TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD
Form 6-K
May 05, 2010

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 April 2010
Taiwan Semiconductor Manufacturing Company Ltd.
(Translation of Registrant s Name Into English)
No. 8, Li-Hsin Rd. 6,
Hsinchu 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: __________.)

Taiwan Semiconductor Manufacturing Company Limited
Financial Statements for the Three Months Ended March 31, 2010 and 2009 and Independent Accountants Review Report

INDEPENDENT ACCOUNTANTS REVIEW REPORT

The Board of Directors and Shareholders
Taiwan Semiconductor Manufacturing Company Limited

We have reviewed the accompanying balance sheets of Taiwan Semiconductor Manufacturing Company Limited as of March 31, 2010 and 2009, and the related statements of income and cash flows for the three months then ended. These financial statements are the responsibility of the Company s management. Our responsibility is to issue a report on these financial statements based on our reviews.

We conducted our reviews in accordance with Statement on Auditing Standards No. 36, Review of Financial Statements, issued by the Auditing Standards Committee of the Accounting Research and Development Foundation of the Republic of China. A review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the financial statements referred to above for them to be 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.

We have also reviewed, in accordance with the Statement on Auditing Standards No. 36, the consolidated financial statements of Taiwan Semiconductor Manufacturing Company Limited and subsidiaries as of and for the three months ended March 31, 2010 on which we have issued an unqualified review report and as of and for the three months ended March 31, 2009 on which we have issued an unqualified review report with an explanatory paragraph relating to the adoption of the newly revised Statement of Financial Accounting Standard, Accounting for Inventories.

April 20, 2010

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 review such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the accountants review 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 accountants review report and financial statements shall prevail.

Taiwan Semiconductor Manufacturing Company Limited
BALANCE SHEETS
MARCH 31, 2010 and 2009
(In Thousands of New Taiwan Dollars, Except Par Value)
(Reviewed, Not Audited)

	2010		2009	
	Amount	**%**	**Amount**	**%**
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 2 and 4)	$ 117,507,201	19	$ 153,276,031	29
Financial assets at fair value through profit or loss (Notes 2, 5 and 22)	81,703		229,415	
Held-to-maturity financial assets (Notes 2, 7 and 22)	7,944,656	1	4,739,315	1
Receivables from related parties (Note 23)	22,260,749	4	10,181,965	2
Notes and accounts receivable	22,614,938	4	8,321,271	2
Allowance for doubtful receivables (Notes 2 and 8)	(453,000)		(198,976)	
Allowance for sales returns and others (Notes 2 and 8)	(7,003,204)	(1)	(6,336,876)	(1)
Other receivables from related parties (Note 23)	295,654		230,871	
Other financial assets (Note 24)	1,129,976		1,348,616	
Inventories (Notes 2, 3 and 9)	20,309,253	4	12,949,118	2
Deferred income tax assets (Notes 2 and 17)	6,072,089	1	5,849,563	1
Prepaid expenses and other current assets	1,387,580		1,047,211	
Total current assets	192,147,595	32	191,637,524	36
LONG-TERM INVESTMENTS (Notes 2, 6, 7, 10, 11 and 22)				
Investments accounted for using equity method	110,955,652	18	109,601,554	21
Available-for-sale financial assets	1,043,306		1,038,443	
Held-to-maturity financial assets	6,214,948	1	11,585,538	2
Financial assets carried at cost	497,835		519,502	
Total long-term investments	118,711,741	19	122,745,037	23
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 12 and 23)				
Cost				
Buildings	125,872,902	21	114,880,914	22
Machinery and equipment	757,039,382	124	636,909,351	119
Office equipment	11,275,851	2	9,856,423	2

	894,188,135	147	761,646,688	143
Accumulated depreciation	(646,763,515)	(106)	(574,998,401)	(108)
Advance payments and construction in progress	34,006,978	5	16,434,915	3
Net property, plant and equipment	281,431,598	46	203,083,202	38
INTANGIBLE ASSETS				
Goodwill (Note 2)	1,567,756		1,567,756	
Deferred charges, net (Notes 2 and 13)	5,779,842	1	5,980,431	1
Total intangible assets	7,347,598	1	7,548,187	1
OTHER ASSETS				
Deferred income tax assets (Notes 2 and 17)	6,555,961	1	5,549,630	1
Refundable deposits	2,525,862	1	2,636,845	1
Others (Note 2)	478,615		443,514	
Total other assets	9,560,438	2	8,629,989	2
TOTAL	$ 609,198,970	100	$ 533,643,939	100

	2010 Amount	%	2009 Amount	%
LIABILITIES AND SHAREHOLDERS EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss (Notes 2, 5 and 22)	$ 11,410		$ 2,962	
Accounts payable	8,945,670	1	4,447,744	1
Payables to related parties (Note 23)	2,758,431		1,102,214	
Income tax payable (Notes 2 and 17)	10,990,083	2	9,663,927	2
Accrued profit sharing to employees and bonus to directors (Notes 2 and 19)	9,046,820	1	15,404,117	3
Payables to contractors and equipment suppliers	28,369,183	5	4,829,314	1
Accrued expenses and other current liabilities (Notes 15 and 22)	11,281,871	2	6,007,869	1
Total current liabilities	71,403,468	11	41,458,147	8
LONG-TERM LIABILITIES				

Bonds payable (Notes 14 and 22)	4,500,000	1	4,500,000	1
Other long-term payables (Notes 15 and 22)	413,647		881,842	
Total long-term liabilities	4,913,647	1	5,381,842	1
OTHER LIABILITIES				
Accrued pension cost (Notes 2 and 16)	3,808,052	1	3,727,225	1
Guarantee deposits (Note 26)	912,151		1,309,582	
Deferred credits (Notes 2 and 23)	23,936		219,859	
Total other liabilities	4,744,139	1	5,256,666	1
Total liabilities	81,061,254	13	52,096,655	10
CAPITAL STOCK NT$10 PAR VALUE (Note 19)				
Authorized: 28,050,000 thousand shares				
Issued: 25,903,769 thousand shares in 2010				
25,626,012 thousand shares in 2009	259,037,692	43	256,260,122	48
CAPITAL SURPLUS (Notes 2 and 19)	55,530,845	9	49,965,450	9
RETAINED EARNINGS (Note 19)				
Appropriated as legal capital reserve	77,317,710	13	67,324,393	12
Appropriated as special capital reserve			391,857	
Unappropriated earnings	138,228,089	22	103,896,290	20
	215,545,799	35	171,612,540	32
OTHERS (Notes 2 and 22)				
Cumulative translation adjustments	(2,378,010)		3,531,944	1
Unrealized gain on financial instruments	401,390		177,228	
	(1,976,620)		3,709,172	1
Total shareholders equity	528,137,716	87	481,547,284	90
TOTAL	$ 609,198,970	100	$ 533,643,939	100

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

(With Deloitte & Touche review report dated April 20, 2010)

Taiwan Semiconductor Manufacturing Company Limited
STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2010 and 2009
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2010		2009	
	Amount	%	Amount	%
GROSS SALES (Notes 2 and 23)	$ 91,922,386		$ 39,214,322	
SALES RETURNS AND ALLOWANCES (Notes 2 and 8)	2,747,878		1,654,628	
NET SALES	89,174,508	100	37,559,694	100
COST OF SALES (Notes 3, 9, 18 and 23)	46,657,769	52	29,717,331	79
GROSS PROFIT	42,516,739	48	7,842,363	21
REALIZED GROSS PROFIT FROM AFFILIATES (Note 2)	14,015		131,929	
REALIZED GROSS PROFIT	42,530,754	48	7,974,292	21
OPERATING EXPENSES (Notes 18 and 23)				
Research and development	5,908,449	7	3,276,829	9
General and administrative	2,206,107	2	1,339,263	3
Marketing	630,103	1	263,567	1
Total operating expenses	8,744,659	10	4,879,659	13
INCOME FROM OPERATIONS	33,786,095	38	3,094,633	8
NON-OPERATING INCOME AND GAINS				
Settlement income (Note 26)	637,580	1		
Equity in earnings of equity method investees, net (Notes 2 and 10)	559,908	1		
Valuation gain on financial instruments, net (Notes 2, 5 and 22)	304,292			
Interest income (Note 2)	178,667		491,659	2
Technical service income (Notes 23 and 26)	118,394		41,348	

