

## Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED BALANCE SHEETS  
 SEPTEMBER 30, 2008 AND 2007  
 (In Thousands of New Taiwan Dollars, Except Par Value)  
 (Reviewed, Not Audited)

ASSETS	2008		2007		LIABILITIES AND SHAREHOLDERS' EQUITY	2008		2007	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents (Notes 2 and 4)	\$ 112,445,510	20	\$ 98,327,915	17	Short-term bank loans (Note 14)	\$ -	-	\$ 97,860	-
Financial assets at fair value through profit or loss (Notes 2, 5 and 25)	30,385	-	2,288,638	-	Financial liabilities at fair value through profit or loss (Notes 2, 5 and 25)	319,604	-	130,830	-
Available-for-sale financial assets (Notes 2, 6 and 25)	40,630,326	7	63,607,633	11	Accounts payable	8,407,378	2	10,926,705	2
Held-to-maturity financial assets (Notes 2.7 and 25)	5,063,096	1	12,168,201	2	Payables to related parties (Note 26)	1,263,512	-	1,565,379	-
Receivables from related parties (Note 26)	1,498	-	4,261	-	Income tax payable (Notes 2 and 19)	9,137,982	2	7,492,944	1
Notes and accounts receivable	51,704,847	10	47,056,841	8	Bonuses payable to employees, directors and supervisors (Notes 3 and 21)	13,457,491	2	-	-
Allowance for doubtful receivables (Notes 2 and 8)	(695,474)	-	(704,629)	-	Payables to contractors and equipment suppliers	8,081,877	1	11,744,553	2
Allowance for sales returns and others (Notes 2 and 8)	(5,677,508)	(1)	(3,999,155)	(1)	Accrued expenses and other current liabilities (Notes 17 and 29)	13,208,823	2	14,153,434	3
Other receivables from related parties (Note 26)	150,408	-	313,101	-	Current portion of long-term liabilities (Notes 15, 16 and 27)	8,257,933	2	4,781,509	1
Other financial assets (Note 27)	1,738,559	-	1,670,332	1					
Inventories, net (Notes 2 and 9)	21,817,238	4	24,532,167	4	Total current liabilities	62,134,600	11	50,893,214	9
Deferred income tax assets (Notes 2 and 19)	3,198,007	1	3,271,052	1					
Prepaid expenses and other current assets	1,942,267	-	1,519,648	-	<b>LONG-TERM LIABILITIES</b>				
Total current assets	232,349,159	42	250,056,005	43	Bonds payable (Note 15)	4,500,000	1	12,500,000	2
<b>LONG-TERM INVESTMENTS (Notes 2, 6, 7, 10, 11 and 25)</b>					Long-term bank loans (Notes 16 and 27)	1,547,240	-	1,539,001	-
Investments accounted for using equity method	19,200,105	3	21,770,013	3	Other long-term payables (Notes 17 and 29)	9,467,559	2	8,766,544	2
Available-for-sale financial assets	4,645,724	1	4,138,197	1	Obligations under capital leases (Note 2)	706,900	-	638,786	-
Held-to-maturity financial assets	14,039,087	3	16,167,443	3	Total long-term liabilities	16,221,699	3	23,444,331	4
Financial assets carried at cost	3,988,976	1	3,914,954	1					
Total long-term investments	41,873,892	8	45,990,607	8	<b>OTHER LIABILITIES</b>				
<b>PROPERTY, PLANT AND EQUIPMENT (Notes 2, 12 and 27)</b>					Accrued pension cost (Notes 2 and 18)	3,702,144	1	3,630,090	1
Cost					Guarantee deposits (Note 29)	1,624,231	-	2,564,396	-
Land and land improvements	934,922	-	948,001	-	Deferred credits (Notes 2 and 26)	432,134	-	1,190,936	-
Buildings	130,965,521	24	117,323,692	20	Others	61,065	-	65,711	-
Machinery and equipment	693,125,037	126	634,312,621	108	Total other liabilities	5,819,574	1	7,451,133	1
Office equipment	12,208,581	2	11,661,473	2	Total liabilities	84,175,873	15	81,788,678	14
Leased assets	706,900	-	638,786	-					
	837,940,961	152	764,884,573	130	<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>				
Accumulated depreciation	(597,523,587)	(108)	(521,613,239)	(89)	Capital stock - \$10 par value (Notes 21 and 23)				
Advance payments and construction in progress	11,877,532	2	21,965,009	4	Authorized: 28,050,000 thousand shares				
Net property, plant and equipment	252,294,906	46	265,236,343	45	Issued: 25,904,166 thousand shares in 2008				
					26,426,202 thousand shares in 2007	259,041,660	47	264,262,018	45
<b>INTANGIBLE ASSETS</b>					Capital surplus (Notes 2 and 21)	50,463,438	9	53,713,165	9
Goodwill (Note 2)	5,944,941	1	6,005,297	1	Retained earning (Note 21)				
Deferred charges, net (Notes 2 and 13)	7,169,827	1	5,802,760	1	Appropriated as legal capital reserve	67,324,393	12	56,406,684	9
Total intangible assets	13,114,768	2	11,808,057	2	Appropriated as special capital reserve	391,857	-	629,550	-
<b>OTHER ASSETS</b>					Unappropriated earnings	103,062,463	19	127,343,560	22
Deferred income tax assets (Notes 2 and 19)	7,562,573	1	10,489,658	2	Others (Notes 2, 23 and 25)	170,778,713	31	184,379,794	31
Refundable deposits	2,712,441	1	2,729,259	-	Cumulative translation adjustments	(1,584,029)	-	(690,056)	-
Others (Note 2)	91,402	-	97,334	-	Unrealized gain/loss on financial instruments	(124,039)	-	528,024	-
Total other assets	10,366,416	2	13,316,251	2	Treasury stock: 278,875 thousand shares in 2008				
					34,096 thousand shares in 2007	(16,499,990)	(3)	(918,075)	-
<b>TOTAL</b>	<b>\$ 549,999,141</b>	<b>100</b>	<b>\$ 586,407,263</b>	<b>100</b>	Equity attributable to shareholders of the parent	462,075,753	84	501,274,870	85
					<b>MINORITY INTEREST (Note 2)</b>	<b>3,747,515</b>	<b>1</b>	<b>3,343,715</b>	<b>1</b>
					Total shareholders' equity	465,823,268	85	504,618,585	86
					<b>TOTAL</b>	<b>\$ 549,999,141</b>	<b>100</b>	<b>\$ 586,407,263</b>	<b>100</b>

