**8,319**	2.2	**2,655**	31.9

Current Portion of Bonds Payable	**147**	**5,000**	1.1	**-**	0.0	**5,000**	**-**
Total Current Liabilities	**1,302**	**44,232**	9.6	**27,187**	7.1	**17,045**	62.7
Bonds Payable	**883**	**30,000**	6.5	**35,000**	9.2	**(5,000)**	(14.3)
Other Long Term Liabilities	**265**	**9,013**	1.9	**7,033**	1.8	**1,980**	28.2
Total Liabilities	**2,450**	**83,245**	18.0	**69,220**	18.1	**14,025**	20.3
SHAREHOLDERS EQUITY							
Capital Stock	**6,842**	**232,519**	50.3	**202,666**	53.0	**29,853**	14.7
Capital Surplus	**1,663**	**56,529**	12.2	**56,847**	14.9	**(318)**	(0.6)
Legal Reserve	**751**	**25,528**	5.5	**20,802**	5.4	**4,726**	22.7
Special Reserve	**-**	**-**	0.0	**69**	0.0	**(69)**	**-**
Retained Earnings	**1,942**	**66,007**	14.3	**34,226**	9.0	**31,781**	92.9
Treasury Stock	**(48)**	**(1,617)**	(0.3)	**(1,643)**	(0.4)	**26**	(1.6)
Unrealized Loss on Long-term Investments	**0**	**(3)**	(0.0)	**(2)**	(0.0)	**(1)**	50.0
Cumulated Translation Adjustment	**9**	**300**	0.1	**6**	0.0	**294**	4900.0
Total Equity	**11,159**	**379,263**	82.0	**312,971**	81.9	**66,292**	21.2
Total Liabilities & Shareholders Equity	**13,609**	**462,508**	100.0	**382,191**	100.0	**80,317**	21.0

Note: (1) New Taiwan dollar amounts have been translated into U.S. dollars at the rate of NT$33.98 per U.S. dollar as of September 30, 2004.

Attachment A

TAIWAN SEMICONDUCTOR MANUFACTURING CO., LTD.
UNCONSOLIDATED BALANCE SHEET
As of September 30 and June 30, 2004
(Figures in Millions of New Taiwan Dollars (NTD) and U.S. Dollars (USD))[1]

	September 30, 2004			June 30, 2004		QoQ	
ASSETS	**USD**	**NTD**	**%**	**NTD**	**%**	**Move**	**Inc(Dec)%**
Cash	**2,304**	**78,290**	16.9	**82,142**	18.7	**(3,852)**	(4.7)
Short Term Investment	**1,357**	**46,128**	10.0	**41,199**	9.4	**4,929**	12.0
Accounts Receivable - Trade	**983**	**33,415**	7.2	**30,768**	7.0	**2,647**	8.6
Inventories	**372**	**12,629**	2.7	**11,725**	2.7	**904**	7.7
Other Current Assets	**212**	**7,220**	1.6	**7,981**	1.8	**(761)**	(9.5)
Total Current Assets	**5,228**	**177,682**	38.4	**173,815**	39.5	**3,867**	2.2
Long Term Investment	**1,712**	**58,186**	12.6	**49,217**	11.2	**8,969**	18.2
Fixed Assets	**14,506**	**492,964**	106.6	**475,348**	108.1	**17,616**	3.7
Less Accumulated Depreciation	**(8,410)**	**(285,808)**	(61.8)	**(275,066)**	(62.5)	**(10,742)**	3.9
Net Fixed Assets	**6,096**	**207,156**	44.8	**200,282**	45.5	**6,874**	3.4
Other Assets	**573**	**19,484**	4.2	**16,513**	3.8	**2,971**	18.0
Total Assets	**13,609**	**462,508**	100.0	**439,827**	100.0	**22,681**	5.2
LIABILITIES							
Accounts Payables	**383**	**12,997**	2.8	**11,971**	2.7	**1,026**	8.6
Payables to Contractors and Equipment Suppliers	**449**	**15,261**	3.3	**8,658**	2.0	**6,603**	76.3
Accured Expenses and Other Current Liabilities	**323**	**10,974**	2.4	**23,418**	5.3	**(12,444)**	(53.1)

Current Portion of Bonds Payable	**147**	**5,000**	1.1	**5,000**	1.1	**0**	0.0
Total Current Liabilities	**1,302**	**44,232**	9.6	**49,047**	11.2	**(4,815)**	(9.8)
Bonds Payable	**883**	**30,000**	6.5	**30,000**	6.8	**0**	0.0
Other Long Term Liabilities	**265**	**9,013**	1.9	**9,706**	2.2	**(693)**	(7.1)
Total Liabilities	**2,450**	**83,245**	18.0	**88,753**	20.2	**(5,508)**	(6.2)
SHAREHOLDERS EQUITY							
Capital Stock	**6,842**	**232,519**	50.3	**233,766**	53.1	**(1,247)**	(0.5)
Capital Surplus	**1,663**	**56,529**	12.2	**56,886**	12.9	**(357)**	(0.6)
Legal Reserve	**751**	**25,528**	5.5	**25,528**	5.8	**0**	0.0
Retained Earnings	**1,942**	**66,007**	14.3	**43,517**	9.9	**22,490**	51.7
Treasury Stock	**(48)**	**(1,617)**	(0.3)	**(8,676)**	(2.0)	**7,059**	(81.4)
Unrealized Loss on Long-term Investments	**0**	**(3)**	(0.0)	**(0)**	0.0	**(3)**	-
Cumulated Translation Adjustment	**9**	**300**	0.1	**53**	0.0	**247**	466.0
Total Equity	**11,159**	**379,263**	82.0	**351,074**	79.8	**28,189**	8.0
Total Liabilities & Shareholders Equity	**13,609**	**462,508**	100.0	**439,827**	100.0	**22,681**	5.2