Foreign exchange gain, net (Note 2)			428,117	1
Gain on settlement and disposal of financial assets, net (Notes 2 and 22)			53,461	
Others (Notes 2 and 23)	57,942		102,681	
Total non-operating income and gains	1,856,783	2	1,117,266	3

(Continued)

Taiwan Semiconductor Manufacturing Company Limited
STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2010 and 2009
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2010		2009	
	Amount	%	Amount	%
NON-OPERATING EXPENSES AND LOSSES				
Foreign exchange loss, net (Note 2)	$ 286,109	1	$	
Casualty loss (Note 9)	194,137			
Interest expense	33,750		40,776	
Equity in losses of equity method investees, net (Notes 2 and 10)			2,949,992	8
Valuation loss on financial instruments, net (Notes 2, 5 and 22)			442,382	1
Others (Note 2)	37,799		29,281	
Total non-operating expenses and losses	551,795	1	3,462,431	9
INCOME BEFORE INCOME TAX	35,091,083	39	749,468	2
INCOME TAX BENEFIT (EXPENSE) (Notes 2 and 17)	(1,427,966)	(1)	809,405	2
NET INCOME	$ 33,663,117	38	$ 1,558,873	4

	2010		2009	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE (NT$, Note 21)				
Basic earnings per share	$ 1.35	$ 1.30	$ 0.03	$ 0.06
Diluted earnings per share	$ 1.35	$ 1.30	$ 0.03	$ 0.06

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

(With Deloitte & Touche review report dated April 20, 2010) (Concluded)

Taiwan Semiconductor Manufacturing Company Limited
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2010 and 2009
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 33,663,117	$ 1,558,873
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	19,697,427	18,762,482
Realized gross profit from affiliates	(14,015)	(131,929)
Amortization of premium/discount of financial assets	4,294	(10,448)
Gain on disposal of available-for-sale financial assets, net		(37,370)
Gain on held-to-maturity financial assets redeemed by the issuer		(16,091)
Loss on disposal of financial assets carried at cost	1,263	
Equity in losses (earnings) of equity method investees, net	(559,908)	2,949,992
Dividends received from equity method investees		988,201
Gain on disposal of property, plant and equipment, net	(17,461)	(36,117)
Deferred income tax	(800,997)	(1,250,521)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Financial assets and liabilities at fair value through profit or loss	111,450	(267,611)
Receivables from related parties	281,024	1,546,239
Notes and accounts receivable	(2,730,418)	3,119,905
Allowance for doubtful receivables	22,000	(237,770)
Allowance for sales returns and others	(1,580,428)	468,294
Other receivables from related parties	(49,651)	317,321
Other financial assets	(25,904)	(636,861)
Inventories	(1,479,037)	(141,182)
Prepaid expenses and other current assets	(483,601)	145,264
Increase (decrease) in:		
Accounts payable	(1,064,746)	133,479
Payables to related parties	719,089	(100,136)
Income tax payable	2,228,963	441,116
Accrued profit sharing to employees and bonus to directors	2,275,482	256,060
Accrued expenses and other current liabilities	(5,270,419)	(1,463,087)
Accrued pension cost	876	17,216
Deferred credits	(23,937)	(58,501)
Net cash provided by operating activities	44,904,463	26,316,818
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property, plant and equipment	(45,824,671)	(5,444,584)

Held-to-maturity financial assets		(204,990)
Investments accounted for using equity method	(6,377,184)	(78,472)
Financial assets carried at cost	(480)	

(Continued)

Taiwan Semiconductor Manufacturing Company Limited
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2010 and 2009
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2010	2009
Proceeds from disposal or redemption of:		
Available-for-sale financial assets	$	$ 1,037,370
Held-to-maturity financial assets	8,000,000	1,550,000
Financial assets carried at cost	3,370	
Property, plant and equipment	11,224	120
Increase in deferred charges	(372,884)	(37,331)
Decrease in refundable deposits	172,254	82,892
Net cash used in investing activities	(44,388,371)	(3,094,995)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bonds payable		(8,000,000)
Decrease in guarantee deposits	(89,225)	(169,570)
Proceeds from exercise of employee stock options	36,791	15,418
Net cash used in financing activities	(52,434)	(8,154,152)
NET INCREASE IN CASH AND CASH EQUIVALENTS	463,658	15,067,671
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	117,043,543	138,208,360
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 117,507,201	$ 153,276,031
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	$ 135,000	$ 351,803
Income tax paid	$ 8,891	$ 52,636
INVESTING ACTIVITIES AFFECTING BOTH CASH AND NON-CASH ITEMS		
Acquisition of property, plant and equipment	$ 45,891,338	$ 2,699,007
Decrease in payables to contractors and equipment suppliers	56,134	2,745,577
Nonmonetary exchange trade-out price	(122,801)	

Cash paid	$ 45,824,671	$ 5,444,584
Disposal of property, plant and equipment	$ 134,025	$ 58,570
Increase in other receivables from related parties		(58,450)
Nonmonetary exchange trade-out price	(122,801)	
Cash received	$ 11,224	$ 120
NON-CASH FINANCING ACTIVITIES		
Current portion of other long-term payables (under accrued expenses and other current liabilities)	$ 737,350	$ 1,106,985

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

(With Deloitte & Touche review report dated April 20, 2010) (Concluded)

Taiwan Semiconductor Manufacturing Company Limited
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2010 and 2009
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)
(Reviewed, Not Audited)

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 engages 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 March 31, 2010 and 2009, the Company had 24,041 and 19,537 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 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.

The fair value of debt securities 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. 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 collectability of receivables. The Company determines the amount of the allowance for doubtful receivables with a charge of 1% of the amount of outstanding receivables considering the account aging analysis and current trends in the credit quality of its customers.

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 collectability 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 indicate 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.

Profit Sharing to Employees and Bonus to Directors

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

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 Statement of Financial Accounting Standards (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 on an item-by-item basis 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 three months ended March 31, 2009.

4. CASH AND CASH EQUIVALENTS

	March 31	
	2010	2009
Cash and deposits in banks	$ 116,704,752	$ 142,453,439
Repurchase agreements collateralized by government bonds	802,449	10,822,592
	$ 117,507,201	$ 153,276,031

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

	March 31	
	2010	2009
Trading financial assets		
Forward exchange contracts	$ 2,397	$ 201,358
Cross currency swap contracts	79,306	28,057
	$ 81,703	$ 229,415
Trading financial liabilities		
Forward exchange contracts	$ 1,640	$ 206
Cross currency swap contracts	9,770	2,756
	$ 11,410	$ 2,962

The Company entered into derivative contracts during the three months ended March 31, 2010 and 2009 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)**
March 31, 2010		
Sell EUR/Buy NT$	April 2010	EUR7,500/NT$323,205
Sell EUR/Buy US$	April 2010	EUR4,500/US$5,998
March 31, 2009		
Sell US$/Buy NT$	April 2009	US$200,000/NT$6,979,725
Sell EUR/Buy US$	April 2009	EUR6,140/US$8,266

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**
March 31, 2010			
April 2010 to May 2010	US$930,000/NT$29,662,580	0.21%-0.45%	0.00%-0.09%
March 31, 2009			
April 2009 to May 2009	US$130,000/NT$4,434,625	0.66%-6.79%	0.00%-0.61%

For the three months ended March 31, 2010 and 2009, changes in fair value related to derivative financial instruments recognized in earnings was a net gain of NT$304,292 thousand and a net loss of NT$442,382 thousand, respectively.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	March 31	
	2010	**2009**
Corporate bonds	$ 1,043,306	$ 1,038,443

7. HELD-TO-MATURITY FINANCIAL ASSETS

	March 31	
	2010	2009
Corporate bonds	$ 12,260,803	$ 15,446,490
Structured time deposits	1,000,000	
Government bonds	898,801	878,363
	14,159,604	16,324,853
Current portion	(7,944,656)	(4,739,315)
	$ 6,214,948	$ 11,585,538

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

	Principal Amount	Interest Receivable	Range of Interest Rates	Maturity Date
March 31, 2010				
Callable domestic deposits	$ 1,000,000	$ 809	0.36%	July 2010

8. ALLOWANCES FOR DOUBTFUL RECEIVABLES, SALES RETURNS AND OTHERS

Movements of the allowance for doubtful receivables were as follows:

	Three Months Ended March 31	
	2010	2009
Balance, beginning of period	$ 431,000	$ 436,746
Provision	22,000	
Write-off		(237,770)
Balance, end of period	$ 453,000	$ 198,976

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

	Three Months Ended March 31	
	2010	2009
Balance, beginning of period	$ 8,583,632	$ 5,868,582
Provision	2,747,878	1,654,628
Write-off	(4,328,306)	(1,186,334)

Balance, end of period	$ 7,003,204	$ 6,336,876

9. INVENTORIES

	March 31 2010	March 31 2009
Finished goods	$ 1,975,182	$ 2,313,609
Work in process	15,914,041	9,462,462
Raw materials	1,484,633	558,422
Supplies and spare parts	935,397	614,625
	$ 20,309,253	$ 12,949,118

Write-down of inventories to net realizable value in the amount of NT$228,550 thousand and NT$171,264 thousand, respectively, were included in the cost of sales for the three months ended March 31, 2010 and 2009. And inventories losses related to earthquake in the amount of NT$194,137 thousand were classified under non-operating expenses and losses for the three months ended March 31, 2010.

10. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	March 31 2010		March 31 2009	
	Carrying Amount	% of Owner-ship	Carrying Amount	% of Owner-ship
TSMC Global Ltd. (TSMC Global)	$ 45,245,474	100	$ 47,526,422	100
TSMC Partners, Ltd. (TSMC Partners)	32,637,828	100	3,719,188	100
Vanguard International Semiconductor Corporation (VIS)	9,359,350	37	9,491,037	37
Systems on Silicon Manufacturing Company Pte Ltd. (SSMC)	6,308,810	39	5,720,868	39
Motech Industries Inc. (Motech)	6,210,916	20		
TSMC China Company Limited (TSMC China)	2,787,558	100	5,220,310	100
TSMC North America	2,726,868	100	2,613,897	100
Xintec Inc. (Xintec)	1,532,384	41	1,397,538	42
VentureTech Alliance Fund III, L.P. (VTAF III)	1,351,399	98	1,403,469	98
VentureTech Alliance Fund II, L.P. (VTAF II)	1,140,879	98	841,597	98
Global UniChip Corporation (GUC)	1,039,348	35	991,305	36
Emerging Alliance Fund, L.P. (Emerging Alliance)	303,768	99	371,095	99
TSMC Europe B.V. (TSMC Europe)	158,190	100	129,083	100
TSMC Japan Limited (TSMC Japan)	133,420	100	132,714	100
TSMC Korea Limited (TSMC Korea)	19,460	100	14,996	100
TSMC International Investment Ltd. (TSMC International)			30,028,035	100
	$ 110,955,652		$ 109,601,554	

In February 2010, the Company subscribed 75,316 thousand shares in Motech through a private placement for NT$6,228,661 thousand; after the subscription, the Company s percentage of ownership in Motech was 20%. Transfer of the aforementioned common shares within three years is prohibited according to the related regulations.

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.

For the three months ended March 31, 2010 and 2009, equity in earnings/losses of equity method investees was a net gain of NT$559,908 thousand and a net loss of NT$2,949,992 thousand, respectively. Related equity in earnings/losses of equity method investees were determined based on the reviewed financial statements, except those of VTAF II, Emerging Alliance, TSMC Europe, TSMC Japan and TSMC Korea for the three months ended March 31, 2010 and those of Emerging Alliance, TSMC Europe, TSMC Japan and TSMC Korea for the three months ended March 31, 2009. The Company believes that, had VTAF II, Emerging Alliance, TSMC Japan, TSMC Europe and TSMC Korea s financial statements been reviewed, any adjustments arising would have no material effect on the Company s financial statements.

Fair values of listed equity-method investments calculated at their closing prices as of March 31, 2010 and 2009 were as follows:

	March 31	
	2010	**2009**
VIS	$ 10,240,043	$ 7,350,215
Motech	10,167,705	
GUC	6,723,052	6,690,668
	$ 27,130,800	$ 14,040,883

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:

	Three Months Ended March 31	
	2010	**2009**
Balance, beginning of period	$ 1,429,118	$ 2,053,253
Additions	2,055,660	
Deductions	(218,611)	(156,034)
Balance, end of period	$ 3,266,167	$ 1,897,219

Movements of the difference allocated to goodwill were as follows:

	Three Months Ended March 31	
	2010	**2009**
Balance, beginning of period	$ 1,061,885	$ 1,061,885
Additions	353,680	

Balance, end of period	$ 1,415,565	$ 1,061,885

11. FINANCIAL ASSETS CARRIED AT COST

	March 31	
	2010	2009
Non-publicly traded stocks	$ 338,584	$ 357,509
Mutual funds	159,251	161,993
	$ 497,835	$ 519,502

12. PROPERTY, PLANT AND EQUIPMENT

	Three Months Ended March 31, 2010				
	Balance, Beginning of Period	Additions	Disposals	Reclassification	Balance, End of Period
Cost					
Buildings	$ 124,522,047	$ 1,350,855	$	$	$ 125,872,902
Machinery and equipment	713,426,126	43,804,758	(191,945)	443	757,039,382
Office equipment	10,781,099	515,324	(20,129)	(443)	11,275,851
	848,729,272	$ 45,670,937	$ (212,074)	$	894,188,135
Accumulated depreciation					
Buildings	73,525,160	$ 2,077,831	$	$	75,602,991
Machinery and equipment	545,693,910	16,918,504	(191,945)	443	562,420,912
Office equipment	8,545,253	214,931	(20,129)	(443)	8,739,612
	627,764,323	$ 19,211,266	$ (212,074)	$	646,763,515
Advance payments and construction in progress	33,786,577	$ 220,401	$	$	34,006,978
	$ 254,751,526				$ 281,431,598

	Three Months Ended March 31, 2009				
	Balance, Beginning of Period	Additions (Deductions)	Disposals	Reclassification	Balance, End of Period
Cost					
Buildings	$ 114,014,588	$ 866,326	$	$	$ 114,880,914
Machinery and equipment	635,008,261	2,945,926	(1,044,836)		636,909,351
Office equipment	9,748,869	209,878	(102,324)		9,856,423
	758,771,718	$ 4,022,130	$ (1,147,160)	$	761,646,688

Accumulated depreciation					
Buildings	65,351,514	$ 2,042,457	$	$	67,393,971
Machinery and equipment	484,046,160	16,025,834	(449,252)		499,622,742
Office equipment	7,849,580	234,397	(102,289)		7,981,688
	557,247,254	$ 18,302,688	$ (551,541)	$	574,998,401
Advance payments and construction in progress	17,758,038	$ (1,323,123)	$	$	16,434,915
	$ 219,282,502				$ 203,083,202

No interest was capitalized during the three months ended March 31, 2010 and 2009.

13. DEFERRED CHARGES, NET

	Three Months Ended March 31, 2010			
	Balance, Beginning of Period	**Addition**	**Amortization**	**Balance, End of Period**
Technology license fees	$ 2,979,801	$	$ (191,491)	$ 2,788,310
Software and system design costs	1,646,973	372,884	(203,007)	1,816,850
Patent and others	1,264,911		(90,229)	1,174,682
	$ 5,891,685	$ 372,884	$ (484,727)	$ 5,779,842

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	Three Months Ended March 31, 2009			
	Balance, Beginning of Period	Addition	Amortization	Balance, End of Period
Technology license fees	$ 3,786,251	$	$ (211,735)	$ 3,574,516
Software and system design costs	1,559,857	37,331	(178,774)	1,418,414
Patent and others	1,055,353		(67,852)	987,501
	$ 6,401,461	$ 37,331	$ (458,361)	$ 5,980,431

14. BONDS PAYABLE

	March 31	
	2010	2009
Domestic unsecured bonds:		
Issued in January 2002 and repayable in January 2012, 3.00% interest payable annually	$ 4,500,000	$ 4,500,000

15. OTHER LONG-TERM PAYABLES

The Company s long-term payables mainly resulted from license agreements for certain semiconductor-related patents. As of March 31, 2010, future payments for other long-term payables were as follows:

Year of Payment	Amount
2010 (2nd to 4th quarter)	$ 737,350
2011	413,647
	1,150,997
Current portion (classified under accrued expenses and other current liabilities)	(737,350)
	$ 413,647

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 cost of NT$191,296 thousand and NT$152,354 thousand for the three months ended March 31, 2010 and 2009, 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 cost of NT$59,245 thousand and NT$72,171 thousand for the three months ended March 31, 2010 and 2009, respectively.