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

(With Deloitte & Touche review report dated October 9, 2008)

## Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

### CONSOLIDATED STATEMENTS OF INCOME FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007 (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	2008		2007	
	Amount	%	Amount	%
GROSS SALES (Notes 2 and 26)	\$ 274,538,509		\$ 232,680,424	
SALES RETURNS AND ALLOWANCES (Notes 2 and 8)	<u>5,943,249</u>		<u>3,909,616</u>	
NET SALES	268,595,260	100	228,770,808	100
COST OF SALES (Notes 20 and 26)	<u>147,041,060</u>	<u>55</u>	<u>131,256,118</u>	<u>57</u>
GROSS PROFIT	<u>121,554,200</u>	<u>45</u>	<u>97,514,690</u>	<u>43</u>
OPERATING EXPENSES (Notes 20 and 26)				
Research and development	16,654,551	6	12,934,026	6
General and administrative	8,811,573	3	6,925,391	3
Marketing	<u>3,674,339</u>	<u>1</u>	<u>2,691,098</u>	<u>1</u>
Total operating expenses	<u>29,140,463</u>	<u>10</u>	<u>22,550,515</u>	<u>10</u>
INCOME FROM OPERATIONS	<u>92,413,737</u>	<u>35</u>	<u>74,964,175</u>	<u>33</u>
NON-OPERATING INCOMES AND GAINS				
Interest income	4,042,397	2	4,235,773	2
Technical service income (Notes 26 and 29)	1,091,366	1	438,523	-
Equity in earnings of equity method investees, net (Notes 2 and 10)	1,042,002	-	1,631,288	1
Gain on settlement and disposal of financial assets, net (Notes 2 and 25)	688,186	-	487,587	-
Settlement income (Note 29)	456,195	-	491,385	-
Foreign exchange gain, net (Note 2)	235,547	-	235,449	-
Gain on disposal of property, plant and equipment and other assets (Notes 2 and 26)	85,059	-	54,629	-
Subsidy income (Note 2)	6,828	-	360,843	-
Valuation gain on financial instruments, net (Notes 2, 5 and 25)	-	-	526,585	-
Others (Note 26)	<u>465,849</u>	<u>-</u>	<u>675,061</u>	<u>1</u>
Total non-operating incomes and gains	<u>8,113,429</u>	<u>3</u>	<u>9,137,123</u>	<u>4</u>

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	2008		2007	
	Amount	%	Amount	%
NON-OPERATING EXPENSES AND LOSSES				
Loss on impairment of financial assets (Notes 2 and 25)	\$ 1,048,063	1	\$ 56,647	-
Interest expense	460,024	-	639,870	-
Loss on idle assets (Note 2)	210,477	-	-	-
Valuation loss on financial instruments, net (Notes 2, 5 and 25)	139,202	-	-	-
Provision for litigation loss (Note 29h)	99,126	-	1,008,635	1
Loss on disposal of property, plant and equipment (Note 2)	-	-	6,115	-
Others	191,665	-	79,584	-
Total non-operating expenses and losses	<u>2,148,557</u>	<u>1</u>	<u>1,790,851</u>	<u>1</u>
INCOME BEFORE INCOME TAX	98,378,609	37	82,310,447	36
INCOME TAX EXPENSE (Notes 2 and 19)	<u>10,496,985</u>	<u>4</u>	<u>7,101,660</u>	<u>3</u>
NET INCOME	<u>\$ 87,881,624</u>	<u>33</u>	<u>\$ 75,208,787</u>	<u>33</u>
ATTRIBUTABLE TO:				
Shareholders of the parent	\$ 87,487,392	33	\$ 74,692,316	33
Minority interest	<u>394,232</u>	<u>-</u>	<u>516,471</u>	<u>-</u>
	<u>\$ 87,881,624</u>	<u>33</u>	<u>\$ 75,208,787</u>	<u>33</u>
CONSOLIDATED EARNINGS PER SHARE (NT\$, Note 24)				
Basic earnings per share	<u>\$ 3.77</u>	<u>\$ 3.36</u>	<u>\$ 3.04</u>	<u>\$ 2.78</u>
Diluted earnings per share	<u>\$ 3.75</u>	<u>\$ 3.34</u>	<u>\$ 3.04</u>	<u>\$ 2.77</u>

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

(With Deloitte & Touche review report dated October 9, 2008)

(Concluded)