Note: (1) New Taiwan dollar amounts have been translated into U.S. dollars at the rate of NT$33.98 per U.S. dollar as of September 30, 2004.

Attachment B

TAIWAN SEMICONDUCTOR MANUFACTURING CO., LTD.
UNCONSOLIDATED INCOME STATEMENT
For the Three Months Ended September 30, 2004 and 2003
(Expressed in Millions New Taiwan Dollars (NTD) and U.S. Dollars (USD)[1]
Except for Per Share Amounts and Shares Outstanding)

	Year over Year Comparison					Sequential Comparison				
	3Q 2004		% of	3Q 2003	YoY Inc(Dec)	3Q 2004		% of	2Q 2004	QoQ Inc(Dec)
	USD	NTD	Sales	NTD	%	USD	NTD	Sales	NTD	%
Net Sales	**2,053**	**69,735**	100.0	**54,877**	27.1	**2,053**	**69,735**	100.0	**64,869**	7.5
Cost of Sales	**(1,107)**	**(37,595)**	(53.9)	**(33,430)**	12.5	**(1,107)**	**(37,595)**	(53.9)	**(36,730)**	2.4
Gross Profit	**946**	**32,140**	46.1	**21,447**	49.9	**946**	**32,140**	46.1	**28,139**	14.2
Operating Expenses										
General and Administrative Expenses	**(76)**	**(2,578)**	(3.7)	**(1,615)**	59.6	**(76)**	**(2,578)**	(3.7)	**(2,604)**	(1.0)
Selling and Marketing Expenses	**(9)**	**(318)**	(0.5)	**(277)**	14.8	**(9)**	**(318)**	(0.5)	**(437)**	(27.2)
Research and Development Expenses	**(92)**	**(3,123)**	(4.5)	**(3,068)**	1.8	**(92)**	**(3,123)**	(4.5)	**(2,964)**	5.4
Total Operating Expenses	**(177)**	**(6,019)**	(8.6)	**(4,960)**	21.4	**(177)**	**(6,019)**	(8.6)	**(6,005)**	0.2
Income from Operations	**769**	**26,121**	37.5	**16,487**	58.4	**769**	**26,121**	37.5	**22,134**	18.0
Net Non-operating Income (Expenses)	**19**	**630**	0.9	**(140)**	-	**19**	**630**	0.9	**(264)**	-
Investment	**41**	**1,378**	2.0	**361**	281.7	**41**	**1,378**	2.0	**1,251**	10.2

Income										
Income before Income Tax	**829**	**28,129**	40.3	**16,708**	68.4	**829**	**28,129**	40.3	**23,121**	21.7
Income Tax Credit (Expenses)	**(6)**	**(196)**	(0.3)	**(1,539)**	(87.3)	**(6)**	**(196)**	(0.3)	**289**	-
Net Income	**823**	**27,933**	40.1	**15,169**	84.1	**823**	**27,933**	40.1	**23,410**	19.3
Diluted Earnings Per Ordinary Share[(2)]	**0.04**	**1.20**		**0.65**	84.6	**0.04**	**1.20**		**1.00**	19.5
Earnings Per ADR[(3)]	**0.18**	**6.00**		**3.25**		**0.18**	**6.00**		**5.02**	
Weighted Average Outstanding Shares (M)[(4)]		**23,270**		**23,331**			**23,270**		**23,301**	

Note: (1) *New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD33.96 per U.S. dollar for the third quarter of 2004.*

(2) *EPS calculation for 3Q 03 is after deducting a cash dividend payment on NT$13,000 million of preferred stock paying an annual rate of 3.5% at the period from January 1 to May 29, 2003. The preferred stock was redeemed on May 29, 2003.*

(3) *1 ADR equals 5 ordinary shares.*

(4) *Total weighted average outstanding shares for 3Q 03 and 2Q 04 are retroactively adjusted for stock dividends and stock bonus.*

Attachment C

TAIWAN SEMICONDUCTOR MANUFACTURING CO., LTD.
UNCONSOLIDATED INCOME STATEMENT
For the Nine Months Ended September 30, 2004 and 2003
(Expressed in Millions New Taiwan Dollars (NTD) and U.S. Dollars (USD) *(1)*
Except for Per Share Amounts and Shares Outstanding)