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

	Three Months Ended March 31	
	2010	**2009**
The Fund		
Balance, beginning of period	$ 2,595,717	$ 2,389,519
Contributions	68,265	60,334
Interest	41,105	52,445
Payments		(19,355)
Balance, end of period	$ 2,705,087	$ 2,482,943
Accrued pension cost		
Balance, beginning of period	$ 3,807,176	$ 3,710,009
Accruals	876	17,216
Balance, end of period	$ 3,808,052	$ 3,727,225

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:

	Three Months Ended March 31	
	2010	**2009**
Income tax expense based on income before income tax at statutory rate (20% and 25% for 2010 and 2009, respectively)	$ 7,018,217	$ 187,357
Tax effect of the following:		
Tax-exempt income	(3,881,271)	(587,186)
Temporary and permanent differences	26,692	1,212,887
Others		69,174
Income tax credits used	(1,581,819)	(441,116)
Income tax currently payable	$ 1,581,819	$ 441,116

b. Income tax expense (benefit) consisted of the following:

	Three Months Ended March 31	
	2010	**2009**
Income tax currently payable	$ 1,581,819	$ 441,116
Income tax adjustments on prior years	647,144	

Net change in deferred income tax assets		
Investment tax credits	(1,056,341)	(393,267)
Temporary differences	(601,364)	313,793
Valuation allowance	856,708	(1,171,047)
Income tax expense (benefit)	$ 1,427,966	$ (809,405)

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

	March 31	
	2010	**2009**
Current deferred income tax assets		
Investment tax credits	$ 5,172,000	$ 5,136,000
Temporary differences		
Allowance for sales returns and others	717,828	608,340
Others	182,261	105,223
	$ 6,072,089	$ 5,849,563
Noncurrent deferred income tax assets		
Investment tax credits	$ 10,616,082	$ 8,869,485
Temporary differences		
Depreciation	2,412,634	1,508,014
Others	183,285	400,730
Valuation allowance	(6,656,040)	(5,228,599)
	$ 6,555,961	$ 5,549,630

In May 2009, the amendment of Article 5 of the Income Tax Law of the Republic of China announced that the income tax rate of profit-seeking enterprises would be reduced from 25% to 20%, and would be effective starting in 2010. The Company recalculated its deferred tax assets in accordance with the amended Article and adjusted the resulting difference as an income tax expense in 2009.

Under Article 10 of the Statute for Industrial Innovation (SII) passed by the Legislative Yuan on April 16, 2010, a profit-seeking enterprise may deduct up to 15% of its research and development expenditures from its income tax payable for the fiscal year in which these expenditures are incurred, but this deduction should not exceed 30% of the income tax payable for that fiscal year. This incentive is retroactive to January 1, 2010 and effective till December 31, 2019. Thus, the Company estimated that its income tax credits arising from the SII was NT$486,047 thousand as of March 31, 2010, which will be recognized in the six months ended June 30, 2010.

d. Integrated income tax information:

The balance of the imputation credit account as of March 31, 2010 and 2009 was NT$369,265 thousand and NT$521,634 thousand, respectively.

The estimated and actual creditable ratios for distribution of earnings of 2009 and 2008 were 0.35% and 9.10%, 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 the imputation credit is made.

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

f. As of March 31, 2010, 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	$ 3,457,388	$ 2,979,024	2012
		6,683,346	6,683,346	2013
		153,306	153,306	2014
		$ 10,294,040	$ 9,815,676	
Statute for Upgrading Industries	Research and development expenditures	$ 1,084,162	$	2011
		2,691,517	2,691,517	2012
		3,250,265	3,250,265	2013
		$ 7,025,944	$ 5,941,782	
Statute for Upgrading Industries	Personnel training expenditures	$ 19,293	$	2011
		30,624	30,624	2012
		$ 49,917	$ 30,624	

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
Construction of Fab 14 Module B and expansion of Fab 12 and others	2010 to 2014 (proposed)

h. The tax authorities have examined income tax returns of the Company through 2007. All investment tax credit adjustments assessed by the tax authorities have been recognized accordingly.

18. LABOR COST, DEPRECIATION AND AMORTIZATION

	Three Months Ended March 31, 2010		
	Classified as	Classified as Operating Expenses	Total

	Cost of Sales		
Labor cost			
Salary and bonus	$ 5,083,162	$ 3,791,508	$ 8,874,670
Labor and health insurance	182,508	107,582	290,090
Pension	157,629	92,912	250,541
Meal	122,966	52,290	175,256
Welfare	47,194	29,069	76,263
Others	13,360	3,502	16,862
	$ 5,606,819	$ 4,076,863	$ 9,683,682
Depreciation	$ 18,051,574	$ 1,155,626	$ 19,207,200
Amortization	$ 318,383	$ 166,344	$ 484,727

	Three Months Ended March 31, 2009		
	Classified as Cost of Sales	Classified as Operating Expenses	Total
Labor cost			
Salary and bonus	$ 2,077,798	$ 1,191,042	$ 3,268,840
Labor and health insurance	169,346	99,493	268,839
Pension	141,518	83,007	224,525
Meal	94,845	38,426	133,271
Welfare	23,159	13,596	36,755
Others	17,187	4,661	21,848
	$ 2,523,853	$ 1,430,225	$ 3,954,078
Depreciation	$ 17,408,696	$ 889,926	$ 18,298,622
Amortization	$ 302,212	$ 156,149	$ 458,361

19. SHAREHOLDERS EQUITY

As of March 31, 2010, 1,097,513 thousand ADSs of the Company were traded on the NYSE. The number of common shares represented by the ADSs was 5,487,565 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:

	March 31	
	2010	2009
Additional paid-in capital	$ 23,483,970	$ 17,972,138
From merger	22,805,390	22,805,390
From convertible bonds	8,893,190	8,893,190
From long-term investments	348,240	294,677
Donations	55	55
	$ 55,530,845	$ 49,965,450

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 profit sharing 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 profit sharing to employees in stock 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 accrued profit sharing to employees as a charge to earnings of certain percentage of net income during the period amounted to NT$2,272,790 thousand and NT$236,060 thousand for the three months ended March 2010 and 2009, respectively; bonuses to directors were accrued with an estimate based on historical experience. 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 profit sharing is resolved to be distributed to employees in stock, the number of shares is determined by dividing the amount of profit sharing 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 2009 and 2008 had been approved in a Board of Directors meeting held on February 9, 2010 and a shareholders meeting held on June 10, 2009, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For Fiscal Year 2009	**For Fiscal Year 2008**	**For Fiscal Year 2009**	**For Fiscal Year 2008**
Legal capital reserve	$ 8,921,784	$ 9,993,317		
Special capital reserve	1,313,047	(391,857)		
Cash dividends to shareholders	77,708,120	76,876,312	$ 3.00	$ 3.00
Stock dividends to shareholders		512,509		0.02

$ 87,942,951	$ 86,990,281

TSMC s profit sharing to employees and bonus to directors that will be paid in cash in the amounts of NT$6,691,338 thousand and NT$67,692 thousand for the year ended December 31, 2009, respectively, were resolved in the meeting of the Board of Directors held on February 9, 2010. Such amounts were not materially different from the amounts that have been charged against earnings for the year ended December 31, 2009.

The 2009 earnings appropriations related to profit sharing to employees and bonus to directors will be resolved by the shareholders. TSMC s annual shareholders meeting is scheduled for June 15, 2010.

Profit sharing to employees that have been 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 profit sharing to employee in stock of 141,870 thousand shares was determined by the closing price of the Company s common shares (after considering the effect of dividends) of the day immediately preceding the shareholders meeting, which was NT$52.83. The resolved amounts of the profit sharing to employees and bonus 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 profit sharing to employees 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 taken effect on July 21, 2009.

The information about the appropriations of profit sharing to employees and bonus to directors is available at the Market Observation Post System website.

Under the Integrated Income Tax System that became effective on January 1, 1998, 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, consisting of 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 equal to the closing price of the Company s common shares listed on the TSE on the grant date.

Options of the plans that had never been granted or had been granted but subsequently canceled had expired as of March 31, 2010.

Information about outstanding options for the three months ended March 31, 2010 and 2009 was as follows:

	Number of Options (In Thousands)	**Weighted-average Exercise Price (NT$)**
Three months ended March 31, 2010		
Balance, beginning of period	28,810	$ 33.5
Options exercised	(1,063)	34.6
Balance, end of period	27,747	33.4
Three months ended March 31, 2009		
Balance, beginning of period	36,234	35.3
Options exercised	(575)	26.8
Options canceled	(127)	45.4
Balance, end of period	35,532	35.4

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

As of March 31, 2010, information about outstanding was as follows:

	Options Outstanding		
Range of Exercise Price (NT$)	**Number of Options (In Thousands)**	**Weighted-average Remaining Contractual Life (Years)**	**Weighted-average Exercise Price (NT$)**
$ 22.8-$32.0	20,484	2.93	$ 29.1
38.0- 50.1	7,263	4.65	45.6
	27,747	3.38	33.4

As of March 31, 2010, all of the above outstanding options were exercisable.

No compensation cost was recognized under the intrinsic value method for the three months ended March 31, 2010 and 2009. 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 three months ended

March 31, 2010 and 2009 would have been as follows:

	Three Months Ended March 31	
	2010	**2009**
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	$ 33,663,117	$ 1,558,873
Pro forma net income	33,700,273	1,445,013

(Continued)

	Three Months Ended March 31	
	2010	2009
Earnings per share (EPS) after income tax (NT$):		
Basic EPS as reported	$ 1.30	$ 0.06
Pro forma basic EPS	1.30	0.06
Diluted EPS as reported	1.30	0.06
Pro forma diluted EPS	1.30	0.06

(Concluded)

21. EARNINGS PER SHARE

EPS is computed as follows:

	Amounts (Numerator)		Number of Shares (Denominator) (In Thousands)	EPS (NT$)	
	Before Income Tax	After Income Tax		Before Income Tax	After Income Tax
Three months ended March 31, 2010					
Basic EPS					
Earnings available to common shareholders	$ 35,091,083	$ 33,663,117	25,903,465	$ 1.35	$ 1.30
Effect of dilutive potential common shares			12,822		
Diluted EPS					
Earnings available to common shareholders (including effect of dilutive potential common shares)	$ 35,091,083	$ 33,663,117	25,916,287	$ 1.35	$ 1.30
Three months ended March 31, 2009					
Basic EPS					
Earnings available to common shareholders	$ 749,468	$ 1,558,873	25,753,921	$ 0.03	$ 0.06
Effect of dilutive potential common shares			165,978		
Diluted EPS					
Earnings available to common shareholders (including effect of	$ 749,468	$ 1,558,873	25,919,899	$ 0.03	$ 0.06

dilutive potential common shares)

Effective January 1, 2008, the Company adopted Interpretation 2007-052 that requires companies to record profit sharing to employees as an expense rather than as an appropriation of earnings. If the Company may settle the obligation by cash, by issuing shares, or in combination of both cash and shares, profit sharing 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 profit sharing to employees in stock 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 profit sharing to employees 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. This adjustment caused each of the basic and diluted after income tax EPS for the three months ended March 31, 2009 to remain at NT$0.06.

22. DISCLOSURES FOR FINANCIAL INSTRUMENTS

a. Fair values of financial instruments were as follows:

	March 31			
	2010		2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets				
Financial assets at fair value through profit or loss	$ 81,703	$ 81,703	$ 229,415	$ 229,415
Available-for-sale financial assets	1,043,306	1,043,306	1,038,443	1,038,443
Held-to-maturity financial assets	14,159,604	14,238,897	16,324,853	16,412,672
Financial assets carried at cost	497,835		519,502	
Liabilities				
Financial liabilities at fair value through profit or loss	11,410	11,410	2,962	2,962
Bonds payable	4,500,000	4,565,957	4,500,000	4,601,709
Other long-term payables (including current portion)	1,150,997	1,150,997	1,988,827	1,988,827

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) The fair values of those derivatives and structured time deposits are determined using valuation techniques incorporating estimates and assumptions that were consistent with prevailing market conditions.

4) Financial assets carried at cost have no quoted prices in an active market and entail an unreasonably high cost to obtain verifiable fair values. Therefore, no fair value is presented.

5) Fair value of bonds payable was based on their quoted market price.

6) 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 March 31, 2010 and 2009 estimated using valuation techniques were recognized as net gains of NT$70,293 thousand and NT$226,453 thousand, respectively.

d. As of March 31, 2010 and 2009, financial assets exposed to fair value interest rate risk were NT$15,284,613 thousand and NT$17,592,711 thousand, respectively, financial liabilities exposed to fair value interest rate risk were NT$4,511,410 thousand and NT$4,502,962 thousand, respectively.

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e. Movements of the unrealized gains or losses on financial instruments for the three months ended March 31, 2010 and 2009 were as follows:

	Three Months Ended March 31, 2010		
	From Available-for-sale Financial Assets	Equity-method Investments	Total
Balance, beginning of period	$ 46,672	$ 406,949	$ 453,621
Recognized directly in shareholders equity	(3,366)	(48,865)	(52,231)
Balance, end of period	$ 43,306	$ 358,084	$ 401,390

	Three Months Ended March 31, 2009		
	From Available-for-sale Financial Assets	Equity-method Investments	Total
Balance, beginning of period	$ 32,658	$ (320,000)	$ (287,342)
Recognized directly in shareholders equity	43,155	458,785	501,940
Removed from shareholders equity and recognized in earnings	(37,370)		(37,370)
Balance, end of period	$ 38,443	$ 138,785	$ 177,228

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 and held-to maturity 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 value of these debt securities.

2) Credit risk. Credit risk represents the potential loss that would be incurred by the Company if the counter-parties or third-parties breached contracts. Financial instruments with positive fair values at the balance sheet date are evaluated for credit risk. The 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 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.

23. 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)
SSMC (accounted for using equity method)
VIS (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:

	2010		2009	
	Amount	**%**	**Amount**	**%**
For the three months ended March 31				
Sales				
TSMC North America	$ 48,676,679	53	$ 22,964,954	58
Others	373,853		296,134	1
	$ 49,050,532	53	$ 23,261,088	59
Purchases				
WaferTech	$ 1,636,493	17	$ 739,712	17

TSMC China	1,577,962	16	447,631	10
SSMC	1,041,954	10	514,174	11
VIS	960,978	10	393,296	9
	$ 5,217,387	53	$ 2,094,813	47

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	2010		2009	
	Amount	%	Amount	%
Manufacturing expenses				
Xintec (rent and outsourcing)	$ 45,546		$	
VisEra (outsourcing)	4,460		8,359	
	$ 50,006		$ 8,359	
Marketing expenses commission				
TSMC Europe	$ 98,913	16	$ 71,736	27
TSMC Japan	59,644	9	49,114	19
TSMC China	11,446	2		
TSMC Korea	4,285	1	3,375	1
	$ 174,288	28	$ 124,225	47
Research and development expenses				
TSMC Technology (primarily consulting fee)	$ 131,169	2	$ 85,917	3
TSMC Canada (primarily consulting fee)	45,209	1	37,632	1
VIS (rent)	2,274			
Others	7,989		19,882	
	$ 186,641	3	$ 143,431	4
Sales of property, plant and equipment				
VIS	$ 15,940	12	$	
TSMC China	11,224	8		
Xintec			58,450	100
	$ 27,164	20	$ 58,450	100
Purchase of property, plant and equipment				
VIS	$ 15,865		$	
TSMC China	14,498			
WaferTech	9,624			
	$ 39,987		$	

Non-operating income and gains				
VIS (primarily technical service income, see Note 26e)	$ 86,868	5	$ 24,108	2
SSMC (primarily technical service income, see Note 26d)	44,503	2	17,289	2
TSMC China	25,426	1	47,799	4
	$ 156,797	8	$ 89,196	8

	2010		2009	
	Amount	**%**	**Amount**	**%**
As of March 31				
Receivables				
TSMC North America	$ 22,055,122	99	$ 10,033,427	99
Others	205,627	1	148,538	1
	$ 22,260,749	100	$ 10,181,965	100
Other receivables				
TSMC China	$ 123,354	42	$ 107,608	47
VIS	113,100	38	35,615	15
SSMC	45,687	15	17,211	7
Xintec			59,862	26
Others	13,513	5	10,575	5
	$ 295,654	100	$ 230,871	100
Payables				
TSMC China	$ 762,578	28	$ 193,560	18
VIS	695,640	25	298,360	27
WaferTech	647,205	23	237,033	21
SSMC	408,809	15	202,534	18
TSMC Technology	129,058	5	97,970	9
Others	115,141	4	72,757	7
	$ 2,758,431	100	$ 1,102,214	100
Deferred debits (credits)				
TSMC China	$ 4,672		$ (137,174)	(62)

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 leased certain buildings, facilities, and machinery and equipment from Xintec. The lease terms and prices were determined in accordance with mutual agreements. The rental expense was paid monthly and the related expenses were classified under manufacturing expenses.