	Nine months ended September 30				
	2004 USD	2004 NTD	% of Sales	2003 NTD	YoY Inc(Dec) %
Net Sales	5,717	192,117	100.0	144,125	33.3
Cost of Sales	(3,247)	(109,109)	(56.8)	(93,941)	16.1
Gross Profit	2,470	83,008	43.2	50,184	65.4
Operating Expenses					
General and Administrative Expenses	(215)	(7,214)	(3.8)	(4,573)	57.8
Selling and Marketing Expenses	(31)	(1,051)	(0.5)	(932)	12.8
Research and Development Expenses	(266)	(8,948)	(4.7)	(8,657)	3.4
Total Operating Expenses	(512)	(17,213)	(9.0)	(14,162)	21.5
Income from Operations	1,958	65,795	34.2	36,022	82.7
Net Non-operating Expenses	14	458	0.2	(2,218)	-
Investment Income (Loss)	102	3,432	1.8	(344)	-
Income before Income Tax	2,074	69,685	36.3	33,460	108.3
Income Tax Credit (Expenses)	13	447	0.2	(2,204)	-
Net Income	2,087	70,132	36.5	31,256	124.4
Diluted Earnings Per Ordinary Share(2)	0.09	3.01		1.33	126.3

Earnings Per ADR[3]	**0.45**	**15.07**	**6.66**	
Weighted Average Outstanding Shares (M)[4]		**23,270**	**23,331**	

Note: (1) *New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD 33.6 per U.S. dollar for the nine months of 2004.*

(2) *EPS calculation for 2003 is after deducting a cash dividend payment on NT$13,000 million of preferred stock paying an annual rate of 3.5% at the period from January 1 to May 29, 2003. The preferred stock was redeemed on May 29, 2003.*

(3) *1 ADR equals 5 ordinary shares.*

(4) *Total weighted average outstanding shares for the nine months ended September 30, 2003, are retroactively adjusted for stock dividends and stock bonus.*

Attachment D

TAIWAN SEMICONDUCTOR MANUFACTURING CO., LTD.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
For the Nine Months Ended September 30, 2004
(Figures in Million of New Taiwan Dollars (NTD) and U.S. Dollars (USD))[1]

	9 Months 2004		3Q 2004	2Q 2004	3Q 2003
	USD	NTD	NTD	NTD	NTD
Cash Flows from Operating Activities:					
Net Income	2,087	70,132	27,933	23,410	15,169
Depreciation & Amortization	1,382	46,457	15,371	15,997	15,450
Investment Loss (Gain) Recognized by Equity Method	(102)	(3,432)	(1,378)	(1,251)	(361)
Loss on Property, Plant, Equipment and Idle Assets	-	-	-	-	29
Gain on Sale of Long-Term Investments	0	(2)	-	(2)	(66)
Deferred Income Tax	(26)	(875)	46	(567)	1,539
Changes in Working Capital & Others	(159)	(5,334)	(3,813)	(1,501)	2,174
Net Cash Provided from Operating Activities	3,182	106,946	38,159	36,086	33,934
Cash Flows from Investing Activities:					
Increase in Short-Term Investments	(1,100)	(36,972)	(4,929)	(24,773)	(8,610)
Acquisition of Fixed Assets	(1,656)	(55,650)	(16,471)	(22,828)	(8,208)
Proceeds from Disposal of Properties	9	310	60	182	26
Decrease (Increase) in Deposit-Out	4	148	(3)	-	88
Increase in Long-Term Investments	(395)	(13,282)	(7,339)	(5,775)	(36)
Proceeds from Sales of Long-Term Investments	0	8	-	8	458
Increase in Deferred Assets	(31)	(1,053)	(412)	(314)	(1,081)
Net Cash Used in Investing Activities	(3,169)	(106,491)	(29,094)	(53,500)	(17,363)
Cash Flows from Financing Activities:					
Decrease in Guarantee Deposits & Others	(7)	(239)	(75)	(57)	(386)
Increase in Treasury Stocks	(210)	(7,060)	-	(6,583)	-
Cash Dividend - Common Shares	(362)	(12,160)	(12,160)	-	-
Cash Dividend - Preferred Shares	(5)	(184)	-	(184)	-
Bonus Paid to Employees	(20)	(682)	(682)	-	-
Bonus Paid to Directors and Supervisors	(4)	(128)	-	(128)	-

Net Cash Used in Financing Activities	**(608)**	**(20,453)**	**(12,917)**	**(6,952)**	**(386)**
Net Increase (Decrease) in Cash and Cash Equivalents	**(595)**	**(19,998)**	**(3,852)**	**(24,366)**	**16,185**
Cash and Cash Equivalents at Beginning of Period	**2,925**	**98,288**	**82,142**	**106,508**	**66,546**
Cash and Cash Equivalents at End of Period	**2,330**	**78,290**	**78,290**	**82,142**	**82,731**

Note: (1) New Taiwan dollar amounts have been translated into U.S. dollars at the rate of NTD33.6 per U.S. dollar, the weighted average exchange rate for the nine months of 2004.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Taiwan Semiconductor Manufacturing
Company Ltd.

Date: October 26, 2004

By: /s/ Lora Ho
Lora Ho
Vice President & Chief Financial
Officer