The Company leased certain office space and building from VIS. The lease terms and prices were determined in accordance with mutual agreements. The rental expense was prepaid by the Company and the related expenses were classified under research and development expenses.

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

24. PLEDGED OR MORTGAGED ASSETS

As of March 31, 2010 and 2009, the Company had pledged time deposits of NT$737,109 thousand and NT$454,112 thousand (classified as other financial assets) as collateral for land lease agreements and customs duty guarantee, respectively.

25. 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 2010 to December 2029 and can be renewed upon expiration.

As of March 31, 2010, future lease payments were as follows:

Year	Amount
2010 (2nd to 4th quarter)	$ 304,209
2011	398,009
2012	398,009
2013	376,364
2014	363,378
2015 and thereafter	3,269,059
	$ 5,109,028

26. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Significant commitments and contingencies of the Company as of March 31, 2010, 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 March 31, 2010 the Company had a total of US$26,937 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.

f. 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 March 31, 2010, 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. In 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. On November 4, 2009, after a two-month trial, a jury in the California action found SMIC to have both breached the 2005 settlement agreement and misappropriated TSMC, TSMC North America and WaferTech s trade secrets. TSMC, TSMC North

America and WaferTech have subsequently settled both lawsuits with SMIC. Pursuant to the new settlement agreement, the parties have agreed to the entry of a stipulated judgment in favor of TSMC, TSMC North America and WaferTech in the California action, and to the dismissal of SMIC s appeal against the Beijing High Court s finding in favor of TSMC, TSMC North America and WaferTech.

Under the new settlement agreement and the related stipulated judgment, SMIC has agreed to make cash payments by installments to TSMC totaling US$200 million, which are in addition to the US$135 million previously paid to TSMC under the 2005 settlement agreement, and, conditional upon relevant government regulatory approvals, to issue to TSMC a total of 1,789,493,218 common shares of Semiconductor Manufacturing International Corporation (representing about 8% of Semiconductor Manufacturing International Corporation s total shares outstanding as of December 31, 2009) and a three-year warrant to purchase 695,914,030 common shares (subject to adjustment) of Semiconductor Manufacturing International Corporation at HK$1.30 per share (subject to adjustment).

27. ADDITIONAL DISCLOSURES

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

a. Financing provided: None;

b. Endorsement/guarantee provided: None;

c. Marketable securities held: Please see Table 1 attached;

d. Marketable securities acquired or disposed of at costs or prices of at least NT$100 million or 20% of the paid-in capital: Please see Table 2 attached;

e. Acquisition of individual real estate properties at costs of at least NT$100 million or 20% of the paid-in capital: Please see Table 3 attached;

f. Disposal of individual real estate properties at prices of at least NT$100 million or 20% of the paid-in capital: None;

g. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: Please see Table 4 attached;

h. Receivable from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please see Table 5 attached;

i. Names, locations, and related information of investees on which the Company exercises significant influence: Please see Table 6 attached;

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

TSMC China entered into forward exchange contracts during the three months ended March 31, 2010 to manage exposures due to foreign exchange rate fluctuations. Outstanding forward exchange contract as of March 31, 2010:

	Maturity Date	Contract Amount (In Thousands)
Sell US$/Buy RMB	April 2010	US$1,000/RMB6,827

For the three months ended March 31, 2010, net losses arising from forward exchange contracts of TSMC China were NT$417 thousand.

Xintec entered into forward exchange contracts during the three months ended March 31, 2010 to manage exposures due to foreign exchange rate fluctuations. Outstanding forward exchange contract as of March 31, 2010:

	Maturity Date	Contract Amount (In Thousands)
Sell US$/Buy NT$	April 2010 to May 2010	US$13,750/NT$438,590

For the three months ended March 31, 2010, net gains arising from forward exchange contracts of Xintec were NT$954 thousand.

Xintec monitors and manages the financial risk through the analysis of business environment and evaluation of entity s financial risks. Further, Xintec seeks to reduce the effects of future cash flow related interest rate exposures by primarily using derivative financial instruments.

Xintec is exposed to interest rate risk because its long-term bank loans bear floating interest rates. Accordingly, Xintec enters into interest rate swap contract to hedge such a cash flow interest rate risk. As of March 31, 2010, the outstanding interest rate swap contract of Xintec consisted of the following:

Hedged Item	Hedging Financial Instrument	Fair Value March 31, 2010	Expected Cash Flow Generated Period	Expected Timing for the Recognition of Gains or Losses from Hedge
Long-term bank loans	Interest rate swap contract	$ (238)	2010 to 2012	2010 to 2012

The adjustment to shareholders equity of Xintec as a result of the above interest rate swap contract was NT$238 thousand for the three months period ended March 31, 2010.

k. Information on investment in Mainland China

1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, equity in the net gain or net loss, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 7 attached.

2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: Please see Note 23.

TABLE 1

Taiwan Semiconductor Manufacturing Company Limited and Investees
MARKETABLE SECURITIES HELD
MARCH 31, 2010
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

				March 3
arketable Securities Type and Name	**Relationship with the Company**	**Financial Statement Account**	**Shares/Units (In Thousands)**	**Carrying Value (US$ in Thousands)**
rporate bond				
iwan Mobile Co., Ltd.		Available-for-sale financial assets		$ 1,043,306
rmosa Petrochemical Corporation		Held-to-maturity financial assets		3,178,032
iwan Power Company				3,000,247
n Ya Plastics Corporation				2,000,539
rmosa Plastics Corporation				1,671,753
ina Steel Corporation				1,510,969
C Corporation, Taiwan				500,016
pei Fubon Commercial Bank Co., Ltd.				299,297
st Commercial Bank Co., Ltd.				99,950
vernment bond				
03 Asian Development Bank Govt. nd		Held-to-maturity financial assets		898,801
ck				
MC Global	Subsidiary	Investments accounted for using equity method	1	45,245,474
MC Partners	Subsidiary		988,268	32,637,828
S	Investee accounted for using equity method		628,223	9,359,350
MC	Investee accounted for using equity method		314	6,308,810
otech	Investee accounted for using equity method		75,316	6,210,916
MC North America	Subsidiary		11,000	2,726,868
ntec	Investee with a controlling financial interest		93,081	1,532,384
UC	Investee with a controlling financial interest		46,688	1,039,348
MC Europe	Subsidiary			158,190

MC Japan	Subsidiary		6	133,420
MC Korea	Subsidiary		80	19,460
ited Industrial Gases Co., Ltd.		Financial assets carried at cost	16,783	193,584
n-Etsu Handotai Taiwan Co., Ltd.			10,500	105,000
K. Technology Fund IV			4,000	40,000
nd				
rizon Ventures Fund		Financial assets carried at cost		103,992
mson Asia Capital				55,259
pital				
MC China	Subsidiary	Investments accounted for using equity method		2,787,558
AF III	Subsidiary			1,351,399
AF II	Subsidiary			1,140,879
erging Alliance	Subsidiary			303,768

(Continued)

				March 3
arketable Securities Type and Name	Relationship with the Company	Financial Statement Account	Shares/Units (In Thousands)	Carrying Value (US$ in Thousands)
rporate bond				
neral Elec Cap Corp. Mtn		Held-to-maturity financial assets		US$ 20,480
neral Elec Cap Corp. Mtn				US$ 20,200
mmon stock				
MC Development, Inc. (TSMC velopment)	Subsidiary	Investments accounted for using equity method	1	US$350,118
Era Holding Company	Investee accounted for using equity method		43,000	US$ 72,445
eStar Semiconductor Development nd, Inc. (II) LDC. (ISDF II)	Subsidiary		21,415	US$ 13,670
MC Technology	Subsidiary		1	US$ 9,431
eStar Semiconductor Development nd, Inc. (ISDF)	Subsidiary		7,680	US$ 7,188
MC Canada	Subsidiary		2,300	US$ 3,555
ube Inc.	Investee accounted for using equity method		5,333	US$ 529
ferred stock				
ube Inc.	Investee accounted for using equity method	Investments accounted for using equity method	1,000	US$ 949
rporate bond				
Capital Corp.		Held-to-maturity financial assets		US$ 20,305
Morgan Chase & Co.				US$ 15,000
ck				
ferTech	Subsidiary	Investments accounted for using equity method	293,637	US$164,246
mmon stock				
chWave Technology Corp.		Financial assets carried at cost	4,247	US$ 1,648
obal Investment Holding Inc.			11,124	US$ 3,065
ferred stock				
dience, Inc.		Financial assets carried at cost	1,654	US$ 250

iom Microdevices, Inc.			1,000	US$	24
osaic Systems, Inc.			2,481	US$	12
xt IO, Inc.			800	US$	500
tichron, Inc.			710	US$	1,072
im, Inc.			4,641	US$	1,137
T Holdings, LLC				US$	131
xnovus, Inc.			6,977	US$	1,327
pital					
ntureTech Alliance Holdings, LLC TA Holdings)	Subsidiary	Investments accounted for using equity method			
mmon stock					
adtrend		Available-for-sale financial assets	1,272	US$	554
ther Systems, Inc.		Financial assets carried at cost	1,600	US$	1,503
chWave Technology Corp.			1,043	US$	730
ntelic			1,200	US$	2,040
ferred stock					
Technologies, Inc.		Financial assets carried at cost	2,890	US$	2,168
uantia			3,974	US$	3,816
dience, Inc.			12,378	US$	2,378
iom Microdevices, Inc.			759	US$	517

(Continued)

March 3

Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	Shares/Units (In Thousands)	Carrying Value (US$ in Thousands
Beceem Communications		Financial assets carried at cost	797	US$ 1,701
Impinj, Inc.			475	US$ 1,000
Next IO, Inc.			3,795	US$ 953
Optichron, Inc.			1,583	US$ 2,664
Pixim, Inc.			33,347	US$ 1,878
Power Analog Microelectronics			7,027	US$ 3,383
QST Holdings, LLC				US$ 593
Teknovus, Inc.			1,599	US$ 454
Xceive			4,210	US$ 1,554
Capital				
VTA Holdings	Subsidiary	Investments accounted for using equity method		
Common stock				
Mutual-Pak Technology Co., Ltd.	Subsidiary	Investments accounted for using equity method	9,180	US$ 1,962
Aiconn Technology Corporation	Investee accounted for using equity method		4,500	US$ 487
Preferred stock				
Auramicro, Inc.		Financial assets carried at cost	4,694	US$ 1,408
BridgeLux, Inc.			6,113	US$ 7,781
Exclara, Inc.			21,708	US$ 4,568
GTBF, Inc.			1,154	US$ 1,500
InvenSense, Inc.			816	US$ 1,000
LiquidLeds Lighting Corp.			1,600	US$ 800
M2000, Inc.			3,000	US$ 3,000
Neoconix, Inc.			3,283	US$ 4,608
Powervation, Ltd.			310	US$ 4,678
Quellan, Inc.			3,106	US$ 457
Silicon Technical Services, LLC			1,055	US$ 1,208
Tilera, Inc.			3,222	US$ 2,781
Validity Sensors, Inc.			8,070	US$ 3,089
Capital				
Growth Fund Limited (Growth Fund)	Subsidiary			US$ 892

VTA Holdings	Subsidiary	Investments accounted for using equity method		
Common stock				
SiliconBlue Technologies, Inc.		Financial assets carried at cost	5,107	US$ 762
Staccato			10	US$ 25
Common stock				
Memsic, Inc.		Available-for-sale financial assets	1,364	US$4,350
Capella Microsystems (Taiwan), Inc.		Financial assets carried at cost	557	US$ 154
Preferred stock				
Integrated Memory Logic, Inc.		Financial assets carried at cost	5,226	US$1,221
IP Unity, Inc.			1,008	US$ 290
Sonics, Inc.			230	US$ 497
Common stock				
Memsic, Inc.		Available-for-sale financial assets	1,145	US$3,651
Sonics, Inc.		Financial assets carried at cost	278	US$ 10
EON Technology, Corp.			1,804	US$ 500

(Continued)

March 3

Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	Shares/Units (In Thousands)	Carrying Value (US$ in Thousands)
oyatek Technology, Corp.		Financial assets carried at cost	932	US$ 545
apella Microsystems (Taiwan), Inc.			561	US$ 210
uden Technology MFG. Co., Ltd.			1,049	US$ 223
referred stock				
lchip Technologies Limited		Financial assets carried at cost	6,979	US$ 3,664
angTek, Inc.			1,032	US$ 686
ilopass Technology, Inc.			3,887	US$ 250
onics, Inc.			264	US$ 456
pen-end mutual fund				
h Sun Bond Fund		Available-for-sale financial assets	5,668	US$ 80,059
athay Bond Fund			2,509	30,014
ua Nan Phoenix Bond Fund			1,926	30,009
rudential Financial Bond Fund			1,982	30,008
ommon stock				
UC-NA	Subsidiary	Investments accounted for using equity method	800	39,313
UC-BVI	Subsidiary		550	17,351
UC-Japan	Subsidiary		1	13,160
UC-Europe	Subsidiary			4,860
apital				
lobal Unichip (Shanghai) Company, imited (GUC-Shanghai)	Subsidiary	Investments accounted for using equity method		15,902
apital				
ompositech Ltd.		Financial assets carried at cost	587	
orporate bond				
b Svensk Exportkredit Swedish		Available-for-sale financial assets	5,000	US$ 5,095
frican Development Bank			2,600	US$ 2,620
lltel Corp.			100	US$ 111
merican Honda Fin Corp. Mtn			4,000	US$ 3,974

nz National Intl Ltd.	3,500	US$	3,507
sian Development Bank	2,500	US$	2,498
strazeneca Plc	3,150	US$	3,440
T+T Wireless	3,500	US$	3,950
ustralia + New Zealand Bkg	2,000	US$	2,066
anco Bilbao Vizcaya P R	3,250	US$	3,248
ank New York Inc.	1,615	US$	1,602
ank New York Inc. Medium	2,100	US$	2,277
ank of America	2,900	US$	3,121
ank of America Corp. Fdic Gtd	3,400	US$	3,533
ank of New York Mellon	2,200	US$	2,208
ank of Nova Scotia	5,000	US$	4,998
ank of Scotland Plc	4,000	US$	3,991
arclays Bank Plc	12,000	US$	11,995
bva US Senior SA Uniper	4,745	US$	4,743
ear Stearns Cos Inc.	5,000	US$	4,982
ear Stearns Cos Inc.	3,500	US$	3,442
erkshire Hathaway Inc. Del	3,500	US$	3,513
hp Billiton Fin USA Ltd.	2,000	US$	2,141
k Tokyo Mitsubishi Ufj	2,000	US$	2,015
mw US Capital LLC	1,600	US$	1,602

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	March 31, 2010 Shares/Units (In Thousands)	Carrying Value (US$ in Thousands)	Percentage of Ownership (%)	Market Value or Net Asset Value (US$ in Thousands)	Note
TSMC Global	Bnp Paribas SA		Available-for-sale financial assets	2,310	US$ 2,343	N/A	US$ 2,343	
	Boeing Cap Corp.			2,925	US$ 3,219	N/A	US$ 3,219	
	Boeing Co.			450	US$ 452	N/A	US$ 452	
	Bsch Issuances Ltd.			2,250	US$ 2,313	N/A	US$ 2,313	
	Caterpillar Financial SE			300	US$ 303	N/A	US$ 303	
	Cello Part/Veri Wirelss			3,000	US$ 3,087	N/A	US$ 3,087	
	Citibank NA			4,020	US$ 4,017	N/A	US$ 4,017	
	Citigroup Funding Inc.			6,000	US$ 6,043	N/A	US$ 6,043	
	Citigroup Funding Inc.			2,000	US$ 2,029	N/A	US$ 2,029	
	Citigroup Inc.			1,000	US$ 1,030	N/A	US$ 1,030	
	Citigroup Inc.			400	US$ 420	N/A	US$ 420	
	Commonwealth Bank Aust			2,800	US$ 2,805	N/A	US$ 2,805	
	Countrywide Finl Corp.			4,000	US$ 4,252	N/A	US$ 4,252	
	Credit Suisse First Boston USA			2,150	US$ 2,310	N/A	US$ 2,310	
	Credit Suisse New York			3,945	US$ 4,084	N/A	US$ 4,084	
	Dexia Credit Local			6,000	US$ 5,998	N/A	US$ 5,998	
	Dexia Credit Local SA NY			5,000	US$ 5,004	N/A	US$ 5,004	
	Finance for Danish Ind			1,900	US$ 1,899	N/A	US$ 1,899	
	General Elec Cap Corp.			1,000	US$ 985	N/A	US$ 985	
	General Elec Cap Corp.			300	US$ 299	N/A	US$ 299	
	General Elec Cap Corp.			7,000	US$ 7,005	N/A	US$ 7,005	
	General Elec Cap Corp. Fdic Gtd			2,500	US$ 2,540	N/A	US$ 2,540	
	General Electric Capital Corp.			2,000	US$ 1,930	N/A	US$ 1,930	
	Georgia Pwr Co.			6,000	US$ 6,012	N/A	US$ 6,012	
	Goldman Sachs Group Inc.			2,000	US$ 1,948	N/A	US$ 1,948	
	Goldman Sachs Group Inc. Mtn			1,500	US$ 1,450	N/A	US$ 1,450	
	Goldman Sachs Group Incser 2			3,000	US$ 3,012	N/A	US$ 3,012	
	Hewlett Packard Co.			3,000	US$ 3,001	N/A	US$ 3,001	
	Hewlett Packard Co.			1,365	US$ 1,386	N/A	US$ 1,386	
	Household Fin Corp.			4,330	US$ 4,742	N/A	US$ 4,742	
	HSBC Fin Corp.			2,315	US$ 2,295	N/A	US$ 2,295	
	HSBC Fin Corp.			2,900	US$ 3,119	N/A	US$ 3,119	
	HSBC USA Inc. Fdic Gtd Tlgp			2,200	US$ 2,278	N/A	US$ 2,278	

Hutchison Whampoa Intl	1,750	US$ 1,799	N/A	US$ 1,799
IBM Corp.	6,100	US$ 6,102	N/A	US$ 6,102
IBM Corp.	3,000	US$ 3,024	N/A	US$ 3,024
Intl Bk Recon + Develop	5,000	US$ 5,013	N/A	US$ 5,013
Intl Bk Recon + Develop	2,000	US$ 2,075	N/A	US$ 2,075
Istituto Bancario SA	1,700	US$ 1,700	N/A	US$ 1,700
John Deer Capital Corp. Fdic GT	3,500	US$ 3,621	N/A	US$ 3,621
JP Morgan Chase + Co.	2,500	US$ 2,517	N/A	US$ 2,517

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	March 31, 2010 Shares/Units (In Thousands)	Carrying Value (US$ in Thousands)	Percentage of Ownership (%)	Market Value or Net Asset Value (US$ in Thousands)	Note
	JP Morgan Chase + Co.			5,000	US$ 5,025	N/A	US$ 5,025	
	JP Morgan Chase + Co. Fdic Gtd Tlg			3,000	US$ 3,026	N/A	US$ 3,026	
	Kfw Medium Term Nts Book Entry			1,950	US$ 1,952	N/A	US$ 1,952	
	Kreditanstalt Fur Wiederaufbau			650	US$ 672	N/A	US$ 672	
	Lloyds Tsb Bank Plc Ser 144A			4,850	US$ 4,877	N/A	US$ 4,877	
	Lloyds Tsb Bank Plc Ser 144A			5,950	US$ 6,038	N/A	US$ 6,038	
	Mellon Fdg Corp.			3,500	US$ 3,443	N/A	US$ 3,443	
	Merck + Co. Inc.			4,000	US$ 4,038	N/A	US$ 4,038	
	Merck + Co. Inc.			2,000	US$ 2,126	N/A	US$ 2,126	
	Merrill Lynch + Co. Inc.			4,691	US$ 4,602	N/A	US$ 4,602	
	Met Life Glob Funding I			4,675	US$ 4,752	N/A	US$ 4,752	
	Met Life Glob Funding I			500	US$ 502	N/A	US$ 502	

(Continued)

				March 31, 2010				
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 Global	Metlife Inc.		Available-for-sale financial assets	2,000	US$ 2,016	N/A	US$ 2,016	
	Metropolitan Life Global Fdg			750	US$ 740	N/A	US$ 740	
	Metropolitan Life Global Fdg I			3,340	US$ 3,284	N/A	US$ 3,284	
	Monumental Glbl Fdg II			500	US$ 499	N/A	US$ 499	
	Morgan Stanley			2,200	US$ 2,209	N/A	US$ 2,209	
	Morgan Stanley			1,500	US$ 1,389	N/A	US$ 1,389	
	Morgan Stanley			2,000	US$ 2,041	N/A	US$ 2,041	
	Morgan Stanley Dean Witter			8,000	US$ 8,680	N/A	US$ 8,680	
	Morgan Stanley for Equity			2,000	US$ 1,955	N/A	US$ 1,955	
	National Australia Bank			1,000	US$ 1,006	N/A	US$ 1,006	
	New York Life Global Fdg			2,000	US$ 2,011	N/A	US$ 2,011	
	Nordea Bank Fld Plc			2,250	US$ 2,245	N/A	US$ 2,245	
	Oesterreichische Kontrollbank			2,000	US$ 2,039	N/A	US$ 2,039	
	Ontario (Province of)			2,000	US$ 2,013	N/A	US$ 2,013	
	Paccar Finl Corp. Mtn Bk Ent			1,000	US$ 1,006	N/A	US$ 1,006	
	Pepsico Inc.			3,000	US$ 3,001	N/A	US$ 3,001	
	Pnc Funding Corp.			2,000	US$ 1,985	N/A	US$ 1,985	
	Pricoa Global Fdg I Med Term			1,750	US$ 1,668	N/A	US$ 1,668	
	Pricoa Global Funding 1			1,200	US$ 1,173	N/A	US$ 1,173	
	Princoa Global Fdg I Medium			2,200	US$ 2,141	N/A	US$ 2,141	
	Roche Hldgs Inc.			2,000	US$ 2,114	N/A	US$ 2,114	
	Royal Bk of Scotland Plc			4,000	US$ 4,004	N/A	US$ 4,004	
	Royal Bk of Scotland Plc			5,000	US$ 5,078	N/A	US$ 5,078	
	Royal Bk Scotlnd Grp Plc 144A			9,450	US$ 9,550	N/A	US$ 9,550	
	Shell International Fin			1,200	US$ 1,206	N/A	US$ 1,206	
	Shell International Fin			2,000	US$ 1,998	N/A	US$ 1,998	
	Southern Co.			600	US$ 603	N/A	US$ 603	
	Sovereign Bancorp Fdic Gtd Tlg			2,200	US$ 2,252	N/A	US$ 2,252	
	State Str Corp.			7,020	US$ 7,005	N/A	US$ 7,005	
	State Street Corp.			5,500	US$ 5,561	N/A	US$ 5,561	
	Suncorp Metway Ltd.			8,800	US$ 9,070	N/A	US$ 9,070	
	Suncorp Metway Ltd.			2,000	US$ 2,003	N/A	US$ 2,003	
	Svenska Handelsbanken AB			2,200	US$ 2,242	N/A	US$ 2,242	

Swedbank AB	2,000	US$ 1,994	N/A	US$ 1,994
Swedbank Foreningssparbanken A	1,500	US$ 1,543	N/A	US$ 1,543
Ubs Ag Stamford	1,300	US$ 1,300	N/A	US$ 1,300
Ub Bancorp	2,000	US$ 2,038	N/A	US$ 2,038
US Central Federal Cred	4,800	US$ 4,829	N/A	US$ 4,829
Verizon Communications Inc.	2,200	US$ 2,289	N/A	US$ 2,289
Verizon Global Fdg Corp.	500	US$ 522	N/A	US$ 522
Wachovia Corp. New	1,400	US$ 1,386	N/A	US$ 1,386

				March 31, 2010			
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 Global	Wachovia Corp. New			4,000	US$ 4,232	N/A	US$ 4,232	
	Wal Mart Stores Inc.			2,603	US$ 2,680	N/A	US$ 2,680	
	Wells Fargo + Company			2,000	US$ 2,010	N/A	US$ 2,010	
	Westfield Cap Corp. Ltd.			500	US$ 508	N/A	US$ 508	
	Westpac Banking Corp.			2,100	US$ 2,112	N/A	US$ 2,112	
	Westpac Banking Corp.			4,000	US$ 4,008	N/A	US$ 4,008	
	Westpac Banking Corp.			2,170	US$ 2,168	N/A	US$ 2,168	
	Nationwide Building Society-UK Government Guarantee		Held-to-maturity financial assets	8,000	US$ 8,000	N/A	US$ 7,999	
	Westpac Banking Corporation Govet Gtd			5,000	US$ 5,000	N/A	US$ 5,006	
	Commonwealth Bank of Australia			25,000	US$ 25,000	N/A	US$ 25,233	
	Commonwealth Bank of Australia			25,000	US$ 25,000	N/A	US$ 25,253	

(Continued)

				March 31, 2010				
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